

Nick Troutman
Senate Environmental Resources & Energy Committee
362 Main Capitol Building
Harrisburg, Pennsylvania

RE: Pennsylvania Senate Environmental Resources and Energy Committee Hearing
Foreign Involvement on Natural Gas Development in the US & Pennsylvania.
25 September 2018

First, let me state that I am honored to have been asked to appear before the Committee to discuss this most important issue of foreign influence in the US Energy arena. Let me continue by apologizing for not attending due to my teaching commitments at Virginia Tech in Blacksburg – it was impossible for me to travel to Harrisburg given my teaching load.

Second, let me state that the opinions expressed in my statement are mine alone. Not those of my current employer, Virginia Tech; nor my previous employer, the Central Intelligence Agency.

During my career in the CIA I was not an energy analyst, nor a Soviet/Russian expert. But I have seen activities recently in the anti-fracking/anti natural gas pipeline movement which concerns me, given my knowledge of espionage, influence operations, Soviet/Russian tactics, and the current thrust of Moscow's economic, diplomatic, and military expansionism.

There are three main areas I would like to bring to your attention:

- The possible Russian influence operations in the anti-pipeline activities in my region,
- The types of influence operations the Soviets/Russians undertake around the world and are using against the US energy sector, and
- The reasons Moscow would be undertaking such operations in the US today.

RUSSIAN INFLUENCE

When the Mountain Valley Pipeline [MVP] first announced its project to move natural gas through my region [Montgomery County in Southwest Virginia] I became involved in learning about the project, and indirectly the opposition against it.

Preserve Montgomery County, VA [PMCVA] is 'grassroots' organization fighting to stop the MVP. The PMCVA website [www.preservemontgomerycountyva.org] states the organization is "a local grassroots movement working with other local and national organizations to stop the proposed Mountain Valley Pipeline." What raised concerns for me was the fact that PMCVA has a local PO Box, but if one wants to donate money to the cause, one must send the check to the Charlottesville-based entity Virginia Organizing [<https://virginia-organizing.org/>].

After seeing Kevin Mooney's summer 2017 interview on a news show, I read his article 'Lawmakers Cite Evidence Russia 'Colludes' With US Green Groups to Block Fracking' with great interest and began researching this issue from my local perspective.

According to a 2014 US Senate Report [<http://leftexposed.org/wp-content/uploads/2016/01/2014-Senate-Billionaire-Club-Report.pdf>], Virginia Organizing receives large contributions from a possible Russian shell company called Sea Change Foundation [SCF] based in California.

There is very little information publically available on Sea Change, as it tries to hide its sources of money, as well as its contributions to multiple ‘grass roots’ organizations. Known information is limited to a review of its IRS Form-990 for 2010 and 2011 as its 2012 form is not public, and a sparsely worded website – listing solely the logo and a three-sentence mission statement [www.seachange.org]. Most prominent on the web site, however is this: “The Foundation does not accept unsolicited proposals.” So it is not looking to help new organizations – it already has its recipients.

Additionally, many other recipients of Sea Change donations attempt to hide any connection to SCF.

SCF receives millions of dollars from Klein Ltd., a foreign corporation which appears to have been established solely to provide non-attributable contributions to SCF. Klein Ltd., a Bermuda-based shell company, exists on paper only as it does not have an internet presence, and appears to have been set up for the sole purpose of funneling anonymous donations to SCF. Bermuda law allows for non-disclosure of donors, as well as little transparency about organizations located within its borders – making it a perfect location for shell companies [we’ve all seen the movies]. There is little to no information about management or assets of this ‘company’.

Klein receives its money from Russian-based oligarchs and companies involved in the energy market, according to a US House letter dated 29 June 2017 [<http://dailysignal.com/2017/07/10/lawmakers-cite-evidence-russia-colluded-with-u-s-green-groups-to-block-frackin/>]. Klein Ltd. was established by two attorneys from another company – Wakefield Quinn.

Klein Ltd. and Wakefield Quinn share the same physical and mailing address, along with 20 other companies listed under the law firm.

Two officers of Wakefield Quinn are also officials in a company named ‘IPOC Group’ which is owned by Leonid Reiman, a Russian Minister of Telecommunications and long-time friend of Vladimir Putin. IPOC was convicted in the British Virgin Islands in 2008 for operating a money laundering scheme to move illegally obtained money out of Russia and ‘cleaning’ it for investment around the world. Wakefield Quinn has long and close ties with a number of Russian energy sector officials and companies ---- which appears to be the main source of Wakefield Quinn’s money.

Interestingly -- just recently Klein Ltd, changed its name to Sea Change Foundation International, but is still located in the Caribbean. Supposedly SCF and SCFI are funded primarily by US citizen Nathaniel “Nat” Simons. I find it interesting that a US person has set up a fund off shore to send money to, which in turn, sends the money back into the US for supposed pro-environmental reasons. Since the offshore entity is not required to report ANY donations,

one must ask: 'Does this arrangement exist so other money sources are kept from the public's eyes?'

This is a long way of explaining how Moscow is supporting PMCVA – but by following the money one can understand Putin's reach down to the local level in the US anti-fracking/anti-NG pipeline efforts.

No doubt this same methodology is going on in other parts of the US where local entities are fighting fracking and NG pipeline construction. Such disparate assets of the 'local grass roots' organizations should be investigated for outside influence and support.

AGENTS OF INFLUENCE & RUSSIAN ESPIONAGE

In the intelligence world there is something called 'agents of influence'. In the traditional espionage operation, the asset [or spy] works under the direction of the case officer [the intelligence officer], who directs the asset on what intelligence to gather or steal.

In the 'agent of influence' realm, the contact person/asset acting can be one of three things:

1. controlled agent
2. trusted contact
3. manipulated source

These persons do not steal secrets; they work to help a foreign government policy to the detriment of their homeland.

In the first case, this agent is knowingly working for a foreign entity – he/she follows the instructions of the case officer -- to influence their government or entity to take action which will help a foreign entity [and possibly hurt their own country].

In the second case, the contact shares the goals of the foreign entity and is willing to help influence the actions of his/her government to help a foreign entity. The contact knows he/she is working for a foreign entity; however the contact may not know the exact role of the person he/she is working under, but works for their common goal. Additionally, the 'trusted contact' may not take directions from the spy.

In the third case, the source is unaware of being manipulated by a foreign entity to achieve goals which will help that foreign entity.

In this case PMCVA is at least the third, if not the second type of agent of Russia. What's interesting is that PMCVA does not collect contributions to its cause directly. One must go through Virginia Organizing. Interesting that these 'grassroots' groups can set up/run/pay for a web site and get a post office box, pay some staff; but can't walk across the street and set up a bank account. Why?

Virginia Organizing is possibly the second type – a 'trusted contact'. VO must know how SCF gets its money. Or maybe it's blissful ignorance: 'Why ask questions for which the answers might not be pleasant?'

SCF can only be the first type – a controlled agent – as it knows where some of its money is reportedly coming from: Moscow.

The other aspect you must understand is that Moscow plays the ‘long game’ in espionage. It is willing to invest in an operation for years, with no immediate results, hoping the return will come down the road. The best example is the ‘Cambridge Five’. Soviet spies recruited a number of British students at Cambridge in the 1930s. At the time, these men were merely students, but Moscow knew that graduates of Cambridge went on to high posts in the British government and commerce. The Soviet Union was willing to wait. The time and effort paid off decades later in the 1940s and 1950s when all five of these recruited college students began to fill very important roles in Great Britain:

1. Donald MacLean held key positions in the UK’s Foreign Office,
2. Guy Burgess worked in the Foreign Office, for the BBC, and MI6.
3. Anthony Blunt worked in MI5, and spotted other possible spies in academic and social circles
4. John Cairncross worked for both MI6 and Bletchley Park [GCHQ].
5. Kim Philby was the prize of the five as he became the MI6 Counterintelligence chief, and worked closely with the CIA on many operations.

No doubt Moscow has been funneling money into US environmental groups for years, worried that fracking technology would one day become viable – and a threat to Russian economic prowess in the world energy market.

The former Secretary of NATO has stated that “Russia, as part of its sophisticated information and disinformation operations, engaged actively with so-called nongovernmental organizations – environmental organizations working against shale gas – to maintain [Europe’s] dependence on imported Russian gas.”

Additionally, US intelligence community reports have stated that Russia is funding a covert anti-fracking and anti-natural gas campaign to suppress such operations in both the US and Europe – all to maintain GasProm’s energy dominance over Europe. Remember, Russia’s current economy, and thus its military supremacy and expansion, is based on income from natural gas and oil.

Hillary Clinton stated just such concerns in a 2014 speech when she said that Russia was using phony environmental groups to stand against any US energy development. She was quoted as saying these organizations are pushing the line: ‘Oh that pipeline, that fracking, that whatever will be a problem for you [local populations].’

US ENERGY THREAT TO MOSCOW

Geo-politically, this is Putin's Moscow attempting to thwart America's efforts to gain energy independence and dominance -- and to help our allies to get from underneath Putin's 'energy boot'. This covert support for anti-fracking and anti-pipeline groups is a form of espionage ---- these groups are agents of Moscow. If we export natural gas, oil, and coal to our allies, Russia can no longer blackmail the Western democracies to not work against Russian interests. These

'grassroots' organizations are doing Putin's bidding -- they are colluding with Moscow, the Russian oligarchs, and Putin against America's interests and our freedom.

To summarize, this convoluted network of foundations, non-profits, environmental groups, and grass roots efforts like Preserve Montgomery County are [knowingly or not] colluding with Russia to keep America down;

- to prevent American energy independence and supremacy,
- to thwart America's efforts to free Europe from Russian energy blackmail,
- to hinder America from providing an uninterrupted, affordable energy source to the American consumer and our allies, and
- to impede the creation of American jobs.

Thank for your time and allowing me to provide my insights into this major challenge to America's energy development and our efforts to help our allies thwart Moscow's energy monopoly in parts of Europe and elsewhere.

Kenneth L. Stiles
Blacksburg, Virginia