



TRUMP, THE RUSSIANS, AND DIRTY MONEY

PODCAST March 6, 2017

JONATHAN ROTH: Welcome to RiskHedge Radio. I'm your host, Jonathan Roth. Today, I'm set to discuss one of the most perplexing and potentially problematic scenarios to engulf Washington since Watergate, with one of the world's top geopolitical experts. George Friedman is the founder and chairman of Geopolitical Futures and is the author of numerous bestselling books. There are few people anywhere better equipped to shed light on what's really going on with President Trump and the Russians than he is.

Welcome, George.

GEORGE FRIEDMAN: Good to be here.

JR: First, I think it's necessary to discuss how we've gotten to this point where Americans are asking serious questions about how close the Trump team was with Russia during the election campaign. Now, Trump's National Security Advisor Michael Flynn has resigned because of these questions, and the Attorney General Jeff Sessions is being labeled a liar by Democrats for not owning up to a meeting with the Russian ambassador when asked about it during confirmation hearings. I mean, this just has become a tangled mess.

From your point of view, George, how did we get here?

GF: The simple point: The fear and the hope by the Democrats was that Trump had made a deal of some sort with the Russians that resulted in the Russians hacking the Democratic National Committee, getting the information to Julian Assange, WikiLeaks, and from there, Trump won the election—indebted to the Russians.

Apart from that, if that isn't true, nothing much has happened. It is commonplace for presidents running for office to make contact with foreign governments—even adversarial governments. It's well known that Ronald Reagan, during the campaign against Jimmy Carter, had his people contact the Iranians—partly to take soundings, partly to discuss how the release of the hostages would take place. Barack Obama went to Europe in the middle of his campaign and talked to the Germans quite openly. It would be irresponsible for a president not to have preliminary contacts with foreign leaders, but to start them only on the day that he took office. You don't want to elect a president who hasn't had any contacts with foreign leaders. One of the charges against Trump was that he didn't know anything on foreign policy. Well, one of the ways that you know about foreign policy is to be in touch with people like Putin. There's no problem there. I don't see the problem. The charge that Flynn did not disclose to Pence that he spoke to him, well, vice presidents rarely get things exposed to them very quickly. I mean, that's an internal matter. There's no obligation for him. If he had withheld it from the president, then that's between him and the president.

JR: The question on that, George, is why did Trump fire Michael Flynn then? I think that's the big question. All of this lends more fire to all this smoke.

GF: It really didn't. I mean, he came under attack. He became a liability. He clearly had not cleared all of his conversations with the White House, particularly in relations with the Russians. The president didn't like it and fired him. So, on the one hand, the charge is there are secret conversations going on with the Russians. On the other hand, Trump fired Flynn for having these conversations. It really comes down to one thing: If it's true that there were prior agreements with the Russians to harm the Clinton campaign by hacking into emails, there is a very serious issue at stake here. If that isn't the case, there just isn't one. The idea that there was contact between the administration and the Russians prior to taking office is as uninteresting as the idea that there would be preliminary soundings with the Chinese or anything else. It becomes important if the claim that the Trump campaign was arranging the hacks is true. In that case, it is a huge issue.

JR: There are several issues there that you brought up that we should address. First, there have been some connections made and stories that have been floating around for awhile, but I read one that was just published yesterday at a fairly reputable news organization. There have been these connections made between Trump's business dealings and potentially dirty Russian money used to fund Trump's real estate projects through a man named Felix Sater, who is a convicted felon and a CIA informant—which further clouds this story. What do you know about that?

GF: We'll begin with the fact: How do they know he's a CIA informant? The CIA hasn't published that. He was doing business in Russia. Prior to 2014, Russia was a friendly country. Many people were doing business in Russia—Democrats, Republicans, and so on. The money that was being invested by the Russians, some of it did turn out to be black money, some of it didn't. But he was far from the only one who was taking investments from people who would turn out later were using it to do money laundering or something like that. This is not to defend Trump. It is simply to point out that prior to 2014, there was nothing at all questionable about wanting to build a hotel in Russia. We were on reasonably good relations. There were tensions, as there are with any other countries, but it would be very odd if Donald Trump, who is building hotels around the world, didn't both go to Russia and didn't try to raise Russia. I saw that story and it became less credible to me when the claim was that he was a CIA informer because that always troubles me when that shows up, but also when I looked at the question that he took money and it turned out to be black—well, this was a charge made against the Bank of New York. This has been going on with many people. Most of the money in Russia was illegal and nobody got upset about it until 2014. So, it's a big difference what it did before 2014—when the sanctions went into place—from what it did before.

JR: Going back to your first answer then, you mentioned there would obviously be problems if there was some sort of quid pro quo that the Trump campaign asked the Russians to hack into the DNC and then spread that information around.

Now to what degree—because I’ve heard various assessments of this—would that actually be considered illegal, other than being unethical?

GF: I’m not a lawyer, so I don’t know, and I don’t know how the contact was carried out. I also don’t believe the contact was carried out. If it was, it was a catastrophic failure on the part of the Russians. If they had something to hold over the head of the President of the United States that might be illegal, the last thing they would want to do is allow that to become public. They’d use it to hold. So, when you look at the behavior of the Russians—the Russian ambassador having three conversations with administration officials on the telephone that the Russians know perfectly well was tapped and being monitored—the Russians certainly didn’t act as if they were engaged in some sort of intelligence operation to blackmail the president. That, after all, would be the news of the century and the last thing the Russians would want is to have it leaked. So, when you look at the claim they had this relationship and that the Russians could now be in a position to blackmail him, and you take a look at how casual the Russians were in discussing things with the administration—those phone calls for example—it’s very hard to buy the story. The Russians are better than that at doing this, and this would have been the coup of the century and centuries for the Russians.

JR: You know that there is a subtext to this current situation that’s floating around out there, one that says that US Intelligence agencies didn’t want Trump as president and are now trying their best to try to take him down. What do you make of such charges?

GF: When you talk about intelligence agencies, you’re talking about large government bureaucracies of thousands and thousands of people, most of whom earn wages for which they’re not going to risk anything. There were certainly plenty of people in this administration who didn’t welcome Donald Trump coming. There apparently—and these rumors go on—was a split between the senior people at the FBI who did want Trump to come into power, because remember that the head of the FBI issued that warning on Hillary Clinton just before the election, and there are certainly people, I would expect, who are political appointees of Obama in the CIA who didn’t want him to come into power. And there are tremendous leaks that shouldn’t be taking place, but the CIA is notorious for leaking. So, what they’ve leaked, however, when you actually look at it, really doesn’t look—the fact that there had been contacts between the Trump administration before it came into office and the Russians is a breathtakingly uninteresting fact—unless something was done that was inappropriate, which I don’t think was the case. It’s interesting to look at the leaks and what the newspapers and other media make of them. You start with a leak that says they met. There comes something in the newspaper that implies there was something wrong in it when in fact, even if they had met, there wasn’t anything wrong with it. It is commonplace for incoming administrations to hold talks, not publicly at all, with other countries. I would hope that such conversations were taking place with the Chinese and with other potential countries. You don’t come into office cold and so what the CIA was leaking was valuable only in the hands of The Washington Post who attempted to make it something else. Now, I don’t know what else they have. I don’t know what else they are doing, but certainly what they’re doing is making it appear that there is some wrongdoing, and they may have more information showing that is true.

JR: So lastly then, where does this story go from here? It seems like it's just getting started. I know there have been all these calls for some sort of independent prosecutor or investigator to take a look at what's happening here, which there seems to be a lot of opposition to that, at least on the Republican side for obvious reasons. But where do you think this is going and is this going away any time soon?

GF: Well, the Democrats will be shocked to understand that the incoming presidents have talks with foreign powers. The Republicans will say that this is absolutely fine and alright, and we will do what Americans do during such a crisis, run around in circles, scream and shout.

In the meantime, the United States has dealings with the Russians now and those are very important. Russia has sanctions on it. Russia has occupied Crimea. Russia is in Syria. We have very important dealings with the Russians that the president, his secretary of state, and secretary of defense have to carry out. I am far less concerned with the hysteria in Washington than I am about what exactly Trump's policy is going to be. I will note that the one thing the Russians wanted, which is that lifting of sanctions, was something that Trump refused to do. He said that it wasn't going to happen. And I'd also point out that the Ukrainian crisis is not something that the Europeans and the Russians don't want to settle. They just can't agree on the terms. I would say this, it is interesting to watch everybody get excited. We have not seen anything to get excited about. The mere fact that there were discussions is normal. What was discussed is the important matter.

JR: Great analysis, George. Thank you so much for joining me.

GF: Thank you.

JR: Visit us online at riskhedge.com. For RiskHedge Radio, I'm Jonathan Roth.

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