

THE FED PAGE

DHS halts all work with U.S. contractor after data breach

Employees' personal information probably stolen, officials say

BY ELLEN NAKASHIMA

A major U.S. contractor that conducts background checks for the Department of Homeland Security has suffered a computer breach that probably resulted in the theft of employees' personal information, officials said Wednesday.

The company, USIS, said in a statement that the intrusion "has all the markings of a state-sponsored attack."

The breach, discovered recently, prompted DHS to suspend all work with USIS as the FBI launches an investigation. It is unclear how many employees were affected, but officials said they believe the breach did not affect employees outside the department. Still, the Office of Personnel Management has also suspended work with the company "out of an abundance of caution," said OPM communications director Jackie Koszczuk.

"Our forensic analysis has concluded that some DHS personnel may have been affected, and DHS has notified its entire workforce" of the breach, department spokesman Peter Boogaard said. "We are committed to ensuring our employees' privacy and are taking steps to protect it."

The intrusion is not believed to be related to a March incident in which the OPM's databases were hacked, said officials, some of whom spoke on the condition of anonymity because they were not authorized to speak on the record. That intrusion was traced to China and none of the personal data, which was encrypted, was stolen.

In the DHS case, said a second senior administration official, "We have an inclination that, based on what the company has been telling us, there has been a spill. The degree to which that information has been exfiltrated for other purposes is what we're trying to discern now."

Officials said that, although the DHS encrypts the employee data it sends USIS, it's unclear whether the data remain encrypted.

USIS, a Falls Church, Va., company, is the largest provider of background investigations for the federal government. It conducts checks for DHS employees and applicants who require security clearances. While the OPM manages the bulk of federal background investigations, some departments, such as Homeland Security, have authority to hire contractors for their own investigations, officials said.

Company officials said they recently discovered the penetration of the firm's corporate network and informed the FBI, the OPM and other relevant agencies. "We are working collaboratively with OPM and DHS to resolve this

matter quickly and look forward to resuming service on all our contracts with them as soon as possible," the firm said in its statement.

The U.S. government and its contractors are a favorite target for hackers who are interested in obtaining sensitive data, ranging from employee information contracts to weapons-system designs.

In 2006, Chinese hackers breached the system of a sensitive Commerce Department bureau. Also that year, the State Department suffered an intrusion traced to China.

In recent years, hackers have penetrated systems at the Defense Department, the Navy and the Environmental Protection Agency. Last year, hackers stole personal data from more than 100,000 people from an Energy Department system.

The U.S. Computer Emergency Readiness Team (US-CERT), a component of DHS, is conducting an on-site assessment at USIS, including a forensic analysis. Officials said they are seeking to learn exactly what happened and who was behind the intrusion. US-CERT has also instructed the company on how to mitigate the breach, officials said.

Some lawmakers have announced they will investigate the breach. "It is extremely concerning that the largest private provider of background investigations to the government was hacked," said Rep. Elijah E. Cummings (Md.), the ranking Democrat on the House Oversight and Government Reform Committee. "I am asking Chairman [Darrell] Issa to work with me in having our committee investigate this matter with the utmost urgency."

The USIS breach "is very troubling news," said Sen. Jon Tester (D-Mont.), a Homeland Security Committee member. "Americans' personal information should always be secure, particularly when our national security is involved. An incident like this is simply unacceptable."

Cummings and other lawmakers have been critical of DHS for recently awarding USIS a contract, worth up to \$190 million, to provide services related to DHS's immigration system. They noted the company is facing a lawsuit by a whistleblower and the Justice Department that accuses it of defrauding the government.

The suit alleges that USIS "dumped" or did not fully complete 665,000 background checks used for security clearances to hit revenue targets. Since the accusations have emerged, the company says it has hired a new management team and has enhanced oversight procedures.

USIS performed the background checks on Navy Yard shooter Aaron Alexis and on former National Security Agency contractor Edward Snowden.

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Christian Davenport and Josh Hicks contributed to this report.



Al Kamen
IN THE LOOP

If you're forced to spend a weekend hobnobbing with donors, do it up right. And don't host the event in your district (where the local economy could surely use the

boost). Go somewhere fabulous. Hats off to Republican Reps.

John Shimkus (Ill.) and **Ed Whitfield** (Ky.), who are beginning their five-week August vacation "district work period" panning for gold in sunny California for multi-day fundraising retreats, according to the Sunlight Foundation's Party Time database.

Shimkus, who certainly knows how to party (last summer he had a fundraiser at the New Kids on the Block, Boys II Men and 98 Degrees concert in D.C.), is at the Solage Calistoga resort in Napa Valley. The invitation, as obtained by Sunlight, boasts of five to six wine tours on a private bus over two days.

The Shimkus campaign suggests an individual donation of \$1,500 to the JOHN S Fund or \$3,000 from a PAC. Shimkus's PAC has already spent \$14,031 at the Solage, according to OpenSecrets. The congressman went out to Cali a little early, tweeting a picture from the Twitter headquarters (meta), which is in San Francisco, on Monday. But he has not forgotten the good people of Illinois's 15th Congressional District — Shimkus returns home Saturday for Champaign County Farm Day.

Whitfield will be down in L.A. starting Friday playing host at the luxury Beverly Hills Hotel on Sunset Boulevard, where Hollywood starlets and celebrity icons — including **Elizabeth Taylor** and the Beatles — were once patrons.

The suggested contribution to the Thoroughbred PAC, Whitfield's leadership committee, is also \$1,500 a person and \$3,000 from a PAC. This campaign cycle, the PAC has spent \$35,000 at the Beverly Hills Hotel, according to OpenSecrets. There will be a welcome reception in the Polo Lounge (great dirty martinis), and the campaign has reserved a poolside cabana for Saturday.

Whitfield and his friends will probably have an easier time than usual getting a seat at the bar, as most of Hollywood is boycotting the hotel because it is part of a chain owned by the sultan of Brunei, **Hassanal Bolkiah**, who has implemented harsh Islamic sharia law in his state, punishing such "crimes" as homosexuality and adultery.

Flacks for both lawmakers did not respond to our e-mails seeking comment. Neither faces a tough reelection race, but you still want to go where the money is.

Maloney's panda diplomacy

While visiting China on a privately funded congressional delegation trip, a congresswoman from Manhattan has a specific personal mission: Get New York City its own pandas.

Lawmakers go west for cash, and east for cuteness



AGENCE FRANCE-PRESSE VIA GETTY IMAGES

What's black and white and not bred all over? Try these newborn panda cubs at the Chengdu Research Base in China's Sichuan province. Rep. Carolyn Maloney (D) is dreaming of bringing a few home to a New York City zoo.

To kick off the August recess, Rep. **Carolyn Maloney** (D-N.Y.) is traveling with a handful of colleagues for 10 days to the Far East on a Mutual Education and Cultural Exchange Act (MECEA) trip, approved by the State Department, hosted by the Chinese People's Institute of Foreign Affairs and facilitated by the U.S.-Asia Institute, a nonprofit group that regularly organizes these goodwill visits. The institute did not return calls for comment, and Maloney's office would not say, citing "security protocol," who else was going on the trip — or if they, too, were panda-shopping.

The group is there primarily to discuss trade policy with the Chinese, but if you've traveled 14 hours across the globe, you might as well multitask.

And Maloney has her eye on the cuddly, bamboo-eating bears that make anyone in their presence spontaneously say, "Awww."

The congresswoman plans to make a side visit (only a short 22-hour drive from Beijing) to Chengdu Research Base, which breeds giant pandas, to discuss options for bringing a pair to a New York City zoo. First lady **Michelle Obama** and her daughters also visited the panda

enclosure on a visit to China in March.

"New York City's economy is Congresswoman Maloney's top priority. That's why she is traveling to China to discuss trade policy and what can be done to increase our exports to the second-largest economy in the world," her spokesman said in an e-mail. "She will also take a few hours to visit a panda research base to discuss the possibility of securing a panda for New York City, which would help boost tourism."

This has apparently been on Maloney's bucket list for years, and she told the New York Post in an interview that Chinese and New York officials are open to it. New York City last had giant pandas almost 30 years ago, when the Bronx Zoo housed two for six months on loan, according to a 1987 New York Times story.

Pandas are an attraction at only a few U.S. zoos, including the Smithsonian's National Zoo in Washington, which projected huge boosts in tourism when Bao Bao the panda cub was born there last August (Hey, congresswoman, the zoo is planning a first-birthday bash for Bao Bao if you want to come.).

"Pandas are a symbol of good luck," Maloney said in the New York Post interview. "New York needs some good luck and happiness. We've had 9/11, Hurricane Sandy, the housing crisis."

President **Richard Nixon** was the first to bring pandas from China to the United States after receiving them as a gift from the Chinese government. The Nixons donated the bears to the National Zoo.

Hopefully the good panda karma would work out better for New York than it did for Nixon.

Headline of the week

This comes from The Washington Post's new opinion blog, The Watch.

The headline: "Since marijuana legalization, highway fatalities in Colorado are at near-historic lows."

Well, yeah, maybe that's because they're all driving 8 mph and eating chips? (Actually, it's a serious analysis.)

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OMB faulted on tracking spending

A government Web site failed to report billions in awards, GAO says

BY JOSH HICKS

The White House budget office launched USASpending.gov in 2007 to track federal spending after scores of lawmakers, including then-Sen. Barack Obama, successfully pushed through a bipartisan bill to ensure greater transparency with the funding.

But at last check, less than 8 percent of the site's spending information was accurate, and federal agencies had failed to report nearly \$620 billion in grants, loans and other forms of assistance awards, according to a recent report from Congress's nonpartisan Government Accountability Office.

The Federal Funding Accountability and Transparency Act of 2006, sponsored by Sen. Tom Coburn (R-Okla.) and signed into law by President George W. Bush, required the Office of Management and Budget to set up a Web site with data on federal awards and to develop guidance on reporting require-

ments. President Obama later set a goal of 100 percent accuracy by the end of 2011.

The legislation, however, is not working as well as lawmakers and the administration had hoped. The GAO said a review of the 2012 data found "significant underreporting of awards and few that contained information that was fully consistent with the information in agency records."

The findings drew criticism from members of the Senate Homeland Security and Governmental Affairs Committee, including Coburn, the panel's ranking Republican.

Describing the government's bureaucracy as "disappointing," Coburn said the reporting problems hinder Congress's ability to assess its spending decisions.

Coburn used the GAO findings to promote legislation the House and Senate passed this year to require more-detailed reporting on federal spending. The bill, known as the DATA Act, was sponsored by Sen. Mark R. Warner (D-Va.), but it was molded after a similar measure in 2011 by Reps. Darrell Issa (R-Calif.) and Elijah E. Cummings (D-Md.).

Sen. Thomas R. Carper (D-Del.), who heads the Senate com-

mittee, said Congress needs better spending data to make informed decisions.

"This latest GAO report underscores the federal government's ongoing challenges when it comes to showing the American people how their tax dollars are being used, at what cost and with what result," Carper said in a statement Monday. "That's why efforts like the DATA act are so important."

OMB spokesman Jamal Brown said in a statement that the agency is committed to federal spending transparency and working with agencies to "improve the completeness and accuracy of data submissions to USASpending.gov."

The GAO recommended that the OMB develop a more comprehensive oversight process for reporting information to the Web site and provide specific guidance on how agencies should validate their data.

OMB said that it generally agrees with the suggestions, adding that the DATA Act already requires many of the recommended actions. The agency said it will work with the Treasury Department to consider interim steps that could improve data quality.

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MYTH: Torture worked.

FACT: Torture made Americans less safe.

The CIA torture program was ineffective and did not lead the United States to Osama Bin Laden.

That's what a rigorous, four-year Senate Intelligence Committee investigation reportedly concludes, based on the CIA's own documents.

The finding is no surprise to seasoned interrogators. In fact, 15 of America's most experienced intelligence professionals recently wrote that torture techniques "are more likely to generate unreliable information and have proven to be counterproductive."

But torture caused even deeper damage to U.S. national security. It stained America's honor, alienated allies, and gave our enemies a recruiting tool. Nothing good came from our trip to the "dark side." We must never go back.

THE TRUTH ON TORTURE IS COMING

CONGRESS NEEDS TO MAKE SURE THAT TORTURE IS OFF THE TABLE—FOR GOOD.

humanrightsfirst.org/torturetruth

human rights first

American ideals. Universal values.