

Pentagon Opens New Spy Shop

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Back in April, *Antifascist Calling* [reported](#) on the proposed shut-down of the Pentagon's controversial Counterintelligence Field Activity (CIFA) office that illegally spied on the antiwar movement.

That office was officially "disestablished" August 4 by the Department of Defense ([DoD](#)). Simultaneously, it "activated" the Defense Counterintelligence and Human Intelligence Center (DCHC) "under the direction of the Defense Intelligence Agency."

DCHC will "combine CIFA resources and responsibilities with longstanding DIA CI and HUMINT capabilities." DCHC director Army Maj. Gen. Theodore Nicholas says that "the realignment of CIFA's functions and resources into DIA strengthens the close historical and operational relationship between counterintelligence and HUMINT."

According to the [Associated Press](#), DIA's new office will engage in what it calls "offensive counterintelligence" to identify what terrorist operatives or foreign intelligence officers are up to and thwart their activities.

The DoD stresses that "CIFA's designation as a law enforcement activity did not transfer to DIA. The new center will have no law enforcement function." In other words unlike CIFA, if we're to believe the Defense Department, DCHC will not spy on Americans' or subvert their constitutionally-protected rights of free speech and assembly. But unlike DCHC's classified budget, talk is cheap and the devil is in the details which are few and far between.

CIFA: mired in cronyism, scandal and corruption

The brainchild of former Secretary of Defense Donald Rumsfeld and Under Secretary of Defense for Intelligence Stephen Cambone, CIFA was mired in cronyism, scandal and corruption.

Indeed, disgraced Congressman Randy "Duke" Cunningham (R-CA), now a convicted felon cooling his heels in a federal penitentiary, was caught in a cash-and-hookers-for-contracts scandal along with Mitchell Wade, the notorious ex-chairman of MZM Inc.

Cunningham, a member of the House Appropriations and Intelligence Committees, chaired the subcommittee on Human Intelligence Analysis and Counterintelligence that had authority over CIFA operations. Like any good congressman dedicated to "fighting the terrorists over there, so we don't have to fight them here," Cunningham showered MZM with some \$16 million in dubious "earmarks" for contracts with CIFA before being run to ground.

One MZM deal would have allegedly provided the Pentagon office with a data-mining and storage system, the usual suite of "tools" for illegal spy operations we've come to expect

from the Bush regime. The problem was, MZM's "product" was useless and was never installed.

According to [***U.S. News & World Report***](#), Wade's shady dealings extended deep into CIFA's dark heart. Wade enjoyed a "special" relationship with a company named Gray Hawk Systems Inc. The firm, according to investigative journalist Chitra Ragavan, "obtained several lucrative and questionable contracts from CIFA, which it then shared with MZM."

To sweeten the graft, "three senior CIFA officials with influence over the contracting process left the agency and joined Gray Hawk," according to Ragavan. With knowledgeable insiders in place, Wade was then able to "craft earmarks for Cunningham," who then inserted them into appropriations bills worth tens of millions of dollars. After that, Cunningham was able to pressure "Pentagon officials to award the contracts to Gray Hawk and MZM."

Pretty neat trick, eh? Unfortunately for Wade, his extracurricular activities earned him an eight year sentence in federal prison like his buddy, the "Dukester."

Gray Hawk was purchased in 2005 for \$100 million by ManTech International Corp. in an "all cash acquisition," according to [***Washington Technology***. Approximately 90% of the firm's employees hold security clearances which, as we've previously described, are marketable commodities. No charges were ever brought against Gray Hawk or its corporate officers.](#)

But wait, there's more!

Before the smoke cleared, Kyle "Dusty" Foggo, the CIA's Executive Director, former Iran-Contra operative and close confidant of both ex-CIA Director Porter Goss and convicted fraudster Brent Wilkes, the former CEO of ADCS Inc., was indicted in 2007 on charges of fraud, conspiracy and money laundering. On February 19, 2008, Foggo's poker-playing pal Wilkes was [**sentenced** to 12 years in federal prison for his role as Mitchell Wade's "subcontractor" in CIFA shenanigans, according to the \[***San Diego Union-Tribune***.\]\(#\)](#)

However, the execution of a search warrant on a top CIA official by San Diego U.S. Attorney Carol Lam in May 2006, proved too much for the Bush administration and their close political allies in the Republican party. In addition to Cunningham, Wade, Foggo and Wilkes, Lam's net now was closing around several other congressmen involved in CIFA sleaze.

Indeed Kyle Sampson, Alberto Gonzales' Chief of Staff, was enmeshed in the scandal over fired U.S. Attorneys by the Bush regime. When the Justice Dept. learned of the Foggo search warrant, *the very next day* Sampson wrote an e-mail to his political masters stating the need to discuss "the real problem we have right now with Carol Lam." Shortly thereafter, Lam was forced to resign and became one of the first victims of the "Attorneygate" scandal that eventually led to Gonzales' forced resignation as U.S. Attorney General.

Foggo's 2007 indictment was superseded when the CIA's former No. 3 was indicted on [**new charges**](#) filed May 20, 2008 by federal prosecutors. The new indictment charged Foggo with accepting tens of thousands of dollars in "gratuities" and "sexual companionship" (the hookers in "hookergate") in exchange for helping Wilkes secure plum government contracts. His trial is currently pending.

Small world...of crony capitalist grifting on a grand scale!

CIFA targets the antiwar movement

But the “hookergate” scandal was the least of CIFA’s problems. The office was caught red-handed spying on Americans when the American Civil Liberties Union (ACLU) obtained [**documents**](#) detailing the Pentagon’s illegal domestic spying operation.

Multiple news reports beginning in late 2005 revealed that CIFA, with 400 full-time DoD workers and 900 “outsourced” contractor employees and a classified budget, had been authorized to track “potential terrorist threats” against DoD through reports known as Threat and Local Observation Notices (TALON).

As it turned out, “nonvalidated” TALON reports were maintained in a huge database that compiled information on antiwar activists who organized demonstrations and vigils near U.S. military bases. Even when supposed “threats” were designated “not credible,” the office retained the files nonetheless.

Examples of TALON reports were subsequently published by The National Security Archive on their [**website**](#). According to Archive analyst Jeffrey Richelson,

There were approximately four dozen reports concerning anti-war meetings or protests, including reports that remained in the database long after it was concluded that the targets were unrelated to any threat. Among the meetings that attracted the attention of military counterintelligence authorities were a large anti-war protest in Los Angeles in March 2005, a planned protest against military recruiters in Boston in December 2004, a planned demonstration outside the gates of the Fort Collins, Colorado, military base, and a planned protest at McDonald’s National Salute to America’s Heroes—a military air and sea show in Ft. Lauderdale, Florida. It was concluded that the Ft. Lauderdale protest was not a credible threat and a column in the database noted that it was a “US group exercising constitutional rights.” (“The Pentagon’s Counterspies,” The National Security Archive, September 17, 2007)

The TALON database was shut down in September and future “threat reports” would now “be funneled to an FBI database known as Guardian,” *Wired* [**reported**](#) last August. Guardian and its related e-Guardian database will be available for sharing “certain unclassified information” with state and local law enforcement officers. “Once sharing agreements are signed,” according to [**SourceWatch**](#), “police chiefs and sheriffs will be able to query local terrorism threats and also submit terrorism information to the FBI through e-Guradian.”

However, “in accordance with intelligence oversight requirements,” even though CIFA is now closed, DoD “will maintain a record copy of the collected data,” *SourceWatch* revealed. In other words TALON reports, including data illegally collected on antiwar activists, will continue to exist somewhere deep in the bowels of the Defense Department.

The ties that bind (and pay handsomely in the process!)

Though CIFA is gone, the DoD’s new office will retain many of the characteristics of its predecessor, including DIA’s reliance on outsourced contracts to private defense and security firms. According to a July 22, 2008 Memorandum from Deputy Secretary of Defense Gordon England obtained by [**Cryptome**](#),

On August 3, 2008, all DoD CIFA CI missions, responsibilities, functions, and

authorities as well as all associated resources including all personnel, support **contracts and contractors**, and appropriate records and archives shall transition in place to DIA. Personnel transfer notifications, as appropriate and required, shall be accomplished in advance of the August 3, 2008, transfer from DoD CIFA to DIA. [emphasis added]

Major CIFA contractors included QinetiQ, a British-owned defense and intelligence firm based in McClean, Virginia. Investigative journalist Tim Shorrock reported in January for **CorpWatch** that QinetiQ's "Mission Solutions Group, formerly Analex Corporation, had just signed a five-year, \$30 million contract to provide a range of unspecified 'security services'." Interestingly enough, Cambone became a QinetiQ vice president when he left the Pentagon and CIFA signed the QinetiQ deal a scant two months after he was hired. Just a coincidence, I'm sure.

CIFA's brief included a Directorate of Field Activities, tasked with "preserving the most critical defense assets;" the Counterintelligence and Law Enforcement Center, designated as the office to "identify and assess threats;" and Behavioral Sciences, the office that provided "a team of renowned forensic psychologists [who] are engaged in risk assessments of the Guantanamo Bay detainees," according to Shorrock.

Will the CIFA shut-down and the transference of its intelligence brief to DIA mean that a privatized military-surveillance complex is now a relic of the corrupt Bush regime? Hardly. According to estimates, some 30-40% of DIA personnel are outsourced contractors themselves.

Indeed, *Washington Technology* **reported** that "the Defense Intelligence Agency is planning a billion-dollar contract for information technology and services." According to the brief report, the contract "to be known as the Solutions for Information Technology Enterprise, will be open to Defense Department intelligence agencies, the Army, Air Force, Navy and Marines Corps as well as non-DOD agencies involved in intelligence." (emphasis added)

Back in April, the publication **reported** that eight giant multinational defense and security firms "won prime contracts" from DIA "for military intelligence analysis services." The companies included BAE Systems Inc., Booz Allen Hamilton Inc., CACI International Inc., Concurrent Technologies Corp., L-3 Communications Corp., Northrop Grumman Corp., Science Applications International Corp. and SRA International Inc. In other words, the usual suspects!

Interestingly enough, two items that appeared last week in the federal insider and high-tech defense industry press paint DIA "partner" Science Applications International Corporation (SAIC) in a less than favorable light, to say the least!

The first item was an August 5 piece in **Washington Technology**, that detailed how the Department of Homeland Security had to "suspend a procurement" for the upcoming TopOff 5 (Top Officials) "national disaster drill to investigate improprieties in the contracting process." According to Alice Lipowicz,

...lawmakers said a contractor who apparently wrote parts of FEMA's request for proposals for the Topoff 5 contract might also be a bidder on the contract. If so, that would present an unfair competitive advantage due to an organizational conflict of interest, and possibly other ethics infractions. The senators also said FEMA officials did not recognize the potential conflict nor

approve a mitigation strategy, such as firewalls, that would have mitigated it.

The contractor has not been named, but sources identified it as SAIC, which confirmed it submitted a bid for the Topoff 5 work. ("FEMA Suspends TopOff, SAIC Drops out of Competition," Washington Technology, August 5, 2008)

The second item appeared the very *next day*, when **Federal Times** revealed that SAIC had been found guilty of violating the False Claims Act "and ordered the company to pay the government \$6 million in damages." Elsie Castelli reports,

SAIC failed to disclose conflicts of interest that could have biased the company's work assisting the Nuclear Regulatory Commission, the jury found. SAIC was hired by the agency to help it develop a rule to govern the recycling of radioactive waste from nuclear facilities. The jury ruled the company concealed its relationships with private firms that would benefit from the rule, and made 77 false statements and claims to obtain payment on two NRC contracts in the 1990s. ("SAIC Found Guilty of False Claims Act Violations," Federal Times, August 6, 2008)

The second case is far more serious since "companies found liable" for submitting false claims "are subject to suspension or debarment," *Federal Times* reports.

SAIC, No. 5 on *Washington Technology's* "**Top 100 List**" of Federal prime contractors, clocked in with \$4,919,829,998, more than two thirds of which were defense and security related. "No such actions have been taken against SAIC, according to the government's Excluded Parties List, which tracks suspensions and debarments," according to *Federal Times*.

Would anyone care to wager whether or not the San Diego-based defense and security giant will be suspended or debarred from future government contracts? I didn't think so.

While the Defense Department claims that the Defense Counterintelligence and Human Intelligence Center will "have no law enforcement function," the question remains: with a massive domestic intelligence apparatus aimed like a Borg death-ray at America's democratic Republic, where has the Pentagon's "law enforcement function" been transferred?

According to investigative journalist Erin Rosa's report in ***The Colorado Independent***, "the military will...be sharing intelligence information and providing support through U.S. Northern Command, (**NORTHCOM**) a unit stationed at Peterson Air Force Base in Colorado Springs that was created in 2002 for homeland defense missions," during the upcoming Democratic National Convention later this month in Denver.

The more things change...

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