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Security, secrecy and a Bush brother

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A company that provided security at the World Trade Center, Washington, D.C.'s Dulles International Airport and United Airlines between 1995 and 2001 was backed by a private Kuwaiti-American investment firm, whose records were not open to full public disclosure, with ties to the Bush family.

Marvin P. Bush, a younger brother of George W. Bush, was a principal in the company from 1993 to 2000, when most of the work on the big projects was done. But White House responses to 9/11 have not publicly disclosed the company's part in providing security to any of the named facilities.

Public records indicate that the firm, formerly named Securacom, had Bush on its board of directors. He was also listed as a significant shareholder. The firm, which is now named Stratesec, Inc., is located in Sterling, Va., a D.C. suburb, and emphasizes federal clients. Bush is no longer on the board.

Bush has not responded to repeated telephoned and emailed requests for comment.

The American Stock Exchange delisted Stratesec's stock in October 2002. (Securacom also had a contract to provide security at Los Alamos National Laboratories, notorious for its security breach.)

According to its present CEO, Barry McDaniel, the company had an ongoing contract to handle security at the World Trade Center "up to the day the buildings fell down." Yet instead of being investigated, the company and companies involved with it have benefited from legislation pushed by the Bush White House and rubber-stamped by congressional Republicans. Stratesec, its backer KuwAm, and their corporate officers stand to benefit from limitations on liability and national-security protections from investigation provided in bills since 9/11.

HCC Insurance Holdings, Inc., a reinsurance corporation on whose board Marvin Bush sat as director until November 2002, similarly benefits from terrorism insurance protections. (Bush's first year on the board at HCC coincided with his last year on the board at Stratesec.) HCC, formerly Houston Casualty Company, carried some of the insurance for the World Trade Center. It posted a loss for the quarter after the attacks of Sept. 11 and dropped participation in worker's compensation as a result. Bush remains an adviser to the chairman and the board of directors, as well as a member of the company's investment committee.

The former CEO of Stratesec is Wirt D. Walker III, who is still chairman of the board. Although he has also been the managing director of KuwAm for several years, Walker states definitively in phone interviews that there was no exchange of talent between Stratesec and KuwAm during the WTC and other projects.

As Walker put it, "I'm an investment banker." He continued, "We just owned some stock." The investment company "was not involved in any way in the work or day-to-day operations" of the security company. He explained clearly and pleasantly that there was no sharing of information or of personnel between the two companies.

In December 2000—when the presidential election was determined—Stratesec added a Government Division, providing "the same full range of security systems services as the Commercial Division," in the company's words. Stratesec now has "an open-ended contract with the General Services Administration

(GSA) and a Blanket Purchase Agreement (BPA) with the agency that allows the government to purchase materials and services from the company without having to go through a full competition."

The company lists as government clients "the US Army, US Navy, US Air force, and the Department of Justice," in projects that "often require state-of-the-art security solutions for classified or high-risk government sites." In 2000, the US Army accounted for 29 percent of the company's earned revenues, or about \$6.9 million.

The White House opposed an independent commission to investigate 9/11 until after the terrorism insurance protections and protections for security companies had safely passed Congress. It has also quietly intervened in lawsuits against United Airlines in New York, brought by relatives of the victims.

Marvin Bush joined Securacom's Board of Directors in 1993, as part of new management hired when the company separated from engineering firm Burns and Roe. The new team was capitalized by KuwAm, the D.C.-based Kuwaiti-American investment company. Bush also served on the board of directors at KuwAm, along with Mishal Yousef Saud al-Sabah, chairman of KuwAm and also a director on Securacom's (Stratesec's) board.

The World Trade Center and the Metropolitan Washington Airport Authority—which operates Dulles—were two of Securacom's three biggest clients in 1996 and 1997. (The third was MCI, now WorldCom.)

Stratesec (Securacom) differs from other security companies which separate the function of consultant from that of service provider. The company defines itself as a "single-source" provider of "end-to-end" security services, including everything from diagnosis of existing systems to hiring subcontractors to installing video and electronic equipment. It also provides armored vehicles and security guards.

When, following the 1993 bombing of the World Trade Center, the Port Authority of New York and New Jersey began its multi-million-dollar, multiyear revamping of security in and around the Twin Towers and Buildings 4 and 5, Securacom was among numerous contractors hired in the upgrade.

The companies doing security jobs received due mention in print, in security industry publications and elsewhere. The board membership of a son of former President Bush went unnoticed, at least in print.

According to SEC filings, Securacom/Stratesec acquired the \$8.3 million World Trade Center contract in October 1996. The project generated 28 percent of over-all revenues for the company in 1996, part of increased over-all revenues. SEC filings indicate that revenues from the World Trade Center project commenced in 1996 at \$1.6 million, peaked in 1997 at \$6.6 million (\$4.1 million in the first half), and diminished in 1998 to less than \$1 million.

A key concept in security is "access control." In hindsight, as the security industry's reportage on the WTC precautions makes clear, further attacks would have to come from the air. Unfortunately, such detailed reports did not convey that message at home. Nobody thought outside the box enough to deduce that a jumbo jet could overcome even the extraordinary controls at the World Trade Center. With 20–20 hindsight, it is obvious that the intricate procedures in the building's lobbies and on its perimeters were like trying to stop a 767 with ID badges.

Barry McDaniel, CEO of the company since January 2002, declines on security grounds to give specific details about work the company did at the World Trade Center. According to McDaniel, the contract was ongoing (a "completion contract"), and "not quite completed when the Center went down." The company designed a system, but—as he points out—obviously that "didn't have anything to do with planes flying into buildings."

The key words "access control" are less feeble and irrelevant, however, in regard to airports and airlines. Had the hijackers failed on the ground, they would have lost their airborne weapon.

Two of the hijacked planes were United Airlines planes, and American Airlines Flight 77 took off from Dulles.

McDaniel makes clear that Securacom's contract for UAL was a single-site contract, in Indianapolis (at least five years ago), and not local. The work done, finished several years before he joined the board, was not in or near D.C.

Dulles Airport, obviously, is another matter. Dulles is regarded as "absolutely a sensitive airport," according to security consultant Wayne Black, head of a Florida-based security firm, given its location, size, and the number of international carriers it serves.

Black has not heard of Stratesec, but responds that for one company to handle security for both airports and airlines is somewhat unusual. It is also delicate for a security firm serving international facilities to be so interlinked with a foreign-owned company: "Somebody knew somebody," he suggested, or the contract would have been more closely scrutinized.

As Black points out, "when you [a company] have a security contract, you know the inner workings of everything." And if another company is linked with the security company, then "What's on your computer is on their computer."

In this context, retired FAA special agent Brian F. Sullivan is angry, and eloquent. "You can have all the security systems in the world, but the people behind the systems make the difference." The Bush administration, says Sullivan, "spit in the faces" of the victims' families, in pushing for last-minute protections for foreign-owned security companies (in the Homeland Security bill). Sullivan points out that "not one single person" in an upper-level position has lost a job as a result of 9/11, "not in the FBI, CIA, FAA, DOT." As he sums up, "No accountability, no progress."

Stratesec got its first preventive maintenance contract with Dulles Airport in 1995, generating \$0.3 million that year. The Dulles project generated revenue of \$1.2 million in 1996, \$2.5 million in 1997, and \$2.3 million in 1998, accounting for 22 percent of the company's revenues in 1996 and in 1998

Like other specialists, Professor Dale B. Oderman, in the Aviation Technology Department at Purdue, concurs that Dulles "was considered a very high profile target" as the primary international airport near the nation's capital. It serves as port of entry to about 15 international airlines as well as serving eight of the 11 major US passenger carriers. In comparison, Reagan Airport hosts only Air Canada from outside the US, and Baltimore-Washington Airport hosts about a half dozen."

Stratesec did not handle screening of passengers at Dulles. According to a contracting official for the Metropolitan Washington Airport Authority, its three-year contract was for maintenance of security systems: It maintained the airfield access system, the CCTV (closed circuit television) system, and the electronic badging system.

In 1997, the World Trade Center and Dulles accounted for 55 percent and 20 percent of the company's earned revenues, respectively. The WTC and Dulles projects figured largely in both Securacom's growing revenues from 1995 to 1997 and its decreases from 1997 to 1998.

Stratesec continued to refer to "New York City's World Trade Center" as a former client through April 2001. It listed Dulles Airport and United Airlines as former clients through April 2002.

As with the World Trade Center—which also had electronic badging, security gates, and CCTV—the ultimate problem with Dulles' security controls was not the controls themselves, but that they could be sidestepped. All the hijackers had to do was buy a ticket. As former FAA special agent Sullivan comments, "If they [attackers] knew about the security system, they knew how to bypass it."

One obvious question for investigators is how much potential hijackers could have known about the security system.

From 1993 to 1999, KuwAm—the Kuwait-American Corporation—held a large and often controlling interest in Securacom. In 1996, KuwAm Corporation owned 90 percent of the company, either directly or through partnerships like one called Special Situations Investment Holdings and another called "Fifth Floor Company for General Trading and Contracting." KuwAm owned 31 percent of Securacom in 1998 and 47 percent of Stratesec in 1999. It currently holds only about 205,000 shares of Stratesec; Walker, KuwAm's managing director, holds 650,000.

Marvin Bush was reelected annually to Securacom's board of directors from 1993 through 1999. His final reelection was on May 25, 1999, for July 1999 to June 2000. Throughout, he also served on the company's Audit Committee and Compensation Committee, and his stock holdings grew during the period. Directors had options to purchase 25,000 shares of stock annually. In 1996, Bush acquired 53,000 shares at 52 cents per share. Shares in the 1997 IPO sold at \$8.50. Records since 2000 no longer list Bush as a shareholder.

Stratesec and KuwAm were and still are intertwined at the top. Walker, while a principal at Stratesec (a director since 1987, chairman of the board since 1992, and formerly CEO since 1999), was also on the board of directors at KuwAm and is still managing director (both since 1982). Mishal Yousef Saud Al Sabah, the chairman at KuwAm, also served on Stratesec's board from 1991 to 2001. Walker and Al Sabah had major stock holdings in each other's companies. Their sons also held shares in both companies.

Stratesec, which currently lists 45 employees, hired KuwAm for corporate secretarial services in 2002, at \$2,500 per month.

For several years, Walker has also been chairman and CEO of an aircraft company, Aviation General, about 70 percent owned by KuwAm.

The Saudi Arabian Embassy, the Kuwait Embassy, and KuwAm have office suites in the Watergate complex, where both Stratesec and Aviation General held their annual shareholders' meetings in 1999, 2000, and 2001. Bush was reelected to his annual board position there, across the hall from a Saudi Arabian Airlines office. (This year, the companies' shareholders meetings switched to the fifth floor, in space also held by Saudis and Kuwaitis.)

Incidentally, Riggs Bank—where the Saudi Princess Al-Faisal had her checking account—also has a large office in the Watergate. Given that Jonathan Bush, the president's uncle, is a Riggs executive, it is difficult to understand any obstacle for US authorities pursuing the recently reported "Saudi money trail." The princess's charitable activities were processed through Riggs, but attention focused on the Saudis seems not to extend to the US bank they used.

McDaniel was asked in a brief telephone interview whether FBI or other agents have questioned him or others at Stratesec about the company's security work in connection with 9/11. The concise answer: "No." Asked the same question regarding KuwAm, Walker declines to comment further, and refers to the public record.

According to a spokesman in an FBI regional office, by October 2001, "the investigation [of 9/11] is being coordinated at the national level directly from the White House." If so, you'd think that an administration that could seriously consider infiltrating American mosques would ask a few questions closer to home.

But the suggestion is inescapable that any investigation into security arrangements preceding 9/11, at some of the nation's most sensitive facilities, has been impeded to this day by narrowly political concerns in the White House. "Mayberry Machiavellis" strike again: Rather than face possible embarrassment at disclosing Bush family interests in the security industry, Team Bush has stonewalled any concession to the public interest, statesmanship or even common sense. Every public statement from the White House seems designed to direct public attention toward Middle Easterners and away from Americans doing business with them—at least if their name is Bush.

From a purely business or political perspective, stonewalling might be understandable. But from the perspective of the victims' families or of the public, it looks odd. This is the White House we're talking about. In all the public expressions of sorrow or pity for the victims, it would have been natural, surely, for the president to say something along the lines of "Why, my own brother was part of that business. He and all of us are heartbroken" etc., etc. But such comment has not been forthcoming. He might even have said, "My own relatives, if they had any transactions that might have any connection at all with the individuals involved, will turn over every record," etc. But that statement has also not been uttered.

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