

Booz Allen Not An Independent Check On SWIFT Surveillance

A Memo by the American Civil Liberties Union and Privacy International

For the Article 29 Working Party of the European Commission

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Summary

Booz Allen Hamilton, Inc., a prominent defense and intelligence consulting and engineering firm, has been hired as an outside "independent" auditor of the CIA and Treasury Department's Terrorist Finance Tracking Program ("TFTP"), which monitors banking transactions made through the Society for Worldwide Interbank Financial Telecommunication (SWIFT). Though Booz Allen's role is to verify that the access to the SWIFT data is not abused, its relationship with the U.S. Government calls its objectivity significantly into question. Booz Allen is one of the largest U.S. Government contractors, with hundreds of millions of dollars in U.S. Government contracts awarded each year. Booz Allen has a history of working closely with U.S. Government agencies on electronic surveillance, including the Total Information Awareness program. Among Booz Allen's senior consulting staff are several former members of the intelligence community, including a former Director of the C.I.A. and a former director of the N.S.A. In its private consulting practice, Booz Allen has been at the forefront of the push to increased information sharing, calling for private businesses to provide more information to the U.S. Government.

Booz Allen's role in the SWIFT surveillance program

In June 2006 media reports revealed that the U.S. Government had been monitoring international banking transactions carried out through the Belgian banking cooperative SWIFT, beginning shortly after the terrorist attacks of September 11, 2001. Over time, SWIFT officials had become concerned with the potential for abuse of the information obtained by the U.S. Government through SWIFT. Booz Allen Hamilton, Inc. was then hired to monitor the program and to address these concerns. According to SWIFT, Booz Allen Hamilton reviews records of searches run against the SWIFT data to verify that the searches were appropriate and that access to the SWIFT data was not abused.

About Booz Allen Hamilton, Inc.

Booz Allen Hamilton (hereafter Booz Allen) is a prominent consulting firm in the U.S., described by the *Washington Post* as "an international technology and management

consulting firm that is one of the U.S. government's main contractors."¹ Booz Allen is a privately held corporation, and is one of the largest and most profitable consulting firms. Its revenue has risen sharply in recent years, to \$3.6 billion in 2005, up from \$2.5 billion in 2003. Because Booz Allen is a privately held corporation, precise information about its corporate finances is limited.²

Here is how Booz Allen describes itself on its website:

"Booz Allen works with **government agencies**, institutions, and infrastructure organizations worldwide, providing a broad range of management consulting, engineering, information technology, and systems development/integration services. Booz Allen combines a deep understanding of the client's mission and environment with expert services and an absolute commitment to client success. The firm's public sector work has significant impact—enhancing the national security, economic well-being, and health and safety of countries around the world."³ (emphasis added)

Booz Allen's substantial government contracts

Booz Allen's history of working closely with the Federal Government reaches back as far as the Nixon administration. In 1969 Donald Rumsfeld, as the newly appointed director of the Office of Economic Opportunity, brought in Booz Allen to reorganize the agency.⁴

In *Washington Technology* magazine's ranking of the top 100 Federal Prime Contractors in the information technology field, Booz Allen ranked 9th overall in 2006, with \$1.59 billion in information technology contracts.⁵ Of that amount, \$932 million was in defense IT contracts, and \$656 million in civilian Federal IT contracts. Its major customers are the Air Force, Army, Defense Logistics Agency, Department of Health and Human Services, National Institutes for Health, Defense Department, Federal Aviation Administration, Federal Deposit Insurance Corp., Federal Transit Administration, National Guard, and the National Security Agency.⁶

According to the Center for Public Integrity, Booz Allen has seen a steady rise in contracting dollars over the past six years due in part to the Pentagon's increasing reliance

¹ Booz Allen profile available at <http://www.washingtonpost.com/wp-srv/business/post200/2005/BAH.html>. Last visited on 09/12/06.

² Available at <http://www.washingtontechnology.com/cgi-bin/udt/im.display.printable?client.id=wtonline-test&story.id=28544>. Last visited on 09/12/06.

³ Booz Allen Fact Sheet. Available at www.boozallen.com/media/file/Booz_Allen_Hamilton_factsheet_082006.pdf. Last visited on 09/12/06.

⁴ Peckenpaugh, Jason. "Shadowboxer" 11/15/03 *Government Executive* govexec.com available at <http://www.govexec.com/features/1103/1103s3.htm>. Quoting Guttman, Dan and Barry Willner, *The Shadow Government* (1976). Last visited on 09/12/06.

⁵ <http://www.washingtontechnology.com/top-100/2006/9.html>. Last visited on 09/12/06.

⁶ List generated from data from <http://www.washingtontechnology.com/top-100/2005/9.html> and <http://www.washingtontechnology.com/top-100/2004/10.html>. Last visited 09/13/06.

on outside consultants to provide critical services to the Defense Department. From 1998-2003, Booz Allen received more than \$3 Billion in contracts from the Department of Defense, increasing at an average of \$100 million each year.⁷ Of the Federal contracts won by Booz Allen during this time period, 26% were awarded with no open bidding process. Of this nearly \$800 million dollars in no-bid contracts, over half were national security contracts.⁸

In 2003, Booz Allen was named Government Contractor of the Year in the \$500+ million annual revenue category. The award, given by the Professional Services Council, the Fairfax County Chamber of Commerce, and *Washington Technology* magazine, recognizes the firm for its outstanding contributions to the Federal government and to the government contracting industry.⁹

In June 2005 Booz Allen was rated first in overall performance and customer satisfaction for the General Services Administration's Millennia Contract. The Millennia contract is a 10-year \$25 billion multiple award contract to provide information technology services to all Federal agencies. Booz Allen received special recognition from the director of the Information Management for the Office of the Under Secretary of Defense for Personnel and Readiness of the Department of Defense, who praised the Booz Allen team for the cooperative partnership formed between the Department of Defense staff and Booz Allen.¹⁰

Booz Allen involved in controversial surveillance programs

Booz Allen has been involved with some of the most controversial federal surveillance programs in the last ten years.

Most recently, Booz Allen played a significant role in the plans for the U.S. Government's Total Information Awareness (TIA) program. Between 1997 and 2002, Booz Allen was awarded 13 contracts to work on this program, totalling more than \$23 million.¹¹

In 2002 it was announced that Booz Allen had won a TIA contract potentially worth \$62 million if all of the contract's options were exercised.¹² Booz Allen's tasks included

⁷ Brown, Elizabeth. "Outsourcing the Defense Budget" The Center for Public Integrity, 07/29/2004. Available at www.publicintegrity.org/report.aspx?aid=363. Last visited on 09/12/06.

⁸ <http://www.publicintegrity.org/pns/db.aspx?act=cinfo&coid=006928857>. Last visited on 09/12/06.

⁹ <http://www.boozallen.com/about/article/658795?lpid=825646>. Last visited on 09/12/06.

¹⁰ http://www.boozallen.com/capabilities/services/services_article/658521?lpid=660262. Last visited on 09/12/06.

¹¹ Mayle, Adam and Alex Knott, "Outsourcing Big Brother: Office of Total Information Awareness Relies on Private Sector to Track Americans" The Center for Public Integrity, 12/07/02. Available at <http://foi.missouri.edu/totalinfoaware/outsourcing.html>. Last visited 09/13/06.

¹² <http://www.public-i.org/report.aspx?aid=106>. Last visited 09/13/06.

assisting the project management for the scheme and conduct "analysis of new legislation and executive orders" to assess "their impact on current and future business."¹³

Other reports have described Booz Allen's involvement in the development of *Magic Lantern*, the virus designed for the Federal Bureau of Investigations (FBI) that allows the FBI to log key-strokes on computers,¹⁴ and the deployment and implementation of technologies mandated under the Communications Assistance for Law Enforcement Act (CALEA), which requires that telecommunications companies design their systems in a way to permit government eavesdropping.¹⁵

Booz Allen takes a lead in lobbying for increased information sharing

In addition to Federal government contracts, Booz Allen has a substantial private consulting practice. But even its staple of private clients does not seem to have made the firm shy about calling for increased government intrusion, including regulation, if necessary, to increase the information-collecting and surveillance powers of the government.

Booz Allen has taken a lead in advocating for increased information sharing. Booz Allen employees have advocated for increasing and streamlining the sharing of information among Federal agencies, among private corporations, and between private corporations and Federal agencies.

In 2004, Richard Wilhelm, Vice President at Booz Allen, represented the firm at the RSA Conference on information security. He gave a speech at the conference advocating for increased information sharing.¹⁶ Wilhelm drew on his experience at the CIA, the NSA and "a few other organizations of the Intelligence Community" to declare a need for increased information sharing, particularly between private corporations and the Federal government. According to Wilhelm, such sharing is vital to homeland security, and is in everyone's interest. Wilhelm made a case that CEOs and their corporations need to take on roles similar to government, and treat information they have as possible intelligence. Wilhelm states, "we cannot view national security as solely a government responsibility... We need to make a new business case that private companies can prevent terrorism by sharing more information more widely." Wilhelm suggests that corporations could be induced to share information through "incentives, cooperative arrangements, and – possibly – regulations." Because of the new nature of the terrorist threat, according to Wilhelm, "it's no longer effective to distribute information on a 'need-to-know' basis..." Instead, the network of information sharing organizations should be large and expandable.

¹³ Ibid.

¹⁴ Intelligence Online. "FBI's Carnivore Grows a New Tooth", N.422, January 31, 2002.

¹⁵ Intelligence Newsletter. "New FBI Listening Post", N.380, April 13, 2000.

¹⁶ Wilhelm, Richard. *Information Sharing*. Speech given at the RSA Conference in San Francisco, California, 02/24/2004. Full text available at <http://www.boozallen.com/publications/article/659327?lpid=827687>. Last visited on 09/12/06.

Wilhelm acknowledged that there are other issues at play, including privacy and economic vitality, but that “tradeoffs” are necessary. Wilhelm stated that he has learned through his government work that balancing national security interests, industry interest and privacy interests is impossible. In attempting to navigate these conflicting interests, Wilhelm stated that “[t]he higher purpose of preventing terrorist attacks should be the constant backdrop of the conversation.” In his concluding remarks, he stated simply “We cannot share more information unless we accept more tradeoffs. Everyone has to give up something to protect the country from terrorism.”

Booz Allen Chairman and CEO Ralph Shrader and Vice President R. James Woolsey wrote a short comment piece regarding information sharing for the January 16, 2004 issue of the *Financial Times*. The piece focused on their perceived need for businesses to be involved in national security. Because the vast majority of the critical infrastructure in Western nations is privately owned, and are now the “soft targets” preferred by terrorists, they argued businesses have a crucial role in addressing new security challenges. These challenges, they say, must be met by new forms of partnership, which would facilitate the passing of information from private businesses to the Federal government and law enforcement in a streamlined and timely manner. For this to be achieved, “government and businesses must build collaboration into their normal operations...”¹⁷

Booz Allen employee connections to the Federal Intelligence and military agencies

Booz Allen employs some 1000 former military and intelligence officers,¹⁸ a number of whom have worked in intelligence agencies at the highest levels. They include:

1. Mike McConnell, a former director of the National Security Agency (Senior Vice President)
2. James Woolsey, a former Director of the Central Intelligence Agency (Vice President)
3. Dale Watson, a former Executive Assistant Director of the FBI (Principal)
4. Joan Dempsey, former Executive Director of the President's Foreign Intelligence Advisory Board, Deputy Director of the CIA, and 17-year top official at the Department of Defense (Vice President)
5. Richard Wilhelm, former high-ranking official at the NSA, Joint Chiefs of Staff, and other intelligence posts (Vice President)
6. Dr. Dov Zakheim, former Under Secretary of Defense (Vice President)

¹⁷ Shrader, Ralph and R. James Woolsey.” COMMENT: Business must be involved in security planning.” *Financial Times*. 01/16/2004. 2004 WLNR 7602388.

¹⁸ <http://www.informationweek.com/story/showArticle.jhtml?articleID=6500921>. Last visited 09/12/06.

For more detailed information on their professional backgrounds, please see the appendix.

Appendix 1

1. Mike McConnell¹⁹

- Senior Vice President at Booz Allen
- 1992-1996, Director of the National Security Agency (NSA)
- Intelligence Officer (J-2) for the Chairman, Joint Chiefs of Staff (JCS-J2) during the dissolution of the Soviet Union and Operation Desert Storm.
- Holds the highest award for service in the intelligence community in addition to many military awards.

2. James Woolsey²⁰

- Vice president at Booz Allen
- Director of Central Intelligence from 1993 to 1995
- Ambassador to the Negotiation on Conventional Armed Forces in Europe (CFE), Vienna, from 1989 to 1991
- Under Secretary of the Navy from 1977 to 1979
- Currently Co-Chairman (with former Secretary of State George Shultz) of the Committee on the Present Danger²¹
- Member of National Commission on Energy Policy
- National Commission on Terrorism, 1999–2000
- Commission to Assess the Ballistic Missile Threat to the U.S. (Rumsfeld Commission), 1998
- President’s Blue Ribbon Commission on Defense Management (Packard Commission), 1985–1986
- President’s Commission on Strategic Forces (Scowcroft Commission), 1983.

3. Dale Watson²²

- Principal at Booz Allen
- Former F.B.I. Executive Assistant Director for Counter-terrorism since from 1999 to 2002, with responsibility for overall direction and management of the international and domestic terrorism programs, and the National Infrastructure Protection Center.

4. Joan Dempsey²³

¹⁹ Booz Allen bio page. http://www.boozallen.com/about/article_people/mcconnell?lpid=658116. Last visited on 09/12/06.

²⁰ Booz Allen bio available at http://www.boozallen.com/capabilities/Industries/industries_article/woolsey. Last visited on 09/12/06.

²¹ See www.fightingterror.org. From Committee on the Present Danger mission statement: “The Committee on the Present Danger is dedicated to protecting and expanding democracy by supporting policies aimed at winning the global war against terrorism and the movements and ideologies that drive it.” <http://www.fightingterror.org/mission/index.cfm>. Last visited on 09/12/06.

²² <http://www.fbi.gov/pressrel/pressrel02/mueller081502.htm>. Last visited on 09/12/06.

- Vice President at Booz Allen
- Appointed by President Bush in 2003 to be Executive director of the President's Foreign Intelligence Advisory Board. Served two years.
- Deputy Director of Central Intelligence for Community Management, 1998-2003
- Seventeen years at the Department of Defense various positions, including, Deputy Director of Intelligence at the Defense Intelligence Agency, Director of the General Defense Intelligence Program, and Deputy Assistant Secretary of Defense for Intelligence and Security under Secretary of Defense William Perry.

5. Richard Wilhelm²⁴

- Vice President at Booz Allen
- Executive Director for Intelligence Community Affairs beginning May 1996.
- Vice President's National Security Affairs staff.
- Held a number of key intelligence posts, including the initial Director, Information Warfare, National Security Agency (1993-94).
- In August 1990, assigned to Joint Chiefs of Staff to establish and operate the Pentagon's Joint Intelligence Center for Iraq supporting the Secretary of Defense, the Chairman, JCS, and the theater during Operations Desert Shield and Desert Storm.

6. Dr. Dov Zakheim²⁵

- Vice President at Booz Allen
- Under Secretary of Defense (Comptroller) and chief financial officer of the Department of Defense
- During the 2000 presidential campaign, he served as a senior foreign policy advisor to then-Governor Bush.
- 1985 - 1987, Deputy Under Secretary of Defense for Planning and Resources in the Office of the Under Secretary of Defense (Policy).

²³ From bio available at www.deas.harvard.edu/courses/ge157/2006DempseyBio.doc. Last visited on 09/12/06.

²⁴ CIA press release 05/03/1996. https://www.cia.gov/cia/public_affairs/press_release/1996/pr050396.html. Last visited on 09/12/06.

²⁵ Booz Allen press release 05/06/2004
<http://www.boozallen.com/publications/article/658016?lpid=827904>