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ASPEN SECURITY FORUM 2017

AT THE HELM OF THE INTELLIGENCE COMMUNITY

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LIST OF PARTICIPANTS

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Anchor, NBC Nightly News  
Anchor, Dateline NBC

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(5:30 p.m.)

MR. HAYDEN: Good evening.

(Applause)

MR. HAYDEN: Hurray. Good evening. Welcome. I think we're in for a very special evening. (inaudible) his new job, Senator Dan Coats. I slipped in my old title which was principal deputy director, I was the first one (inaudible) job, and he really has proven his patriotism by his willingness to accept it. It is no secret that this is a job with far more responsibility than it has authority, okay?

(Laughter)

MR. HAYDEN: The senator even kind of ran into not headwinds about him, but headwinds about the position during the confirmation process because there are press stories out there that a friend of the President, Mr. Feinberg, was looking at the structure, nature, even the continuation of the post and it speaks an awful lot for the senator that he -- first of all he pushed that one back. He can change you through the confirmation process and confirmed, so I'm expecting, and the senator and I had a brief conversation today, we'll do a lot of substance and hot spots and so on, but there'll be some conversation here today about structure and organization and process in the American intelligence community because that's where all those lines come together in the office of the DNI.

Now, he's exceptionally well-equipped to do this job. It was welcome news -- a like I use is a long sigh of relief throughout the intelligence community when he was named, two separate nonconsecutive terms in the United States Senate, a long time service on the Senate Select Committee on Intelligence, our ambassador to Germany from 2001 to 2005 and that's where I had a chance to occasionally meet with the ambassador when I visited Germany in one of my old jobs at NSA. Senator, I mean to talk to you about one thing though, kind of by way of

apology, all right? It occurs to me that while you were ambassador in Berlin, there was one afternoon in, I don't know, '03 or '04, that you yelled out -- it's not clear the details, but you yelled out from your office, hey, can someone get me Angela Merkel's cell phone?

(Laughter)

MR. HAYDEN: And it appears as if that may have been misinterpreted, but --

(Laughter)

MR. HAYDEN: All right, that's espionage, neither confirming nor denying anything.

(Laughter)

MR. HAYDEN: We're also in really good hands here tonight with Lester Holt to help us have this conversation, anchor for NBC Nightly News, a whole host of activity on the network, special reports, breaking news, Dateline NBC, the conventions, the debates, something that endears him to people like me is that he goes to the sound of the guns and very recently he's shown up in Paris, in Brussels, in Manchester reporting. As a complete record of evidence of excellence and I thought one really particular evidence of his excellence, his ability to conduct an interview, his ability to ask the right questions, and you know, for the former director of CIA the ability to interrogate is a big deal.

(Laughter)

MR. HAYDEN: Lester created the most pure Perry Mason moment on American television in more than 3 decades in May when he was interviewing the President and in the middle of the interview the president simply stated I fired Comey because of the Russians.

(Laughter)

MR. HAYDEN: Now Lester, when that kind of happens in our interviews at the agency, we give the guy

tea and hummus. Now, it may have been an awkward thing at that moment, but you need to think about that for your future tradecraft. This promises to be a very delightful evening. Ladies and gentlemen, Senator Coats and Lester Holt.

(Applause)

MR. HOLT: Very funny. I think -- I don't know, take -- pick one.

SEN. COATS: I'll take this one.

MR. HOLT: You take that one? Perfect.

SEN. COATS: Yeah.

MR. HOLT: Thank you very much. Senator, good to see you.

SEN. COATS: Good to see you.

MR. HOLT: Man has a career in standup.

SEN. COATS: Yes, I think he does. You know, that the phone -- I said get her on the phone.

MR. HOLT: Yes sir. In the meantime, the tea is brewing back there.

(Laughter)

MR. HOLT: Anyway we've had a chance to catch up over the last hour or so.

SEN. COATS: Yeah.

MR. HOLT: Let's have a conversation. I just want to say this is my second time in Aspen. The first time was a painful experience. Today Show wanted me to do a story on a snowboarder ahead of the Sochi Olympics, they said go interview him, go snowboard with him. I said I don't snowboard. I said but if you want to, you know, send me a couple days early and pay for lessons, we'll do

it. They paid for the lessons. You can still hear the sound of my cussing echoing off those mountains. The hardest, most painful thing I've ever done. So this is going to be a piece of cake. Anyway, it's great to have you. I want to -- I guess I want to start off a kind of peek behind the curtain little bit about what you do, and let me first note that you think about it you were a consumer of intelligence information for a long time. Now you're on the other side. Tell me about the learning process and what you've experienced.

SEN. COATS: Well, it's a different view from the other side, that's for sure. Sitting in my confirmation process looking up at my colleagues and where I used to sit seeing a empty seat there at the time because whoever moved up hadn't arrived yet, I suddenly felt it was a lot nicer up there than it is down here. Started to feel sorry for people like General Hayden and others who had to sit down in the in the testimony chair, you know, the witness chair and be asked, knowing that the staff had stayed up all night working out tough questions so the member could take the piece of paper, look at that, and sound really, really smart when they asked a question and try to put you on the spot. So all of a sudden I'm on the spot, but I do -- did have a good relationship with the committee and that I think it made it easier for me, but nevertheless it's looking at the Congress in entirely different fashion.

I had -- what I had to do by getting this job was to take off my policy hat which over many, many years serving the House of Representatives and the Senate in two different occasions when everything is directed toward policy and put on my intelligence hat where I can't mess -- you know, my track is not into policy now, it's intelligence, it's giving the best intelligence we can integrate to the policymakers and trying to keep out of making policy decisions and keep faithful to the -- for the responsibility of the job to give the best intelligence on which they build the policy.

MR. HOLT: And on that point your biggest client is the President of the United States.

SEN. COATS: Yes.

MR. HOLT: You are the principal briefer each day.

SEN. COATS: Number one counsel.

MR. HOLT: To the extent that you can take me in the room, what is it like briefing the President? You are putting together all the information from 16 other agencies as well as your own. Tell me about it.

SEN. COATS: Well, that information process gets collected overnight and it gets -- and analyzed in a fashion toward what we think the President needs on that particular day. Maybe it's somebody coming in, a foreign visitor, let's get some information to him about that, but it's also about what has happened overnight relative to the issues that we're trying to deal with at a policy basis. And so that is collected in the morning. I get in fairly early. I get my own brief from my briefer and then we move to downtown to the Eisenhower Executive Office Building where I have an office there and the principal -- while the law states that I am the President's principal briefer, a senior official from the ODNI has coordinated all this, will help shape in terms of suggestions how we do this and so forth, he -- we walk into the Oval Office, the President has one of both Mike Pompeo, director of the CIA and meet there every time we're both in town. Initially Mike and I thought we would just share that, if I'm out of town, he covers, if I'm -- and vice versa, but he likes us there both, so we come in, usually the vice president is part of that. It's a very, very small group. Tom Bossert, who spoke here on Thursday, is usually there also and that's about it.

MR. HOLT: Is the President mainly a listener or does he engage you to push back, does he challenge?

SEN. COATS: Contrary to what I thought it would be based on some things he had said early on, he is a consumer of information. He interjects questions on a very frequent basis and we have to lot of times keep coming back to some of the central points that we want to

make on it because he's asked six or seven questions or six or seven responses to that specific issue or maybe even deters over to I'd like you to tell me about such and such, then we have to bring it back and say -- and we do that and then bring it back and say we also want to leave with you Mr. President. What has turned out to be what was thought to be a 10-minute briefing every day is at least 30 minutes has turned into 40 minutes. Many, many times I see Reince Priebus in the back, Mr. President, you know, we've got to move on, we've got people waiting, secretary coming in, Mr. President, you know, they're in the cabinet room, I'll get there. So what we found is someone who has not been in government, not been in the intelligence business, not having relationship to that, but is asking an awful lot of questions and a lot of them were good questions.

MR. HOLT: But to the extent he challenges -- not only challenges, but criticizes the quality of the intelligence, do you see that in that room or is that a public face we see?

SEN. COATS: He asks questions and I think he has every right to ask questions to challenge what we're saying, and it forces us to justify it and expose how did we collect this, who did we collect this from, how do we know this is accurate, okay, and so there's a good back and forth. I found that -- when I first went in I realized I've got to build a relationship of trust with the President so that I have the ability to say Mr. President, the intelligence doesn't affirm that. And early on I took a big gulp of breath, walked up to him, I think that was in my second briefing, I walked up to him before that briefing and said, Mr. President, I need to share something with you. I said there are many times I'll be walking in here and bringing you information you might not want to hear or information you wish was different. And I'm going to -- I just need to tell you my job is to give you the basic intelligence. You don't have to agree with it. You can ask for more information, but we have to have the kind of relationship that we can be open with each other and it has been.

MR. HOLT: And that sounds very healthy, but

what many people would agree is not healthy is when the President is taking intelligence agencies to task publicly abroad as we have seen recently. What is the net effect of that, the intelligence professionals on the community?

SEN. COATS: Well, we are professionals that inherited a great group of professionals. My advice to them, my instructions to them, we have a job to do, do your job, we need to be apolitical. I will not tolerate someone trying to shape this intelligence that the president doesn't like it, has some questions, but more than often -- more times than not the President said, okay, all right, I got it. That's not what I had thought, it's not what I've heard, but I got it and we persist until we believe and feel that he knows where we're coming from and we're trying to do this in the best interests of formulating the best policy.

MR. HOLT: They are professionals, but it's got to be hurtful when your leader questions your work --

SEN. COATS: Well --

MR. HOLT: -- in such a public way.

SEN. COATS: -- what I decided to do was to bring the intelligence agencies to the Oval Office and so Admiral Rogers who's sitting right down here, I was out of NSA and we were talking about that, I said, Admiral, the President needs to know more about what NSA does and the value of their contributions, and so Admiral Rogers came there and brought the crown jewels, Mr. President, this is the value of our organization, this is what we can do and described and showed the President what we could do. I brought in the head of NGA, they do the imaging. We had some -- we built some models and we brought it in and we actually showed the President what we're able to see about what our adversaries are doing because of imaging and then we taking those imaging and build models to show it, describing a number of things that the President needed to know. And I've done that with a number of agencies bringing the directors in. And so I thought it would be a good thing to bring the intelligence agency the President and as he sees that --

MR. HOLT: Have you ever told him that he's hurting morale?

SEN. COATS: No, but I've tried to encourage him that -- to understand the role of the intelligence agencies, how important that role is in formulating the policies and I think he has recognized that. He said many complimentary things about the people that he's talked to in the intelligence --

MR. HOLT: One of the big streams of intelligence of course that he's questioned is the notion -- is the intelligence that there was Russian interference in the last election. One of things that comes up is the number of agencies, you know, 17 agencies, is it 4, can you just tell us is there any dissent within the intelligence community you oversee on the question of whether the Russians interfered with the American election?

SEN. COATS: There was no dissent and I have stated that publicly.

MR. HOLT: Everyone's onboard.

SEN. COATS: And I stated that to the President. Now let me just address the 17 versus 3. Look, the Coast Guard is one of those 17 -- I mean 16. They had had nothing to do with that. DEA, Drug Enforcement Agency is one of those. There's a number of agencies who don't focus on that particular issue. The agencies that do, NSA being one of them, CIA being another one, FBI being another one, those are the agencies that put this together. And so we're constantly bringing in information from clusters of agencies that are relevant to the issue at hand.

MR. HOLT: This didn't stop, I assume you're still gathering on this. Are you still seeing active attempts by the Russians to influence American government in general?

SEN. COATS: You know, is anybody shocked that

the Russians are trying to influence how we think? I mean, I grew up being told the Russians are trying to influence how we think. I mean, they're just a little more -- quite a bit more sophisticated than they used to be and I think they caught us a little bit behind the curve relative to how they're using cyber in new techniques in order to fake news and so forth. Cutouts which has a third-party issue, presenting what they want to hear. They caught us a little bit asleep in terms of the capabilities that you -- that they could do. So they're doing it better than they used to, but they've been doing it for a long time. I've been over in Europe, they've done it to the French, they did it to the Brits. On their elections, the Germans are now encountering that on their elections coming up in September. The President of Montenegro, I was sitting next to at a luncheon, and he said the Russians are messing with us. I mean this -- they're trying to undermine Western democracy, and so they're doing it not just with us, but they're doing it with nations that fall in the democratic process across the world.

MR. HOLT: I want to turn to Korea. I think there's fairly widespread agreement that that is -- North Korea is one of the most --

SEN. COATS: The tough one.

MR. HOLT: -- the toughest threats facing United States. We saw that ICBM launch like July 3rd. What did you learn from that capability that you didn't know that they had?

SEN. COATS: We knew they were pursuing that capability and that launch I think demonstrated the fact that they are making progress on achieving ICBM capability that potentially could reach the United States. The -- depending on what trajectory you choose, we were able to assess how far that missile could travel.

MR. HOLT: Did it reenter -- there was some reporting in the South Korean press that it didn't reenter?

SEN. COATS: Oh, yeah, it reentered, but it went straight up and straight down, or not straight up, but I mean in a trajectory that's been published in papers and so forth.

MR. HOLT: How do you advise the President on an issue, such a hard intelligence target as North Korea that have any level of certainty in what you report to him?

SEN. COATS: Well, we have a collection of assets and tools that are pretty remarkable. We have the ability to find out a lot of things that bad actors are doing. And we've of course put the significant focus, extra focus on North Korea over these last several months. And I obviously can't in a public session get into issues that are classified and methods that are classified. We can do remarkable things with our intelligence agencies in determining what bad guys are trying to do to us.

MR. HOLT: Are we at a point where we have to accept that North Korea is now a member of the Nuclear Club and has to be dealt with or considered accordingly?

SEN. COATS: Well, they've got some work to do to I think get through the club door, but they are very persistent in achieving that goal and we see a lot of research probably gained by each launch that they do whether it fails or succeeds. It is -- it has become a potential existential threat to the United States and it's of great concern.

MR. HOLT: And in terms of the number of options available publicly we know that there aren't a lot of great options there, and a lot of it is trying to see into Kim Jong-un's head and that's I suspect that most difficult kind of intelligence trying to predict someone's behavior.

SEN. COATS: Well, he's demonstrated behavior publicly that really raises some questions about who he is and how he thinks and how he acts, what his behavior is, but our assessment has come -- has pretty much resulted in the fact that while he's a very unusual type of person, he's not crazy. And there is some rationale backing his

actions which are survival, survival for his regime, survival for his country, and he has watched I think what has happened around the world relative to nations that possess nuclear capabilities and the leverage they have and seen that having the nuclear card in your pocket results in a lot of deterrence capability. The lessons that we learned out of Libya giving up its nukes and Ukraine giving up its nukes is unfortunately if you had nukes, never give them up. If you don't have them, get them, and we see a lot of nations now thinking about how do we get them and none more persistent than North Korea and perhaps --

MR. HOLT: How much do you worry about nuclear weapons in the hands of terrorists?

SEN. COATS: Every day.

MR. HOLT: Is that threat growing in ways?

SEN. COATS: I think people say what is the thing that keeps you up at night, I think it's been on my mind the most -- for a long time as a senator, member of the committee, and now even more so is the marriage of weapons of mass destruction with terrorist groups gaining the resources to either buy, create, steal some type of weapon of mass destruction whether it's chemical biological or nuclear. Consequence of those two planes flying into the towers of New York bearing a weapon of mass destruction, casualty numbers that occurred from those two strikes would have a lot of zeros behind it.

MR. HOLT: I want to explore that a little further, but before we get off North Korea I do want to ask you about Otto Warmbier. What U.S. intelligence has learned about the circumstances of what -- what happened to him, but the timing of his release back to the United States?

SEN. COATS: Well, I can't go into classified information there, but there's a very strong suspicion that, you know, they suddenly realized that they wanted to -- this guy was dying. It would send the wrong -- the signal they didn't want to send around the world and so

they released him on that, but I think it was very apparent even on a public basis that this is not the place you want to be.

MR. HOLT: All right. Now, back as we were making the turn into terror, you and I were talking backstage a while ago and I -- and I'll ask you this publicly, what things would keep us up tonight if we knew what you now know.

(Laughter)

MR. HOLT: In terms of the terror threat. I don't want to know what keeps you up, what would keep us?

SEN. COATS: Well, there's a lot that I could say that, but is classified. Let me just say this, there are fires burning around the world and there's an ideology out there kind of connected with a theology out there that is drawing disaffected angry young males and maybe even females to a cause that basically states success and reward for your life and to make your life meaningful you need to go out and kill others who don't believe what we're telling you, you need to believe and by the way the highest reward is if you kill yourself in doing that fact. This is -- this ideology has spread. We have -- we're putting a stake in the heart of ISIS who is the main perpetrator of all this, but it's like putting a stake in an octopus with all the tentacles moving out to different places, ungoverned states around the world, and so we see this is a long-term threat with significant support capacity and resources that we're going to have to deal with for many years.

MR. HOLT: Because we see two battlefields, we see, you know, Syria and western Iraq, that effort against ISIS which seems to be showing some gains, but then we have, you know, the occasional attacks here and across Europe. Is that -- is that almost a separate fight because you're fighting more of an ideology on that level?

SEN. COATS: A lot of the threats come from, Corps, Al-Qaeda, Nusra Front and some others particularly ISIS that are coordinated and disseminated now that their

heart is almost stopped beating, but a lot of it comes -- it seems to me that the lid has been taken off a boiling pot. I can't fully get my arms and head around why are so many nations so angry with their neighbors. Why are so many individual groups so angry to the point where they want to engage in violent efforts. Such transnational efforts going on, criminal organizations and others, I mean it just seems like the world is in a very unsettled place right now with a lot of anger floating around. Psychologists have looked at this, policymakers have looked at this. I can't come to a single conclusion on it. All I know is that these threats are multiple and it's going to take some significant effort and time to address.

MR. HOLT: This is also a technology fight. How are you doing? How are all these agencies doing on a technical level to keep up with not only the terror threat, but some of the other -- the bad state actors? Do you find yourself behind the power curve?

SEN. COATS: I think we find yourself in a chess game that you -- technology is advancing so quickly and so sophisticated that people from places you'd think would never emanate out of capability to use that technology in adverse way. And so you just -- you patch one thing and you miss -- you pick up a new event or you find out something that's happening and you try to -- it's just a simple game of chess as everyone's racing to use that technology for adverse purposes and inflict harm. And so that is a huge challenge. Admiral Rogers has said we've got to be more agile in this, and that means in understanding what this new technology that that we can acquire so that we can address these threats and put it -- instead have our chess piece ahead of the others. But we're part of the large bureaucracy here, and so, you know, if you're the CEO of Google or Facebook or Twitter, you know, you can say, hey, this new piece over here or what we're developing over here I want that in use in 3 months from now and you can task that and pay for it and it -- and they can accomplish it.

In our system here we say we want that piece, we know about that also, but that then has to be proposed to

the Congress. It goes through a fairly tortuous process to be in the House and the Senate and the committees have to review it and so forth and the House has to pass, the Senate has to pass, and then you have to have a conference to meld the two and then the President has to sign. Oh, by the way, you've got to go to the Appropriations Committee to see if they'll put up the money and you have some members of the committee who say, well, I'd rather put it over here because that benefits my state and I'm going to hold up on this and that. And so it's hard to get in front of this, but we've got to find a way that we can adapt to these technology changes and through the intel -- get some kind of authorities in the intelligence community to do this faster, better, and stay in front of the game or we're going to pay a price.

MR. HOLT: Well, we see the President has given the military more decision -- made more battlefield decision-making ability. Are you not getting the same sort of the equivalent on the intelligence level?

SEN. COATS: Now we fall in that category where national security involves both military and intelligence, and so even though there are some significant downplays on the budget for other agencies, we have an uptick and we just need to find a way to use that additional resources and authorities in ways that are productive. We've got to get our mindset into the fact that the world has changed dramatically and platforms that we have provided defense assets and abilities in the past simply are not going to be up to it. I don't want to get too many details here, I mean we still need aircraft carriers that can launch planes from the Pacific, but technology is putting them more at risk and we need to be able to counter the technologies that perhaps outdate and obsolete some of our methods, I'm getting too far in the weeds here on defense issues and -- but we provide the intelligence then that supports what's happening and then we let the policymakers make those decisions.

MR. HOLT: Some of this rolls really into the Congress.

SEN. COATS: See, I rolled over into my policy

hat again, and I was trying to --

MR. HOLT: Well, some of this rolls over into the conversation I know you want to have it and have been having about the renewal of Section 702 of the FISA laws. Obviously there are great privacy concerns about Americans being swept up in foreign intelligence, domestically American, some of the backdoor use of that information, you want it renewed, are you open to it being reformed though to some extent?

SEN. COATS: The IC community wants it reauthorized as is. There have been adjustments made in the past that have been supported by the Civil Liberties and Privacy group. They've been tested in the courts. They're legitimate. We've made adjustments to make sure that Americans' privacies are not invaded in this process. It has more -- this program has more oversight than any other program in government. All three branches have significant oversight to make sure we are not imposing on Americans' privacy, but we also have to find that balance point to be able to use this tool to keep the Americans from harm.

MR. HOLT: So is there an anecdote that you can share of because we had this ability we were able to --

SEN. COATS: Yeah, most of them are classified, I asked for -- I said I want to declassify an example that I can present to the Intelligence Committees because they were asking, hey, can you tell us more of how this works. First of all, understand this is authorized collection against a foreign individual, a foreign target, as we by law cannot target a U.S. person whether they're in the United States or whether they're anywhere else in the world. This is designed specifically and authorized specifically to go after a foreign target. Now when we find that foreign target, we have the capability and this is SIGINT, signals intelligence, you'll hear a lot more about that I think -- Admiral Rogers and he can go into more detail on that, but you've got a bad guy who's talking to other people about doing things that bring harm to Americans, and if that bad guy is talking to American, we want to know why he's talking to that American and so

forth.

So it is a bunch of procedures that protect Americans' privacy concerns and so forth, and I could spend a lot of time going into that, but let me give you an example. Maybe that's what I gave the Senate Select Committee. This guy named Haji Imam, number two person in ISIS, we had a \$7 million bounty out there if someone could give us information as to his whereabouts. For 2 years NSA diligently 24/7, 365 were trying to find out how we could locate this guy. Finally they did, they located somebody who was -- had a very close relationship with Haji. And so they then had the opportunity to find out where Haji was. We were able to pass that information out, we have special forces up here just couple of hours ago, the commander. We passed that on, we spent a special group out to take out Haji. Along -- as they were approaching it, they started to fire -- they saw it coming, get into a firefight, we were able to kill Haji, number two in ISIS at the -- and that's usually the operational guy, the number one guys, the propaganda guy, the leader, inspirational leader and so forth, Haji was a key key person. That's just one example. I had to declassify that so I could get an example because it's been so misinformed as to what 702 is and isn't. They're not listening to any of your phones.

(Laughter)

SEN. COATS: Some of my colleagues have said they're listening to every American's -- everybody's phones. Well, there's 330-some million Americans, that would take 330 million people 24 hours a day listening to whatever time -- whenever you picked up your phone call.

MR. HOLT: But doesn't some of that fear though come from the unknown? We never really heard how many Americans have been swept up in this. Is there a ballpark figure?

SEN. COATS: Admiral Rogers and I are working on that very issue. They have spent -- NSA has spent an enormous amount of time trying to come to that. It's a very complicated process, but we're working on it and

we're going to be advising the judiciary committees of the House and the Senate and the Intelligence Committees in terms of what we've been able to do, but we have not been able to come up with a specific number for a number of reasons one of which is in order to find out the number of Americans that accidentally -- incidentally and there's procedures to take it out, and it's all authorized and so forth, you have to invade their privacy to find out whether or not they're an American. So you have to collect on them to find out whether or not -- so take a guy named John Smith. Well, the British Empire, you know, the sun never set, so there's John Smiths in Australia, there's John Smiths in South Africa, there's John Smiths in Burma, there's John Smiths in America, John Smiths all over the world. You've got to go into each one of those and find out which one is which to find the American and so you've got to invade the privacy of maybe 10 or 12 John Smiths or whatever.

Now, that's a maybe oversimplified example of how difficult this is. I'll leave it to Admiral Rogers to put detail on that question in terms of the really significant efforts and time they have put into trying to address this issue.

MR. HOLT: This session almost didn't happen because during the transition there was talk about whether this office is even necessary anymore.

SEN. COATS: There was.

MR. HOLT: So -- but you got picked for it.

SEN. COATS: I'm still here.

MR. HOLT: How did that go.

SEN. COATS: We're not hanging by a thread.

MR. HOLT: Tell me about the value, I'm not going to ask you to justify -- and I guess I am asking you to justify your job --

SEN. COATS: Sure.

MR. HOLT: -- what is the value of this office?

SEN. COATS: In 9/11 we found that some agencies had information that hasn't been -- wasn't shared. Now, first of all, I'm not blaming anybody here because this stuff comes in truckloads and truckloads, I mean I can't tell you just how much stuff we were able to collect and then processing through all that. The whole idea was is that we needed to take -- it's like a puzzle, you're trying to put a puzzle together to tell you what somebody is trying to do that's going to harm Americans, and you get collection from different agencies, several across the board. Every morning I read the President's daily briefing and said materials supplied by CIA, NSA, NGA, last one I read Air Force Intelligence, open sources there were seven or eight pieces of stuff coming in there, pieces of the puzzle. Now, it's clear that NSA, CIA, NGA probably provides the biggest pieces of that, but there are holes in there and we've -- what we've discovered is some of the agencies over here, Defense Intelligence, any of the services, others in the 17 or 16 could put pieces in there that complete the puzzle so that integration is the basis, that's the one word that I think that best describes the Office of National Intelligence Director (phonetic) and that is taking all those pieces, pulling them all together and then getting the best product out of that that you can, without just, oops, somebody over there, should have talked to him, but we didn't think they were engaged in this is really proven itself, it's evolved over the years and it's been -- it's a tough decade I think in order to bring an agency like that in -- General Hayden said lot of responsibility, not enough authority.

I would say that old phrase "follow the money," the budget comes -- is only directed by the director of National Intelligence. So, you know, we need some cooperation from everybody here because I'm going to have -- I'm going to have to put a number on your budget coming up, every one of the agencies comes in --

MR. HOLT: You want to pass the hat?

(Laughter)

SEN. COATS: And makes their case so that, you know, it's -- that budget authority sure helps in that regard.

MR. HOLT: You've been on the job 5 months and you're still on this learning curve, but in general looking back over the last 6 months how has the American intelligence community changed appreciably from what we saw during the previous administration?

SEN. COATS: I think we're in the beginning of a process of change that I hope will bring us up to date in terms of the agility that I talked about that we need. Every agency of government from my perspective, and even when I was senator I said this many, many times, needs to be evaluated in terms of how can you be more efficient and more effective. Bureaucracies build, duplication occurs. And some programs are effective, some are not effective, but because it's a bureaucracy they stay there. So we're in a transformation process. We have an internal process already started. I have a senior advisory committee with some all stars, four star people joining this, I don't need to name names right now, but it's -- we're leading that effort also in terms of looking at how we can better provide our customers with more efficiency and effectiveness. The -- we're looking at near-term, we're looking at 2025, and we're looking -- try to look out at 2040, 2050, how can we structure this community of intel.

And frankly a lot of the agencies are doing this on their own also. We're coordinating all this effort so the status quo is not acceptable. So we're going to be going through a significant transformation process. What can I say about, you know, I've been there 4-plus months or so forth, we're just putting the pieces in place now, but we're well on the way in terms of federally mandated issue in terms of what can you do in the first year by the time, and so we'll be ruling that out in the last 6 months here.

MR. HOLT: One of the mantras of this administration is America First. How does that play overseas? As you know, it's not just 16 agencies, it's 16

agencies plus great relationships overseas, European allies, Middle East allies. How is that going? Are you seeing any bumps in the road? Are you seeing any hesitation, any countries who are pulling back?

SEN. COATS: I've done quite a bit of travel, direct communication with my counterparts. I would say there's a question mark relative to are you guys with us, do you have our back, and they ask that because they know they can't go alone. And if we're going to address the problems of the world in a way that best protects our nation, but also with the understanding that we cannot be the world's policeman is --

MR. HOLT: So what are you telling them when they say to you --

SEN. COATS: I'm telling them -- I'm telling them we're only going to solve this problem if we engage together. It's amazing how many nations now that and my counterparts have said we need to do what you did with your ODNI. Australia just said we want to copy what you've done because we're still piped. We're not talking to each other, we're not crisscrossing and sharing information. Britain is doing the same, other countries are doing that, so I think we have a good model that we've shaped for that, but relative to our position in the world questions have been raised by them, assurances have been made, take NATO Article 5, the President made a statement earlier, changed that statement in Poland, a sigh of relief from our NATO partners and I think as we are evolving into where are we going in terms of how we address all of these issues, we understand that American involvement to some extent needs to be -- needs to be there because others don't have the capacity to do it.

MR. HOLT: Is any number of flashpoints we can talk about, but I do want to mention Afghanistan, more U.S. troops going there, it's been a long, long slog. What has U.S. intelligence seen about the future of Afghanistan? Are we looking at a stalemate?

SEN. COATS: Lot of history in Afghanistan. Now we've been there what, 16-17 years, but the history goes

back before that, the President raised I think legitimate questions on that very question, and that is being worked through assiduously by the policymakers with our constant provision of information relative not just to Afghanistan, but relative to South Asia as a whole because we're talking here about Pakistan, we're talking about India, we're talking about the South Asia region which also brings China into the play given their interest in expanding their sphere of influence. And it's complicated and it's difficult and decisions have to be made that haven't been made yet relative to what the U.S. response should be given the situation as it now exists. So I've spent a lot of time, my team has spent a lot of time trying to really provide the very best intelligence we can about stability of Afghanistan government at this point, the capacity of their -- of the defense forces, the role of the Taliban, the role of the Pakistanis relative to terrorist groups that are moving in to doing things in the Pakistan, potential role of what India could do and it's all put in -- it is in a process where a conclusion has not yet been reached.

MR. HOLT: Because this seems to be one of the continuing themes of vexing question of what does victory look like. Take Syria for example, even as you may gain Syria and Western Iraq as you make gains against ISIS, is the intelligence community looking forward to, okay, we win here, what's the price of -- what's the price of victory, what do we get for it.

SEN. COATS: We do assessments --

MR. HOLT: Is it going to be an outcome that's friendly with the United States?

SEN. COATS: We do assessments on all these issues. And they're tough, they're -- these are tough questions. What's happening in Syria right now is just chaos. You've got several actors intersecting with each other, very difficult to try to project a stabilized future for Syria at this particular point in time. Changing dynamics relative to not just ISIS, but other groups, and you've got Turkey, you've got the Kurds, and you've got the Russians, you've got the Assad regime,

you've get the Syrian defense forces, the anti-Assads, you've got the United States' efforts and it's a conflicted issue, dangerous issue and. It's even difficult to assess how we go forward with that and that's not the only one that we -- that we got. You've got to have some empathy for the President, whoever that president is, for what has been put in front of him in terms of what the role the United States is going to have in dealing with this multitude and diversity of problems that we have.

MR. HOLT: Senator, I'm enjoying the conversation, but I think we've got about 15 or 20 minutes left, so this is the point we're going to open up to the crowd here, and there are folks here who are going to be working microphone. Let me make sure we get those in place. Oh, here we go. So why don't we start with this gentleman right here, maybe we can --

MR. MAYBURY: Director Coats, Mark Maybury, vice president, MITRE and director of the National Cyber Security federally-funded research and development center. We talked a lot about cyber the last couple of days, obviously the elections, but I want to turn the attention toward the potential for a cyber 9/11. As you will appreciate there are many fundamental systems, energy systems, transportation, our healthcare system, our financial system, many others that are fundamentally vulnerable and yet the U.S. government doesn't own them, they're owned by the private sector. If you could talk a little bit about do we have enough collection to anticipate what the adversaries, the nation states as well as transnational actors are likely to do to us, and do we have sufficient federal and public private partnership to assure resilient against such a devastating attack?

SEN. COATS: I think those are two very relevant questions. We -- the world has become so interconnected, the processes that provide for our electricity, our transportation, our record -- hospital records and on and on you can go, water systems and so forth are interconnected in a way that can be breached and so we've learned that sometimes an attack can just be pushing a key that will send malware into a system that can take it

down. We've defined what we think our critical infrastructure is and we want to put protections up looking at that first, protections up because that critical infrastructure -- imagine the shutdown of the electric grid in New England in February when the temperatures might be minus 3 or minus 10, and the inability to start that backup without -- within just a few hours and the chaos that would occur and the deaths that would occur and the devastation that would occur just on that app. And so we are in the process. I -- personal opinion is I think we're a little behind the curve.

But there's a lot of emphasis being put in place right now relative to how we can provide cyber defenses in a better way, how we can look at kind of neutralizing these issues or -- and again Admiral Rogers will tell you the multitude of attacks that occur every day and attempts that occur every day into our systems from defense through civil processes government, Wall Street on and on it goes. So I personally am stepping out of my realm just a little bit of intelligence, I think that we need a offensive strategy as well as a defensive strategy. I guess I've watched too many NFL games, 2 minutes to go and the team, my favorite team drops into a protection and end up -- the team ends up, you know, completed pass in the middle and kicking a field goal and winning. So which I think you have to blend the defensive and the offensive, but I think it's one of the major challenges that we have and I guess that's something that does keep you awake a little bit at night thinking about. You might not even know the attribution of where it came from of something that -- someone who devises or some group that devises or some nation that devises a way to go after your infrastructure in such a way that it brings significant harm to American people.

MR. HOLT: The question here. Is that lady on the end here, I guess. Yeah.

MS. IOFFE: Hi, Julia Ioffe with *The Atlantic*. I don't know if you know about an hour-and-a-half ago *The Washington Post* broke a story saying that U.S. intelligence intercepts show that Attorney General Sessions spoke to Russian -- then Russian Ambassador

Sergey Kislyak about campaign-related issues. So this is, you know, some of the collection you were talking about. Do you have any comment on this?

SEN. COATS: I just learned about it.

MS. IOFFE: Thank you.

SEN. COATS: Also I saw the headline. I've come to the point where I no longer put any stock in headlines or breaking news.

(Applause)

SEN. COATS: First thing I'm going -- sorry.

(Laughter)

(Applause)

SEN. COATS: I tell my friends and if I was talking to the nation I -- which I don't, I would say, actually my wife has been the best encourager of me to say ask a question first before you take something as truth. So I'm going to ask, you know, is this for real, is this the real thing, try to get some details before I draw a conclusion. And I'm trying to do that with everything.

(Applause)

MR. HOLT: This gentlemen here. I will get to this side of the room too. I'm sure I'm oriented.

MR. DROID: Good evening, Mr. Holt, Director Coats. My name's Justin Droid (phonetic) I'm a security forum scholar from the beautiful cornfields of Lebanon Indiana, currently --

SEN. COATS: My wife's family from Lebanon Indiana.

MR. DROID: Let's go. Currently studying computer science at Notre Dame. I have more of a personal question for you. Mr. Holt referenced the morale problem

that might be building in the intelligence community and there's a number of wonderful sponsors for this event that might also be competing for technical and analyst talent in the intelligence community, but I understand there's another problem just getting people in the door. How is your office at all maybe looking at restructuring the security clearance process or finding work for these people that we've hired conditionally, maybe unclassified working groups, something like that?

SEN. COATS: Yeah, we have serious efforts going on looking at how we can better move this process going forward because sometimes people who want to come with us, want to start right away, end up waiting months and months and months. We know they have other options out there in the private sector that will probably pay them more, give them a better lifestyle, but they want to do this because they feel a sense of wanting to help the country and wanting to -- something that is rewarding to them. So I just can't -- I can't tell you exactly where we're going to end up, but it's a high priority item. I think there's a number of things that we can do to accelerate the process depending on what the position the person is going into. Secondly we've moved into a concept of continuous evaluation and there's some automization that can happen here also in terms of detecting breaches and that kind of thing. So we're on the way, and I'm glad you brought up the morale thing again because what I really wanted to mention is I'm -- maybe one of my biggest surprises is the commitment of people in the intelligence communities knowing that they could get a easier job that would pay them two and three times as much, get them out of Washington traffic and are staying.

And I asked them why? Brown bag lunches with people that from entry-level to midlevel, you know, young people with incredible credentials, talent. Private sector after them saying I want to work here. I said say why, why did you choose this, you could have gone somewhere else. The sense of purpose, said you can't buy the sense of purpose. The purpose of serving your country, the purpose of doing something that has real meaning to you, it's different than working for a company that's producing a product that you can sell in the

market, you know, don't denigrate that in any way, but you can't find that sense of purpose and some people with PhDs, people with, you know, graduated from MIT and working in other -- you know, Cal Berkeley and so forth and so, all these capabilities not only are saying I don't want to leave, are saying, well, I want to join you and so I'm trying -- we're trying to eliminate things that would hinder that desire to be part of this effort particularly as time -- people see this world on fire and they want to do something about it.

And so we have a talented workforce that I'm just amazed with their patriotism, their commitment, and I think one of my responsibilities is to make sure that those who -- when you reach out to kids coming out of school and college and so forth and so on, they know what it's like. I've asked some young people as -- we, you know, we move these people around now through different agencies, they say point -- yeah, every agency has got its own culture and I didn't really realize what this combination of 16 together was like until I got outside my own little stovepipe and found out how this -- and we get them to ODNI and they thought it was a step on the way in the process and now they say I want to stay here because I get -- I'm open to everything that's happening here.

So I'm just really proud to be able to have the opportunity to lead that kind of people in -- tell you the truth I wasn't sure what I was walking into, but I can give you tremendous stories of actors, somebody in the audience here who -- I think I almost recognized Andrew (phonetic); Andrew was on the way to work. He works for one of our agency. He saw a woman being assaulted on the road he pulled his car over, he went after the assaultant, he got his nose busted and eyes busted and beaten up by the assaultant. Another FBI agent saw what was happening, they're part of our IC. He pulled over. He had little bit better capability than Andrew did.

(Laughter)

SPEAKER: (inaudible) Piece of story sir.

SEN. COATS: Let's save those peoples' lives. I

mean that's one of our employees.

(Applause)

MR. HOLT: I promised we'd get a question from over here.

SPEAKER: That was the best birthday present likely to have. Thank you.

MR. VOLETTE: Peter Volette (phonetic), I'm also an ASF scholar. And you talked a little bit about the need for improving our cyber defense capabilities, particularly for critical infrastructure. To what extent do places like the Ukraine where you know there is cyber warfare going on serve as an example and sort of a way to start thinking about how to actually implement cyber defense? Is that something that is used or is that taken into the picture?

SEN. COATS: Well, if I think of -- if I understood right, I mean, I -- it's not just Ukraine, it's -- we need -- and Tom Bossert talked about this earlier on in his talk, a need to standardize with our allies a way of coordinating our efforts relative to cyber attacks and how we respond to that, set some standards of, you know, when to respond and how to -- how best to respond. I think there are a lot of questions still to be asked and I'm not sure I totally understand your question relative to the implications on Ukraine.

MR. VOLETTE: Is that useful, the intelligence that you gather about the cyber attacks going on in places like Ukraine and sort of a more hot environment, is that useful for your agency in terms of --

SEN. COATS: Yes.

MR. VOLETTE: -- cyber defense?

SEN. COATS: Yeah, sharing information with our allies, I mean this is one partner engagement so that we have the relationships and the confidence and the trust in the intelligence agencies of our allies. We have sort of

tiers of where we can go with that, but we're continuing to expand that because we're all in on this thing, and the interconnectedness of the networks now worldwide require and allow us to be in a position where we can share information and work together to know what's happening, how do we deal with it, how we can work on it to prevent it from happening in the future.

MR. HOLT: We have time for one more question here, this lady right here.

SPEAKER: Goody. I wondered if I may to turn to this hemisphere, how concerned should we be about the situation of Venezuela? It is my understanding that there are Iranians in Venezuela, Chinese Russians, it is 2 hours away with a government that has to be desperate and I wonder how important or how dangerous that is to the United States because we seem to sometimes lose sight of what's going on right next door?

SEN. COATS: Yeah, that's a very relevant question because we have so much focus on the Middle East and Russia and elsewhere, sometimes we don't put enough attention at our own hemisphere, things that are just off the Coast and so forth. Cuba's engagement in this is not something that is beneficial to the United States. Same with Russia. Same with others. Other states now see it up for grabs. They see it potentially as a platform for collection against the United States for all kinds of malfeasance and so it's the real thing. In the meantime, you know, this Chavez socialist ideology that this is going to make everybody better and so forth, I remember a long time ago when the -- we were fighting the, you know, Nicaragua with the takeover there and we were meeting with the vice president. We thought we would go to some kind of government building. We went to the country club. They had seized the country club. They were living in all the mansions that were surrounded in the country club. He was driving a Rolls Royce. He had a Rolex watch that probably cost \$40,000 on. He had famously come back, his wife had come back with like \$25,000 worth of dresses from New York on a shopping spree and so forth, and he was partly leading the effort for -- to make the poor people equal to everybody else.

(Laughter)

SEN. COATS: So, you know, you had this socialist ideology which has failed in every state that has tried it, including Russia, and yet that reaching out to -- reaching out to the dispossessed and reaching out to the poor and saying we're going to take care of your problems and spread the wealth. That's what's happening in Venezuela and the place is collapsing, so it is of something of legitimate concern.

MR. HOLT: Well, Senator Coats, we covered a lot of ground, but just probably just a fraction of the ground that you have to worry about and think about every day. This relationship by nature sometimes is adversarial, but it's not lost on anyone what an important job you do, and all the members of the intelligence community, we know you're dedicated to keeping us safe and let me on behalf of everyone thank you.

MR. HOLT: Thank you.

SEN. COATS: And thank you to our --

(Applause)

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