

Carl Cameron Investigates Part 1 - Israel Is Spying In And On The U.S.?

FOX News. 4 Part Series since been removed from the FOX News web site:

Author: Carl Cameron

Part I:

BRIT HUME, HOST: It has been more than 16 years since a civilian working for the Navy was charged with passing secrets to Israel. Jonathan Pollard pled guilty to conspiracy to commit espionage and is serving a life sentence. At first, Israeli leaders claimed Pollard was part of a rogue operation, but later took responsibility for his work.

Now Fox News has learned some U.S. investigators believe that there are Israelis again very much engaged in spying in and on the U.S., who may have known things they didn't tell us before September 11. Fox News correspondent Carl Cameron has details in the first of a four-part series.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS CORRESPONDENT: Since September 11, more than 60 Israelis have been arrested or detained, either under the new patriot anti-terrorism law, or for immigration violations. A handful of active Israeli military were among those detained, according to investigators, who say some of the detainees also failed polygraph questions when asked about alleged surveillance activities against and in the United States.

There is no indication that the Israelis were involved in the 9-11 attacks, but investigators suspect that they Israelis may have gathered intelligence about the attacks in advance, and not shared it. A highly placed investigator said there are "tie-ins." But when asked for details, he flatly refused to describe them, saying, "evidence linking these Israelis to 9-11 is classified. I cannot tell you about evidence that has been gathered. It's classified information."

Fox News has learned that one group of Israelis, spotted in North Carolina recently, is suspected of keeping an apartment in California to spy on a group of Arabs who the United States is also investigating for links to terrorism. Numerous classified documents obtained by Fox News indicate that even prior to September 11, as many as 140 other Israelis had been detained or arrested in a secretive and sprawling investigation into suspected espionage by Israelis in the United States.

Investigators from numerous government agencies are part of a working group that's been compiling evidence since the mid '90s. These documents detail hundreds of incidents in cities and towns across the country that investigators say, "may well be an organized intelligence gathering activity."

The first part of the investigation focuses on Israelis who say they are art students from the University of Jerusalem and Bazala Academy. They repeatedly made contact with U.S. government personnel, the report says, by saying they wanted to sell cheap art or handiwork.

Documents say they, "targeted and penetrated military bases." The DEA, FBI and dozens of government facilities, and even secret offices and unlisted private homes of law enforcement and intelligence personnel. The majority of those questioned, "stated they served in military intelligence, electronic surveillance intercept and or explosive ordinance units."

Another part of the investigation has resulted in the detention and arrests of dozens of Israelis at American mall kiosks, where they've been selling toys called Puzzle Car and Zoom Copter. Investigators suspect a front.

Shortly after The New York Times and Washington Post reported the Israeli detentions last months, the carts began vanishing. Zoom Copter's Web page says, "We are aware of the situation caused by thousands of mall carts being closed at the last minute. This in no way reflects the quality of the toy or its salability. The problem lies in the operators' business policies."

Why would Israelis spy in and on the U.S.? A general accounting office investigation referred to Israel as country A and said, "According to a U.S. intelligence agency, the government of country A conducts the most aggressive espionage operations against the U.S. of any U.S. ally."

A defense intelligence report said Israel has a voracious appetite for information and said, "the Israelis are motivated by strong survival instincts which dictate every possible facet of their political and economical policies. It aggressively collects military and industrial technology and the U.S. is a high priority target."

The document concludes: "Israel possesses the resources and technical capability to achieve its collection objectives."

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A spokesman for the Israeli embassy here in Washington issued a denial saying that any suggestion that Israelis are spying in or on the U.S. is "simply not true." There are other things to consider. And in the days ahead, we'll take a look at the U.S. phone system and law enforcement's methods for wiretaps. And an investigation that both have been compromised by our friends overseas.

HUME: Carl, what about this question of advanced knowledge of what was going to happen on 9-11? How clear are investigators that some Israeli agents may have known something?

CAMERON: It's very explosive information, obviously, and there's a great deal of evidence that they say they have collected — none of it necessarily conclusive. It's more when they put it all together. A bigger question, they say, is how could they not have know? Almost a direct quote.

HUME: Going into the fact that they were spying on some Arabs, right?

CAMERON: Correct.

HUME: All right, Carl, thanks very much.

Carl Cameron Investigates Part 2 - Israel Is Spying In And On The U.S.?

Thursday, December 13, 2001

BRIT HUME, HOST: Last time we reported on the approximately 60 Israelis who had been detained in connection with the Sept. 11 terrorism investigation. Carl Cameron reported that U.S. investigators suspect that some of these Israelis were spying on Arabs in this country, and may have turned up information on the planned terrorist attacks back in September that was not passed on.

Tonight, in the second of four reports on spying by Israelis in the U.S., we learn about an Israeli-based private communications company, for whom a half-dozen of those 60 detained suspects worked. American investigators fear information generated by this firm may have fallen into the wrong hands and had the effect of impeding the Sept. 11 terror inquiry. Here's Carl Cameron's second report.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS CORRESPONDENT (voice-over): Fox News has learned that some American terrorist investigators fear certain suspects in the Sept. 11 attacks may have managed to stay ahead of them, by knowing who and when investigators are calling on the telephone. How?

By obtaining and analyzing data that's generated every time someone in the U.S. makes a call.

UNIDENTIFIED FEMALE: What city and state, please?

CAMERON: Here's how the system works. Most directory assistance calls, and virtually all call records and billing in the U.S. are done for the phone companies by Amdocs Ltd., an Israeli-based private telecommunications company.

Amdocs has contracts with the 25 biggest phone companies in America, and more worldwide. The White House and other secure government phone lines are protected, but it is virtually impossible to make a call on normal phones without generating an Amdocs record of it.

In recent years, the FBI and other government agencies have investigated Amdocs more than once. The firm has repeatedly and adamantly denied any security breaches or wrongdoing. But sources tell Fox News that in 1999, the super secret national security agency, headquartered in northern Maryland, issued what's called a Top Secret sensitive compartmentalized information report, TS/SCI, warning that records of calls in the United States were getting into foreign hands – in Israel, in particular.

Investigators don't believe calls are being listened to, but the data about who is calling whom and when is plenty valuable in itself. An internal Amdocs memo to senior company executives suggests just how Amdocs generated call records could be used. "Widespread data mining techniques and algorithms.... combining both the properties of the customer (e.g., credit rating)

and properties of the specific 'behavior....'" Specific behavior, such as who the customers are calling.

The Amdocs memo says the system should be used to prevent phone fraud. But U.S. counterintelligence analysts say it could also be used to spy through the phone system. Fox News has learned that the N.S.A has held numerous classified conferences to warn the F.B.I. and C.I.A. how Amdocs records could be used. At one NSA briefing, a diagram by the Argon national lab was used to show that if the phone records are not secure, major security breaches are possible.

Another briefing document said, "It has become increasingly apparent that systems and networks are vulnerable....Such crimes always involve unauthorized persons, or persons who exceed their authorization...citing on exploitable vulnerabilities."

Those vulnerabilities are growing, because according to another briefing, the U.S. relies too much on foreign companies like Amdocs for high-tech equipment and software. "Many factors have led to increased dependence on code developed overseas.... We buy rather than train or develop solutions."

U.S. intelligence does not believe the Israeli government is involved in a misuse of information, and Amdocs insists that its data is secure. What U.S. government officials are worried about, however, is the possibility that Amdocs data could get into the wrong hands, particularly organized crime. And that would not be the first thing that such a thing has happened. Fox News has documents of a 1997 drug trafficking case in Los Angeles, in which telephone information, the type that Amdocs collects, was used to "completely compromise the communications of the FBI, the Secret Service, the DEO and the LAPD."

We'll have that and a lot more in the days ahead – Brit.

HUME: Carl, I want to take you back to your report last night on those 60 Israelis who were detained in the anti-terror investigation, and the suspicion that some investigators have that they may have picked up information on the 9/11 attacks ahead of time and not passed it on.

There was a report, you'll recall, that the Mossad, the Israeli intelligence agency, did indeed send representatives to the U.S. to warn, just before 9/11, that a major terrorist attack was imminent. How does that leave room for the lack of a warning?

CAMERON: I remember the report, Brit. We did it first internationally right here on your show on the 14th. What investigators are saying is that that warning from the Mossad was nonspecific and general, and they believe that it may have had something to do with the desire to protect what are called sources and methods in the intelligence community. The suspicion being, perhaps those sources and methods were taking place right here in the United States.

The question came up in select intelligence committee on Capitol Hill today. They intend to look into what we reported last night, and specifically that possibility – Brit.

HUME: So in other words, the problem wasn't lack of a warning, the problem was lack of useful details?

CAMERON: Quantity of information.

HUME: All right, Carl, thank you very much.

Carl Cameron Investigates Part 3 : Comverse, CALEA, Israel and the terror investigation

HUME: Last time we reported on an Israeli-based company called Amdocs Ltd. that generates the computerized records and billing data for nearly every phone call made in America. As Carl Cameron reported, U.S. investigators digging into the 9/11 terrorist attacks fear that suspects may have been tipped off to what they were doing by information leaking out of Amdocs. In tonight's report, we learn that the concern about phone security extends to another company, founded in Israel, that provides the technology that the U.S. government uses for electronic eavesdropping. Here is Carl Cameron's third report.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS CORRESPONDENT (voice-over): The company is Comverse Infosys, a subsidiary of an Israeli-run private telecommunications firm, with offices throughout the U.S. It provides wiretapping equipment for law enforcement. Here's how wiretapping works in the U.S.

Every time you make a call, it passes through the nation's elaborate network of switchers and routers run by the phone companies. Custom computers and software, made by companies like Comverse, are tied into that network to intercept, record and store the wiretapped calls, and at the same time transmit them to investigators.

The manufacturers have continuing access to the computers so they can service them and keep them free of glitches. This process was authorized by the 1994 Communications Assistance for Law Enforcement Act, or CALEA. Senior government officials have now told Fox News that while CALEA made wiretapping easier, it has led to a system that is seriously vulnerable to compromise, and may have undermined the whole wiretapping system.

Indeed, Fox News has learned that Attorney General John Ashcroft and FBI Director Robert Mueller were both warned Oct. 18 in a hand-delivered letter from 15 local, state and federal law enforcement officials, who complained that "law enforcement's current electronic surveillance capabilities are less effective today than they were at the time CALEA was enacted."

Congress insists the equipment it installs is secure. But the complaint about this system is that the wiretap computer programs made by Comverse have, in effect, a back door through which wiretaps themselves can be intercepted by unauthorized parties.

Adding to the suspicions is the fact that in Israel, Comverse works closely with the Israeli government, and under special programs, gets reimbursed for up to 50 percent of its research and development costs by the Israeli Ministry of Industry and Trade. But investigators within the DEA, INS and FBI have all told Fox News that to pursue or even suggest Israeli spying through Comverse is considered career suicide.

And sources say that while various F.B.I. inquiries into Comverse have been conducted over the years, they've been halted before the actual equipment has ever been thoroughly tested for leaks. A 1999 F.C.C. document indicates several government agencies expressed deep concerns that too many unauthorized non-law enforcement personnel can access the wiretap system. And the FBI's own nondescript office in Chantilly, Virginia that actually oversees the CALEA wiretapping program, is among the most agitated about the threat.

But there is a bitter turf war internally at F.B.I. It is the FBI's office in Quantico, Virginia, that has jurisdiction over awarding contracts and buying intercept equipment. And for years, they've thrown much of the business to Comverse. A handful of former U.S. law enforcement officials involved in awarding Comverse government contracts over the years now work for the company.

Numerous sources say some of those individuals were asked to leave government service under what knowledgeable sources call "troublesome circumstances" that remain under administrative review within the Justice Department.

(END VIDEOTAPE)

And what troubles investigators most, particularly in New York, in the counter terrorism investigation of the World Trade Center attack, is that on a number of cases, suspects that they had sought to wiretap and survey immediately changed their telecommunications processes. They started acting much differently as soon as those supposedly secret wiretaps went into place – Brit.

HUME: Carl, is there any reason to suspect in this instance that the Israeli government is involved?

CAMERON: No, there's not. But there are growing instincts in an awful lot of law enforcement officials in a variety of agencies who suspect that it had begun compiling evidence, and a highly

classified investigation into that possibility – Brit.

HUME: All right, Carl. Thanks very much.

Part 4: Carl Cameron Investigates

FNC

Carl Cameron

Monday, December 17, 2001

TONY SNOW, HOST: This week, senior correspondent Carl Cameron has reported on a longstanding government espionage investigation. Federal officials this year have arrested or detained nearly 200 Israeli citizens suspected of belonging to an "organized intelligence-gathering operation." The Bush administration has deported most of those arrested after Sept. 11, although some are in custody under the new anti-terrorism law.

Cameron also investigates the possibility that an Israeli firm generated billing data that could be used for intelligence purpose, and describes concerns that the federal government's own wiretapping system may be vulnerable. Tonight, in part four of the series, we'll learn about the probable roots of the probe: a drug case that went bad four years ago in L.A.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS CORRESPONDENT (voice-over): Los Angeles, 1997, a major local, state and federal drug investigating sours. The suspects: Israeli organized crime with operations in New York, Miami, Las Vegas, Canada, Israel and Egypt. The allegations: cocaine and ecstasy trafficking, and sophisticated white-collar credit card and computer fraud.

The problem: according to classified law enforcement documents obtained by Fox News, the bad guys had the cops' beepers, cell phones, even home phones under surveillance. Some who did get caught admitted to having hundreds of numbers and using them to avoid arrest.

"This compromised law enforcement communications between LAPD detectives and other assigned law enforcement officers working various aspects of the case. The organization discovered communications between organized crime intelligence division detectives, the FBI and the Secret Service."

Shock spread from the DEA to the FBI in Washington, and then the CIA. An investigation of the problem, according to law enforcement documents, concluded, "The organization has apparent extensive access to database systems to identify pertinent personal and biographical

information."

When investigators tried to find out where the information might have come from, they looked at Amdocs, a publicly traded firm based in Israel. Amdocs generates billing data for virtually every call in America, and they do credit checks. The company denies any leaks, but investigators still fear that the firm's data is getting into the wrong hands.

When investigators checked their own wiretapping system for leaks, they grew concerned about potential vulnerabilities in the computers that intercept, record and store the wiretapped calls. A main contractor is Comverse Infosys, which works closely with the Israeli government, and under a special grant program, is reimbursed for up to 50 percent of its research and development costs by Israel's Ministry of Industry and Trade.

Asked this week about another sprawling investigation and the detention of 60 Israeli since Sept. 11, the Bush administration treated the questions like hot potatoes.

ARI FLEISCHER, WHITE HOUSE PRESS SECRETARY: I would just refer you to the Department of Justice with that. I'm not familiar with the report.

COLIN POWELL, SECRETARY OF STATE: I'm aware that some Israeli citizens have been detained. With respect to why they're being detained and the other aspects of your question – whether it's because they're in intelligence services, or what they were doing – I will defer to the Department of Justice and the FBI to answer that.

(END VIDEOTAPE)

CAMERON: Beyond the 60 apprehended or detained, and many deported since Sept. 11, another group of 140 Israeli individuals have been arrested and detained in this year in what government documents describe as "an organized intelligence gathering operation," designed to "penetrate government facilities." Most of those individuals said they had served in the Israeli military, which is compulsory there.

But they also had, most of them, intelligence expertise, and either worked for Amdocs or other companies in Israel that specialize in wiretapping. Earlier this week, the Israeli embassy in Washington denied any spying against or in the United States – Tony.

SNOW: Carl, we've heard the comments from Ari Fleischer and Colin Powell. What are officials saying behind the scenes?

CAMERON: Well, there's real pandemonium described at the FBI, the DEA and the INS. A lot

of these problems have been well known to some investigators, many of who have contributed to the reporting on this story. And what they say is happening is supervisors and management are now going back and collecting much of the information, because there's tremendous pressure from the top levels of all of those agencies to find out exactly what's going on.

At the DEA and the FBI already a variety of administration reviews are under way, in addition to the investigation of the phenomenon. They want to find out how it is all this has come out, as well as be very careful because of the explosive nature and very political ramifications of the story itself – Tony.

SNOW: All right, Carl, thanks.

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