



Behind the Curtain: Booz Allen Hamilton and its Owner, The Carlyle Group

[According to writers Thomas Heath and Marjorie Censer](#) at the *Washington Post*, The Carlyle Group and its errant child, Booz Allen Hamilton (BAH), have a public relations problem, thanks to NSA leaker and former BAH employee Edward Snowden. By the time top management at BAH learned that one of their top level agents had gone rogue, and terminated his employment, it was too late.



For years Carlyle had, according to the *Post*, “nurtured a reputation as a financially sophisticated asset manager that buys and sells everything from railroads to oil refineries”; but now the light from the Snowden revelations has revealed nothing more than two companies, parent and child, “bound by the thread of turning government secrets into profits.”

And have they ever. When The Carlyle Group bought BAH back in 2008, it was totally dependent upon government contracts in the fields of information technology (IT) and systems engineering for its bread and butter. But there wasn’t much butter: After two years the company’s gross revenues were \$5.1 billion but net profits were a minuscule \$25 million, close to a rounding error on the company’s financial statement. In 2012, however, BAH grossed \$5.8 billion and showed earnings of \$219 million, nearly a nine-fold increase in net revenues and a nice gain in value for Carlyle.

Unwittingly, the *Post* authors exposed the real reason for the jump in profitability: close ties and interconnected relationships between top people at Carlyle and BAH, and the agencies with which they are working. The authors quoted George Price, an equity analyst at BB&T Capital: “[Booz Allen has] got a great brand, they’ve focused over time on hiring top people, including bringing on *people who have a lot of senior government experience.*” (Emphasis added.)

For instance, James Clapper [had a stint at BAH](#) before becoming the current Director of National Intelligence; George Little consulted with BAH before taking a position at the Central Intelligence Agency; John McConnell, now vice chairman at BAH, was director of the National Security Agency (NSA) in the ‘90s before moving up to director of national intelligence in 2007; Todd Park began his career with BAH and now serves as the country’s chief technology officer; James Woolsey, currently a senior vice president at BAH, served in the past as director of the Central Intelligence Agency; and so on.

BAH has had more than a little problem with self-dealing and conflicts of interest over the years. For instance in 2006 the European Commission asked the American Civil Liberties Union (ACLU) and Privacy International (PI) to investigate BAH’s involvement with President George Bush’s SWIFT surveillance program, which was viewed by that administration as “just another tool” in its so-called “War on Terror.” The only problem is that it was illegal, as it violated U.S., Belgian, and European privacy laws. [BAH was right in the middle of it.](#) According to the ACLU/PI report,

Though Booz Allen’s role is to verify that the access to the SWIFT data is not abused, *its*



Written by [Bob Adelman](#) on June 13, 2013

relationship with the U.S. Government calls its objectivity significantly into question. [Emphasis added.]

Among Booz Allen's senior consulting staff are several former members of the intelligence community, including a former Director of the CIA and a former director of the NSA.

As noted by Barry Steinhardt, an ACLU director, "It's bad enough that the [Bush] administration is trying to hold out a private company as a substitute for genuine checks and balances on its surveillance activities. *But of all companies to perform audits on a secret surveillance program, it would be difficult to find one less objective and more intertwined with the U.S. government security establishment.*" (Emphasis added.)

And then there's BAH's role as subcontractor in the Trailblazer Project and in Pioneer Groundbreaker, both projects designed to analyze data flowing on the Internet to find potential terrorists. Both ran hugely over budget while exceeding security protocols to protect Americans' privacy in the process.

So much for the errant child who is profiting enormously at taxpayer expense while invading their privacy. The parent, The Carlyle Group, the third largest private equity firm in the world with assets approaching \$200 billion, is also run and managed by individuals with feet in both camps — to wit:

James Baker, currently a Carlyle senior counselor, was President George H. W. Bush's secretary of state;

George W. Bush, the former president of the United States, serves as senior adviser to the Carlyle Asia Advisory Board;

Frank Carlucci, former secretary of defense under Ronald Reagan, also served Carlyle as its chairman from 1989 to 2005;

Richard Darman, director of the Office of Management and Budget under President George H. W. Bush, also served Carlyle as its managing director and then as a senior adviser

And so on.

The light of day now causing public relations problems for Booz Allen Hamilton and its parent, The Carlyle Group, began with the decision by Booz Allen Hamilton employee Edward Snowden to warn Americans of the dangers to their privacy. As his revelations continue to flow out from the pen of Glenn Greenwald at the *Guardian* (U.K.), the stature, prestige, and credibility of these two intertwined companies will continue to suffer.

A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics. He can be reached at badelman@thenewamerican.com



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