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The Nation

Former Top CIA Spy on How US Intelligence Became Big Business

By Jeremy Scahill

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Few who have seen the dramatic privatization of US intelligence operations from the inside ever speak about the role private contractors play in covert operations--certainly not in public. In late June, however, the CIA's former top counterterrorism official, Robert Grenier, participated in a rare public discussion on issues ranging from the incredible extent to which the US has relied on contractors to fill sensitive national security positions; to battlefield contractors in Afghanistan; to allegations of contractor involvement in "direct action" (lethal) operations, as well as commenting on Blackwater owner Erik Prince's reported involvement in a secret CIA assassination program. The former spy also criticized what he called attempts by the US military to "overstep their bounds" by conducting intelligence operations that traditionally have fallen under the purview of the CIA.

Grenier was undoubtedly one of the US intelligence community's heavy hitters in the aftermath of 9-11. He was CIA station chief in Islamabad, Pakistan when the 9-11 attacks took place and coordinated the initial incursions by CIA personnel and contractors in the first year of the US invasion of Afghanistan. After a stint in what Grenier jokingly called "our excellent adventure in Iraq," where, as chief of the Iraq Issues Group, he planned covert US actions in the lead up to and ultimate invasion of the country, Grenier was named as director of the CIA's Counterterrorism Center (CTC), the unit coordinating the

tip of the spear of the CIA's covert activities. In 2006, Grenier left the CIA, reportedly over disagreements with then-CIA director Porter Goss, including the issue of treatment of detainees and prisoners. After leaving the agency, Grenier worked at Kroll Inc., a security consulting firm, and is currently chairman of ERG Partners, a small consulting company.

Grenier and I participated in a frank discussion, along with Professor Katerie Carmola, author of "Private Security Contractors and New Wars: Risk, Law, and Ethics," at the International Spy Museum in Washington DC where I had a chance to publicly ask Grenier some specific questions.

Grenier estimated that "many more than half" of the personnel who worked under him at the CIA's counterterrorism center were private contractors. Contractors "were coming in and they were all over the place," Grenier said of his time at CTC. "Often I would go down and talk to people in my work force and I would say, 'Hey, that was a great job and I saw what you did last night, I saw that cable that you turned up, thank you very much.' And I'd be startled when they would give me a business card."

It is difficult to access detailed information about the extent to which US intelligence activities are privatized, primarily because the budgets of the 18 intelligence agencies operated by the US are mostly classified. In 2007, journalist Tim Shorrock, who wrote the definitive book on the privatization of intelligence, *Spies for Hire*, obtained and published an unclassified document from the Office of the Director of National Intelligence showing that 70% percent of the US intelligence budget was spent on private contractors. No documents on these classified budgets have been made public since.

Grenier largely defended the use of contractors, primarily because he said he believes that the government, in a time of war, needs to be able to hire skilled, specialized personnel capable of securing the necessary security clearances. "It's far easier to go through the process to get a contractor if time is an issue than it would be to bring somebody on as a regular employee, Grenier said. He said that when he was running CIA operations in Afghanistan immediately after 9-11, he was working with several of his predecessors who had left the CIA, but returned, with their experience and clearances, as independent contractors. Grenier cited another "very prosaic" reason for the reliance on contractors: the federal budgeting process.

Grenier called the system of allocating funds to US agencies the "most illogical process ever devised by the mind of man." He described Congressional funding restrictions that provided huge sums of money to the CIA post-9-11 to purchase goods and services, but not to hire new employees. Instead, he said, Congress provided one year supplemental funding packages to the CIA for "non-personal services." That funding, Grenier asserted, "you can spend for anything."

"You can buy armored vehicles, you can buy drones, or you can buy contractors. Contractors are not considered persons in the context of the federal budgeting process," Grenier added. The CIA, therefore, got creative. "So, here was the Congress saying, 'What

can we do for you, what can we give you?' Money was not the object--they'd give us anything we asked for and what we got was non-personal services dollars on a supplemental basis. And so, what did we have to do? We went out and bought contractors."

In the early stages of the US war in Afghanistan, Grenier said, many people were hired as individual independent contractors. Then, he says, small companies began popping up that specialized in providing the government and other entities with seasoned veterans of US special forces and intelligence agencies for hire. Within months, companies like Blackwater jumped head first into the rent-a-soldier industry. These companies offered what they called "turnkey solutions" in the war zone.

"Well, they figured out that they could extort--I should say that they could command--more money from the federal government if they somehow banded together," says Grenier, who described the rise of what he called "body shops" providing personnel. "It was like a form of unionization. They got together and they formed these little companies and they could engage in what we might call collective bargaining and thereby raise their salaries."

Shorrock, who analyzes government contracts for an AFL-CIO union, found Grenier's description interesting. "CIA and NSA employees are banned by statute from engaging in collective bargaining. But forming a company might be one way a group of operatives could get a better deal from the CIA on wages, health benefits or insurance," said Shorrock. "That shouldn't be confused with union rights, though."

While Grenier provided a utilitarian rationale for the CIA using contractors, he veered away from discussing the political expediency private forces offer the CIA by providing unattributable forces specializing in plausible deniability.

Several times during our discussion, I asked Grenier about the use of contractors in lethal "direct action" operations, some of which have been characterized as part of a secret CIA assassination program. I specifically asked him about the report in January in Vanity Fair that Blackwater owner Erik Prince had trained a CIA team whose ultimate job would be to "find, fix and finish" suspected terrorists across the globe. Prince's men, according to the article, never "finished" a suspect, but they did do everything but pull the trigger in several countries, including in Germany. Prince claims to have paid for some operations "out of my own pocket."

Many of the activities alleged to have been carried out by Prince and Blackwater occurred while Grenier was director of CTC.

Grenier was visibly uncomfortable discussing the issue of Blackwater and "direct action," saying, "Although some of these things have been revealed and some of what has been revealed is perhaps true and some of it is perhaps untrue and some of it is perhaps exaggerated or misrepresented, but all of it is still classified and so it's difficult for me to

speak to it directly to the extent that I know about it." He added: "There were things that frankly were new to me in what I read in that article."

Grenier rejected the notion that Blackwater would have been specifically hired by the CIA for assassination operations, offering a denial that carefully relied on the CIA's contracting process. "CIA would not be soliciting or putting out an RFP [a Request for Proposal] to solicit bids for a company, perhaps for the lowest bidder, to come out and perform services like [direct lethal action]."

While there is little chance that there is a US government contract with Blackwater floating around showing the CIA hired Blackwater to kill people, this type of contracting inherently creates gray areas that ultimately benefit the secrecy of the operations. There is no doubt that Blackwater forces have killed plenty of people in Iraq and Afghanistan and that not all of these "kills" have been defensive security operations.

Without confirming details of Blackwater's involvement in any lethal direct action operations, Grenier did say that to the extent that Prince and his men were potentially involved, they likely were not fully aware of the role they were playing in broader CIA operations. "By [Prince's] own admission those actions have never been carried out," Grenier said. "And certainly, if I had anything to do with it, they would not be carried out by private individuals." He then added: "A Navy SEAL in a buzz cut is probably not the individual that I would put on the street in Ain al-Hilweh refugee camp in Lebanon to do surveillance on a potential target."

What Grenier did describe, in a careful and circumspect way, is a major reason why a company like Blackwater would be hired for involvement in such operations: the combination of experienced personnel and the networks of foreign nationals they cultivated over years of government intelligence work. At the time Grenier was running CTC, Blackwater was flush with well-connected CIA veterans who had vast networks of assets and contacts across the globe. In addition to Cofer Black, Prince counted among his most valued employees Enrique "Ric" Prado, a former CIA paramilitary officer who served as chief of operations for the CTC and Robert Richer, former deputy director of operations at the CIA. All of these men were deeply connected in a wide array of countries where the US was operating under the banner of "the war on terror."

"If, let us say, that one wanted to find individuals, probably foreign nationals who can go out and mount an effective surveillance against a particular target for whatever purpose--intelligence collection or whatever--then you are going to be looking for the right group of individuals who provide you with the right combination of skills that you are seeking," said Grenier. "I just wanted the right people with the right skills doing the job. Depending on the operation and what you want to get done, there really is no standard template. Every time is the first time."

According to Vanity Fair, while Grenier was at CTC, "[Erik] Prince was developing unconventional means of penetrating 'hard target' countries—where the C.I.A. has great difficulty working either because there are no stations from which to operate or because

local intelligence services have the wherewithal to frustrate the agency's designs."

Grenier described the value of access to such networks and connections held by some contractors: "It may well be that you're dealing with an individual and let's just say for the sake of discussion that he's a Blackwater employee and perhaps that individual knows some other individual--perhaps foreigners with whom he or she has dealt in the past--that you want to gain access to and bring in on the team. And maybe you want them to know what they're supposed to be doing and maybe you don't. Maybe you're going to have them only partially aware of what they're doing and not aware of what the ultimate purpose for it."

I pressed Grenier on why the CIA might use a company like Blackwater at any stage of a lethal operation instead of using US military special forces teams like those from the Joint Special Operations Command. Grenier pointed to the complicated logistics of preparing such operations. "It's not just a matter of sending in a direct action team, a JSOC squad to go and hit somebody. There's a tremendous amount of preparation, if you will, that has to be done beforehand--most of it having to do with intelligence collection."

As for Erik Prince's claims about his work with covert CIA teams, Grenier said, "The characterization that Erik Prince has provided-- to the extent that he fully understood himself what he was saying--I think is easily subject to misinterpretation. I don't know what was in his mind when he spoke."

Overall, Grenier was generally supportive of the use of private contractors, though he did offer some criticisms. He expressed concern about the "revolving door" between government and the private sector, saying he endorsed moves to ban CIA personnel from returning as contractors less than a year after leaving the agency before official retirement. "Many of these relationships are far too cozy, far too clubby and there are serious risks associated with the revolving door," he said.

He also said he believes that contractors who work with US intelligence agencies should not subsequently or concurrently work with foreign governments. "I can assure you that if the CIA were employing a contractor who had, thereby, access to very sensitive information, [the CIA] would take a very dim view of that same individual working for that company under a different contract, say, for the Israelis or for some other foreign government," said Grenier.

I asked Grenier about the US military classifying operations that might traditionally be considered intelligence operations, such as US special forces activities in countries like Yemen or Somalia, as "preparing the battlefield," making them a military rather than an intelligence operation. Some critics have suggested that such classification is an attempt to avoid Congressional oversight of certain covert operations. "That's a very interesting dodge," Grenier said. "It has not kept the Department of Defense from trying, at least in my view and the view of others in the intelligence community, to at least to some degree

overstep their bounds." Grenier also said Congress "is complicit in it," saying, "One of the things that keeps the military from having to report its intelligence-related activities to the relevant intelligence committees is the very jealous armed services committees who don't want to have their military reporting to these other committees."

The Obama administration has continued the US policy of overwhelming reliance on private contractors at every level of the US national security apparatus and the wars in Iraq and Afghanistan. In Afghanistan, the administration has dramatically increased the number of contractors from Bush-era levels. In Iraq, while the overall US presence is decreasing, the percentage of contractors within the total US force continues to rise. But it is not just on the battlefield. According to a recent Congressional investigation, some 69% of all Department of Defense personnel are private contractors. The CIA's recent \$100 million contract with Blackwater for "security" services globally is a clear sign that this trend continues unabated at the Agency under Leon Panetta.

The Commission on Wartime Contracting recently examined the issue of the use of contractors in sensitive operations at a hearing called, "Are Private Security Contractors Performing Inherently Governmental Functions?" One of the experts who testified, Dr. Allison Stanger, professor and director of the Rohatyn Center for International Affairs at Middlebury College said that the government use of contractors has become a necessity, rather than a choice, but she painted a sober picture of the implications of the US using such forces. It "blurs the line between the legitimate and illegitimate use of force, which is just what our enemies want. Al Qaeda's operatives have no country and are private actors waging war on the United States. Terrorists may receive funding from states, but they are by definition non-state actors," Stanger said. "If the United States can legitimately rely on non-state actors wielding weapons to protect our interests, why can't Al Qaeda or the Taliban, especially when contractor misdeeds appear to go completely unpunished?"