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# **In Kentucky Hills, a Homeland Security Bonanza**

By ERIC LIPTON

WASHINGTON, May 13 — The Department of Homeland Security has invested tens of millions of dollars and countless hours of labor over the last four years on a seemingly simple task: creating a tamperproof identification card for airport, rail and maritime workers.

Yet nearly two years past a planned deadline, production of the card, known as the Transportation Worker Identification Credential, has yet to begin.

Instead, the road to delivering this critical antiterrorism tool has taken detours to locations, companies and groups often linked to Representative Harold Rogers, a Kentucky Republican who is the powerful chairman of the House subcommittee that controls the Homeland Security budget.

It is a route that has benefited Mr. Rogers, creating jobs in his home district and profits for companies that are donors to his political causes. The congressman has also taken 11 trips — including six to Hawaii — on the tab of an organization that until this week was to profit from a no-bid contract Mr. Rogers helped arrange. Work has even been set aside for a tiny start-up company in Kentucky that employs John Rogers, the congressman's son.

"Something stinks in Corbin," said Jay M. Meier, senior securities analyst at MJSK Equity Research in Minneapolis, which follows the identification card industry, referring to the Kentucky community of 8,000 that has perhaps benefited the most from Mr. Rogers's interventions. "And it is the sickest example of what is wrong with our homeland security agenda that I can find."

Mr. Rogers said that any mandates imposed on the TWIC program, as it is commonly called, have been motivated by a desire to end the delays.

"I have been extremely frustrated with the slow, wandering pace of the program," he said in a statement. He declined to comment beyond the statement, which was issued Thursday.

Asked about the legislative mandates and the delays in starting up the program, Darrin Kayser, a Homeland Security spokesman, said, "We are not going to get into finger-pointing back and forth." He added, quoting the department secretary, Michael Chertoff, "This is an initiative which languished for too long."

Mr. Rogers, 68, whom The Lexington Herald-Leader last year called the Prince of Pork, has never been shy about using clout gained over 13 House terms to steer federal dollars to his sparsely populated, poor corner of southeastern Kentucky.

"We see Hal pretty often," Mayor Amos Miller of Corbin, a Republican, said in an interview. "And he always brings good news."

Corbin was settled as a railroad depot for nearby coal mines, and its first claim to fame came with Col. Harland Sanders, who began serving up dishes of fried chicken there in the 1930's. Mr. Rogers has made it a mission to create a new growth industry: domestic security.

"Our people will be on the front lines in the war against terrorism worldwide," Mr. Rogers told Corbin leaders in 2003, as he announced plans to build a plant for NucSafe, a radiation detection equipment company.

Mr. Rogers began his push even before the 2001 terrorist attacks, when he was elevated, in 1995, just after Republicans took control of Congress, to the so-called College of Cardinals, the elite body of chairmen of House appropriations subcommittees that help control the federal budget.

The Clinton administration needed Congressional backing — and money — to fix problems it was having in printing a new fraud-resistant green card for permanent legal immigrants. To win Mr. Rogers's endorsement, administration officials offered to set up the centralized card production plant in Corbin.

"It clearly was a convergence of interests," said Doris Meissner, then commissioner of the Immigration and Naturalization Service, which has since been renamed and merged into Homeland Security. The \$5.2 million plant, run by contract employees, opened in 1998.

The transportation worker identification card, first proposed in 2002, would be an identity card equivalent of a maximum security prison. Not only would it be tamperproof, it would eventually allow transportation workers to be positively identified by a fingerprint in less than half a second. To ensure security, the card and the automated reader at the port entrance gate would have to communicate, like two small computers.

But within months after the plans for the card were announced, Mr. Rogers started to intervene. He inserted language into appropriations bills that effectively pushed the government to use the same patented green card technology and to produce this new card in Corbin.

"The committee does not want T.S.A. to develop new technologies if existing ones, already developed by other federal agencies, are good enough," a 2002 Appropriations Committee report, signed by Mr. Rogers, said, referring to the Transportation Security Administration.

Language added in 2003, again in a report submitted in Mr. Rogers's name, urged the agency to use "existing government card issuance centers" to make the card, which Homeland Security officials said, in their view, referred to Corbin. The law blocked spending until the department bowed to the mandates.

Two former Homeland Security officials said they were confounded. They had already identified a more flexible and secure technology known as a smart card, which relies on tiny computer chips embedded into the identification card. Most other federal agencies were moving toward this approach rather than the technology used for the green card, in which data are recorded on a reflective optical stripe affixed to the card.

"It would be like saying it would be quicker to take a bicycle instead of a Toyota Corolla," said one former Homeland Security official, granted anonymity because he now works for an organization that does not permit him to speak about the matter.

Officials there said they had no choice but to follow the orders. So in 2003, at a cost of \$4 million, the department hired a contractor to study both alternatives. The study concluded that the smart card approach was far superior.

The delay while the study was conducted benefited Corbin somewhat. Maximus, the Virginia-based company hired to do the test, shared its business with three companies with operations in Corbin. (These companies helped test the optical stripe approach used for the green card.)

"It was stupid and a pain to coordinate," said one former Maximus official, who was granted anonymity because his current job did not permit him to speak about a previous employer. "But it was a prudent thing to do for the purpose of trying to capture the business."

Kentucky companies turned up in each phase of the early tests of the identification cards.

One of the companies, Sensure, which sells call-center services, had a particularly close relationship with Mr. Rogers. Sensure had just opened its doors in May 2003, with a ribbon-cutting ceremony that Mr. Rogers attended. In 2004, Mr. Rogers arranged the financing for a \$4 million Homeland Security contract for Sensure to field calls from truckers.

Now, Sensure would land even more department work, as BearingPoint, a Virginia company hired in 2004 to test prototype transportation worker cards, selected Sensure to set up a call center for the test. About the time that contract was first advertised, but before it was awarded, John Rogers, the congressman's son, was hired by Sensure as a computer systems administrator.

"It has nothing to do with who my father is," John Rogers said in a telephone interview. "It has everything to do with my qualifications." He said he had worked in data management and technology for 13 years.

Officials at Sensure did not respond to requests for comment. Since 2004, they have contributed at least \$12,000 to Mr. Rogers and his political action committee.

Executives at LaserCard Systems, Maximus, Shenandoah Electronic Intelligence and a lobbying firm that represents BearingPoint have also since contributed at least \$30,000, with their spouses, to Mr. Rogers's political causes, federal records show. All four companies either sold services through Homeland Security for work done at the identity card plant in Corbin or won contracts to test the identification card.

In all, about \$100,000 in contributions have come to Mr. Rogers from parties with at least some ties to the identification card effort, records show.

When tests on a smart card prototype identification card finally got under way in November 2004, the program again ran into an obstacle.

To try to speed up the work, contractors decided initially to produce the prototype cards in Pennsylvania. But Homeland Security required that the work be moved, because to comply with the Congressional mandate, it had been written into BearingPoint's contract that the card production take place in Corbin, Mr. Kayser, the Homeland Security spokesman, said.

One former Homeland Security official said that the demand, given that the card production had already started, made little sense: only about 5,000 cards would be printed as part of the test. But still, the smart card printing equipment was picked up and sent to Corbin, adding to the expense and causing another delay.

Interventions by Mr. Rogers were far from the only reason for delays. Homeland Security repeatedly revised plans for the identification card, related to matters like the method for collecting and storing personal information.

Yet while the debate over card technology and printing dragged on, a separate fight involving Mr. Rogers was playing out. Starting in 2004, his staff repeatedly pressed the Transportation Security Administration to hire a nonprofit Virginia-based trade association, the American Association of Airport Executives, to help handle background checks that transportation workers had to undergo to get identification cards. The trade association had no connection to Corbin, but it had longstanding ties to Mr. Rogers.

Since 2000, it has paid for trips by Mr. Rogers and his wife worth more than \$75,000, including the six visits to Hawaii, four to California and one to Ireland, financial disclosure records show. Last year alone, Mr. Rogers spent a total of two weeks traveling on the association's tab.

Mr. Rogers was one of many members of Congress to take these airport association financed trips, which coincided with industry conferences. But they earned him a ranking as seventh of the 535 members of Congress in terms of travel gifts accepted, in a tally examining the past five years by Political Money Line.

The aviation group also was a longstanding campaign donor, having contributed, through its executives and political action committee, at least \$18,000 to Mr. Rogers over the last four years. In 2002, it gave Mr. Rogers its Congressional Leadership Award.

Mr. Rogers, after his staff was unable to persuade Homeland Security officials to hire the trade association voluntarily for the identification card program, inserted language last May into the 2006 appropriations bill that mandated such a move. It was necessary, Mr. Rogers said at the time, because the airport group also helped handle background checks for airport workers. It made no sense, he said, to hire yet another contractor.

"Doing so increases both the cost to the federal government and the time it takes to begin conducting background checks," Mr. Rogers's staff wrote in a House committee report explaining the insertion of the mandate.

Late last year, while Congress was considering the specific allocation for the airport group, the trade association's executives went shopping for investors willing to put up as much as \$25 million to share in the new for-profit venture they decided to create to capitalize on the deal.

Government oversight groups questioned the effort to sell benefits gained from the special treatment by Congress. "This is really a perversion of every part of the contracting process," said Danielle Brian, executive director for the Project on Government Oversight, a contract watchdog group.

Charles M. Barclay, the executive director of the airport group, and two other senior executives did not respond to e-mail and phone messages requesting comment.

The company ultimately selected to serve as that investor and as a partner, Daon, was also familiar to Mr. Rogers. It had sponsored, along with the airport executives group, a July 2005 conference and golf outing that the congressman attended in Dublin, where Daon is based.

Daon, a biometrics software company with offices in Reston, Va., is well connected in Washington; Tom Ridge, the former homeland security secretary, serves on its board. Tom Grissen, Daon's chief executive, would not say in an interview how much Daon invested in the airport trade group partnership. He said that Mr. Ridge played no role in the effort.

The airport executives and Daon, as planned, set up their for-profit venture, incorporating it in March to prepare for the promised work. But the provision that Mr. Rogers inserted into the legislation ultimately backfired.

After Homeland Security moved this spring to comply with Mr. Rogers's legislative mandate and hire the airport trade group, executives in the intensely competitive biometrics industry protested. "It is a sleazy arrangement," said Walter Hamilton, chairman of the International Biometric Industry Association.

Finally, last Thursday evening, as lobbyists for Daon's rivals pressed Congress to rescind the deal, Homeland Security, and Mr. Rogers, issued separate statements, reversing course. The no-bid contract for the airport executives would be killed. This would mean another delay, because the advertisement for the bidding would have to start over again.

Mr. Rogers, in his statement, did not admit defeat and instead praised a contracting approach he had tried for the past year to block.

"One contractor will ultimately have responsibility for the entire process, and one contractor alone will be answering to Congress on their progress or lack thereof," he said.

No one has moved to reverse the Congressional directive mandating where the cards are produced. So when the identification cards do start to roll off the production line — which Homeland Security officials say they hope will happen by early next year — the plan still calls for them to be made in the town that Kentucky Fried Chicken first made famous.