

The National Security Industrial Complex and NSA Spying: The Revolving Doors Between State Agencies and Private Contractors

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When [Edward Snowden](#), an employee of [Booz Allen Hamilton](#) – a military contractor based in McLean, Virginia – [blew the whistle on the extent of U.S. global electronic surveillance](#), he unexpectedly shone a light on the world of contractors that consume some 70 percent of the \$52 billion U.S. intelligence budget.

Some commentators have pounced on Snowden's disclosures to denounce the role of private contractors in the world of government and national security, arguing that such work is best left to public servants. But their criticism misses the point.

It is no longer possible to determine the difference between employees of the U.S. National Security Agency (NSA) or the Central Intelligence Agency (CIA) and the employees of companies such as Booz Allen, who have integrated to the extent that they slip from one role in industry to another in government, cross-promoting each other and self-dealing in ways that make the fabled revolving door redundant, if not completely disorienting.

Snowden, who was employed by [Booz Allen](#) as a contract [systems administrator at the NSA's Threat Operations Centre in Hawaii for three months](#), had worked for the CIA and [Dell](#) before getting his most recent job. But his rather obscure role pales in comparison to those of others.

Pushing for Expanded Surveillance

To best understand this tale, one must first turn to R. James Woolsey, a former director of CIA, who appeared before the U.S. Congress in the summer of 2004 to promote the idea of integrating U.S. domestic and foreign spying efforts to track "terrorists".

One month later, he appeared on MSNBC television, where he spoke of the urgent need to create a new U.S. intelligence czar to help expand the post-9/11 national surveillance apparatus.

On neither occasion did Woolsey mention that he was employed as senior vice president for global strategic security at Booz Allen, a job he held from 2002 to 2008.

"The [source of information about vulnerabilities of and potential attacks on the homeland will not be dominated by foreign intelligence](#), as was the case in the Cold War. The terrorists understood us well, and so they lived and planned where we did not spy (inside the U.S.)," said Woolsey in prepared remarks before the U.S. House Select Committee on Homeland

Security on June 24, 2004.

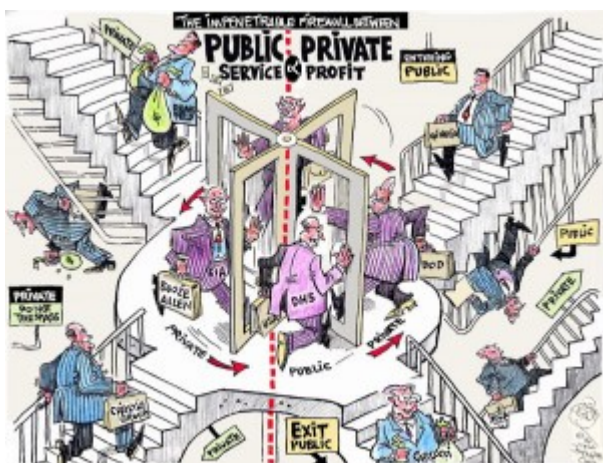
In a prescient suggestion of what Snowden would later reveal, Woolsey went on to discuss expanding surveillance to cover domestic, as well as foreign sources.

“One source will be our vulnerability assessments, based on our own judgments about weak links in our society’s networks that can be exploited by terrorists,” he said. “A second source will be domestic intelligence. How to deal with such information is an extraordinarily difficult issue in our free society.”

In late July 2004, Woolsey appeared on MSNBC’s “Hardball”, a news-talk show hosted by Chris Matthews, and told Matthews that the federal government needed a new high-level office – a director of national intelligence – to straddle domestic and foreign intelligence. Until then, the director of the CIA served as the head of the entire U.S. intelligence community.

“The [problem is that the intelligence community has grown so much since 1947](#), when the position of director of central intelligence was created, that it’s (become) impossible to do both jobs, running the CIA and managing the community,” he said.

Both these suggestions would lead to influential jobs and lucrative sources of income for Woolsey’s employer and colleagues.



The Director of National Intelligence

Fast forward to 2007. Vice Admiral Michael McConnell (retired), Booz Allen’s then-senior vice president of policy, transformation, homeland security and intelligence analytics, [was hired as the second czar of the new “Office of the Director of National Intelligence”](#) which was coincidentally located just three kilometers from the company’s corporate headquarters.

Upon retiring as DNI, McConnell returned to [Booz Allen](#) in 2009, where he serves as vice chairman to this day. In August 2010, Lieutenant General James Clapper (retired), [a former vice president for military intelligence at Booz Allen](#) from 1997 to 1998, was hired as the fourth intelligence czar, a job he has held ever since. Indeed, one-time [Booz Allen](#) executives have filled the position five of the eight years of its existence.

When these two men took charge of the national-security state, they helped expand and privatize it as never before.

McConnell, for example, asked Congress to alter the Foreign Intelligence Surveillance Act to allow the NSA to spy on foreigners without a warrant if they were using Internet technology that routed through the United States.

“The resulting changes in both law and legal interpretations (... and the) new technologies created [a flood of new work for the intelligence agencies – and huge opportunities for companies like Booz Allen](#),” wrote David Sanger and Nicole Perlroth in a profile of McConnell published in the New York Times this weekend.

Last week, Snowden revealed to the Guardian’s Glenn Greenwald that the [NSA had created a secret system called “Prism” that allowed the agency to spy on electronic data of ordinary citizens](#) around the world, both within and outside the United States.

Snowden’s job at Booz Allen’s offices in Hawaii was to maintain the NSA’s information technology systems. While he did not specify his precise connection to Prism, he told the South China Morning Post newspaper that the NSA hacked “network backbones – like huge Internet routers, basically – that give us access to the communications of hundreds of thousands of computers without having to hack every single one”.

Indeed Woolsey had argued in favor of such surveillance following the disclosure of the NSA’s warrantless wiretapping by the New York Times in December 2005.

“[Unlike the Cold War, our intelligence requirements are not just overseas](#),” he told a Senate Judiciary Committee hearing on the NSA in February 2006. “Courts are not designed to deal with fast-moving battlefield electronic mapping in which an al Qaeda or a Hezbollah computer might be captured which contains a large number of email addresses and phone numbers which would have to be checked out very promptly.”

Propaganda Puppets

Roger Cressey, a senior vice president for cybersecurity and counter-terrorism at [Booz Allen](#) who is also a paid commentator for NBC News, went on air multiple times to explain how the government would pursue the Boston Marathon case in April 2013. “We always need to understand there are priority targets the counter-terrorism community is always looking at,” he told the TV station.

Cressey took a position “on one of the [most controversial aspects of the government response to Boston that completely reflects the views of the government agencies](#) – such as the FBI and the CIA – that their companies ultimately serve,” wrote Tim Shorrock, author of Spies for Hire, on Salon. “Their views, in turn, convinces NBC hosts of the wisdom of the policy, a stance which could easily sway an uncertain public about the legitimacy of the new face of state power that has emerged in the post-9/11 period. That is influence, yet it is not fully disclosed by NBC.”

This was not the first time that Cressey had been caught at this when speaking to NBC News. Cressey failed to disclose that his former employer – Good Harbor Consulting – had been paid for advice by the government of Yemen, when he went on air to criticize democracy protests in Yemen in March 2011. (Cressey has just been hired by [Booz Allen](#) at the time)

“What is not disclosed about Cressey in this segment where [he scaremongers about a post-](#)

[Saleh Yemen is that he has multiple conflicts of interest with the current regime there,](#)" wrote Zaid Jilani of ThinkProgress at the time.

A Flood of New Contracts

Exactly what [Booz Allen](#) does for the NSA's electronic surveillance system revealed by Snowden is classified, but one can make an educated guess from similar contracts it has in this field – a [quarter of the company's \\$5.86 billion in annual income](#) comes from intelligence agencies.

The NSA, for example, hired [Booz Allen in 2001 in an advisory role on the five-billion-dollar Project Groundbreaker](#) to rebuild and operate the agency's "nonmission-critical" internal telephone and computer networking systems.

Booz Allen also won a chunk of the Pentagon's infamous Total Information Awareness contract in 2001 to collect information on potential terrorists in America from phone records, credit card receipts and other databases – a controversial program defunded by Congress in 2003 but whose spirit survived in Prism and other initiatives disclosed by Snowden.

The CIA pays a [Booz Allen](#) team led by William Wansley, a former U.S. Army intelligence officer, for "strategic and business planning" for its National Clandestine Service, which conducts covert operations and recruits foreign spies.

The company also provides a 120-person team, headed by a former U.S. Navy cryptology lieutenant commander and [Booz Allen](#) senior executive adviser Pamela Lentz, to support the National Reconnaissance Organization, the Pentagon agency that manages the nation's military spy satellites.

In January, [Booz Allen](#) was one of 12 contractors to win [a five-year contract with the Defense Intelligence Agency that could be worth up to \\$5.6 billion](#) to focus on "computer network operations, emerging and disruptive technologies, and exercise and training activity".

Last month, the U.S. Navy picked [Booz Allen](#) as part of a consortium to work on yet another billion-dollar project for "a new generation of intelligence, surveillance and combat operations".

How does [Booz Allen](#) win these contracts? Well, in addition to its connections with the DNI, the company boasts that half of its 25,000 employees are cleared for "top secret-sensitive compartmented intelligence" – one of the highest possible security ratings. (One third of the 1.4 million people with such clearances work for the private sector.)

A key figure at [Booz Allen](#) is Ralph Shrader, current chairman, CEO and president, who came to the company in 1974 after working at two telecommunications companies – RCA, where he served in the company's government communications system division and Western Union, where he was national director of advanced systems planning.

In the 1970s, RCA and Western Union both took part in a [secret surveillance program known as Minaret](#), where they agreed to give the NSA all their clients' incoming and outgoing U.S. telephone calls and telegrams.

In an interview with the Financial Times in 1998, Shrader noted that the most relevant background for his new position of chief executive at [Booz Allen](#) was his experience working

for telecommunications clients and doing classified military work for the US government.

Caught for Shoddy Work

How much value for money is the government getting? A review of some of Booz Allen's public contracts suggests that much of this work has been of poor quality.

In February 2012, the U.S. Air Force [suspended Booz Allen from seeking government contracts](#) after it discovered that Joselito Meneses, a former deputy chief of information technology for the air force, [had given Booz Allen](#) a hard drive with confidential information about a competitor's contracting on the first day that he went to work for the company in San Antonio, Texas.

"Booz Allen did not uncover indications and signals of broader systemic ethical issues within the firm," [wrote the U.S. Air Force legal counsel](#). "These events caused the Air Force to have serious concerns regarding the responsibility of Booz Allen, specifically, its San Antonio office, including its business integrity and honesty, compliance with government contracting requirements, and the adequacy of its ethics program."

It should be noted that [Booz Allen](#) reacted swiftly to the government investigation of the conflict of interest. In April that year, the [Air Force lifted the suspension](#) – but only after [Booz Allen](#) had accepted responsibility for the incident and [fired Meneses](#), as well as agreeing to pay the air force \$65,000 and reinforce the firm's ethics policy.

Not everybody was convinced about the new regime. "Unethical behavior brought on by the revolving door created problems for Booz Allen, but now the revolving door may have come to the rescue," [wrote Scott Amey of the Project on Government Oversight](#), noting that Del Eulberg, vice-president of the Booz Allen's San Antonio office had served as chief engineer in the Air Force.

"It couldn't hurt having (former Air Force people). Booz is likely exhaling a sigh of relief as it has received billions of dollars in air force contracts over the years."

That very month, [Booz Allen](#) was hired to build a \$10 million "Enhanced Secured Network" (ESN) for the U.S. Federal Communications Commission. An audit of the project released by the U.S. Government Accountability Office this past February showed that it was full of holes.

The ESN "left software and systems put in place misconfigured—even [failing to take advantage of all the features of the malware protection the commission had selected, leaving its workstations still vulnerable to attack](#)," wrote Sean Gallagher, a computer reporter at ArsTechnica.

Booz Allen has also [admitted to overbilling](#) the National Aeronautics and Space Administration (NASA) "employees at higher job categories than would have been justified by their experience, inflating their monthly hours and submitting excessive billing at their off-site rate." The [company repaid the government \\$325,000 in May 2009 to settle the charges](#).

Nor was this the first time [Booz Allen](#) had been caught overbilling. In 2006, the company was one of four consulting firms that settled with the U.S. Department of Justice for fiddling expenses on an industrial scale. Booz Allen's share of the \$15 million settlement of a [lawsuit under the False Claims Act was more than \\$3.3 million](#).

Incidentally, both the NASA and the Air Force incidents were brought to light by a company whistleblower who informed the government.

Investigate Booz Allen, Not Edward Snowden

When Snowden revealed the extent of the U.S. national surveillance program earlier this month, he was denounced immediately by [Booz Allen](#) and their former associates who called for an investigation of his leaks.

“For me, it is literally – not figuratively – literally gut-wrenching to see this happen because of the huge, grave damage it does to our intelligence capabilities,” Clapper told [NBC News’s Andrea Mitchell](#). “This is someone who, for whatever reason, has chosen to violate a sacred trust for this country. I think we all feel profoundly offended by that.”

“News reports that this individual has claimed to have leaked classified information are shocking, and if accurate, this action represents a grave violation of the code of conduct and core values of our firm,” [Booz Allen](#) said in a press statement.

Yet instead of shooting the messenger, Edward Snowden, it might be worth investigating Shrader and his company’s core values in the same way that the CIA and NSA were scrutinized for Minaret in the 1970s by the United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, chaired by Frank Church of Idaho in 1975.

Congress would also do well to investigate Clapper, Booz Allen’s other famous former employee, for possible perjury [when he replied: “No, sir”](#) to Senator Ron Wyden of Oregon in March, when asked: “Does the NSA collect any type of data at all on millions or hundreds of millions of Americans?”

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