

# National Security Business on the Border: Former Border Patrol Chief Silvestre Reyes Now a Major Player in New Military, Intelligence, and Homeland Security Complex

By Tom Barry | September 28, 2009



El Paso and U.S. Rep. Silvestre Reyes are at the nexus of the increased integration of the military, security, and intelligence sectors, especially at the border. Photo: [www.newspapertree.com](http://www.newspapertree.com).

## Part I: Building the Paso del Norte Security System—from Academics to Economics

City boosters commonly describe El Paso as being a border city joined culturally and economically with its larger border twin Ciudad Juarez. Opening the 2009 Border Security Conference on Aug. 10, Diana Natalicio, president of the University of Texas at El Paso (UTEP), called El Paso “the largest binational metroplex in the world.”

The rising power and influence of U.S. Rep. Silvestre “Silver” Reyes (D-TX) over the last decade is also turning El Paso del Norte into the home of the country’s new military/homeland security complex. Since Sept. 11, 2001, the emergence of homeland security as a major

governmental and industrial focus has played a transformative role in the increased integration of the military, security, and intelligence sectors. This rising integration of defense, homeland security, and intelligence is seen in government, industry, and in the academy.

The foundation of this nascent but clearly emerging complex in the El Paso area is Fort Bliss, the 1.1-million acre Army base on the edge of El Paso that adjoins the White Sands Missile Base and Holloman Air Force Base. Fort Bliss was a big winner in the Pentagon’s Base Closure and Realignment (BRAC 2005) process, with the base expecting a net gain of 27,000 troops by 2013—for a total of 37,000 troops. According to an estimate by El Paso Regional Economic Development Corporation (REDCO), the base will have a \$6.4 billion impact on the area by 2013.

Located on Fort Bliss are three counterterrorism and counternarcotics centers: Department of Homeland Security’s (DHS) Border Patrol Field Intelligence Center, Drug Enforcement Administration’s (DEA) El Paso Intelligence Center, and Department of Defense’s (DOD) Joint Task Force North.

An array of private contractors, including such giants as Boeing, Raytheon, and Lockheed Martin, are in the El Paso area to manage contracts with the Army and Air Force in the region.

Another infusion of federal dollars in the El Paso region has come from DHS. Immigrant prisons and detention centers (Chaparral and Sierra Blanca) in the area, the construction of the border fence, a surge in Border Patrol

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and Immigration and Customs Enforcement (ICE) agents, and new port-of-entry infrastructure and new Border Patrol facilities, among other border security upgrades, have stimulated the local economy and reshaped the area's border town image.

## **Reyes' Rising Star**

Representing the 16th District of Texas in Congress since 1997, Reyes has been a key player in developing El Paso as a center for defense, homeland security, and intelligence research and operations. The rising power and influence of Reyes could not be missed at the recent Border Security Conference, where Reyes was the central figure—with his manifest close connections to the key government, industry, and academy figures in the city's growing homeland security complex.

Reyes began developing his homeland security credentials in 1984, when he was named a Border Patrol sector chief. He closed out his Border Patrol career as chief of the El Paso sector, where in 1993 he launched Operation Blockade (later renamed Operation Hold the Line) to halt illegal immigrant flows into the city.

Operation Blockade's success in impeding most unauthorized immigrant traffic through the city won Reyes great acclaim in El Paso (and nationally), creating a base of support that propelled him into the city's congressional seat three years later.

Since his 1996 election, Reyes has moved steadily to embellish his homeland security and national security credentials. Although not a supporter of the controversial new border fence, Reyes has advocated an expanded Border Patrol force and the installation of electronic surveillance.

Since his election to Congress in 1996 Reyes has determinedly established his national security credentials. In 2006 he was named chairman of the House Permanent Select Committee on Intelligence, and he also is a senior member of the powerful Armed Services Committee.

Reyes is also a member of the newly created subcommittee of the House Appropriations Committee. Called the House Appropriations Select Intelligence Oversight Panel, the 13-member panel combines the senior members of the House Defense Appropriations Committee and three members, including Chairman Reyes, from the Intelligence Committee. The new committee will match intelligence oversight of the intelligence committee with

appropriations authority of the defense appropriations subcommittee, which approves the classified budget for the 16 civilian and military intelligence agencies.

This new position will give Reyes increased ability to influence the intelligence community's budget and the rapidly rising outsourcing of intelligence operations to private contractors.

Another sign of Reyes' rising star in national security is his increased ability to direct federal contracts to the El Paso area through congressional earmarks and budget authorizations for homeland security, defense, and intelligence. Rapidly rising campaign contributions from security contractors also point to his new influence and power in security issues and budgeting.

## **Homeland Security Complex on Display**

Reyes' office has been cosponsoring the Border Security Conference with UTEP since 2004. Every year it has attracted an increasingly powerful array of government officials and representatives from the defense, homeland security, and intelligence industries.

At the recent conference, DHS Secretary Janet Napolitano, Office of National Drug Policy Director R. Gil Kerlikowske, DHS Special Representative for Border Affairs Alan Bersin, and the President's Assistant for Homeland Security John Brennan gave policy addresses, along with top officials at the Border Patrol, Drug Enforcement Administration, and Immigration and Customs Enforcement.

While the latest conference featured the most impressive array of top government officials, previous conferences have been headlined by top Bush administration appointees, including former DHS Secretary Michael Chertoff, former Director of National Intelligence Michael McConnell, former CIA Director Michael Hayden, and FBI Director Robert Mueller—an indicator that Washington, under both Republicans and Democrats, is paying attention to the swelling influence of Silvestre Reyes in intelligence, defense, federal law enforcement, and homeland security matters.

The new blend of military and homeland security industries was evident at UTEP's conference, whose fiscal sponsors, with the exception of REDCO, represented this emerging military/security industry: SAIC, Raytheon,

## El Paso's Defense/Security Contracting Boom

At the recent Border Security Conference, the city's Regional Economic Development Corporation (REDCO) had an exhibition table along with an array of companies specializing in security and defense. REDCO lists Military/Defense/Homeland Security as its top target industry.

That's understandable given the tremendous growth of military and homeland security contracts experienced in the last eight years.

REDCO boasts that El Paso already hosts such major military/security industries as Raytheon, Boeing, and Lockheed-Martin, and it says that El Paso is now "Taking the lead in America's Border Security" through new "homeland security research and development."

Since 2000 government military and homeland security contracts have been raining down on El Paso. Military and border-security industries are sprouting up all over the sprawling city, contributing mightily to El Paso's booming economy amid the national recession.

In 2000 DOD awarded area-based industries 254 contracts—worth \$304.7 million. Last year the city benefited from more than four times as many contracts—1,156 contracts—amounting to \$575.6 million. An especially good year for area military contracting was 2006, when DOD signed 1,237 contracts amounting to \$863 million.

Over the last eight years the number and dollar amount of DOD contracts have risen steadily, helping to put El Paso on the national map as a center for weapons and security development. In the military sector alone, El Paso industries have been awarded more than \$4 billion in contracts.

Going into 2009, more than 830 military contractors were doing business in the area. From 2000 to 2008 city military contractors were awarded 8,313 military contracts worth \$4.6 billion.

Among the companies that have defense, security, and intelligence contracts are Aerospace Missions Corporation, BAE Systems, Boeing, Booz Allen Hamilton, CACI, CSC, Diversified Technical Services, ITT, L-3 Communications, Raytheon, Man Tech Engineering, Lockheed Martin, Raytheon, and SAIC.

While \$4.6 billion is not small change and places El Paso among the major military development centers in Texas—the nation's second largest recipient of defense contracts (closely following Virginia)—it pales in comparison with the amount of military business in the Dallas, Ft. Worth, and Houston metropolitan areas. From 2000 to 2008, Texas garnered \$256 billion in military contracts, with the annual value of contracts rising from \$5.7 billion in 2000 to \$36.6 billion in 2008.

Congressional earmarks help explain the increased flow of defense and security contracting to El Paso and Texas. According to Taxpayers for Common Sense, Texas lawmakers, including Rep. Reyes, inserted nearly \$298 million in defense appropriations earmarks for 51 home-state projects in the fiscal 2009 defense authorization bills.

ManTech, General Dynamics, Lockheed Martin, Boeing, and CSC. In addition to these sponsors, more than a dozen other industries exhibited their homeland security wares to conference attendees.

The conference also featured speeches about homeland security and intelligence systems by corporate representatives, as well as the exhibition tables of more than a dozen homeland security companies.

At the conference's luncheon, which featured a counter-terrorism/homeland security presentation by the White House's John Brennan, master of ceremonies Rep. Reyes asked his friend John Thomas, senior vice president of SAIC (which financed the luncheon), to say a few words.

"Whether you agree or disagree with the policies that these officials support, this is a huge opportunity for UTEP and the entire community," said Reyes, when asked about UTEP's new role in border security. "By successfully hosting a national conference of this caliber year after year, UTEP is establishing itself as a major academic center where policy and academia intersect to

address some of our country's most pressing problems. I want to continue helping UTEP to further develop these types of opportunities."

### **The El Paso Borderplex and UTEP's New Security Complex**

At the 2006 Border Security Conference, cosponsored by UTEP and U.S. Rep. Reyes, UTEP President Diana Natalicio introduced Reyes as a "good friend," and credited Reyes for his visionary role in helping launch the Border Security Conference in 2004 and his key role since 2006 in establishing UTEP's new defense, homeland security, and intelligence centers.

The three UTEP centers—National Center for Border Security and Immigration (NCBSI), Center for Defense Systems Research (CDSR), and Intelligence Community Center of Academic Excellence (IC CAE)—underscore the university's increasing national security focus and its bid, under Natalicio's tenure, to be recognized as a tier-one research institute.

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These three national security centers are funded respectively by the Department of Homeland Security, Department of Defense, and the Office of the Director of National Intelligence (DNI).

Natalicio often describes UTEP and El Paso as being members of a binational community integrated by social and economic ties. She notes that 75% of UTEP's student body is Hispanic, including the 10% of the student body who commute from Juarez. At same time that the UTEP president paints a cross-border image of UTEP, she is also seeking to bolster the university's reputation as a hotspot for homeland security, intelligence, and military research and development.

## **National Security and Border Security Leader**

The first time many heard of UTEP's emerging role as a sponsor of defense research was during an October 2006 visit to UTEP by Sen. Kay Bailey Hutchinson. Sen. Hutchinson and Rep. Reyes had inserted a \$1 million earmark in the FY2007 defense appropriations bill for the creation of the Center for Defense Systems Research.

During the senator's visit to the UTEP campus, President Natalicio said:

*"UTEP's location in the El Paso-Juarez borderplex means that border security and defense are issues of daily relevance to us. We are uniquely positioned to be a leader in border security and defense systems research."*

To spearhead this drive to make the university a border security and national security leader, UTEP has created an Office of Strategic Initiatives. The new office coordinates the research work of CDSR and NCBSI under its mission to promote "homeland security and homeland defense and their relationship to economic development in the Paso del Norte region."

Ret. Brig. Gen. Jose Riojas was the key figure in the opening of UTEP's Office of Strategic Initiatives and in the operations of the university's border security and defense research centers until earlier this year, when he was named by the Obama administration for a high-level position in Veterans' Affairs. Before joining UTEP as vice president for strategic initiatives, Riojas was commander of Joint Task Force North, headquartered at Fort Bliss in El Paso.

The Center for Defense Systems Research has a border security focus. Among the center's partners are Customs and Border Protection, Electronic Warfare Solutions, Homeland Protection Institute, and the large military contractor SAIC.

CDSR says it "applies cutting-edge research and technologies to near-term, applied, user-level, and multi-use solutions for the Department of Defense and the Department of Homeland Security. The Center acts as a one-stop shop for DOD, DHS, and university collaborations."

CDSR's research projects involving private- and public-sector partners include: Miniaturized 3-D Embedded Electronics & Sensor Integration, Visual Sensing & Image Dissemination System for Pervasive Monitoring, and Robust Face Recognition from Low-Resolution Surveillance Images.

Reyes and Hutchinson have directed a total of \$3.6 million to CDSR in the last four defense appropriations bills, including a \$1 million earmark for FY 2010.

## **Fostering a "Homeland Security Culture"**

Working in close coordination with CDSR is UTEP's new National Center for Border Security and Immigration, which was created in 2008 by a \$6-million grant from DHS. The University of Arizona is UTEP's partner in the new homeland security research center.

NCBSI was launched at UTEP's 2005 Border Security Conference. NCBSI aims to:

*"Stimulate, coordinate, leverage, and utilize the unique intellectual capital in the academic community to address current and future homeland security challenges, and educate and inspire the next generation homeland security workforce." Additionally, the DHS-sponsored and financed center will "foster a homeland security culture within the academic community through research and educational programs."*

NCBSI, according to DHS, is "developing technologies, tools, and advanced methods to balance immigration and commerce with effective border security, as well as assess threats and vulnerabilities, improve surveillance and screening, analyze immigration trends, and enhance policy and law enforcement efforts."

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Even before the March 2003 opening of the DHS plans were underway to involve universities in homeland security. Congress, as part of the Homeland Security Act of 2002, authorized the new department to “designate a university-based system for several university-based centers for homeland security.”

Today, there is a network of universities that receives DHS funding to collaborate with the government to, as the act stipulated, “enhance the Nation’s homeland security.” It’s a mutually beneficial arrangement, with universities benefiting from large grants from a rapidly expanding part of the federal government and with the government benefiting from the sponsored research of hundreds of university scholars.

The new DHS-academy condominium includes an expanding national network of “centers of excellence.” Today, there are 13 DHS university-based centers of excellence. Through DHS’s Science & Technology Directorate and the department’s Office of University Programs, DHS aims “to leverage the independent thinking and ground-breaking capabilities of the Nation’s colleges and universities” with its centers of excellence.

The latest DHS university research institute is the Center of Excellence in Command, Control, and Interoperability (C2I), which is led by Purdue University and Rutgers University. According to DHS, this center will “create the scientific basis and enduring technologies needed to analyze massive amounts of information from multiple sources to more reliably detect threats to the security of the nation and its infrastructures, and to the health and welfare of its populace.”

There has been no overall evaluation of how this DHS-academy cooperative venture—now six years old—has contributed to improving homeland security. Since the creation of DHS there have been rising questions and concerns by DHS’ own inspector general and by congressional oversight committees about departmental operations, including issues of waste, over-reliance on private contractors, and widespread abuses and excesses in immigration enforcement and border control.

Given the failures and controversies surrounding the department’s Secure Border Initiative—including the border fence and high-tech surveillance systems (“virtual fence”)—there is good cause to question the involvement of universities in the support and development of DHS border security infrastructure and strategies. The huge sums of DHS funds flowing to private contractors such as

Boeing also raise questions about the degree to which research and education about border issues is shaped by monetary incentives.

Also located at UTEP is another government-funded center of excellence—focusing on intelligence. It’s the Intelligence Community Center of Academic Excellence, which is one of a network of university centers funded by the Office of the Director of National Intelligence (DNI). Backed by a multimillion dollar grant from the DNI, this center of academic excellence aims to “build a workforce prepared for 21st Century challenges” and to “broaden the base of diverse talent pools to achieve Intelligence Community mission effectiveness.”

In addition to graduate degrees such as a Master of Science in Intelligence and National Security, the new intelligence center at UTEP offers an undergraduate degree in Intelligence and National Security Studies. In addition the intelligence center, like the border security center, has an outreach program to area high school students to interest them in intelligence and homeland security careers.

In addition to IC CAE, UTEP is directly connected to the “intelligence community” through the newly established Regional Geospatial Service Center. The institute is part of a network of regional affiliates of the National Geospatial-Intelligence Agency (NGA), which is one of the three major intelligence agencies of the Pentagon.

According to IC CAE’s description of the “intelligence community” of which it is a part, “NGA collects and creates information about the Earth for navigation, national security, U.S. military operations, and humanitarian efforts.” Established in 1995, NGA is closely integrated with private-sector intelligence contractors, including Booz Allen Hamilton and Lockheed Martin, who provide more than half of NGA’s workforce.

Sen. Hutchinson has been the institute’s main congressional supporter, and, according to the center, “Hutchison played a key role in securing the \$1.9 million UTEP received to establish the center and was instrumental in securing the continued funding for the center.” UTEP says that the center supports “UTEP research and service activities in a variety of areas including border security, economic development, and public health.” Rep. Reyes and Sen. Hutchinson have jointly included \$10.2 million in earmarks for UTEP’s Geospatial intelligence center since 2005.

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## UTEP as Minority-Serving Institution

UTEP's success in attracting federal funding for these three new centers can be attributed to the leadership of its longtime president Natalicio and the power and influence of Rep. Reyes, along with the support of Sen. Hutchinson.

The creation of these homeland security, defense, and intelligence centers—along with the growth of other UTEP research centers through National Science Foundation and other national grants—is also due to the strategic selling of UTEP as a “minority-serving institution.” When UTEP approaches a foundation or government agency for funding, it stresses not academic excellence but rather that it is a “Minority Serving Institution (MIS).” It points out that UTEP has a larger Mexican-American majority than any other university in the country, and that it is the second-leading university granting diplomas to Hispanic students.

According to Natalicio, when she became UTEP president in 1988, “I began to articulate a vision of UTEP that was very inclusive and proclaimed our pride in being a Hispanic majority university, which we had just barely become.” Since then the slim majority has evolved into a large majority of 75% Hispanic students.

Natalicio promotes UTEP as being on the “cutting edge of demographic change.” She realized that if she started promoting UTEP as a “research-robust majority Hispanic institution we could put ourselves on the map.”

As a result of this new identity, Natalicio has boasted, “We’re changing the face of higher education, and the image of success across the nation.”

Especially since the Sept. 11 attacks, the defense, homeland security, and intelligence agencies have been avidly seeking new members who could put their multicultural, bilingual skills to work. The MIS status of UTEP gave it a major competitive advantage in becoming grantees of DHS and DNI, both of which operate under directives to increase the presence of minorities among their agents.

In describing El Paso as having “tremendous potential to emerge as a key city for defense and homeland security-related investment and research,” Rep. Reyes points to the new opportunities that are becoming available to El Paso community students in homeland security and

defense. Concerning UTEP's new centers, Reyes observed:

*“UTEP is already emerging as one of the premier institutions of higher learning for border security and intelligence, and I believe the National Center for Border Security and Immigration, the Center for Defense Systems Research, and the Intelligence Community Center of Academic Excellence are strategically capitalizing on our community's unique assets to develop the next generation of leaders.”*

*“Over the years, I worked to help UTEP secure these designations and to obtain funding for these types of centers. When I became Chairman of the Intelligence Committee, I pushed for additional funding for programs like IC CAE to increase the level of diversity and strengthen the Intelligence Community, by expanding the work to even more universities.”*

## Part II: Contributions and Contracts

U.S. Rep. Silvestre Reyes (D-TX) has enjoyed an increasing stream of campaign contributions from government defense, security, and intelligence contractors. Contributions from these firms are now among his largest sources of campaign funds.

Reyes and his staff have repeatedly denied that there is any connection between contributions and his congressional actions. But the appearances of “pay-to-play” activity continue to follow the congressman.

One of the first cases surfaced in 2004 as part of a federal General Services Administration (GSA) investigation of shoddy work by International Microwave Corporation on an electronic surveillance program on the border. The president of the company had made several large contributions to the Reyes campaign committee, and Rebecca Reyes, the congressman's daughter, was director of the project. Reyes has said that he had nothing to do with her employment.

In the summer of 2006, just after Reyes became chairman of the House Intelligence Committee, media reports associated contributions by the PMA Group, the defense lobbying giant, to favored treatment by Reyes of PMA clients in the form of earmarks and contracts. Over the past four years, the defense companies that have received earmarks have also been the source of generous campaign contributions.

The opening this summer of a congressional review of the lobbying and campaign operations of the PMA Group by the House ethics panel and a parallel Justice Department investigation have sparked new media reports about the now-defunct PMA.

## The Rise of Defense Industry Campaign Contributors

When Reyes first ran for Congress he counted largely on friends, local business, and traditional Democratic Party special interest groups, like labor and education. In the 1998 campaign (the earliest tracked by the Center for Responsive Politics' [opensecrets.org](http://opensecrets.org) website), among the top five individual contributors were the Teamsters, AFSME, and the National Education Association.

The following election cycle (2000), defense and security contributions became more prominent. Lockheed Martin was his fourth largest campaign contributor, and the

defense/aerospace industry ranked among the top five industry contributors for the first time—a positioning it has maintained through subsequent election cycles.

Figuring among Reyes' top campaign contributors in each of the 2002, 2004, and 2006 election cycles were Lockheed Martin, Raytheon, and General Dynamics, with Boeing and SAIC figuring among the top 20 contributors in two of the three cycles.

Other major defense contractors that were among the top 20 contributors in those three election cycles were Northrop Grumman, BAE Systems, Voight Aircraft, and L-3 Communications.

In the last election cycle (2007-2008) military and security contractors dominated the ranks of the top contributors. Among the top five individual contributors, four were defense/security related: PMA Group (top contributor), Digital Fusion, General Dynamics, and SAIC.

### Top 20 Recipients of Contributions from Defense Industry

#### 2008 and 2010 Election Cycles

Member	Total	Committee
Murtha, John P (D-PA)	\$643,325	Chairman, House Defense Appropriations Subcommittee
Shelby, Richard C (R-AL)	\$267,050	Senate Appropriations Committee
Skelton, Ike (D-MO)	\$260,350	Chairman, House Armed Services Committee
Moran, Jim (D-VA)	\$258,900	House Appropriations Committee
Inouye, Daniel K (D-HI)	\$216,000	Chairman, Senate Appropriations Committee
Chambliss, Saxby (R-GA)	\$215,650	Senate Armed Services Committee
Cornyn, John (R-TX)	\$210,476	
Young, C W Bill (R-FL)	\$209,750	House Appropriations Committee
Udall, Mark (D-CO)	\$208,200	Senate Armed Services Committee
Collins, Susan (R-ME)	\$194,801	Senate Appropriations, Armed Services Committees
Sestak, Joe (D-PA)	\$191,750	House Armed Services Committee
Levin, Carl (D-MI)	\$191,150	Chairman, Senate Armed Services Committee
Dodd, Chris (D-CT)	\$183,950	
Reed, Jack (D-RI)	\$179,867	Senate Appropriations, Armed Services Committees
Sessions, Jeff (R-AL)	\$176,720	Senate Armed Services Committee
Warner, Mark (D-VA)	\$174,900	
Reyes, Silvestre (D-TX)	\$173,199	House Armed Services Committee
Paul, Ron (R-TX)	\$165,281	
Visclosky, Pete (D-IN)	\$161,000	House Appropriations Committee
Granger, Kay (R-TX)	\$161,000	House Appropriations Committee

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Among the top five sectoral contributors were defense/electronics (top contributor) and defense/aerospace. Law firms, lobbying firms, and real estate associations were also ranked among the top five.

Long since gone among the ranks of the top five contributors are the traditional Democratic Party interests such as labor and education.

Contributions are just starting to trickle in for the 2010 contest even though Reyes has a virtual lock on the job. Among the top five ranking contributors are SAIC and Women's Alliance for Israel, with General Dynamics, Raytheon, and Boeing tying for fifth place. The defense/electronics industry, along with pro-Israel associations, rank among the top five sectoral contributions to the Reyes campaign committee and leadership PAC.

Today, Rep. Reyes routinely counts among the major congressional recipients of defense industry contributions.

According to the most recent count, with figures from the 2008 and 2010 election cycles, Rep. Reyes ranks among the top 20 congressional members receiving defense industry contributions. With \$173,000 in industry contributions, Reyes ranks No.17, according to Common Cause. Among the other Texans on the list are U.S. Sen. John Cornyn, and U.S. Reps. Ron Paul and Kay Granger.

Commenting on the power of the defense industry, Common Cause President Bob Edgar, upon releasing the names of the top 20 recipients on July 22, observed: "Having spent more than \$31 million in lobbying plus \$3.2 million in campaign contributions during the first three months of 2009 alone, defense contractors seem to have as much influence in Congress over defense spending as Secretary of Defense Robert Gates or President Obama."

## **The PMA Group Scandal and Reyes' PAC**

One measure of Rep. Reyes' increased standing among military contractors was his increased financial links to the PMA Group and its clients. The DC lobbying firm and its clients directed more than \$40 million in campaign contributions to Congress between 1998 and 2008. PMA closed shop earlier this year after the FBI raided its offices as part of a continuing Department of Justice (DOJ) investigation into influence peddling.

Although his hold on the congressional seat has never been at serious risk, Reyes' campaign committee and his political action committee received steadily increasing donations from PMA Group and its clients. Since 1989 the two-decades-old lobbying firm has specialized in securing earmarks for its clients by way of currying favor with congressional members, particularly those who, like Reyes, sit on military and intelligence committees.

The PMA Group (Paul Magliocchetti & Associates) was named after its founder and president Paul Magliocchetti, who founded the lobbying firm after stepping down from the House Defense Appropriations Subcommittee, where he worked under John Murtha (D-PA).

From 1998 to 2008 PMA received more than \$115 million from its clients, mainly in the defense and security industries. *CQ MoneyLine* has charted the rapid growth of PMA, which raked \$1.4 million in the first six months of 1998, placing it 44th among K Street lobbying firms. By the first half of 2008, PMA had risen to the 9th largest lobbying firm with earnings of \$8.6 million.

But PMA's fortunes and influence began to wane late last year.

Media exposés, led by Washington, DC's *Roll Call*, began to track the firm's money trail in April 2007. It's a trail that starts with defense and homeland security contractors who were PMA's clients and leads to congressional members, especially those who sit on such influential committees as the House Defense Appropriations Subcommittee and the Armed Services Committee.

In addition to its direct lobbying on the Hill, PMA channeled more than a third of its client income to congressional members in the form of contributions to their political action committees and campaign committees.

The cause-and-effect relationship between PMA's contributions and favors to its clients has become the subject of media attention and ongoing congressional and executive-branch investigations.

In November 2008, FBI raids on the PMA offices and on the home of its founder Magliocchetti signaled the coming end of PMA's legally and ethically questionable lobbying work. Few details are known about the Justice Department investigation. However, prosecutors apparently raided PMA offices because of concerns that they may have funneled money through straw donors to avoid openly violating campaign finance laws.

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“The seizure of the PMA Group’s computer files and financial records last November raised the possibility that the authorities might seek evidence of wrongdoing by members of Congress as well,” stated an April 3, 2009 *New York Times* report.

Earlier this year PMA shuttered its office, with its team of lobbyists fleeing to other firms in face of the DOJ investigation.

Neither DOJ nor the House ethics committee has revealed the details of the ongoing investigations, such as which congressional members are under suspicion for participating in pay-to-play deals. But media reports and advocacy groups such as Center for Responsive Politics and Taxpayers for Common Sense are shedding important light on PMA’s 20-year history of campaign contributions.

Those contributions were spread widely throughout Congress but especially benefited the members of the House Defense Appropriations Subcommittee, chaired by Rep. Murtha, and the House Armed Services Committee, where Reyes is a senior member.

One of the early reports on the unfolding contribution/earmark scandal came from *Roll Call* in an Oct. 1, 2007 article focused on Rep. Reyes and his newly established political action committee, BEST PAC. The new PAC received most of its donations from the PMA Group.

When asked if the congressman was the subject of either the House ethics or DOJ investigations, Reyes spokesman Vincent Perez said that “Congressman Reyes has not been contacted because he is not the target of the investigation.”

## **Where Did PMA Money Go in Congress?**

More than \$40 million flowed to congressional members from PMA and its clients between 1998 and 2008.

The top three recipients were Democratic congressional members, Rep. John Murtha, Rep. Pete Visclosky (D-IN), and Rep. Jim Moran (D-VA). According to the Center for Responsive Politics, Murtha and Visclosky collected a total of \$3.8 million from PMA and its clients during the last decade.

In fourth spot in the PMA recipient list is President Barack Obama, ranking 7th is U.S. Sen. John McCain,

and 11th is Secretary of State Hillary Clinton. As the Center for Responsive Politics notes, the high rankings of Obama, McCain, and Clinton are the result of an influx of contributions to their presidential campaigns. The contributions to Obama, for example, jumped from \$7,850 in the 2006 election cycle to \$763,626 in 2008.

Presidential candidates tend to rank high in such lists because they collect so much more than congressional candidates. About Obama, the Center for Responsive Politics observed: “PMA represented some very large companies, whose employees supported Obama, but the lobbying firm’s own people gave him a total of \$4,225 in the 2004 and 2008 cycles.”

The top 10 in donations from PMA and its clients also included Jerry Lewis (R-CA), Norm Dicks (D-WA), C.W. Bill Young (R-FL), and Ike Skelton (D-MO).

Among the 515 congressional members who received contributions from the PMA Group and its clients from 1998 to 2008, Rep. Reyes ranked 21st, with a total of \$295,000 in PMA donations, although much of it came recently.

## **Reyes Enjoyed Increasing PMA Campaign Support**

PMA and its clients contributed \$7,000 to his campaign committee in 1998, rising to \$12,000 in 2000, \$26,500 in 2002, \$44,500 in 2004, \$51,500 in 2006, and then tripling to \$153,900 in 2008.

Rep. Reyes’ BEST PAC (established in 2007) received \$47,500 in the 2008 cycle from PMA and its clients. The top 20 contributors to BEST PAC included these defense firms: PMA Group, SAIC, Lockheed Marking, Raytheon, General Dynamics, Boeing, BAE Systems, Digital Fusion, Potomac Advocates, Alliant Techsystems, Honeywell, Romanyk Consulting, Argon ST, Concurrent Technologies, DLM Group, Electronic Warfare Associates Services, Jacques & Associates, L-3 Communications, and ProLogic.

Of the top 20 donors, only three—Reyes Campaign Committee, American Optometric Assn., and Brownco Capital—are not in the business of securing defense contracts.

BEST PAC has received only two contributions for the 2010 election cycle: General Dynamics and Northrop Grumman.

Reyes and other members of Congress, particularly those on the House Defense Appropriations Subcommittee and the Armed Services Committee, have been favored recipients of contributions from PMA's own PAC and from the firms' employees. From 1989 to 2008, the top recipients of PMA campaign funding were Representatives Visclosky, Moran, and Murtha. "Congressman Reyes does not have any more defense-industry contributions than many of his colleagues on the House Armed Services Committee," noted Reyes spokesman Vincent Perez.

<b>Campaign Contributions from PMA and PMA Employees to Congress</b>	
<i>(Bold indicates membership in either House Defense Appropriations Subcommittee or Armed Services Committee)</i>	
<b>Name</b>	<b>Total</b>
<b>Rep. Pete Visclosky (D-IN)</b>	\$271,500
<b>Rep. Jim Moran (D-VA)</b>	\$171,200
<b>Rep. John P. Murtha (D-PA)</b>	\$167,400
<b>Rep. Norm Dicks (D-WA)</b>	\$130,250
Rep. Tim Holden (D-PA)	\$96,075
Rep. Mike Doyle (D-PA)	\$91,900
Rep. Bill Pascrell Jr. (D-NJ)	\$91,750
<b>Rep. Loretta Sanchez (D-CA)</b>	\$83,618
Rep. Alan B. Mollohan (D-WV)	\$69,620
Rep. Michael E. Capuano (D-MA)	\$69,000
Rep. Tim Ryan (D-OH)	\$64,250
Rep. Chet Edwards (D-TX)	\$63,984
<b>Rep. Jerry Lewis (R-CA)</b>	\$61,809
<b>Sen. Bill Nelson (D-FL)</b>	\$51,213
<b>Rep. Silvestre Reyes (D-TX)</b>	\$44,800
Source: Center for Responsive Politics	

## PMA's Clients

Among the major PMA clients were Lockheed Martin, General Dynamics, and Boeing, firms that gave generously to the campaign committees and PACs of the members of the House Appropriations Defense Subcommittee in the 1998-2008 period: Lockheed Martin (\$862,7000), General Dynamics (\$693,400), and Boeing (\$578,600).

These three corporations are also major campaign contributors to Reyes, and are all continuing financial sponsors of the Border Security Conference at UTEP.

PMA's former clients continue to spend millions in lobbying costs. In the first six months of 2009, the clients of the now-defunct firm spent \$31.9 million. The top spenders were Lockheed Martin (\$6.7 million), General Dynamics (\$4.7 million), and L-3 Communications (\$3.1 million), according to the Center for Responsible Politics.

## PMA's Pervasive Reach

The House Committee on Standards of Official Conduct, commonly called the ethics committee, announced its "review of certain, specific allegations." But it hasn't yet named the lawmakers being investigated or the possible violations of House rules it is reviewing.

The committee is in a politically uncomfortable position as it undertakes its review since numerous panel members come from districts that have benefited from the defense and security earmarks tied to the PMA Group.

The *Washington Post* reported that the 10 committee members had themselves sponsored 29 earmarks for \$59 million in federal projects included in the military spending bill recommended by the House Appropriations Defense Subcommittee and approved by the full House in late July.

"At the same time the committee is investigating the ties between lobby shops and earmarks and appropriators, they are actually playing the game themselves," said Steve Ellis, of the watchdog group Taxpayers for Common Sense. "It's hard not to see some conflict of interest in that."

Both the ethics committee chair Zoe Lofgren (D-CA) and the ranking minority member Jo Bonner (R-AL) submitted earmarks to the defense appropriations bill that will, among other projects, result in federal defense-related grants to university research centers in California and Alabama—not unlike the newly established CDSR at UTEP, which was established by an earmark by Rep. Reyes.

Another challenge for any congressional investigation of the earmarks/campaign contribution link is that contributions by the PMA Group and its clients, while targeting members of the defense subcommittee of the Appropriations Committee and of the House Armed Services Committee, have gone to more than 500 congressional members since 1998. In other words, more than just a few members of Congress may have dirtied their hands with PMA-tied contributions.

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The contributions cross party lines, but 58% of the contributions from PMA and its clients went to Democrats. In the 111th Congress, PMA contributions went to 284 members.

## The PMA Group and BEST PAC

For nearly two decades the PMA group had received little scrutiny despite being one of the nation's largest lobbying firms, despite its close ties to Rep. Murtha, and despite the vast sums that flowed from the firm to congressional members.

However, when Jesus "Chuy" Reyes established BEST PAC for his brother Silvestre, on March 1, 2007, he may have set off of a chain of events that led to the current investigations of PMA and congressional members, who may have provided earmarks or other defense appropriations in return for campaign contributions by PMA and its clients.

BEST PAC stands for Border, Education, Security, and Technology Political Action Committee. According to press aide Perez, "The primary purpose is to support strong candidates in these fields. The PAC helps support candidates running for election or re-election, period. Trading favors for PAC contributions is illegal under U.S. law, just as trading favors for ordinary campaign contributions is unlawful."

By national standards the finances of BEST PAC pale in comparison to the major PACs. It spent \$122,550 in the 2008 cycle.

What was striking about BEST PAC was that most of its income came from PMA and its employees—and that soon after the contributions were made, earmarks were put into the 2008 appropriations bill that benefited the contributors.

Soon after BEST PAC was established in the spring of 2007, donors associated with PMA were awarded with defense earmarks by Rep. Reyes and other congressional members with ties to PMA.

According to an investigative report by *Roll Call* (Oct. 1, 2007):

*"By the first week of June [2007], the PAC had raised \$35,000 from 32 individuals, almost every one of whom was an employee of the PMA Group or an employee of a defense or intelligence technology firm represented by*

*PMA. Most of the donations were made on May 7, four days before the Intelligence panel approved the 2008 intelligence authorization bill, which included earmarks for several donors to the PAC."*

Eight other political action committees (several of which were PMA clients) gave BEST PAC \$16,500. According to *Roll Call*, most of the non-PMA related individuals and firms that donated to BEST PAC were affiliated with Potomac Advocates, which specializes in defense and intelligence.

As part of the defense authorization bill, Reyes, together with Murtha, Visclosky, and Rep. Alan Mollohan (D-WV) (all of whom were major recipients of campaign contributions from PMA and its clients), entered 12 earmarks totaling \$30 million that specifically targeted the industry donors to BEST PAC.

One of Reyes' earmarks went to the El Paso-based Romanyk Consulting. According to *Roll Call*:

*"Andrew Nicholas Romanyk made several donations totaling \$4,000 to Rep. Reyes' campaign between Sept. 18, 2006, and March 8, 2007. On March 16, Reyes issued a request letter seeking \$800,000 for Romanyk Consulting to "develop a program to help secure laboratories working with biological agents," an earmark that ultimately was added to the defense appropriations bill. On June 1, Romanyk made a \$1,000 donation to BEST PAC."*

BEST PAC donors also included several executives of Concurrent Technologies Corp., a nonprofit that Rep. Murtha has helped establish and has provided with millions of dollars in earmarks, according to the *Roll Call* article. Other BEST donors included three officials from Electronic Warfare Associates, a large donor to Rep. Mollohan's campaigns. Another donor was William Nichols, a Potomac Advocate. According to *Roll Call*:

*"Two of Nichols' clients—Raytheon and Trex Enterprises—received \$2 million in earmarks requested by Reyes in the defense appropriations bill. In the same bill, Electronic Warfare Associates received a \$5 million earmark from Mollohan, and Concurrent Technologies received \$7 million in three separate earmarks requested by Murtha.*

*"Reyes' intelligence authorization bill included two earmarks for Concurrent Technologies totaling \$2 million. The bill also included a \$2.5 million earmark requested by Rep. Mike Honda (D-CA) for Spyrus Inc.*

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*and a \$2 million earmark requested by Rep. John Tierney (D-MA) for L-3 Communications. Both companies are PMA clients and donated to BEST PAC a few days before the bill passed.”*

At the time the scandal broke, Reyes' Press Secretary Kira Maas denied any cause-and-effect relationship between the PAC contributions and Reyes' actions in Congress, calling the timing of the PAC donations and the earmarks entirely “coincidental.” According to Maas, Reyes formed the PAC after becoming intelligence committee chairman, telling *Roll Call* that the PAC was intended to fund candidates who are strong on national security.

When asked about PMA and BEST PAC, Jesus Reyes said, “I don't even know who PMA is.” He said that BEST PAC's fundraising was the responsibility of his daughter, Veronica Cintron, who was also Reyes' fundraiser and is the wife of the PAC's treasurer, Guillermo Cintron.

The extended Reyes family has been a recipient of BEST PAC dollars in the form of campaign contributions and expense payments. Guillermo received \$9,000 in the 2008 cycle, while Martha Reyes, wife of Jesus Reyes, received \$1,000 for her campaign for the Ysleta School District (YISD) Board (the YISD Education Fund also received two contributions of \$1,000). Another education contribution of \$1,000 went to the Canutillo Middle School District, where Monica Reyes-Garcia, daughter of the congressman, is the school principal.

Taylor Bengston of Arlington, Virginia was the top recipient of BEST PAC funds. Benston, a Reyes aide, received \$28,500 in more than a dozen contributions. Second largest recipient was the Democratic Congressional Campaign Committee.

Asked about the mission of BEST PAC and whether contributions to other members of Congress might influence votes, Reyes aide Perez said: “The PAC helps support candidates running for election or re-election, period. Trading favors for PAC contributions is illegal under U.S. law, just as trading favors for ordinary campaign contributions is unlawful.”

## **Military-Industrial Complex Comes to Congress**

It may be that there are no direct links between the contributions that Rep. Reyes received for his campaign or for his PAC and the defense and intelligence

appropriations that benefited these donors. The current House review and Justice Department investigation may shed light on the campaign and PAC contributions from the defense and security industries and the shaping of the defense appropriations bills.

Although neither the House ethics panel nor DOJ has released any details about their investigations, it's likely that the targets of the investigation are the senior members of the House Defense Appropriations Subcommittee, where the Pentagon's defense budget is reshaped and approved, rather than the members of the Armed Services Committee, where Reyes sits.

The investigations apparently do not target the House Intelligence Committee, which came under intense scrutiny several years ago, when one of its members, former Rep. Randy “Duke” Cunningham (R-CA), came under judicial scrutiny for accepting bribes in exchange for favors as part of his work on the intelligence committee. Cunningham, who used his House position to channel millions of dollars to defense and intelligence contractors, began an eight-year sentence in 2006 for accepting bribes and evading taxes. When Reyes became chairman of the committee, he drew criticism when he opposed releasing an internal review, saying in a statement at the time that “my view was that the report was an internal review, principally of staff activity, and that the full report—with all of the names of staff—was not intended for dissemination beyond the committee” [2007 article from *The Hill*].

At stake is not just the rule of law, but the quality of governance. The dominance of campaign and PAC contributions from defense, security, and intelligence contractors that depend on government appropriations for virtually all of their revenues raises issues about undue influence.

It's a concern that President Dwight Eisenhower raised in his farewell address:

*“In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted.”*

In the past five decades the influence of this sector has expanded as the defense budget has grown, and it's a sector that now comprises not only defense contractors

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but private contractors for the Department of Homeland Security and all intelligence community agencies, where outsourcing is even more prevalent than at the Pentagon.

### **Part III: Electronics and Earmarks on the Border**

Questions about Reyes' campaign financing and possibly related contracts have surrounded the congressman's persistent and longtime support for high-tech electronic surveillance along the border, involving two no-bid contracts. Since coming to Washington in January 1997 Reyes has been a key advocate of constructing a "virtual fence" along the southwestern border, despite the all-too-real multibillion dollar price tag and absence of hard data that the billions result in improved border security.

Reyes and family have been involved in promoting virtual fencing since Border Patrol contractors started laying out the first components of the electronic surveillance system in the late 1990s.

But it wasn't until the Inspector General (OIG) of the federal government's General Services Administration in December 2004 released an audit of the border electronic surveillance project, then-called the Integrated Surveillance Intelligence System (ISIS), that some of the details of the electronic surveillance project were publicly revealed.

The audit focused on the Border Patrol's relationship with the two ISIS contractors, starting with the Alaska native-based Chugach Development Corp. (headquartered in Virginia) and continuing with its successor, International Microwave Corp. Rebecca Reyes, daughter of Rep. Reyes, directed the ISIS project for the two contractors.

According to GSA, the audit review of ISIS encountered serious management issues that undermined the value of the more than \$200 million that had been spent on the surveillance project. The GAO inspector general found, among other things, that ISIS suffered from: "lack of competition in the awarding" of the contract, "inappropriate contract for construction services," "inadequate contract administration and project management," "providing equipment without contract approval," and "ineffective management controls."

The GSA inspector general's audit concluded that the government had paid for "shoddy work" or "for work

that was incomplete or never delivered." Official inattention to the contracted project "placed taxpayers' dollars and ... national security at risk."

A follow-up investigative report by the *Washington Post* (April 11, 2005) detailed the chronology of ISIS deployment in which Rep. Reyes and his daughter, Rebecca, played major roles.

The *Post* recounted how Walter Drabik of the Immigration and Naturalization Service (INS) had launched the ISIS project in 1996 shortly after former Border Patrol Chief Reyes arrived in Washington. Reyes came to Congress as a strong proponent of electronic surveillance, while opposing proposals for an extended border fence.

A \$2 million contract with the Alaska-based Chugach Development Corp. was soon succeeded by a series of multimillion dollar contracts with International Microwave Corp. From its 1999 beginning ISIS was subject to controversy, intra-agency tensions, and allegations of inside dealings.

According to the *Post* report:

*"Over the objections of Border Patrol officials, INS official Walter Drabik chose cameras distributed by a firm called ISAP. U.S. officials and contractors said IMC [International Microwave Corp.] had bought the ISAP firm without disclosing it to U.S. officials. This allowed IMC to buy cameras from its own subsidiary, substantially increasing profits. Undisclosed self-dealing could be illegal.*

*"Because of escalating concerns about the failed implementation of the project and about failed Border Patrol oversight, Congress was by the end of the decade threatening to eliminate the ISIS project." According to the Washington Post article, IMC then turned to Rep. Reyes and other allies in 2000 to help rescue ISIS. "Within months, INS and GSA officials granted IMC a contract expansion worth \$200 million, with no competitive bidding." The Post described Reyes as "a former Border Patrol official and key backer of the system of 12,000 sensors and several hundred cameras installed for the Border Patrol between 1998 and last year [2004]."*

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## Family Connections to Shoddy Border Surveillance Project

INS' Drabik said, according to the *Post's* report, that he recommended that first Chugach, then IMC, hire Rebecca Reyes as liaison to the INS. Both did so. Rebecca Reyes, 33, ultimately became IMC's vice president for contracts, and ran the ISIS program. Rebecca is one of three children of the congressman. The others are Silvestre Jr. and Monica.

As the *El Paso Times* (April 25, 2005) reported: "All three children of U.S. Rep. Silvestre Reyes worked in some capacity for defense contractors that were criticized by the Office of Inspector General of the U.S. General Services Administration for installing faulty or incomplete equipment for a border security technology system. International Microwave Corp. and L-3 Communications Holdings Inc.—through their political action committees and others—also gave Reyes about \$17,000 in campaign contributions during the past five years."

In 2001 Silvestre Reyes Jr., a former investigator for the Immigration and Naturalization Service (INS), was hired by IMC as an ISIS technician. According to the congressman, his son helped set up the Border Patrol repair center in New Mexico that employed 19 IMC employees and two Border Patrol agents. The GSA audit found that "little to no work" was done at this center. Silvestre Jr. became an L-3 employee after the company bought IMC.

Monica Reyes, according to her father, was employed by IMC to conduct training.

After International Microwave was purchased in late 2002 by L-3 Communications, a major defense, homeland security, and intelligence contractor, Rebecca Reyes became a vice president at that corporation, which assumed control of the ISIS project. As vice president for surveillance systems, Reyes described a remote electronic surveillance deployed by L-3 as "a force multiplier."

Commenting on the involvement of the Reyes children in the border electronic surveillance debacle, Gene Davis, a retired deputy Border Patrol chief for the Blaine sector in Washington state, told the *El Paso Times*: "I am very concerned when I look at Congressman Reyes and his kids. I don't like the way it looks. And what really upsets me is the amount of money taxpayers put into a system that wasn't working, and that put our nation's security at risk."

The *Post* also noted that David Watters, the Border Patrol officer overseeing the much-criticized ISIS repair center in New Mexico, had a daughter and a niece working at the center.

"What we have here, plain and simple, is a case of gross mismanagement of a multimillion dollar contract," said Congressman Mike Rogers (R-AL). "This agreement has violated federal contracting rules. And it has wasted taxpayers' dollars. Worst of all, it has seriously weakened our border security." Rogers, then-chairman of the Homeland Security Subcommittee on Management, Integration, and Oversight, conducted a hearing on June 16, 2005 to determine why the L-3 subsidiary failed to execute the border security project.

L-3's then-CEO Frank Lanza said that Rebecca Reyes was cleared of any wrongdoing by the GSA investigation.

Reyes made her way to a vice-presidency at L-3 Communications from Chugach, where she worked as a technical writer, and then to IMC (which acquired a part of Chugach), where she directed the ISIS project, and then to L-3 in late 2002, when L-3 acquired IMC. At L-3 Reyes first served as vice president of surveillance systems.

Reyes later became director of policy, procedures, and administration at L-3 subsidiary MPRI (Military Professional Resources, Inc.), according to a report on intelligence outsourcing by CorpWatch and Amnesty International. Essentially, MPRI is an employment service for mercenaries, and has, for example, a major Army contract to supply interrogators, translators, and private intelligence agents for Iraq operations. MPRI says it maintains a "database of select former military (or military related), DOD civilians, Homeland Security, and law enforcement professionals who would like to be considered for MPRI requirements."

When asked as part of the research for this article about his children's work for government contractors, Reyes' aide Vince Perez said that "None of the Congressman's children work or have ever worked for companies that receive funding from a project requested by the Congressman. Nor do any of the Congressman's children work for entities that have contributed to his campaign."

The current places of employment of Monica Reyes and Silvestre Reyes Jr. could not be determined. L-3 Communications is a long-time source of contributions to the Reyes campaign committee.

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L-3 Communications denied that its newly acquired subsidiary IMC overcharged or failed to install the surveillance technology for which the government had paid. However, Joe Samprano, chief of the company's subsidiary Government Services Incorporated, said that ISIS had grown too quickly for IMC to effectively manage—a problem that was rectified by the takeover of the project by the much larger L-3 Communications team in November 2002. Government Services Incorporated is the parent of MPRI, which it bought in 2000, and out-sources interrogators and intelligence agents throughout the world but primarily in the Middle East.

## Rep. Reyes and IMC's Acri

Anthony Acri, IMC's president, defended his firm's work, saying the system was well-built and was a good investment for taxpayers. Acri said the halt in work on the system "is very dangerous for our country."

The OIG report prodded L-3 Communications to repair the faulty work of International Microwave, and L-3 fired Acri.

In addition to the charges of nepotism that surrounded the ISIS project, IMC and Reyes were linked by campaign contributions from IMC's president and his family. In 1999-2001, IMC President Anthony Acri, Ann Acri, and Anthony Acri Jr. from Bramford, CT (home of IMC's corporate headquarters) gave Reyes' campaign committee \$9,500 in 10 separate donations.

Responding to the charges about the surveillance project, Rep. Reyes said:

*"I had no role in whatever way of anyone getting these contracts. These contracts, whether they're bid or no-bid or whatever, that's done by the different government agencies. My job, as I see it, since I used systems like this and since I know how important they are to Border Patrol agents in those situations, is to make sure we're out there funding them so that we can get these systems installed throughout the border."*

## A Continuing Record of Failure and Poor Oversight

A year after the GSA issued its audit review DHS' own Office of Inspector General issued its own scathing report on border electronic surveillance operations. The DHS concluded that Border Patrol oversight of the project's

contracting was "ineffective." Rather than checking invoices from contractors, the Border Patrol simply approved them and certified them after the contractors had been paid.

As to the effectiveness of ISIS remote electronic surveillance, the OIG stated:

*"We determined that more than 90% of the responses to sensor alerts resulted in 'false alarms'—something other than illegal alien activity, such as local traffic, outbound traffic, a train, or animals. On the southwest border, only 2% of sensor alerts resulted in apprehensions; on the northern border, less than 1% of sensor alerts resulted in apprehensions.*

*"Lack of defined, stabilized, validated requirements increases likelihood of program changes, interoperability problems, equitable adjustments, and cost overruns. A broadly defined Statement of Objectives approach coupled with undefined requirements leaves programs vulnerable to failure and cost overruns."*

The Border Patrol claims that electronic surveillance is a "force multiplier," meaning that the technological barrier increases the efficiency and impact of individual agents. But the DHS report of December 2005 found the Border Patrol was "unable to quantify force-multiplication benefits" and what is more found that one of the many flaws of ISIS was that the project was badly undermanned, especially in monitoring the output of the surveillance system.

## Reyes' Stance on Border Security

Although a supporter of comprehensive immigration reform, Reyes is a major force in Congress for more border security. But unlike many border security advocates, Reyes opposed building border fences along open, nonurban stretches of the border. He has won praise from immigrant rights advocates for both his support for immigration reform and his opposition to the border wall part of DHS' Secure Border Initiative.

But Reyes has been a longtime supporter of electronic surveillance projects, despite their high cost, history of failed government oversight, and persistent technical failures.

At a July 20, 2006 homeland security hearing, Reyes said:

## Little Oversight from Intelligence Chair Reyes

Earmark and campaign funding scandals continue to tarnish Silver's image as an independent-thinking moderate. Since becoming chair of the intelligence committee, he has adopted positions that caused consternation, particularly for liberal Democrats.

Reyes' vote against the October 2002 resolution authorizing military force in Iraq, his support for immigration reform, and his opposition to the border fence have given Reyes a base of support among liberals. But his strong support for increased budgetary allocations for Iraq and Afghanistan, prominent role in support of missile and star wars defense systems, continuing advocacy of increased border security including the so-called virtual defense and expanded Border Patrol presence, and close ties with the military and military contractors have burnished his reputation as a national security hawk.

While named chairman of the House Permanent Intelligence Committee by House Speaker Nancy Pelosi because of willingness to buck the Bush administration (initially, at least) on the Iraq war and because of his credentials as a Democratic Party team player, Reyes has in his new position not distinguished himself as a independent voice in national security and intelligence issues.

One indicator of his hardliner approach to intelligence was his surprising recommendation that President-elect Obama retain President Bush's directors of the CIA and the National Security Agency. In December 2008, Reyes told *CongressDaily* (Dec. 10) he recommended to the Obama transition team that then-Director of National Intelligence Mike McConnell and then-CIA Director Michael Hayden should be kept in their posts at least six months.

Despite a widespread conviction about Democrats that it was time to turn the page on the intelligence and domestic surveillance practices of the Bush administration, Reyes said, "There's got to be some continuity, and the leadership of both the CIA and the DNI is going to be pivotal to keeping us safe and secure."

Hayden had come under sharp criticism in Congress for having been in charge of the National Security Agency when it started conducting widespread electronic surveillance of U.S. citizens after the Sept. 11 attacks. While McConnell wasn't tied directly to the warrantless wiretapping, there was growing concern in Congress that CIA wasn't adequately briefing it on its operations, and he also drew criticism from many Democrats for his role in crafting and pressing for the passage of the Foreign Intelligence Surveillance Act (FISA) in 2008.

Reyes's position on torture has been overly nuanced, according to critics. According to the *CongressDaily* report, Reyes recommended that the incoming administration continue parts of the CIA's alternative interrogation program. While critics, including some within the intelligence community, have charged that the CIA's interrogation practices included routine use of torture, Reyes told the transition team that it needed to find the right balance, which would not include torture but would allow the CIA to extract valuable information from suspected terrorists.

But he was typically vague about his own convictions about torture. "There are those that believe that this particular issue has to be dealt with very carefully because there are beliefs that there are some options that need to be available," Reyes said.

In a formulation that sounded much like that of the Bush administration, Reyes said, "We don't want to be known for torturing people. At the same time we don't want to limit our ability to get information that's vital and critical to our national security."

Reyes also came down on the side of the Bush administration when he opposed adding language to the fiscal 2009 authorization bill prohibiting intelligence agencies from using any interrogation methods not authorized by the Field Manual.

Another controversial vote was his June 2008 vote in favor a bill that would grant retroactive immunity to telecom companies like AT&T that participated in warrantless surveillance on U.S. citizens.

Reyes has continued to disappoint in his unwillingness to exercise strong congressional oversight of the intelligence community.

While Reyes has not publicly opposed the decision of Attorney General Eric Holder to investigate CIA interrogation practices in the wake of the release of a report by the Office of Inspector General on torture, neither did he support it, politically positioning himself in the middle. In a typically bland statement, Reyes said, "In nearly every case, the men and women at the CIA were following what they believed to be lawful guidance. Rather than point fingers and assign blame, we need to carefully examine the mechanisms that allowed this guidance to be developed and implemented and enact reforms that will guard against such institutional failures."

The Office of the Inspector General was created by Congress in wake of the Iran-Contra scandal in which CIA operatives independently mounted clandestine operations. After serving four years, OIG director John Helgeson stepped down in early February 2009. His independence alarmed the Bush administration and CIA director Michael Hayden launched an executive investigation of the agency's own inspector general. The Obama administration has been content to leave the office vacant these last seven months, thereby substantially reducing any oversight of the agency.

The failure of Reyes and Sen. Feinstein, chair of the Senate Intelligence Committee, to insist that the OIG directorship be filled has sparked criticism among intelligence reformers. Melvin Goodman, author of *The Failure of Intelligence: The Decline and Fall of the CIA*, wrote: "The weakening of the OIG by CIA leadership is an affront to Congress, particularly to Feinstein and Reyes; they are demonstrating a dereliction of duty."

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*“That is why I have consistently lobbied my colleagues for greater resources for border security, including additional Border Patrol agents, equipment, and technology; more immigration inspectors and judges; and thousands of new detention beds.”*

Declaring his opposition to the then-proposed 700-mile border fence, Reyes argued instead for a virtual fence:

*“In these more remote areas our limited border security resources would be much better spent on additional personnel, equipment, and technology such as sensors to create what is often referred to as a ‘virtual fence.’ A virtual fence could also be implemented more quickly and therefore could help us gain operational control of our borders sooner.”*

The July 20, 2006 statement by Rep. Reyes is prefaced on the Reyes blog with this assertion of his strong border security credentials: “As usual, the Congressman grapped [sic] everybody’s attention with his rock-solid, common sense border vision and his sweeping command of policy and facts.”

The virtual fence has been part a favored project of the Border Patrol and homeland security contractors since 1997. But its 12-year history gives little assurance that it is a rock-solid, common sense approach to border control.

A series of OIG reports continuing into 2009 have offered blistering criticisms of the succession of electronic surveillance projects undertaken by the Border Patrol. Yet the plans for the virtual fence have not only continued but have continually expanded in ambition and scope—with scant evident of impact.

After having spent \$239 million in the ISIS project, the Border Patrol in 2004 launched a new electronic surveillance project called America’s Shield, which received strong congressional and Bush administration support. By 2006 another \$200 million had been spent on federal contractors with homeland security firms—still without any documented impact.

In December 2005 SBInet became the latest iteration of the electronic border surveillance project. In fiscal year 2007 alone, prior to any deployment of the system, the virtual fence project cost the U.S. taxpayer \$219 million in contracts with Boeing. SBInet subcontractors include many leading homeland security firms, including L-3 Communications, Unisys, DRS Technologies, Lucent Technologies, and USIS.

DHS estimates that SBInet will cost \$6.7 billion to fully deploy SBInet, but DHS’ own inspector general said that the final cost may triple the current estimates.

Because of the repeated Border Patrol management failures since 2006 in the planning and implementation of SBInet, the House Homeland Security Committee charged Customs and Border Protection (CBP), through a provision in FY 2009 appropriations, with meeting 12 legislative conditions for the release of further appropriated funding (\$400 million). A new GAO report (April 2009), building on a series of critical reports about SBInet management, found that CBP met only three of the dozen conditions. A year earlier, GAO had concluded: “Important aspects of SBInet remain ambiguous and in a continued state of flux, making it unclear and uncertain what technology capabilities will be delivered, when.”

A June 2009 report on SBInet from DHS’ inspector general concluded that the Border Patrol lacked sufficient control over the project—whose short-term costs are estimated to exceed \$8 billion. “With continued heavy reliance on contractor support services, CBP risks losing control of program decisions while remaining accountable for mission results,” DHS Inspector General Richard Skinner wrote in the latest OIG report slamming the virtual fence.

## **Earmarks Bring Home Bacon and Weapons**

Rep. Reyes is proud of his military earmarks—the special appropriations inserted in the defense authorization bill every year for special projects not contained in the proposed budget presented to Congress by the Pentagon and White House.

Reyes points out that his “appropriations requests” are not just defense-related and that they support “many other important projects for the El Paso community.” But he acknowledges the military focus of his earmark activity.

“When I was first elected to represent the people of El Paso,” says Reyes, “many of the weapons systems based at Fort Bliss and in El Paso were in jeopardy, so I focused my efforts on protecting MEADS, Patriot, THAAD, and other programs. Each year, I work closely with Fort Bliss leadership, REDCO, and others to determine which appropriations projects are of the highest priority. All of the defense appropriations requests are carefully vetted

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beforehand to ensure they benefit Fort Bliss, other regional military installations, and El Paso.”

Reyes isn't one of the top earmarkers in Congress, but he does rank among the top third. For the 2009 budget, Reyes ranked 143rd out of 435 congressional representatives who inserted “appropriations requests.”

Critics who oppose defense earmarks for private companies have three main criticisms: funds go to no-bid contracts with little oversight, earmarks are routinely accompanied by campaign contributions, and the earmarked projects are not associated with any integral military strategy or Pentagon review but are an arrangement solely between the congressional representative and the earmarked project, which is often a corporation doing business in the congressional district.

All three criticisms could be directed at Reyes' defense earmarks, and the congressman has been the subject of media reports about the abuse of earmarks, notably in the case of Digital Fusion which has been the recipient of a series of special appropriation requests by Reyes.

The insertion by Reyes of a \$2.6 million earmark for Digital Fusion in a markup of the 2008 defense appropriations bill brought unwanted national media attention to the Texas congressman. In the past several years, Digital Fusion has become a major contributor to Reyes' campaign fund—ranking the second highest contributor, after the PMA Group, in the 2008 election.

Digital Fusion, which merged with the San Diego-based Kratos Defense & Security Solutions, is a major contractor for the Army's Space and Missile Defense Command (SMDC) in Huntsville, Alabama. There are close operational relations between SMDC and Army and Air Force operations in the El Paso area.

An investigative article by the *Wall Street Journal* (April 14, 2008), “Defense Firm Forged Close Ties to Congress to Get No-Bid Contracts,” reported that Digital Fusion may have illegally reimbursed company executives for political contributions made to Reyes.

The article described how company officials “legally give money to the politicians they are lobbying for federal contracts. Often, these companies are seeking earmarks—spending items backed by individual lawmakers, usually bypassing federal contracting and competition rules.”

In the previous five years, Digital Fusion executives had given \$150,000 to lawmakers, notably three lawmakers from Alabama—Sen. Richard Shelby (R-AL), Rep. Terry Everett (R-AL), Rep. Robert Cramer (D-AL)—and Rep. Reyes. In the same period, the company through its operations in Huntsville, Alabama benefited from at least \$31 million in contracts funded by earmarks.

Responding to a query from the online El Paso Newspaper Tree about the possible link between the campaign contribution and the earmark for Digital Fusion, Reyes' press secretary wrote that they were “completely unrelated. Earmarks are congressionally-directed funding, and the request for this project was made in consultation with Fort Bliss officials, who said this funding would assist training of Fort Bliss soldiers and the ongoing transformation of the post.”

The 2008 earmark was one in a series of earmarks for Digital Fusion by Reyes—\$1.95 million in 2007, \$2.4 million in 2009, and \$1 million in the 2010 defense bill markup.

As part of the 2008 defense authorization bill, Reyes inserted \$8.4 million in earmarks, according to Taxpayers for Common Sense.

These included the controversial \$2.6 million earmark for Digital Fusion, a \$2 million earmark for Raytheon Technical Services, \$1 million to Aerospace Missions Corp., a classified earmark for Tactical SPIRNET that went to “T2/C3,” \$2 million to contractors for the Mobile Operating Tracking System, and an \$800,000 earmark to the PMA-linked Romanyk Consulting.

For the 2009 defense appropriations bill, according to the nonpartisan Taxpayers for Common Sense, Reyes solely (without other cosponsors) inserted \$29 million in defense earmarks. According to the group, Reyes' defense earmarks included \$1 million for Aerospace Missions Corporation (a listing provided by his office doesn't include this earmark), \$2.4 million for Digital Fusion, \$1 million for UTEP's Center for Defense Systems Research, \$3 million for Trex Enterprise's All Sky Imager, \$1 million for the Institute for Creative Technologies' Cognitive Air Defense Trainer System, \$600,000 for U.S. Army Sergeants Major Academy, \$5 million for Fort Bliss Data Center, and \$12.5 million for the medical parking garage at Fort Bliss.

Other companies that repeatedly appear in the list of Reyes' earmarks over the past several years are Trex

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Enterprises, Aerospace Missions Corporation, and Raytheon—all of which contribute to his campaign chest.

The San Diego-based Trex Enterprises has partnered with Digital Fusion in research and development of Unmanned Aerial Vehicles (UAVs) and, like Digital Fusion, is a major contractor for the Space and Missile Defense Command in Huntsville.

Trex Enterprises is another high-tech defense industry close to Reyes. In the 2000-2008 period, Trex has received \$138.5 million in defense contracts, and it has benefited from four earmarks in FYs 2006-2009 amounting to almost \$6.4 million. Trex's CEO contributed

\$1,000 to Reyes' 2008 campaign, and the company was a major donor to Randy Cunningham, the San Diego congressman who was convicted of securing federal contracts for companies that bribed him.

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