

ABRAXAS CORPORATION

Date created: 2009 Updated: 2012

An intelligence contractor profile by Tim Shorrock, adapted from his book SPIES FOR HIRE: Inside the Secret World of Intelligence Outsourcing (Simon & Schuster/2008). To order the book and read more on the intelligence-industrial complex, go to www.timshorrock.com.

Headquarters:

McLean, Virginia (exact location undisclosed)

Principal agencies:

Central Intelligence Agency (CIA)

National Security Agency (NSA)

Department of Homeland Security (DHS)

Top executives:

Richard “Hollis” Helms, CEO (former CIA)

Contacts:

Website: <http://www.abraxascorp.com/index.asp>

E-mail: Not disclosed

Phone: Not disclosed

Latest annual revenue: Not disclosed

Rankings:

Washington Technology Top 100: N/A

Defense News Top 100: N/A

CORPORATE OVERVIEW

Abraxas (owned by Cubic Corporation) was created after the September 11, 2001 terrorist attacks on New York City and Washington, D.C. to national security agencies with “risk mitigation technology” and software. Its primary government client is the CIA. It also provides private intelligence services to multinational corporations, private equity funds, and financial institutions. In 2007 it won notoriety within the intelligence community when it was discovered that Abraxas personnel were recruiting executives inside the CIA cafeteria.

Abraxas was founded by its CEO, Richard “Hollis” Helms, a 30-year veteran of the CIA who retired from the agency in 1999. Helms had served the CIA for 12 years overseas, mostly in the Middle East. He was also head of the National Resources divisions of the Directorate of Operations, which is responsible for the directorate's US activities. In the months after the 9/11 attacks, Helms began taking notice of the many retired intelligence officers who were being hired by defense contractors. “Most contractors did not understand the uniqueness of the problems, nor the potential these people represented,”

he said in a 2005 interview with *Entrepreneur Weekly*. “So I seized the moment, because I could identify extraordinary people who were available.”¹

On its Website, Abraxas describes its services as follows: “Abraxas draws upon cutting-edge technologies to create customized software solutions to fit the needs of our clients. ...At Abraxas, we solve the most complex mission-critical technical problems faced by our customers with innovative solutions. Abraxas' end-to-end software and system development engineers are committed to the client's mission, and deliver customer support that exceeds expectations. ...Abraxas is a leader in the design and development of multilingual data warehouse projects of over one billion records. We exploit complex databases to ensure that customer data is both protected and accessible, allowing efficient analysis across native-language applications. We have the expertise to design, implement, operate and maintain the entire data warehouse stack including: hardware design, physical and logical database implementation, data management, and analytical tool implementation. ...Abraxas develops and deploys trusted content management systems in support of the U.S. Intelligence Community.”

Analysis: Abraxas is a \$65 million company with more than 200 former intelligence officers on its payroll. CEO Richard Helms describes it as “the largest aggregate of analytical counter-terrorism capabilities outside of the US government.” Many Abraxas employees work as contractors in CIA stations overseas and desk positions in CIA headquarters in Langley, VA.² Indeed, Abraxas enticed so many CIA officers to leave the agency for better paying contractor jobs that, in 2005, CIA Director Porter Goss asked it, and a few other companies, to stop recruiting in the CIA's Langley cafeteria. (In a 2007 comment, reportedly directed at Abraxas, CIA Director Michael Hayden remarked that the CIA had become a “farm system” for contractors.)

Helms, Abraxas' founder, tapped into a rich vein of intelligence talent to grow his company. Abraxas' first president was Richard Calder, the CIA's former deputy director for administration. In 1999, Calder set a precedent at the CIA by bringing in PricewaterhouseCoopers, the global accounting firm, to help the CIA adopt “business-like procedures and to analyze CIA products and services for potential outsourcing from other intelligence agencies.³ Other key executives include: Barry McManus, Abraxas' vice president of “deception detection services,” who was the CIA's chief polygraph examiner for 10 years, and served in “worldwide operational activities” during his 30-year career with the agency; and Terry Wachtell, who put in 22 years at the CIA “working against narcotic, terrorist and hostile intelligence service targets,” according to Abraxas's website.

Abraxas was first identified as a CIA contractor by James Bamford, the author of several books about the National Security Agency.⁴ In 2004, he reported in the *New York Times* that Araxas had hired former head of the CIA Directorate of Intelligence's South Asia Group, Mary Nayak, as a consultant to the CIA group that reviewed pre-9/11 intelligence.

Recent contracts/events: In September 2006, the *Los Angeles Times* blew the cover on one of the company's most sensitive projects – crafting “covers,” or false identities and

front companies, for the agency's nonofficial cover (NOC) program. The outsourcing of one of the CIA's most sensitive and dangerous tasks was seen as a startling development for the agency. Officers in the NOC program – such as Valerie Plame, whose official cover, until she was outed, was as an energy specialist for the fictional law firm Brewster-Jennings & Associates – operate overseas without diplomatic immunity and face possible prosecution and worse if captured by a hostile government. Abraxas had obtained the work, the *Times* said, after the CIA faced pressure to devise “more imaginative cover arrangements that might give operatives closer access to terrorist networks.”⁵ It's unclear whether Abraxas still holds that contract.

In February 2008, Abraxas announced that Alan Wade, the former chief information officer of the CIA, would join the Abraxas advisory board. According to an Abraxas press release, Wade had spent 35 years with the agency and retired to private practice in 2005. “Alan's assignments at the CIA involved technical programs in the United States and overseas, principally in the areas of telecommunications and technical security. During the last 15 years of his government career he held a series of executive positions, including the director of communications, director of security, and chief information officer,” Abraxas said. Other members of the Abraxas advisory board include Tom Ridge, the former governor of Pennsylvania and the first secretary of Homeland Security; Army General John Gordon, the former deputy director of the CIA; and former Federal Judge Eugene Sullivan, the former general counsel to the National Reconnaissance Office (NRO).

In 2010, Abraxas was sold to San Diego-based Cubic Corp.⁶

-- Tim Shorrock

¹ “CEO Richard Helms features in Nov. 7th Issue of Entrepreneur Weekly,” November 8, 2005.

² Greg Miller, “A Bold Upstart with CIA Roots,” Los Angeles Times, September 17, 2006.

³ “The CIA's accountants,” Intelligence Newsletter, July 22, 1999.

⁴ James Bamford, “This Spy for Rent,” New York Times, June 13, 2004.

⁵ Greg Miller, “A Bold Upstart with CIA Roots,” Los Angeles Times, September 17, 2006.

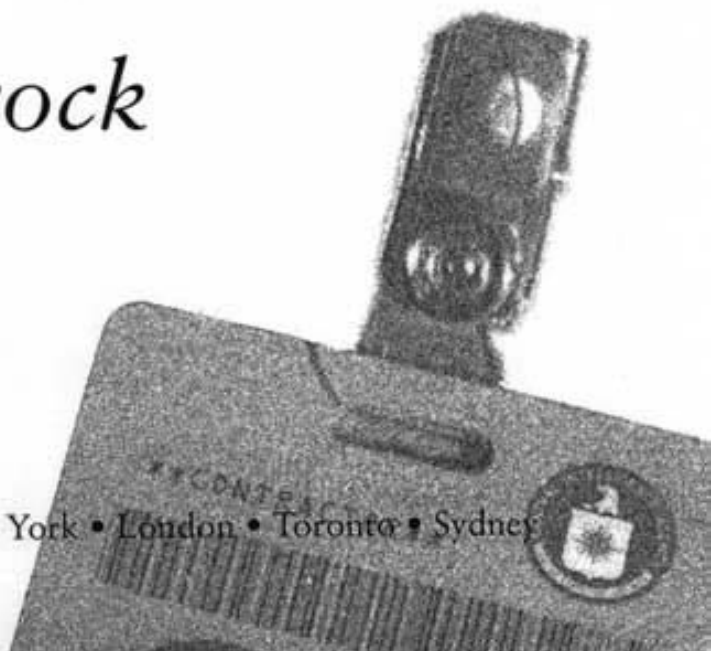
⁶ “Cubic Corp. Buys Risk-Mitigation Firm Abraxas for \$124 Million in Cash,” Executive Biz, November 16, 2010.

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OF INTELLIGENCE
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Tim Shorrock

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First Simon & Schuster hardcover edition May 2008

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Designed by Dana Sloan

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

Library of Congress Cataloging-in-Publication Data

Shorrock, Tim.

Spies for hire : the secret world of intelligence outsourcing / Tim Shorrock.—1st Simon & Schuster hardcover ed.

p. cm.

Includes bibliographical references and index.

1. Intelligence service—Contracting out—United States. 2. Intelligence service—United States. 3. National security—United States. 4. United States—Foreign relations—1989-. 5. United States—Military policy. I. Title.

JK468.I6S49 2008

327.1273—dc22

2008006900

ISBN-13: 978-0-7432-8224-6

ISBN-10: 0-7432-8224-8

tractually bound not to talk. "I cannot finger particular companies or talk about the inside," he said.

Two of the largest CIA contractors are companies few people have ever heard of: Abraxas and Scitor. Abraxas was founded by a group of former high-ranking CIA officials, led by CEO Richard "Hollis" Helms, a thirty-year veteran of the CIA who retired in 1999. Helms had served the CIA for twelve years overseas, mostly in the Middle East. He was also head of the National Resources division of the Directorate of Operations, which is responsible for the U.S. activities of the directorate. In the months after the 9/11 attacks, he began taking notice of the many retired intelligence officers who were being hired by defense contractors. "Most contractors did not understand the uniqueness of the problems, nor the potential these people represented," he said in a 2005 interview with *Entrepreneur Weekly*. "So I seized the moment, because I could identify extraordinary people who were available."⁴⁴

Out of that grew a \$65-million company with over two hundred former intelligence officers on its payroll—"the largest aggregate of analytical counter-terrorism capabilities outside of the US government," according to Helms.⁴⁵ Many of them work as contractors in CIA stations overseas and desk positions in Langley.⁴⁶ Indeed, so many CIA officers were enticed by Abraxas to leave the agency for better-paying contractor jobs that, in 2005, CIA director Porter Goss had to ask the company, and a few others, to stop recruiting in the CIA's cafeteria on the Langley campus (director Hayden's recent crack about the CIA being a "farm system" for contractors was reportedly directed at Abraxas). With Abraxas's offices in nearby McLean, Virginia, however, all it takes is a short walk for a dissatisfied CIA employee to find a new job. And Helms has tapped into a rich vein of intelligence talent to grow his company.

Abraxas's president is Richard Calder, the CIA's former deputy director for administration. In 1999, Calder set a precedent at the CIA by bringing in PricewaterhouseCoopers, the global accounting firm, to help the CIA adopt "business-like procedures and analyze CIA products and services for potential outsourcing from other intelligence agen-

cies.”⁴⁷ Other key executives include Barry McManus, Abraxas’s vice president of “deception detection services,” who was the CIA’s chief polygraph examiner for ten years and served in “worldwide operational activities” during his thirty-year career with the agency, and Terry Wachtell, who put in twenty-two years at the CIA “working against narcotic, terrorist and hostile intelligence service targets,” according to the company’s Web site. Helms also recruited the CIA’s former station chief in China to work for Abraxas.⁴⁸ In 2005, Abraxas was rated as one of the nation’s fastest-growing technology companies by the Deloitte & Touche accounting firm, and in 2006 Helms received the Ernst & Young Entrepreneur of the Year award.

Abraxas was first identified as a CIA contractor by James Bamford, the author of several books about the National Security Agency.⁴⁹ In 2004, he reported that Mary Nayak, who formerly ran the Directorate of Intelligence’s South Asia Group, was then working for Abraxas, and had been hired as an Abraxas consultant to the CIA group that reviewed pre-9/11 intelligence. Then, in September 2006, the *Los Angeles Times* blew the cover on one of the company’s most sensitive projects: crafting covers, or false identities and front companies, for the agency’s nonofficial cover (NOC) program. This was a startling development for the CIA: one of its most sensitive and dangerous tasks had been outsourced. Officers in the NOC program—such as Valerie Plame, whose official cover, until she was outed, was as an energy specialist for the fictional law firm Brewster-Jennings & Associates—operate overseas without diplomatic immunity and face possible prosecution and worse if captured by a hostile government. Abraxas had obtained the work, the *L.A. Times* said, as the CIA came under pressure to devise “more imaginative cover arrangements that might give operatives closer access to terrorist networks.”⁵⁰ It’s unclear whether Abraxas still holds that contract.

But the company is still deeply involved in top secret contracts. Abraxas, I was told by sources inside the intelligence contracting industry, is working on a highly classified project in China: securing the building materials for the new U.S. embassy under construction in Beijing. “It’s their job to make sure that the new Beijing embassy isn’t another Moscow,” a source familiar with Abraxas’s work told me. She was re-

ferring to the fiasco in the mid-1980s, when construction of the U.S. embassy in the Soviet Union was suspended for nearly two years after U.S. officials discovered that Soviet intelligence had installed hundreds of tiny electronic eavesdropping devices in the floor planks and walls.⁵¹ The Abraxas embassy job was described to me as a natural outgrowth of the company's business in China and its latest offerings in counter-terrorism software. In 2004, the company opened an office in Shanghai to provide political risk assessments and security services for foreign multinationals in China.⁵² And in 2007, the company began marketing a new software product, called TrapWire, which uses complicated mathematical formulas called algorithms that allow digital surveillance systems to detect patterns of suspicious behavior. The software, the company claims, can predict terrorist attacks or other criminal behavior, and is being tested by police departments in New York and Los Angeles as well as by the Department of Energy and the Marine Corps.⁵³

Abraxas would not comment about any aspect of its business. "Sir, we don't talk to the media," an executive in its McLean, Virginia, office told me after I'd called numerous times. The new Beijing embassy, slated for completion in 2008, is being built by a joint venture between Zachry Construction of San Antonio and Caddell Construction Company of Montgomery, Alabama. Caddell, the lead contractor, would neither confirm nor deny Abraxas's role in the project. "We have a very strict policy about the job," a company official who would not identify himself told me. "We have a strict protocol with the State Department to remain silent about it. Talking is strictly verboten to the extent that we could be thrown off the job." Virtually all of Caddell's senior management, as well as most of its engineers and operational managers on the site, have obtained top secret security clearances to work on the project.⁵⁴

To help Abraxas market its surveillance software, Helms recently hired John "Jack" Reis, the former president of i2, a software company with extensive contracts with intelligence agencies, as president of a new company division, Abraxas Applications. Helms has also created partnerships with several defense contractors, including Northrop Grumman, to broaden his company's exposure in defense and intelligence. Another Abraxas partner, Sentia Group, developed a political simula-

tion tool called Senturion that has been used by the CIA to predict events in Iraq and other countries. Brian Efrid, a Sentia executive associated with the National Defense University, told me that Sentia supplies its modeling software to Abraxas for intelligence use but doesn't itself have contracts with the CIA. The agency seems to be getting a lot of use out of the software, however. In an e-mail posted on a private Listserv on Iraq, Efrid wrote that the CIA "has done the most comprehensive external audit of the accuracy of [Sentia's] methodology, and they concluded that its forecasts are accurate in excess of 90 percent of the time."⁵⁵*

As Abraxas has grown, it has started buying up smaller companies developing technology useful to its intelligence and corporate customers. In December 2006, it acquired Dauntless, a McLean, Virginia, company that makes a search engine technology used by intelligence agencies.⁵⁶ And with intelligence and homeland security markets booming, the company has followed the example of many other intelligence contractors by creating an advisory board staffed with former high-ranking officials. In March 2007, Abraxas announced that Tom Ridge, George W. Bush's first secretary of homeland security, had joined its advisory board and was already working "behind the scenes" to refine the company's TrapWire software, which is also designed to protect "critical infrastructure" from terrorist attacks. Another key appointment was retired Air Force General John Gordon, who worked in the Bush White House from 2002 to 2004 as the president's top national security adviser on counterterrorism, and from 1997 to 2000 as the CIA's deputy director. A third adviser, retired federal judge Eugene R. Sullivan, once served as the general counsel of the NRO. And the recruiting goes on: in May 2007, Abraxas was looking for analysts with specific expe-

* Perhaps the Bush administration should have used Sentia's prediction software. In 2004, based on a simulation model of Iraqi political factions drawn up between October 2002 and April 2004, the Sentia program tested by the CIA predicted, "Things are ugly in Iraq. And the current simulations suggest that the situation will get even worse, from the perspective of the U.S. Without a change in the approach toward different constituencies in Iraq, it will become increasingly difficult for the U.S.-led 'coalition' to consolidate support for a new regime. Terrorist-like activities are likely to continue and escalate." The Sentia report on Iraq was posted on a blog called *Enough, I've Had It*, and can be found at <http://blogs.salon.com/0003752/2004/04/14.html>. The report was still posted in February 2008.

rience and expertise in counterterrorism, counterproliferation, and other national intelligence issues and disciplines, including signals intelligence, biometrics, and financial networks.

While Abraxas is making a splash with its advisory board and high-profile small business awards, Scitor, a CIA and defense contractor company based in Herndon, Virginia, has become a \$300 million company without creating a single ripple in the media. "It's the biggest company you never heard of," said a former NSA officer who knows the company well.

Scitor is a technology company that does extensive work for the U.S. Air Force in aerospace communications and satellite support services. The privately held company is also an important contractor for the CIA's Directorate of Science and Technology, according to industry sources who have knowledge of the company but spoke only on condition of anonymity. Within that directorate, two sources said, it is used primarily by the Office of Technical Services, the secretive unit that develops the gadgets, weapons, and disguises used by spies. That work apparently involves building and maintaining small satellites used in signals and electronic intelligence. An intelligence analyst familiar with Scitor said the company also does "a lot of value-added software packages, taking commercially available packages and configuring them for specific usages." Scitor did not return numerous phone calls to its offices in California and Virginia.

Scitor was founded in 1979, and has been led since 1994 by Jim Hoskins, an Air Force veteran who is the company's CEO and chairman of the board. He came to Scitor after a long career in U.S. intelligence. He first worked at the Air Force Cryptological Depot, a unit of the Air Intelligence Agency, and then the National Security Agency and the CIA.⁵⁷ Scitor's Web site says that Scitor (which is derived from a Latin word meaning "to see to know") provides a "diverse range of systems engineering, information technology, and program management expertise" to government and commercial customers. A Scitor contract with the General Services Administration posted on the GSA's Web site

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