

June 19, 2009

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# A DIFFERENT KIND OF CALLING

The upheaval on Wall Street has made its presence known in nearly every corner of the global economy, but it's also having an impact in a place you might least expect: the CIA.

Bankers and traders use their analytical skills every day to uncover trends in financial markets for profit, so perhaps it shouldn't come as a surprise that the Central Intelligence Agency, whose founders include Wall Street lawyers, has turned to the investment banking world as part of a recruitment drive.

The 60-year-old agency is increasingly reaching out to Wall Streeters with experience and education in economics and financial services to help assess overseas economies and to track down illicit money used to finance terrorist activities.

"Estimates of how well a country can wage a war depends largely on how they can finance their war effort," says Fred Rustmann, a former case officer for the CIA who now has his own security firm, CTC International. Bringing on professionals with a background in finance is more important these days because "it is a global economy," says Rustmann, who served with the CIA in Southeast Asia and Europe.

"Most illegal organized activity is financed through illegal operations. Terrorism is financed through illegal activities and fundraising," says Robert Strang, a former Drug Enforcement Administration agent who now runs his own security firm, Investigative Management Group, in New York. So the CIA "wants people to have a background in finance ... who can look at world markets and connect the dots. People who can follow money and trace accounts."

The agency's recruitment drive may be gaining some traction, too. According to Marie Harf, a spokeswoman for the CIA, the agency received 120,000 applications last year, and this year is on track to receive 185,000.

Of course, some of the interest in the CIA is tied to the weak job market, and the agency is banking on that uncertainty about employment to snare highly educated professionals who would otherwise be lured to investment banking and financial services jobs. (According to Chris Low, chief economist at FTN Financial, some 200,000 jobs have been lost on Wall Street.)

"With the difficulty in the economy we find it is a ripe environment for us," says Ron Patrick, chief of diversity and outreach in the CIA's recruitment and retention center, who says between 6% and 8% of the agency's new hires have an MBA. "We tend to attract the same people that Wall Street attracts."

## Wall Street Not Foreign To The CIA

The CIA, founded in the years after World War II by, among others, Wall Street attorneys William J. Donovan, Frank Wisner and Allen Dulles, has posted its help wanted ads on Bloomberg Radio, Forbes.com and Marketwatch.com. The agency has also advertised on billboards in some airports that see heavy business-travel activity and on some business flights. The CIA usually focuses on a geographic location when it wants to hire people and lately it has focused on the New York area, which explains the pickup in advertising in the region's media market.

"We are looking for people with a diverse skill set in terms of the financial industry," says Harf.

The CIA will be conducting interviews in New York City this summer, according to its Web site, which points out that the agency wants "economists to assess foreign economic policies and foreign financial issues -- licit as well as illicit -- that affect U.S. security interests." The same advertisement notes that there is a need for economists with strong backgrounds in China, the Middle East and South Asia.

Ideally, applicants are "specialists in international banking systems, financial markets, financial transactions, financial instruments, and energy. Economic analysts will also assess illicit financial activities, including networks used by terrorist and criminal groups, financing and procurement of weapons of mass destruction, money laundering, and corruption among foreign governments and companies."

Interestingly, "agency analysts are encouraged to maintain and broaden professional ties through academic study, contacts and attendance at professional meetings. They may also choose to pursue additional studies in fields relevant to their areas of responsibility."

Asked if the government organization's starting salaries are enough to bring in former Wall Streeters, Harf admits "you are not going to make as much here as at a Wall Street firm. There are other benefits -- a deeper sense of patriotism," she says, adding that for many professionals on Wall Street, "a job is better than no job. We have not seen money be that big of an issue."

That is a sentiment echoed by Jim (his real name was changed for this story at the request of the CIA), a former banker with a bulge-bracket firm who now works at the CIA as an analyst. Jim likes to tell friends and former colleagues that his salary -- given the shorter hours he puts in at the agency -- is commensurate with what he earned on Wall Street. "The person that is going to thrive at the agency is going to be someone who will be content to set some of that [big bonuses and salaries] aside because of their belief in what we do here. My work-life balance is pretty incredible. I often tell people I get paid the same hourly rate that I used to in investment banking. For someone motivated to 'kill it' on Wall Street and become spectacularly wealthy, this won't appeal to them, but to the person that has a passion for this kind of work and making a real difference for the country, I think they'll find the compensation adequate."

The CIA's Web site notes that an economist at the agency can expect to earn \$48,682 to \$95,026 annually. Some jobs are located in the Washington, D.C. area -- the CIA's headquarters are based in Mclean, Virginia, which is the same hometown as housing agency Freddie Mac -- and the agency's Web site notes that starting salaries can be higher depending on experience.

Tim Weiner, author of a history about the CIA entitled "Legacy of Ashes: The History of the CIA," says the origins of the agency "lie in white-shoe Wall Street lawyers going back to the 1940s and 1950s. The roots of the CIA are deep in Wall Street and Park Avenue."

Much of the CIA was built on the foundation of the Office of Strategic Services, a group that spied on and conducted a covert war against Nazi Germany. After the fall of Hitler, the OSS evolved into the CIA and its chief mandate was to contain the Soviet Union, which was overrunning much of Eastern Europe and split Germany into two. Today, a chief objective at the agency is rooting out terrorists.

One of those former OSS vets who played a major role in the CIA's creation was Donovan, a Columbia Law School graduate who in 1929 founded Donovan, Leisure, Newton & Irvine. The law firm, dissolved in 1998, had among its employees William Colby, another Columbia law graduate who later headed the CIA.

Others with a big role in the CIA's creation included Wisner, one of the agency's early leaders, who served as a corporate lawyer at Carter Ledyard, which advises on securities issuance and private equity. Dulles worked at Sullivan Cromwell which today advises on IPOs, corporate restructurings as well as M&A.

According to Weiner, "the recruiting drive you are looking at is the latest manifestation of a drive to find people who know something about the way the world works. Wall Street is a good hunting ground."

"The skills sets are similar, trying to understand trends," says a senior banker with a Wall Street boutique firm, adding that the CIA's attempts at recruiting from Wall Street come at a time when many professionals who have lived through the financial crisis have to be "rethinking their priorities."

So, what are the parallels between banking and the CIA's work?

Patrick says that a fund manager's analysis of a portfolio of securities and risks each security carries with it is akin to the analysis the agency carries out daily for the U.S. president.

"How are you going to grow your portfolio? What are the issues that can impact the value of the portfolio? You are really looking at risk," says Patrick, adding that in "a lot of ways that can be intelligence analysis. You combine various sources of information and try to understand: 'what does this mean?'"

Jim, who advised Fortune 500 companies as a banker, tracks illicit financial activity like terrorism financing and money laundering. He says the CIA is "looking for people with critical-thinking skills who can take an issue beyond stating the obvious and can convey to policy makers like the president ... why he should care about an issue, what its context and global significance is."

Asked if people engaged in terrorism finance their activities by speculating in financial markets such as commodities futures and whether this spurred the CIA to bring on Wall Street professionals, Jim declined to comment, saying only "that may be getting too far in the weeds."

Harf, though, notes that "it would be safe to assume that those kinds of questions, those kind of issues are things we look at here. We can't get into the substance of any these topics. It's safe to assume those are the kind of issues that our analysts look at every day here."

Asked if he ever wanted to go in the field and actually recruit agents overseas, Jim says he will remain an analyst. "Right now given my family situation, being an analyst makes the most sense. Our desire to stay in the U.S. for the near term is important. Wall Street people should not think the

door is closed to that," he says, referring to work overseas that involves recruiting agents to spy on behalf of the CIA.

Weiner, meanwhile, believes the CIA is trawling for people not just for their brains and knowledge about financial matters.

As he sees it, the agency wants to bring on people "who don't look like your average American. [It wants] people who look like and think like your average Palestinian, Chinese, Indian, Lebanese. Job one is hiring and training and retaining people who don't look like they just got off of the bus from Topeka, Kansas."

"In the late 1940s and 1950s it was an Ivy League crowd. That's different today. The agency is still recruiting top-shelf talent but it's not just Ivy League," says Jim.

## The Class of 9-11

Before Jim joined the CIA he was on Wall Street for three years, specializing in industrial companies for a bulge bracket firm. He came to Wall Street in the late 1990s with an Ivy League education and focused on offering advice related to mergers and acquisitions and raising capital for industrial companies. His career likely would have followed the trajectory of many other banking and financial industry professionals were it not for Sept. 11, 2001.

The attacks that devastated a nation and left nearly 3,000 dead at the World Trade Center prompted Jim to join the CIA in the weeks after. For Jim the decision was personal -- as it was for several other Wall Street professionals who joined the CIA after 9-11 and are referred to by Jim as the "post 9-11 crowd." He had a friend on one of the planes that was plowed into the World Trade Center by terrorists, and friends worked in and around the towers that housed offices for many financial services companies.

"I had dozens of friends working downtown or across the street" from the towers, recalls Jim. "Even though we were doing important work in investment banking, you don't get the feeling every day that you are making a contribution or doing something that matters. You might help a company go to the bond market and get some money, but is that really using all of your talents and abilities ... [to] avoid another 9-11? I wanted to find a responsibility here that would leverage my educational background but also my finance background."

## The Visitor CIA

Meanwhile, the CIA has turned to Wall Street for its analysis about overseas economies in other, more subtle, ways. A senior Wall Street executive who declined to be named recalled how a representative

from the agency visited his firm's offices for a morning or afternoon coffee - always after this executive returned from a visit to an Asian nation.

The visits were informal, during which the CIA representative quizzed the executive about the Asian nation's monetary and fiscal policies as well as its regulatory issues. The banker remembers that the CIA official who showed up typically wore a suit and "could have passed for a businessman."

The executive recalled that his first meeting occurred some six years ago over the course of roughly two years.

The questions from his visitor were "all financial markets stuff, monetary and fiscal policy, regulatory issues. I got the sense they talked to a lot of people. I don't think it is uncommon."

He added: "There was nothing clandestine about it. They had certain things they were trying to learn more about from people close to the markets to get a perspective. They never asked me to look for anything there. They asked for my perspective on things I saw."

How did the business executive attract the attention of the CIA? "It was through my boss. He gave them my name. I never felt I was asked an inappropriate question or put in a compromising position."

In the meantime, some of the information being collected by the nation's clandestine services also has been used by, believe it or not, banking industry regulators.

Bill Isaac, former chairman of the Federal Deposit Insurance Corp., recalled that in the 1980s when he ran the FDIC, he received briefings from the intelligence community each month about the state of overseas economies.

"One of the things we were most concerned about was Third World debt problems. If our banks were heavily exposed in certain countries and we know certain countries have a problem, that could affect our judgement about our banks," recalls Isaac.

Isaac could never tell exactly where his information came from -- whether it was directly from the CIA or another U.S. intelligence organization -- but he does remember that he was able to list "things I would be more interested in knowing about" and the answers to his queries would be forwarded to him.

While he could not recall "learning of anything that really changed my day, there were some useful tidbits."

Asked about the CIA's latest recruitment drive on Wall Street, the former regulator agreed that it makes a lot of sense to draw from the investment banking and financial service world. After all, says Isaac, "the world's financial system is much more interconnected today."