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

By **MARK MAZZETTI**

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 contractor network, [Michael D. Furlong](#), was now under investigation.

But a review of the program by The New York Times found that Mr. Furlong's operatives were still providing information using the same intelligence gathering methods as before. The contractors were still being paid under a \$22 million contract, the review shows, 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 continues.

"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.

The private contractor network was born in part out of frustration with the C.I.A. and the military intelligence apparatus. There was a belief by some officers that the C.I.A. was too risk averse, too reliant on Pakistan's spy service and seldom able to provide the military with timely information to protect American troops. In addition, the military has complained that it is not technically allowed to operate in Pakistan, whose government is willing to look the other way and allow C.I.A. spying but not the presence of foreign troops.

Paul Gimigliano, a C.I.A. spokesman, dismissed reports of a turf war.

"There's no daylight at all on this between C.I.A. and DoD," he said. "It's an issue for Defense to look into — it involves their people, after all — and that's exactly what they're doing."

Since the Sept. 11, 2001, attacks, the Pentagon has used broad interpretations of its authorities to expand military intelligence operations, including sending Special Operations troops on clandestine missions far from declared war zones. These missions have raised concerns in Washington that the Pentagon is running de facto covert actions without proper White House authority and with little oversight from the elaborate system of Congressional committees and internal controls intended to prevent abuses in intelligence gathering.

The officials say the contractors' reports are delivered via an encrypted e-mail service to an "information operations fusion cell," located at the military base at Kabul International Airport. There, they are fed into classified military computer networks, then used for future military operations or intelligence reports.

To skirt military restrictions on intelligence gathering, information the contractors gather in eastern Afghanistan and Pakistan's tribal areas is specifically labeled "atmospheric collection": information about the workings of militant groups in Afghanistan and Pakistan or about Afghan tribal structures. The boundaries separating "atmospherics" from what spies gather is murky. It is generally considered illegal for the military to run organized operations aimed at penetrating enemy organizations with covert agents.

But defense officials with knowledge of the program said that contractors themselves regarded the contract as permission to spy. Several weeks ago, one of the contractors reported on Taliban militants massing near American military bases east of Kandahar. Not long afterward, Apache gunships arrived at the scene to disperse and kill the militants.

The web of private businesses working under the Lockheed contract include Strategic Influence Alternatives, American International Security Corporation and International Media Ventures, a communications company based in St. Petersburg, Fla., with Czech ownership.

One of the companies employs a network of Americans, Afghans and Pakistanis run by Duane Clarridge, a C.I.A. veteran who became famous for his role in the Iran-Contra scandal. Mr. Clarridge declined to be interviewed.

The Times is withholding some information about the contractor network, including some of the names of agents working in Afghanistan and Pakistan.

A spokesman for Lockheed said that no Pentagon officials had raised any concerns about the work.

“We believe our subcontractors are effectively performing the work required of them under the terms of this task order,” said Tom Casey, the spokesman. “We’ve not received any information indicating otherwise.” Lockheed is not involved in the information gathering, but rather administers the contract.

The specifics of the investigation into Mr. Furlong are unclear. Pentagon officials have said that the Defense Department’s inspector general is examining possible contract fraud and financial mismanagement dating from last year.

In his only media interview since details of the operation were revealed, with The San Antonio Express-News, Mr. Furlong said that all of his work had been blessed by senior commanders. In that interview, he declined to provide further details.

Officials said that the tussle over the intelligence operations dated from at least 2008, when some generals in Afghanistan grew angry at what they saw as a paucity of intelligence about the militant groups in Pakistan and Afghanistan who were regularly attacking American troops.

In October of that year, Mr. Furlong traveled to C.I.A. headquarters with top Pentagon officials, including Brig. Gen. Robert H. Holmes, then the deputy operations officer at United States Central Command. General Holmes has since retired and is now an executive at one of the subcontractors, International Media Ventures. The meeting at the C.I.A.’s counterterrorism center was set up to inform the spy agency about the military’s plans to collect “atmospheric information” about Afghanistan and Pakistan, including information about the structure of militant networks in Pakistan’s tribal areas.

Mr. Furlong was testing the sometimes muddy laws governing traditional military activities. A former Army officer who sometimes referred to himself as “the king of the gray areas,” Mr. Furlong played a role in many of America’s recent adventures abroad. He ran psychological operations missions in the Balkans, worked at a television network in Iraq, now defunct, that was sponsored by the American government and made frequent trips to Kabul, Eastern Europe

and the Middle East in recent years to help run a number of clandestine military propaganda operations.

At the C.I.A. meeting in 2008, the atmosphere quickly deteriorated, according to some in attendance, because C.I.A. officials were immediately suspicious that the plans amounted to a back-door spying operation.

In general, according to one American official, intelligence operatives are nervous about the notion of “private citizens running around a war zone, trying to collect intelligence that wasn’t properly vetted for operations that weren’t properly coordinated.”

Shortly afterward, in a legal opinion stamped “Secret,” lawyers at the military’s Centcom headquarters in Tampa, Fla., signed off on a version of Mr. Furlong’s proposed operations, adding specific language that the program should not carry out “inherent intelligence activities.” In January 2009, General Petraeus wrote a letter endorsing the proposed operations, which had been requested by Gen. [David D. McKiernan](#), the top commander in Afghanistan at the time.

What happened after that money began flowing to Afghanistan remains a matter of dispute. General McKiernan said in an interview with *The Times* that he never endorsed hiring private contractors specifically for intelligence gathering.

Instead, he said, he was interested in gaining “atmospherics” from the contractors to help him and his commanders understand the complex cultural and political makeup of the region.

“It could give us a better understanding of the rural areas, of what people there saying, what they were expressing as their needs, and their concerns,” he said.

“It was not intelligence for manhunts,” he said. “That was clearly not it, and we agreed that’s not what this was about.”

To his mind, he said, intelligence is specific information that could be used for attacks on militants in Afghanistan.

General McKiernan said he had endorsed a reporting and research network in Afghanistan and Pakistan pitched to him a year earlier by Robert Young Pelton, a writer and chronicler of the world’s danger spots, and Eason Jordan, a former CNN executive. The project, called *AfPax Insider*, would have been used a subscription-based Web site, but also a secure information database that only the military could access.

In an interview, Mr. Pelton said that he did not gather intelligence and never worked at the

direction of Mr. Furlong and that he did not have a government contract for the work.

But Mr. Pelton said that AfPax did receive reimbursement from International Media Ventures, one of the companies hired for Mr. Furlong's operation. He said that he was never told that I.M.V. was doing clandestine work for the government.

It was several months later, during the summer of 2009, when officials said that the private contractor network using Mr. Clarridge and other former C.I.A. and Special Operations troops was established. Mr. Furlong, according to several former colleagues, believed that Mr. Pelton and Mr. Jordan had failed to deliver on their promises, and that the new team could finally carry out the program first envisioned by General McKiernan. The contractor network assumed a cloak-and-dagger air, with the information reports stripped of anything that might reveal sources' identities, and the collectors were assigned code names and numbers.

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