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## Inside the Ring

[Bill Gertz INSIDE THE RING \(Contact\)](#)

### Classified spillage

The Navy is facing a growing problem of classified electronic information being placed on unclassified laptop and other computers, what the service calls "electronic spillage" and is overpaying a defense contractor to fix the machines.

According to a Navy report obtained by Inside the Ring, the service is paying some \$5 million annually to the technology company EDS to clean up the electronic spills - almost 10 times the cost of simply destroying the affected machines and replacing them with new ones.

The Navy report from October disclosed that in fiscal 2008 there were 52 incidents of classified data being placed on unclassified electronic systems, about half of them Pacific Fleet and Naval Education and Training Command systems, and a total of 37 were on the Navy Marine Corps Intranet, the massive unclassified computer network used for command and control on more than 350,000 military computers.

The NMCI, as it is known, consolidated a number of different computer networks but has not worked well. A General Accountability Office report from 2006 stated that "NMCI has not met its two strategic goals - to provide information superiority and to foster innovation via interoperability and shared services."

The Navy defines spillage as placing classified data on a lower-order classified computer. It is regarded as a compromise of classified data requiring elaborate reporting and corrective action.

The report stated that the Navy is averaging 36 electronic compromises a month, and that the number of incidents is "rising."

One example from the report was an October incident when a Navy official scanned a classified document onto an unclassified network and improperly e-mailed it to others. Earlier compromises included a September incident involving the transfer of classified data from a secret network to an unclassified network with a removable flash drive; and several transfers of classified documents and information to unclassified networks and computers. A "key boarding" incident occurred in July when a Navy computer user included classified information on a document created on an unclassified network.

The contractor who built the intranet and repairs compromised NMCI computers is the Texas-based technology services company EDS, which according to a defense official

charges the Navy \$11,800 to fix each electronic spillage. At that price per incident, the Navy is paying EDS an average of about \$5 million a year to electronically "clean" some 432 "compromised computers."

"Replacing a hard drive or the entire laptop would be significantly cheaper," said the official, who noted that "432 new Dell laptops would cost no more than \$600 to 650,000." The official spoke on the condition of anonymity because of the sensitivity of the issue.

Navy spokesman Cmdr. Cappy Surette said the high price for cleaning electronic spillage is "fair" because the process of securing compromised computers can involve one or two laptops or up to 7,000 computers and related shared systems. "We're a networked system now and it's not about cleaning one computer," he said.

### **Field trip**

The new Commission on Wartime Contracting recently made its first trip overseas, touring the battlefields in Afghanistan and Iraq, special correspondent Rowan Scarborough reports.

Michael J. Thibault, the Democratic-appointed co-chairman, tells Inside the Ring that commissioners wanted to visit with contractors and their government agency customers before beginning a full-throttled investigation.

Mr. Thibault said commissioners met with 30 organizations who award contracts, such as the State Department and Army Corps of Engineers.

"We think we covered a lot of ground," said Mr. Thibault, a former senior Defense Department contract auditor. "We're going to start sending staff over to get into records and do independent testing of our own" on the process for awarding and paying contracts.

There has not been a similar investigative body since Harry S. Truman led his so-called "Truman Committee" during World War II to uncover arms industry bilking.

The panel was the brainchild of Sen. Jim Webb, Virginia Democrat.

Until now, inquiries into Iraq and Afghanistan contracts were only done by congressional committees and various auditors, such as the special inspector general for Iraq. They have uncovered incidents of shabby construction, late projects and wasted money.

The Pentagon, however, argues that contractors have accomplished a great deal in rebuilding two war-torn countries under a unique circumstance: the construction of water treatment plants, schools and clinics goes on amid continued fighting.

Mr. Thibault said the eight-member commission will not only look at rebuilding work, but also at contracts for private security companies. In Iraq alone, the U.S. has awarded work to more than 300 firms, including Blackwater Worldwide, to guard buildings, convoys

and personnel. He said the commission will examine the contracts and also whether security agents - many of them ex-military - acted properly in using force.

"Should some of this be done by military and government employees?" Mr. Thibault asked. He said there is no single data base for all awarded contracts, but at least \$80 billion has been awarded in those two countries.

One defense official predicts a "partisan knife fight" as the commission's four Democratic and four Republican appointees conduct an inquiry and write a final report within the next two years. Mr. Webb's law enables the commission to hold public hearings and summon witnesses.

Besides Mr. Thibault, Democratic appointees include Linda Gustitus, former chief of staff to Senate Armed Services Chairman Sen. Carl Levin, Michigan Democrat. A leading Republican is Dov Zakheim, an undersecretary of defense in President Bush's first term and now a vice president at the Booz Allen Hamilton consulting giant.

The commission will hold its first public hearing Feb. 2, listening to various government inspectors general. The site: the Senate Caucus Room, where Truman convened his committee.

### **China exchanges**

The Pentagon's most senior China policy official went to Beijing last month to discuss resuming military exchanges that were halted by China over the announced \$6.5 billion arms package to Taiwan.

Defense officials said David Sedney, deputy assistant secretary of defense, was in China from Dec. 17-19 and sought to convince Chinese military officials that resuming the exchange program will be in the interest of U.S.-China relations.

However, according to the officials who declined to be named because of the sensitivities of the exchanges, China is continuing its halt of the military exchange program, which is a centerpiece of Defense Secretary Robert M. Gates' policy of seeking to develop confidence-building ties to the Chinese military.

Asked about the meetings, Pentagon spokesman Bryan Whitman did not address the Chinese halt in an e-mail response. He said discussions between Mr. Sedney and Chinese Lt. Gen. Chen Xiaogong, assistant chief of the general staff, and Maj. Gen. Qian Lihua, director of the Defense Ministry Foreign Affairs Office, included "regional and global defense issues and U.S.-China defense relations."

"The discussions were candid, productive and constructive and will serve as a foundation upon which our two militaries can build toward a stronger relationship," Mr. Whitman stated.

China halted the exchanges, which have been under way since the late 1990s, after the Pentagon notified Congress in October that it planned to sell Taiwan \$6.5 billion in arms, including advanced Patriot missile defenses, Apache attack helicopters and submarine-launched anti-ship missiles.

Mr. Whitman said the meeting was an important time to "reflect upon the course of development of U.S.-China military-to-military relations over the past 30 years, highlighting more recent developments that have contributed to improved communications and enhanced understanding."

The two sides also tried to "look forward" and "explore areas where we can improve cooperation," he said.

Without addressing the Chinese halt in exchanges, Mr. Whitman said Mr. Sedney told the Chinese that the U.S. side "welcomes the progress in military-to-military relations during 2008." He noted the launch of a Pentagon-to-Defense Ministry telephone hot line and the first round of talks on nuclear weapons policy and strategy.

Additionally, the two sides talked about "setting a framework" for developing and planning the 2009 military-to-military contacts, he said.

"They encouraged greater substance and the PLA movement toward transparency, both in our defense exchanges as well as globally," Mr. Whitman said. "They encouraged more substantive interactions at a strategic and policy level, as well as among mid-grade and junior officers and between military educational institutions."

Topics of mutual concern during the talks included regional security and transnational security, including terrorism, arms proliferation, and piracy in South and Central Asia, Iran and the Horn of Africa.

"Overall, we agreed with the Chinese that it is important to move forward in our defense relations," Mr. Whitman said.

Asked if the Pentagon will cancel its arms sale to Taiwan as a condition for resuming military exchanges, Mr. Whitman said: "With respect to Taiwan arms sales, the U.S. policy is longstanding, well-understood, and will continue. The policy has contributed to peace and stability - both foundations for shared prosperity - for almost 30 years."

The Chinese military's official newspaper Liberation Army Daily reported Dec. 19 that "China-U.S. military relations are currently going through a difficult period, and the onus is not on the Chinese side."

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