U.S. Is Still Using Private Spy Ring, Despite Doubts

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WASHINGTON — Top military officials have continued to rely on a secret network of private spies who have produced hundreds of reports from deep inside Afghanistan and Pakistan, according to American officials and businessmen, despite concerns among some in the military about the legality of the operation.

Earlier this year, government officials admitted that the military had sent a group of former Central Intelligence Agency officers and retired Special Operations troops into the region to collect information — some of which was used to track and kill people suspected of being militants. Many portrayed it as a rogue operation that had been hastily shut down once an investigation began.

But interviews with more than a dozen current and former government officials and businessmen, and an examination of government documents, tell a different story. Not only are the networks still operating, their detailed reports on subjects like the workings of the Taliban leadership in Pakistan and the movements of enemy fighters in southern Afghanistan are also submitted almost daily to top commanders and have become an important source of intelligence.

The American military is largely prohibited from operating inside Pakistan. And under Pentagon rules, the army is not allowed to hire contractors for spying.

Military officials said that when Gen. David H. Petraeus, the top commander in the region, signed off on the operation in January 2009, there were prohibitions against intelligence gathering, including hiring agents to provide information about enemy positions in Pakistan. The contractors were supposed to provide only broad information about the political and tribal dynamics in the region, and information that could be used for “force protection,” they said.

Some Pentagon officials said that over time the operation appeared to morph into...
traditional spying activities. And they pointed out that the supervisor who set up the
program, Michael D. Furlong, was now under investigation.

The New York Times found that Mr. Furlong’s operatives were still providing information using the same intelligence gathering methods as before. A $22 million contract, the review shows, was being managed by Lockheed Martin and supervised by the Pentagon office in charge of special operations policy.

Geoff Morrell, the Pentagon press secretary, said that the program “remains under investigation by multiple offices within the Defense Department,” so it would be inappropriate to answer specific questions about who approved the operation or why it continued.

“I assure you we are committed to determining if any laws were broken or policies violated,” he said. Spokesmen for General Petraeus and Gen. Stanley A. McChrystal, the top American commander in Afghanistan, declined to comment. Mr. Furlong remains at his job, working as a senior civilian Air Force official.

A senior defense official said that the Pentagon decided just recently not to renew the contract, which expires at the end of May. While the Pentagon declined to discuss the program, it appears that commanders in the field are in no rush to shut it down because some of the information has been highly valuable, particularly in protecting troops against enemy attacks.

With the wars in Iraq and Afghanistan, the expanded role of contractors on the battlefield — from interrogating prisoners to hunting terrorism suspects — has raised questions about whether the United States has outsourced some of its most secretive and important operations to a private army many fear is largely unaccountable. The C.I.A. has relied extensively on contractors in recent years to carry out missions in war zones.

The exposure of the spying network also reveals tensions between the Pentagon and the C.I.A., which itself is running a covert war across the border in Pakistan. In December, a cable from the C.I.A.’s station chief in Kabul, Afghanistan, to the Pentagon argued that the military’s hiring of its own spies could have disastrous consequences, with various networks possibly colliding with one another.

The memo also said that Mr. Furlong had a history of delving into outlandish intelligence schemes, including an episode in 2008, when American officials expelled him from Prague for trying to clandestinely set up computer servers for propaganda operations. Some officials say they believe that the C.I.A. is trying to scuttle the operation to protect its own turf, and that the spy agency has been embarrassed because the contractors are outperforming C.I.A. operatives.

Ginger Thompson and Eric Schmitt contributed reporting. Barclay Walsh contributed research.