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Gilman G. Louie Discusses IN-Q-TEL, the CIA's New High-Tech Investment Company

On December 1, 1999, Mr. Gilman Louie, President and CEO of IN-Q-TEL, addressed a Standing Committee breakfast at the University Club. A graduate of Harvard Business School, Mr. Louie brings to IN-Q-TEL nearly twenty years of experience in product design and development as well as strategic business development within the interactive entertainment industry. Most recently, he served as Hasbro Interactive's Chief Creative Officer and General Manager of the Games.com group.

IN-Q-TEL's mission is to search out new information technologies that solve some of the most complex problems faced by the Central Intelligence Agency, and help those technologies become successful in the commercial marketplace. IN-Q-TEL is empowered to structure commercially attractive development deals through innovative intellectual property arrangements, project funding, strategic partner identification, new enterprise incubation, and equity investments. At the time of his presentation, IN-Q-TEL's name was 'IN-Q-IT,' and for accuracy, Mr. Louie's remarks retain the use of 'IN-Q-IT.' More information on IN-Q-TEL can be found at: < <http://www.in-q-it.com> >. The following is a near-verbatim transcript of Mr. Louie's remarks. - Ed.

Good morning! It's a pleasure for me to be here. Usually in these kinds of gatherings I have to carry a lot of Pokemon cards because my last company was the creator of Pokemon. IN-Q-IT is a slightly different venture, but it has some of the same consequences in that everybody wants a piece of it but nobody knows quite what it is. We have to look forward to the future and begin to understand the seriousness of our information technology problem. One

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Enforcing International Humanitarian Law: The U.S. Office of War Crimes Issues

by Michael A. Newton

The U.S. government has an abiding national interest in advancing the awareness and enforcement of international humanitarian law. Documenting and punishing violations of international humanitarian law adds a key dimension to almost every foreign policy problem that the United States confronts. Within the U.S. Department of State, the Office of War Crimes Issues brings a particular focus to these problems and the institutional commitment to work towards interagency solutions. President Clinton appointed Ambassador David J. Scheffer as the first Ambassador-at-Large for War Crimes to head the office and be the spearhead for coordinating this component of our foreign policy.

Ambassador Scheffer's confirmation as the only ambassadorial level official in the world focused on the promulgation of international humanitarian law testifies to the leadership that the United States brings to these difficult legal and policy problems. Ambassador Scheffer serves as the head of the U.S. delegation to the negotiations which culminated on July 17, 1998 with the adoption of a final text of a treaty (the Rome Statute) that would create a standing international criminal court. Under his leadership, the United States has remained engaged in ongoing efforts to develop a court that achieves its noble goals without inadvertently facilitating violations of international humanitarian law. As it is currently drafted, the Rome Statute could inhibit the enforcement of international law by the very nations most capable of deploying forces to maintain international peace and security. The U.S. delegation will continue to participate in the Preparatory Commissions with the goal of achieving an effective and viable international criminal court that merits the support of responsible governments and is not able to overreach its jurisdiction.

Even as the U.S. delegation works to shape the future enforcement mechanisms that may come into force,

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reason why I took this job is because of its significant risks. I told George Tennesse that IN-Q-It will either be a spectacular success or a spectacular failure. To be in between either extreme is the worst thing in the world. The venture capitalists like to either send you to the moon or blow you up at the launching pad. They do not want anything in the middle, because if you are sitting out there in orbit, you prevent them from focusing on the right issues.

If you look at today's world of information technology and try to think about why the CIA decided to create an organization such as IN-Q-It, you have to really think back to 1960. In 1960, we had a world which had computers but was not dependent on computers. So if you were to think back to 1960 and suddenly for twenty-four hours every computer in America would crash, what would be the effect on the average life of an American? Probably very little. They may not be able to get their gas bill that week, which would probably be a good thing; there may be a problem in calculating their taxes, which is probably a good thing. Today, if all the computers in the world, or even in this country, or a tenth of the computers in this country, would crash for twenty-four hours, just think of the paralysis that would hit every American's life. The inability to communicate; the inability to do their jobs. The basic infrastructure of this country would come crashing to a halt. Think of that in terms of where we are going and how some people look at information. Also, think of that in terms of the effects of information warfare on our country since we live within a world where our infrastructures and computer systems are vulnerable to attack. Then you can understand why IN-Q-It exists. IN-Q-It's role is to identify the best and brightest minds of this country and attract them into trying to solve the problems of the CIA.

Now the good news about IN-Q-It is that the problems that we are trying to solve as you begin to look at the Agency, and the Agency has given us what I call the "bucket of problems," are the same problems facing the rest of the U.S. government and private industry. This is clearly the Agency doing a self examination, going to its own internal focus groups, and asking fundamental questions about how they use computers and what they would like computers to do for them to help them in their jobs. They identified problem areas they think we could help them solve. The good news is that their problems are not any different than any Fortune 500 company in America today. The ability to use the Internet in a safe and secure way; to have information security protect its' transactions and data bases from outside intrusion; and to have knowledge generation engines that can go in real time through terabytes of data stored in different languages and formats. These are the same problems that corporate America is trying to deal with today.

So, IN-Q-It's role is to operate in the oblique space between the needs of the CIA and those similar needs of the commercial space. And in that gap, we have a series of problems that we believe we can solve. When you think about the issues as they relate to the Agency, why isn't the Agency solving these problems today? What is the problem? Why can't we address some of these issues? Why can't we use traditional methods of acquisition to solve the problems of information technology? There are many things happening today in the real world, particularly with information technology, that we have to realize. First of all, the speed of change in the information world is accelerating at an ever faster pace. Where the old law used to be computers doubling in performance every twenty four months, computers now double in performance every twelve months. Instead of competing on business time, we are now competing on Internet time, which brings the change of pace of software iterations from a period that used to last around twenty four months now to periods of two to three months. In other words, if you were to go on the Internet, you would find a new version of any major software application that you are using every three months.

Information technology then is a lot like fish. I like to use this fish example. Fish are really great for the first couple of days in your refrigerator, but then they begin to stink up the place. When you think about that, think about the fact that when we try to solve the Agency's problems, we need to provide more than just a point

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Whatever Happened to the Alien Terrorist Removal Court?

by Juliette Kayyem

Physically removing terrorists from U.S. soil is a primary objective of any country's counter-terrorism strategy. Under this theory, the Alien Terrorist Removal Court (ATRC) was established as one of a variety of tools under the 1996 Anti-Terrorism and Effective Death Penalty Act (AEDPA) to combat the perceived threat that immigrants were a major source of terrorists activities in America.

The ATRC creates a special court, not unlike the Foreign Intelligence Surveillance Court, that will hear cases brought by the government which utilize classified information against alien terrorists suspected of a loosely defined crime of terrorist activity. After some debate over the protections that would be included in ATRC proceedings given that the alien would suffer exclusion from the United States based on evidence he never sees, the ATRC provides for Article III judges to preside with some guarantee of appellate review; a requirement of Attorney General certification in each case to ensure proper executive branch oversight; specially appointed lawyers who are granted security clearances to examine the files; and, a declassified summary provided to the suspected terrorist and his attorney.

For years, Republican and Democratic administrations attempted to get some version of an ATRC into legislation. The Reagan Administration first introduced an ATRC proposal in 1988, but it was not until the Oklahoma City Bombing, a case of domestic terrorism, that the momentum to pass comprehensive counter-terrorism legislation gained speed across both aisles.

While the constitutional and due process criticisms, as well as the very legitimacy of our counter-terrorism strategies when they include tools such as the ATRC, have been eloquently supported in the literature and at congressional hearings, the reality is – simply – that the ATRC has never been utilized. Not a single case. Despite nearly 12 years of insistence that an ATRC was absolutely necessary to combat terrorism and the threat of foreign terrorists on American soil, it has never been invoked.

There are three potential reasons for this – technical, not-so-benign, and benign. The technical reason is that an ATRC became unnecessary after, in the same year, the Immigration and Naturalization Service (INS) secured passage of the amendments to the Immigration and Nationality Act (INA) in the 1996 Illegal Immigration Reform and Immigration Responsibility Act (IIRIRA). The IIRIRA reformed the traditional understanding of immigration law. Previously, if an alien were present in the United States, such a person was permitted to challenge removal from the

United States in deportation proceedings. This meant that, if present in the United States, aliens would be afforded an administrative hearing, with some due process safeguards, and with the burden of proof that they no longer should be in the United States falling on the government. After IIRIRA, all aliens, whether within the United States or detained at its borders (*i.e.*, aliens previously subject to inadmissibility hearings), are now subject to a removal proceeding. In many regards, removal proceedings treat both deportable and inadmissible aliens the same. Though the burden shifts depending on whether the alien can show lawful admission to the United States. An alien who cannot make that showing is removable and the immigration judge's decision is "conclusive unless manifestly contrary to law." In most respects, the difficulties of "deportability" that the ATRC was attempting to overcome, *i.e.*, the high burden of proof for the government and judicial review, were eliminated a few months later with the IIRIRA.

The not-so-benign reason is that, because of the legislative process used in validating the ATRC, some safeguards have been added that do not exist in parallel administrative deportation proceedings which involve the use of classified evidence. As has been well documented in the media, the INS has used classified evidence to detain suspected terrorists in several cases, all involving Muslims or Arabs. These cases have been criticized for a number of deficiencies, including over-classification, potential selective enforcement, violations of free speech and expression, and faulty evidence that, if shared with the alien or his attorney, would be easily discredited. The INS justifies its use of classified information in these deportation proceedings by relying on decades-old regulations passed well before the expansion of due process rights by the Supreme Court in the 1960's and 1970's. As these cases are litigated in the federal district courts, the INS legal justifications are being challenged. In any event, the legal battle aside, the INS and FBI have simply not invoked the ATRC because they have a much simpler solution. Although the Attorney General has rightfully and importantly instituted some checks on the INS ability to use classified information in these administrative proceedings (in some cases, by simply imposing the 'safeguards' provided in the ATRC legislation), there remains no statutory or regulatory obligation for the INS to disclose an unclassified summary, for cleared counsel to be permitted to see the testimony, nor (in some cases) for judicial review by Article III judges before exhausting administrative remedies. The INS administrative use of classified information, outside the ATRC, is thus easier and simpler since fewer rights are afforded the alien. The non-ATRC use of classified information is the faster – albeit less legitimate – approach.

The benign reason for the ATRC's lack of use may be the simplest: our criminal courts work well. Whether an alien is involved or not, whether the terrorist attack was successfully completed or simply still in the planning stages, whether the subject was under FISA surveillance or just law enforcement luck, the usual process of prosecution in federal jurisdiction in terrorism cases has been exceptionally successful. Because of federal prosecutions, the ATRC has not been invoked because it is unnecessary for all the right reasons.

Members of Congress and academics have been critical of the ATRC for a variety of constitutional and due process concerns. Congressman Bonior has introduced legislation that would, among other things, remove the ATRC provisions of AEDPA. Although there have been hearings on the legislation, there is no historical precedent for repealing counter-terrorism legislation in this country. Once a law is on the books, the continuing threat of terrorism stands as a political bar to reconsidering whether this country did the right or necessary thing in passing the law in the first place. Since the "threat" of terrorism will always exist, then the government may always want to add tools available to them, but never subtract.

This is not to say that the ATRC should be utilized to justify its existence. Instead, it is to argue that – for whatever reason (technical, not-so-benign or benign) – any need for the ATRC has still not been documented. If there is a need for the ATRC, indeed if there ever was a need for the ATRC, surely the case would have been made by now.

Juliette Kayyem is an Associate at the Executive Session on Domestic Preparedness at the Belfer Center for Science and International Studies, John F. Kennedy School of Government. She has previously served as Richard Gephardt's appointee on the National Commission on Terrorism, a Legal Advisor to the U.S. Attorney General, and as a Counsel to the Assistant Attorney General for Civil Rights. ABA

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the Office of War Crimes Issues is deeply involved in supporting the current enforcement efforts across the world. The United States has contributed over \$157 million to the operations of the International Criminal Tribunals for the Former Yugoslavia and Rwanda. The Office of War Crimes Issues works on a daily basis to help meet the personnel, administrative, and other requirements of the Tribunals. In September 1999, the United States made the single largest voluntary contribution in the history of the Yugoslav Tribunal – \$8.45 million to help offset the Tribunal's investigative costs in Kosovo. Ambassador Scheffer also helped coordinate and lead the historic FBI

deployment to Kosovo to conduct forensics work related to documenting the crimes alleged in the indictment against Slobodan Milosevic.

Ambassador Scheffer has been one of the foremost voices in preventing the efforts of some political and media revisionists to deny and distort the crimes committed in Kosovo. His efforts have helped compile the factual record establishing the magnitude of the crimes committed in Kosovo, and the U.S. government remains committed to fostering accountability mechanisms for the crimes committed in Kosovo in both international and domestic forums. In the meantime, both international tribunals have cases pending against the individuals responsible for some of the most heinous crimes of the twentieth century, and the United States will continue to assist international efforts to seek justice and accountability for those crimes. It also remains deeply committed to supporting efforts in other forums to achieve accountability.

Ambassador Scheffer has been instrumental in urging the government of Cambodia to implement a mechanism for prosecuting the leaders responsible for the widespread crimes against humanity committed over twenty years ago. The United States also worked for the 1999 conviction of the last known surviving concentration camp commander from World War II, Dinko Sakic. The Sakic case was important because it was the first World War II war crimes trial in Eastern Europe. Sakic received the maximum sentence under Croatian law for his offenses, which at the age of 76 is effectively a life sentence. In Iraq, the U.S. government is determined to see Saddam Hussein and his inner circle stripped of their power and brought to justice. They are a man and a regime who have systematically committed war crimes and crimes against humanity for years and will continue to do so until the international community finally says enough. We are assisting efforts by non-governmental organizations to gather evidence for use in prosecutions, and will continue to work towards the creation of an international criminal tribunal with jurisdiction over the responsible Iraqi officials. In East Timor, the international community worked to end the widespread violence and terror which followed the democratic choice made by citizens to regain their political autonomy from Indonesia. No one yet knows how many people were killed or raped in the orgy of violence as almost a quarter of a million people were forced to leave their homes. With strong U.S. support, reports of atrocities are being investigated both by a U.N.-appointed commission and an Indonesian Commission of Inquiry. The United States will work to ensure that those responsible for these crimes are held accountable based upon this solid factual predicate.

Aside from helping coordinate the U.S. response to criminal actions, Ambassador Scheffer remains committed to working towards mechanisms for the prevention of

atrocities across the world. President Clinton established the Interagency Working Group on Atrocities Prevention in December 1998. Ambassador Scheffer heads this working group which focuses intelligence and policy attention on the areas of the world where an outbreak of atrocities is imminent or requires urgent attention to prevent further killings. The Interagency Working Group identifies potential policy responses and works within established diplomatic channels to help implement coordinated interagency and international action. For example, at an October 1999 conference held at the Holocaust Memorial Museum in Washington, D.C., the United States worked with other governments, international organizations, and non-governmental organizations to develop a statement of the common principles for preventing, ameliorating, and prosecuting persons responsible for atrocities. The year 1999 was an extraordinarily tragic period of killing in Kosovo, East Timor, Sierra Leone, Burundi, Chechnya, Angola, the Democratic Republic of Congo, and elsewhere. The Office of War Crimes Issues will continue to call attention to situations that require policy decisions.

The historical record is indeed daunting, and lends some credence to the policy agnostics who continue to whisper the impossibility of actually making a difference. Nevertheless, the inevitable nature of violations of international humanitarian law conclusively shows the absolute need to maintain a portion of our foreign policy establishment with the mandate and expertise to remain engaged in these issues. Patterns of atrocities have an international dimension that require regional coordination of economic, military, humanitarian, diplomatic, as well as legal responses. The balance between domestic reconciliation and amnesty in the pursuit of peace and the demands of justice that lay the foundation for lasting peace require long term planning and focus.

The U.S. government has demonstrated its commitment to make progress on each of the fronts that contribute to justice and peace. The United States cannot and should not shoulder these responsibilities alone. This century will likely be marred by continuing ethnic unrest and threats to international peace and security unless the United States works with other nations and international organizations to prevent and prosecute war crimes, crimes against humanity, and genocide. The U.S. Department of State Office of War Crimes Issues is a key part of the institutional infrastructure that will better equip the United States to implement policy choices into the foreseeable future.

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solution. It's not good enough that we solve the Agency's problems today, we need to build an infrastructure around the Agency that provides continuous support for those technologies. Which means we have to create value for companies who are trying to solve the problem. What the Agency realized when they looked internally was that they have a talent gap. This talent gap is pretty obvious in terms of where the talent in America is going. In the old days it was really easy to attract great talent to government, particularly in this space. If you wanted to do the most outstanding research and have access to the best labs in America, or if you wanted to work on fighter planes or stealth equipment, then there was only one place you could go, and that was to the government or to government-related companies such as defense contractors and other similar companies. Today, if you are a young kid coming out of MIT, Stanford, Harvard, Georgia Tech, or UT, ask yourself the question, would you go to the government, or would you go over to the business school, find yourself an MBA, do a start-up, go after seed capital, and within a year or two become a multi-millionaire? There are sixty new millionaires in Silicon Valley everyday off of stock options. Sixty, every single day, sixty new people are declared millionaires in Silicon Valley. So, when you ask if Jerry Yang would join the CIA, or would Jerry Yang go to Yahoo, the answer is pretty clear. So our mode of operation needs to be very different. Our value, by the way, as some of the news reports have said, is not our ability to invest forty million dollars or a hundred million dollars, because in today's Silicon Valley, that's an incubator fund. Traditional venture capital funds now have about a billion dollars to invest. Go to Kline and Perkins, NEA, or any one of the other great venture capital firms in America, and you will find about a billion dollars in these big funds. Nobody is going to come to us for our little chump change.

The reason why people are going to come to us is because the CIA is a power user. The value of what we have at IN-Q-TEL is the problems that the CIA is trying to solve. You have to understand that the CIA is trying to solve problems, as I said, that brick and mortar companies are trying to solve today. And many of the problems are the same problems that the Internet is going to try to solve tomorrow. A company who comes in and solves an Agency problem, let's say, media-rich broad band search engine, the ability to search video, voice, and text – that company solves that problem today for the CIA, ask yourself what the market cap valuation of that company would be in the public market making available that same set of technology on the Internet when broad band becomes a reality in America? So what we tell our partners or potential partners, venture funds and corporations, is that our small incubator funds help us help you make the kinds of returns on your talent investment and you can help solve some of

government's major problems and do a service for your country. We talk specifically about the areas we are going to be looking at dealing with our technology.

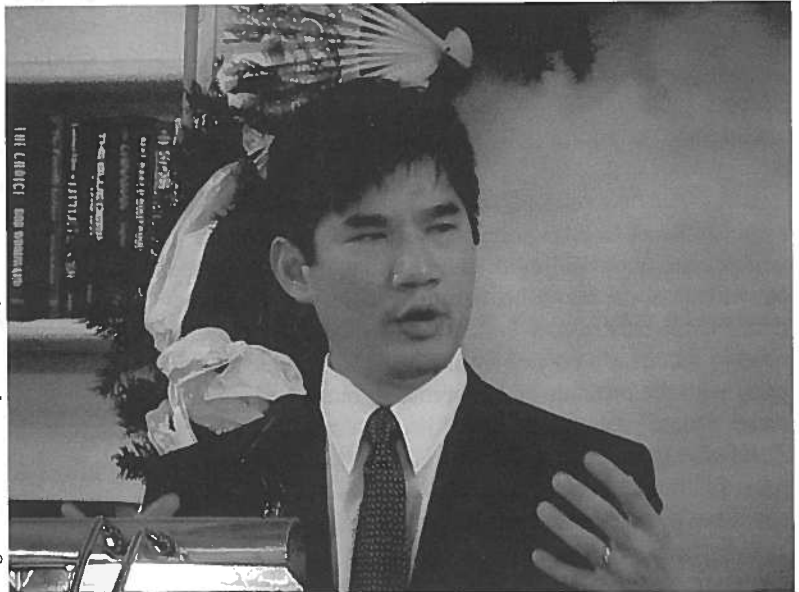
We are also looking for knowledge management technology. The knowledge management area is a rich set of technology that would allow the CIA to quickly go through terabytes of data to reap knowledge, not information. We are buried in information. Where we have terabytes today, we will have information two orders of magnitude larger than that within the next three years. So whatever amounts of information we are getting off the Internet today, realize that it is going to be ten times larger tomorrow and a hundred times larger in a year. And, when broad band comes in, this is a whole new world. Think about it, today we are dealing with text, what happens when you have to deal with images? So, those technologies are very key.

Information security is another key area for us. We are not looking at perimeter defenses, that is better fire walls or better encryption. I know there are folks here from different agencies looking at better, swifter encryption techniques, but they know that is just a race against computer power and math algorithms. The real question is whether there are other ways to better protect information? You know we are looking at technologies which we call self-protecting data. Now, all great technologies have a place, and I really believe American television, whether you watch Star Trek, Mission Impossible, or James Bond films, has a germ of truth in it. So if you think about self-protecting data, think of the Mission Impossible opening where you listen to the tape, and then the tape blows up on itself. We are looking at that kind of technology where if someone tries to inspect data it blows up on itself. This is a new way of thinking which goes back to the purpose of IN-Q-IT. One of the problems with government acquisition today is that it assumes that we can identify and articulate the problem. The problem with developing information technology solutions is you cannot always articulate the problem. It's sort of like a lot of things, I don't know what it is, but when I see it I'll let you know. Our job at IN-Q-IT is to be in the deal flow, looking at the best technology and getting people to pitch ideas to us.

Now, all that great publicity over IN-Q-IT that we had over the last couple of months, I must say was a total accident. It was not planned, we had a whole public relations budget of probably twenty dollars. Officially, I was still with Hasbro when I got a telephone call from my new board asking me to come to Washington the next day,

even though I had not even signed my contract, because the news about IN-Q-IT was going to break in the New York Times and the Washington Post. But since then, even though the media stories were partially right and partially wrong, because the media portrayed us as a venture capital fund, and we are not quite a venture capital fund, we got buried in companies submitting business plans. Little companies and big companies, your traditional beltway companies came to us and asked us the fundamental question, "Can you look in our labs and see if there's anything of value there?" "Because we don't know." We know we got some contracts from the government, and we were writing this contract that services forty people but we need real value here.

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Gilman Louie, President and CEO of IN-Q-TEL, addresses the Standing Committee at the University Club.

We have had venture funds call us up and say we want to meet with you right away because we need to look at new areas to make new markets for us to invest in. When I say making new markets, that's a real important part for a venture capital, great venture funds do not invest in companies, they invest in markets. They invest in markets and they have portfolios of companies that they take bets on, because every company represents a certain level of risk. But by making enough bets, they can get a good return on their investment. A former partner of mine who invested in my company once told me that our batting average is no better than any other venture fund out there. But the reality is, when we lose a deal or go out and make a bad investment we lose one x. What we try to do though is try to focus in on our winners and get 10x out of our winners. Whereas other people who are not willing to take risks, they're afraid of their own shadows, so they take these bets that pay off at

3x. Well, if you're paying off at 3x, and you have had three failures, then you are at a zero net gain. If I have three ventures, but one of them is a 10x return, I'm 7x ahead. That is how we make our money.

IN-Q-IT, however, is not in this game for the money. It is in this game for delivering yield to the Agency. If we make some money on the side that helps us become more self-reliant, that's great, but that is not our mission in life, and that's why the term venture capital is not an accurate term of what we are. We are a solutions house, our job is to use any legal method necessary to coax, convince, cajole, nag, or whatever is necessary, to get the talent to service the problems of the Agency and to place our portfolio of bets out there. So there are times when we are going to act like an incubator fund. When somebody says I have a great idea but I don't have a company and I don't know what to do with it, our job is to say "take that idea, we'll give you a little development fund so you can prove that it can work." Our job is also to act like a venture fund at times. We will go out and find a mid-sized company, mezzanine level, who says "Gee, you know we have great technology, but we need to take it to the next level. Can we use the CIA problem set to show that our technology can work? And can we do it without inflicting our solution on the CIA before we can prove that it can work?" There are also times when we will act like a traditional beltway company when we will go out there and compete a contract. We do whatever is necessary to find the solution.

That gets us to the risks area of IN-Q-IT. And I want to spend some time with you about this before I get to the Q and A. It's a very exciting adventure, but we have some risks at hand. Risk number one is the fear to take risks. The concern that every bet has to deliver yields will be counter-productive to our mission. Our job is not to make every bet pay off, but to make our portfolio pay off. That is problem number one. Problem number two is not thinking out of the

box, spending too much time focusing in on today's problem. Remember, if I start a project today, or my team starts a project today with another company, it's somewhere between twelve to eighteen months out before a solution is delivered to the Agency. Eighteen months! What's the world going to look like in eighteen months? How is information technology going to be used in eighteen months? How is the CIA going to operate in eighteen months dealing with today's Internet and the amount of volume information going across the Internet? So we need a little bit of a crystal ball here.

The other area of risk that we have, and it's a very serious risk for us, is the risk that the Agency does not adopt our solutions. I believe we can create the technologies or find technologies off the shelf today that will address the Agency's problem set. But how do you convince an organization as large as the CIA with all of its security needs, with its needs to deliver real answers to the President to make very important decisions, to adopt a new way of doing business? And, we are not talking adoption at the DDI level or the DDO level, I am talking about the average individual sitting there at his or her desk who needs to use this technology. Remember what I said earlier about inflicting you with our technical solutions? We will change our business model around a little bit, so that we actually take technologies that a company develops and build a test set that is most like the CIA, but it's really not the CIA. We take commercial data that has the same texture, the same feel as the problems that the CIA is trying to deal with, and then we force companies to solve problems against that test regime before we convert it over to the Agency. So, the biggest problem we have culturally in any massive organization, whether it's a brick and mortar, a Fortune 500 company, or the CIA, is convincing the average daily user to change the work pattern to try out a new tool. And it's hard enough to do that at a Fortune 500 company. Imagine you are a CIA analyst sitting at a desk and you're trying to

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deliver really good answers and somebody comes up along and says, "Hey I got a new pencil. Why don't you try to use this out and tell me if it works or not?" There is going to be a natural resistance. So the CIA is being very smart and created a new organization inside of themselves called the Quick Team. The Quick Team is a mirror group of IN-Q-IT. Its sole job is to help in defining the problems and make sure the solutions we have get deployed inside the Agency. But their job is tough. We look at the Quick Team and say wow there is the CIA, they are great people, they are members inside the Agency, and they have a lot of experience, but they are really the mavericks inside the CIA. They are on the edge of the CIA, they are the change agents inside the CIA. So, we as an outside organization cannot be successful in our core mission unless the Quick Team is successful. You cannot measure our success by our return on investment. You cannot measure our success by how many great new companies we created. Measure our success by how we changed that individuals life and whether we made that individual more productive in the Agency, then we will have been successful in our mission.

The death of Silicon is greatly overstated. Silicon is going to last for at least another ten years. The issue is that you can only make chips so small before quantum theory takes over and messes up your ability to control the flow of information. The real problem is the software. The solution is being able to design computers and the software around the computers to maximize their yield without simply relying on faster computers. So even though there's going to be some great advances in quantum computing, I think we are still a long way off before those technologies are proven and can be done in a way that has a yield. When I say yield, my view is that there is one industry that drives computer power more than any industry in the world, and that is consumer electronics. If it doesn't find its way into your Furby, it is not a viable technology.

We believe that information technology will become operational technology. You look at how data is being collected today; I think there will always be a need for human intelligence and that is core to the Agency, but more

and more there's going to be a pressing need to gather information directly off of information technology sources. So the biggest challenge is not getting the information, but processing it. So by us helping them process it, we will help them become more operational.

If we engage a company with a "work for hire" agreement, we are going to try to own the intellectual property outright. If we are doing an equity investment, we ask ourselves the questions: how much do we need to own it; can we jointly own it in terms of derivative intellectual property rights; and, can we share it in terms of the value and appreciation of the value through an equity or a licensing stage? We do not attempt to classify technology because that will be the end of IN-Q-IT. What we tell people up front is, show us technologies that can solve the Agency's problems and have a commercial analog. If they cannot demonstrate a commercial analog, but it still has a use for the Agency, I'll point them directly to the Agency.

Finally, everybody loves the Q. The Q was originally the concept for solutions. We said when you have a Q on the problem, it is really to try to focus in on the solutions. That is why the Q is such a big idea. The media liked the Q because it is the same name as a character in the James Bond movies. I am sure that if the Q was not in our name, the New York Times would have written a different set of articles and we would not have been followed around by CNN with their spin on the story. But Q is such an attractive figure about what we are trying to do, in other words, it represents an individual who comes up with gadgets that solve problems. That image has been very pervasive in the public relations spin by the media, not by us. And, it has resonated throughout Silicon Valley. We are known for two things right now. We are that CIA venture fund, and we are those guys who are Q. That has been a very powerful image. **ABA**

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