

THE HOMELAND SECURITY *NEWS CLIPS*

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TO: THE SECRETARY AND SENIOR STAFF
DATE: THURSDAY, APRIL 7, 2016 5:00 AM EDT

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LEADING DHS NEWS

TSA Chief Was In Brussels For Bombings

By Bart Jansen

[USA Today](#), April 6, 2016

WASHINGTON – The head of the Transportation Security Administration was coincidentally in the Brussels airport on the day of the bombings, which he said reminded him of the importance of protecting travelers.

"We arrived right as the bombs detonated," TSA Administrator Peter Neffenger, who was meeting with European counterparts, told the Senate transportation committee Wednesday.

"I will tell you being there that day, seeing the devastation, seeing the chaos of the airport environment and the evil behind it was a stark reminder of the importance of the work we do every day to protect travelers," Neffenger said.

The bombings March 22 at the Brussels airport and a subway station killed 32 people and injured hundreds more.

The attacks sparked international concerns about how to better protect transportation gathering places, such as train stations and airports outside security checkpoints. Lawmakers plan to add security measures to Federal Aviation Administration legislation being debated this week in the Senate.

The committee chairman, Sen. John Thune, R-S.D., said one pending measure would tighten vetting of airport workers for possible ties to terrorism. Another pending measure would expand enrollment in the Precheck program of expedited screening for travelers who volunteer information about themselves.

In addition, Senate Democrats urged approval Tuesday of a proposal to nearly double the number of armed TSA teams that patrol airports and train stations from 31 to 60. The goal is to provide higher-profile security through Visible Intermodal Prevention and Response teams in unsecured areas of airports such as check-in, where the Brussels bombs went off, and baggage claim.

Thune noted, however, the President Obama's budget proposal would have eliminated two VIPR teams.

"Have the events of the last two months – since the budget was released – convinced the administration that doubling of the VIPR program is needed to address current threats?" Thune asked.

Neffenger said he would put VIPR teams to work across the transportation system, in surface transportation and in public areas of airports.

"If I were to receive more VIPR teams, I would be able to put them to use," he said.

TSA Chief: 'Chaos' Of Brussels Attacks Motivates Agency Improvements

By Tom Costello

[NBC News](#), April 6, 2016

Transportation Security Administration Administrator Peter Neffenger witnessed firsthand the devastation of the deadly bombings at the Brussels airport and subway which killed dozens of people and injured hundreds more.

That tragedy really hit home, Neffenger told members of the Senate Commerce, Science and Transportation Committee on Wednesday.

"I will tell you being there that day, seeing the devastation, seeing the chaos of the airport environment and the evil behind it was a stark reminder of the importance of the work we do every day to protect travelers," Neffenger said.

And that's one of the reasons why his agency is trying to dramatically upgrade its approach to securing U.S. airports.

The fear: someone with easy access to a U.S. airport might try to recreate the Brussels attacks.

Related: [Brussels Airport Reopens for First Flights Since Terror Attacks](#)

Officials say there is no credible intelligence of any plot to conduct a similar attack in the United States, but stress that "we must remain vigilant."

The bomb-damaged departure hall area of Brussels Airport. Carl Court / Getty Images

Two million people now pass through the TSA checkpoints at nearly 440 airports every day — figures that greatly complicate the agency's goal of securing the nation's travelers.

So the TSA is redoubling efforts.

The agency has opened a new academy in Georgia which will train 4,800 officers this year alone.

The TSA also has a Law Enforcement Officer Reimbursement Program which provides approximately \$45 million each year to law enforcement agencies to beef up their presence and the agency deploys teams of agents and local law enforcement to patrol public areas.

TSA is also keenly aware of the threat posed by airport employees with access to transportation facilities and

infrastructure and has stepped up criminal history records checks of aviation workers, among other efforts.

Neffenger has also ordered a detailed vulnerability assessment of the nation's airports. The results of that assessment are due this month.

Congress wants the TSA to go further by adding more dog teams and double the number of armed tactical units, called "VIPR" teams in airports and railway stations nationally. And they want the agency to do more to require airports to limit their access to areas deemed vulnerable and improve perimeter security.

A Brussels Airlines plane takes off at Brussels Airport, in Zaventem, Belgium, Sunday, April 3, 2016. Geert Vanden Wijngaert / AP

"The only person who's gonna get airports off their duff to limit access into their airports is you," Sen. Bill Nelson, D-Florida, told Neffenger during Wednesday's hearing.

The TSA's increased focus on security comes just two months before the busy summer travel season kicks off. The agency is warning it could be a summer of long lines at TSA checkpoints — and passengers should plan on arriving at their airports early.

In the meantime, the FBI is urging bomb technicians, firefighters, police and chemical retailers to watch for anyone gathering ingredients for a homemade bomb.

"You can get them in a hardware store, you can get them in a supermarket and you can combine them and they'll be quite destructive," Timothy A. Gallagher, a FBI Special Agent in Charge, told NBC News.

As beefed up security provisions continue, the first flights to leave Brussels for U.S. airports landed Wednesday afternoon in Washington and Newark.

In a show of solidarity, Brussels Airlines, Flight 515 was met by Washington Dulles International Airport emergency crews, well-wishers, a water cannon salute on the ramp and Belgian flags for arriving passengers.

Guarding Subways, Rail From Terror Is Complex, Senators Told

By Alan Levin

[Bloomberg News](#), April 6, 2016

Protecting U.S. subways, railroads and roadways from terrorism is a topic that's "been on our minds for a long time" because the systems are open to the public and spread out across the country, the U.S. transportation security chief told senators Wednesday.

The Transportation Security Administration devotes more than three-quarters of its budget and 93 percent of its roughly 50,000 employees to aviation. It relies mainly on voluntary actions by local authorities as it tries to prevent attacks like the ones that struck Brussels on March 22, Administrator Peter Neffenger said.

“While any open system is by definition at risk, I think there is a great deal being done to reduce that risk,” Neffenger said in response to a question about how well the agency is addressing threats to non-aviation targets.

The Senate Commerce, Science and Transportation Committee’s hearing focused on the latest tactics by Islamic State, sometimes known by the acronym ISIS, which set off bombs at an airport entry hall before passengers passed through security and at a subway station. Both Republicans and Democrats this week have called for heightened security to help prevent such attacks in the U.S.

“The TSA must learn from past attacks,” Senator John Thune, the South Dakota Republican who’s chairman of the committee, said at the hearing. He also called in a speech Tuesday for TSA to do more to police potential non-aviation targets.

He said security measures should be attached to a bill setting Federal Aviation Administration policy that was scheduled to be taken up by the full Senate later on Wednesday.

Islamic State terrorists also struck multiple locations in Paris on Nov. 13, killing 130 people at a theater, a restaurant and a soccer stadium.

Senator Bill Nelson, a Florida Democrat, said far more people have died in terrorist attacks on non-aviation forms of transportation since the Sept. 11, 2001, attacks.

“It’s time to reexamine our transportation security strategy and refocus our efforts,” Nelson said.

A group of Democrats, led by New York Senator Charles Schumer, said Tuesday they planned to introduce legislation to expand the use of armed TSA teams, improve training on responding to active shooters and boost security in unsecured areas at airports.

There are more than 6,800 transit agencies in the U.S., from small bus lines to subway systems carrying millions of people each day in New York and Washington, Neffenger said.

TSA’s budget is heavily weighted toward aviation. For the current fiscal year, the Obama administration proposed a \$7.6 billion budget for the agency that would spend 76 percent on aviation security, compared with 1.1 percent on surface transportation. The bulk of the remaining amount is earmarked for intelligence and other agency functions.

The U.S. Transit Security Grant Program, which is administered by the Federal Emergency Management Agency and TSA, has seen its funding cut. It awarded \$389 million in 2008. Within four years, that fell to \$87.5 million, where it has roughly stayed since.

The TSA also has armed teams it calls Visible Intermodal Prevention and Response, or VIPR, that it can assign to different locations. The VIPR teams have done 60 percent of their patrols on aviation-related details in recent years, Neffenger said.

TSA also does exercises with law enforcement agencies in the U.S. and Canada, he said.

TSA Administrator Testifies In Front Of U.S. Senate

By Nora Kelly

[The Atlantic](#), April 6, 2016

Transportation Security Administrator Peter Neffenger was headed to Brussels for meetings on March 22, the day of the terrorist attacks against that city. He landed “just as the bombs detonated,” he said, deplaning into a fractured and panic-stricken airport.

So when the Senate Commerce, Science, and Transportation Committee held a hearing Wednesday morning, the occasion seemed destined for intense or emotional moments. After all, the senators themselves had just traveled to Washington earlier this week from a long spring recess; it seemed reasonable to expect that some might want to know just how safe they’d been in those travels. Plus, this was the Senate’s first chance to grill Neffenger since the bombings, to make impressive national-security pronouncements, and to press him on his agency’s capability to prevent similar metro and airport attacks in America. Latest from Politics

But lawmakers Wednesday morning seemed more interested in fact-finding—often on behalf of their local transportation hubs—than in breathing fire about the looming dangers of terrorism. Whether about TSA checkpoints in Denver or border concerns in Washington state, the hearing at times took on a hyper-local bent. After Nevada Republican Dean Heller quizzed Neffenger on the much-used McCarran International Airport in Las Vegas, Chairman John Thune of South Dakota thanked his colleague for his questioning. “There are not many places that you can get direct flights from Sioux Falls, South Dakota,” he said. “But one of them is to Vegas, so my constituents were adding to that number coming into and out of your airport this year.”

Some members’ emphasis on their home states’ security shouldn’t be surprising—they are sent to the Hill to represent their constituents’ interests. But the terror threat, and temptation for nat-sec grandstanding, could have easily dominated the rhetoric. Instead, lawmakers used the hearing as a measured catchall for worries both broad and specific, pushing Neffenger on aspirations for the future of transportation security. (At one point, late in the hearing, Ranking Member Bill Nelson wanted to know about a technology that mimics a security dog’s nose. He was probably disappointed to learn that won’t be implemented anytime soon.) “Our security is as strong as our weakest link,” said Montana Republican Steve Daines.

The more region-specific questions weren’t asked entirely in self-interest. “Our security is as strong as our

weakest link,” said Montana Republican Steve Daines, by way of introduction to his query. He wanted to know why the advanced-imaging scanners Montana’s airports were supposed to have in 2012 haven’t yet been installed. “Enhancements of rural airports strengthen security of the entire national airspace,” Daines said. “The bad guys are going to find weak places to come in.” It’s worth noting that the questioning may have gone differently if the full committee had shown up; roughly half appeared with questions for Neffenger during the 90-minute hearing.

Still, widespread, even international, vulnerabilities weren’t completely absent from the senators’ minds. Nelson, a Florida Democrat, referenced a nearly two-year-old gun-running scheme through the Atlanta airport that involved an airport employee. He wanted to know why more airports aren’t limiting the number of entry points or screening employees more thoroughly as they enter. Neffenger said a report with airport-by-airport details is forthcoming.

Missouri Democrat Claire McCaskill expressed dismay at what she views as insufficient security measures at foreign repair stations, where much plane maintenance occurs. (NBC News published a helpful primer on these stations and accompanying security issues back in 2010. McCaskill, who’s quoted in the article, said Wednesday that she has been concerned about them since 2007.)

“I don’t think most Americans know that almost every domestic plane they are in is cared for, repaired, overhauled in foreign repair stations,” McCaskill said. “Including foreign repair stations in countries that are listed by the State Department as countries that can be a haven for terrorists.” She lamented the lack of background checks, drug and alcohol screening, and other security measures in those countries. “We have one standard for machinists and others who work on airplanes in the United States, but if you want to take those jobs overseas, then all of a sudden it is like a sieve.” Neffenger politely pushed back on her concerns, noting that foreign repair-station employees are credentialed and screened routinely by the Federal Aviation Administration. He also pledged to get her more information. It was just one more item on a to-do list that grew throughout the hearing.

Though legislators didn’t invoke the Brussels bombings too often in the hearing, the attacks certainly—and understandably—informed Neffenger’s testimony. Just over two weeks after the European attacks, Neffenger connected the horror he saw with the high-stakes duties of his agency. “Being there on that day—seeing the devastation, seeing the chaos of the airport environment and the evil behind it—was a stark reminder of the importance of the work that we do at TSA every day to protect travelers.”

TSA Chief: Moving DIA Checkpoints Would Solve ‘Very Real Security Problems’

By Cathy Proctor

[Denver Business Journal](#), April 6, 2016

The official who runs security at the nation’s airports told a congressional hearing Wednesday that his agency supports a proposal by Denver International Airport officials to move the passenger screening system from the Great Hall of DIA’s terminal.

Peter Neffenger, administrator of the Transportation Security Administration, was responding to questions from U.S. Sen. Cory Gardner, R-Colorado, during a hearing of the Senate Commerce, Science and Transportation Committee.

“It’s a wonderful opportunity and it solves some very real security problems in Denver and elsewhere,” Neffenger said of the proposed move. “We’re really excited about that and see it as an opportunity to do something very different.”

It’s believed to be the first time that a TSA official has publicly discussed DIA’s proposal.

As the Denver Business Journal reported early last year, DIA officials have discussed at least since 2009 the idea of moving TSA out of the Great Hall, the area under the main terminal’s tents.

But the topic of airport security has gained greater urgency since last month’s terror bombings at Brussels airport and a subway station killed 35 people.

The changes in security screening at DIA could be a prototype for the nation, according to a March 25 letter from CEO Kim Day to Colorado’s congressional delegation that describes an “Innovative Task Force Initiative” collaboration with TSA to improve the airport’s screening experience and “security margin.”

“We are taking the first steps in a public-private partnership that can redefine for our nation how we protect the American people from threats to aviation,” Day said.

“We have begun planning with TSA to have our airport security improvements serve as TSA’s initial prototype for this new approach. TSA Administrator Neffenger has committed his support and we are moving forward to make Denver the national prototype,” she said.

The March 22 attacks in Brussels “underscored the need to address the location of TSA screening checkpoints,” Day said in her letter.

“Relocating the checkpoints to reduce the exposure of travelers and personnel is this airport’s highest priority,” Day said.

Since the Sept. 11, 2001, terrorist attacks, much of the Great Hall’s floor space has been occupied by two TSA checkpoints. (There is another checkpoint on the walkway leading to DIA’s A Concourse.)

DIA officials have proposed that the TSA’s two checkpoints in the hall could be moved into unneeded space

on the ticketing level, or to empty space under DIA's new Westin hotel.

After that, the Great Hall would return to its original purpose as a gathering place for passengers and the public.

"TSA – from the local Federal Security Director to Administrator Neffenger – shares this same resolve. We have been working on plans for our Great Hall for some time. The primary motivation for that project is relocation of our security screening areas," Day said, adding that the purpose of her letter was to seek help in obtaining federal funding for the effort.

Day said shifting the airport has room to accommodate a TSA screening area in the ticketing areas, and "doing so would significantly reduce the exposure of waiting travelers and TSA personnel."

Day said moving the security screening areas out of the Great Hall would require that existing airline ticket counters be compressed into an area covering two-thirds of the sixth floor level, leaving the remaining one-third of the level for TSA operations.

The move also will require "major modifications to our baggage system to address the relocated baggage ingestion points. A more efficient checked baggage screening operation for TSA will need to be created by consolidating nine baggage reconciliation areas into two," she said in her letter.

The four international teams are bidding on the chance to renovate the Great Hall. They received DIA's formal "request for proposal" in February.

"I'm convinced we need to find more efficient means of moving people through screening, both to reduce the pressure outside the checkpoints and to improve efficiency, while not changing the effectiveness of the program," Neffenger said Wednesday at the congressional hearing.

"When Kim Day approached TSA and said we'd like to move your passenger screening checkpoints from the main hall floor up to the ticketing area, it presented an opportunity to address that," he told the senators.

"That conversation allows us to re-think the security apparatus at the airport — from curb to gate," he said.

Even the little things become important when thousands of people are moving through the screening process.

"It can be as simple as putting automated conveyor belts and RFID (radio-frequency identification) tags into the bins that you use so you can more efficiently track bags and bins as they move through the process — it's astonishing how slow the line can be just because someone has to push their stuff down the conveyor belt," Neffenger said.

Neffenger said the TSA is involved in conversations about the future of security screening with DIA officials, airlines that operate at the airport, manufacturing companies and the Federal Aviation Administration.

"We're not going get to the checkpoint of the future right away, but we have an opportunity here ... to do a white board on how to recreate the screening environment, to reduce friction to traveler, improve efficiency and (the) effectiveness of the system," Neffenger said.

"It gives us an idea to try some things and Denver's been very forward leaning in allowing us to try some new ideas."

Heath Montgomery, a spokesman for DIA, said airport officials and the TSA have had deeper discussions over the last few months on the potential for changing security procedures at the airport.

"Our goal is to provide our passengers with the safest and most enjoyable experience possible from the curb to the gate, and the TSA has become a very large part of the passenger experience at airports across the company," Montgomery said.

"We're fortunate to have good relationships with those partners and the timing is absolutely right to talk about re-imagining the security screening process in Denver," he said.

Homeland Security Dept. Struggles To Hire Staff To Combat Cyberattacks

By Ron Nixon

[New York Times](#), April 6, 2016

WASHINGTON — At a time of increasing threats of cyberattacks on critical infrastructure, the Department of Homeland Security is having trouble recruiting much-needed computer experts because it cannot match the pay of the private sector and does not have the same allure as intelligence agencies.

Recent disclosures that Iranian hackers with ties to the government in Tehran had launched a cyberattack against a dam in New York highlighted the need for the department, which is charged with protecting government and private systems from cyberintrusions, to have a staff capable of responding to the sophisticated enemies.

"We are competing in a tough marketplace against a private sector that is in a position to offer a lot more money," Jeh Johnson, the Homeland Security secretary, told senators at a hearing last month. "We need more cybertalent without a doubt in D.H.S., in the federal government, and we are not where we should be right now, that is without a doubt."

Concern about the potential for cyberattacks on infrastructure was heightened after a Dec. 23 computer hack of the Ukrainian power grid that caused a blackout for 225,000 customers. The department, which helped Ukrainian officials investigate the case, confirmed that it was a cyberattack.

But officials said the attack in 2013 on the small dam in New York, which lies less than 20 miles north of New York City and is used mostly for flood control, was alarming,

because it underscored that foreign hackers were targeting the nation's infrastructure. Seven men said to be working for two Iran-based computer security companies on behalf of the Islamic Revolutionary Guards Corps, a branch of the Iranian military, were charged in the attack.

Preet Bharara, the United States attorney for the Southern District of New York, who is prosecuting the case, called the attack a "frightening new frontier for cybercrime" during a news conference last month announcing the indictment.

The cyberattack on the dam, with its antiquated computer system, has raised the specter of similar attacks on power grids, pipelines and the air traffic control system, since many of these systems are also run on outdated hardware and software.

According to federal data, nearly 300 attacks were reported on critical infrastructure last year, up from just under 200 in 2012. The data shows attempted attacks on a wide variety of targets, including in the health care and manufacturing fields.

The reports say the nature of the attacks shows a level of sophistication beyond the ability of most casual hackers. Over all, nearly 600,000 cybersecurity incidents involving government and private computer systems were reported to the department in 2014, the most recent year for which data was available.

To counter these intrusions, the Obama administration and Congress approved the Cybersecurity Enhancement Act of 2014, which among other things emphasized recruitment of a cybersecurity work force for the government.

But the Department of Homeland Security, even with 691 people staffing its cybersecurity division, has not been able to recruit a work force to match the threat.

The Office of Personnel Management, with the approval of Congress, has given the department the authority to hire up to 1,000 workers by June 30.

"It's up to D.H.S. to use that new authority to achieve its mission," said Senator Ron Johnson, Republican of Wisconsin and chairman of the Senate Homeland Security Committee.

In addition to pressure from the private sector, department officials say they also find themselves competing against government agencies like the National Security Agency and the Department of Defense for top talent.

"The deck is stacked against us a little bit," said Phyllis Schneck, deputy under secretary for cybersecurity and communications at the Department of Homeland Security. "So what we are pitching to people is to explore a hybrid: Do a private sector career and then come and do some time in government. It can be a positive experience in both areas."

Candy Alexander, a board member at the Information Systems Security Association, a trade group of cybersecurity professionals, said many people with the skills for

cybersecurity jobs avoided working for the government, particularly the Department of Homeland Security, because it was not seen as cutting edge.

"For a lot of people who do this work, it is about who gets the coolest toys first," she said. "And D.H.S. doesn't come across as a place where that is going to happen."

Robert Lee, the chief executive and a founder of Dragos Security, a cybersecurity company that focuses on critical infrastructure, sees a more basic problem.

"People are looking for meaningful work and flexibility, and nothing about government screams flexibility," Mr. Lee said.

"Countering our adversaries and keeping them from disrupting our critical infrastructure can be just as exciting," he said. "But the D.H.S. is seen as a large bureaucracy, and nothing about it screams change and innovation."

Ms. Schneck, who was formerly chief technology officer of McAfee, now known as Intel Security, said that the department is trying to change the perception it is not innovative, and that it is making an aggressive push to hire talent by, among other things, changing the long hiring process.

"I work with some of the smartest people I have ever worked with, and the work is important and fulfilling," she said.

US Security Chief Compares Anti-Muslim Remarks To Red Scare

[AFP](#), April 6, 2016

Washington (AFP) – The US domestic security chief on Wednesday compared current anti-Muslim sentiment to the anti-communist "Red Scare" of the 1940s and '50s, suggesting that divisive statements by Republican presidential candidates are to blame.

Homeland Security Secretary Jeh Johnson, who is black, noted that his grandfather was forced to testify in front of the House of Representatives in 1949.

"He had to, in the height of the Red Scare, to deny he was a member of the communist party, and went on to give an impassioned statement about how American negroes are patriotic," Johnson said at a conference in Washington about countering violent extremism.

"Efforts and dialogue that have the effect of vilifying American Muslims are counter to our homeland security interest," he said, without specifically naming any political candidates.

Those who don't know history "are bound to repeat it," Johnson added.

Republican presidential hopefuls Donald Trump and Ted Cruz have both been criticized for statements seen as hostile to Muslims.

Trump wants to temporarily ban Muslims from entering the United States, while Cruz has called for allowing law enforcement to “patrol and secure” Muslim neighborhoods.

The Obama administration slammed those remarks, with Secretary of State John Kerry calling them “an embarrassment to our country.”

The candidates’ views run counter to government efforts to build bridges with Muslim communities and prevent radicalization.

“The overwhelming, overwhelming majority of American Muslims ... are patriotic, dedicated people who love this country and want to help us in public safety, and secure our homeland because they know it’s their homeland too,” Johnson said.

Homeland Security Chief Jeh Johnson Rips GOP Campaign Rhetoric As Dangerous And ‘Overly Simplistic’

By Mike Levine

[Yahoo! Good Morning America](#), April 6, 2016

The nation’s homeland security chief today denounced some of the 2016 presidential campaign’s rhetoric as “overly simplistic” and “counter to our national security interest.”

Speaking at a symposium in Washington, D.C., focused on countering violent extremism, Homeland Security Secretary Jeh Johnson took aim at recent remarks like those by Donald Trump and Sen. Ted Cruz calling for surveillance of Muslim communities in the United States.

Cruz said in a statement after last month’s terrorist attacks in Brussels, Belgium, that “we need to empower law enforcement to patrol and secure Muslim neighborhoods before they become radicalized.”

And late last year, Trump called for “a total and complete shutdown of Muslims entering the United States until our country’s representatives can figure out what is going on.”

But at today’s symposium, sponsored by the International Peace and Security Institute, Johnson said, “contrary to some of the political rhetoric” and “contrary to some of the overly simplistic rhetoric,” there is “no one neighborhood or ghetto or city that one could circle ... to surveil American Muslims.” **President Obama Says Trump and Cruz Are Harming Foreign Policy Joe Biden: Donald Trump ‘Makes Me Sad’**

President Obama recently echoed that sentiment, calling some of the Republican campaign language “un-American” and “counterproductive.”

“The overwhelming, overwhelming majority of American Muslims, including those who serve in our United States military ... are patriotic, dedicated people who love this country and want to help us with public safety and secure our homeland, because they know it’s their homeland too,”

Johnson said today. “Efforts to vilify and isolate American Muslims are counter to our homeland security interest and counter to our national security interest, given the nature of the global terrorist threat.”

Emphasizing the need to build bridges with U.S. Muslims, Johnson noted that Islam is “as diverse as Christianity,” with different kinds of followers scattered in different places around the world.

But Johnson acknowledged that U.S. authorities must focus their efforts in stopping the terrorist threat. And while law enforcement is not targeting a religion or a specific group, he said, there are “several caveats to that.” “The Islamic State, which is the most visible and most prominent and probably the most dangerous terrorist organization that we face right now, is targeting American Muslims,” Johnson said. “So we must respond in countering that effort as a matter of homeland security, which is why when I talk about building bridges to communities, most often I am in fact talking about building bridges to American Muslim communities – because that is who the Islamic State is targeting.”

Today’s remarks are not the first time Johnson has taken issue with comments emanating from the 2016 presidential race. Last summer, he pushed back on Trump’s broad plan to deport undocumented immigrants from the United States.

“I’m not in the business of giving advice to candidates for president but ... the facts are that apprehensions [along the Southwest border] have gone way down,” Johnson said in July. “We’ve invested a lot in border security. We are much better at border security than we used to be, and the undocumented population in this country has stopped growing.”

More than half of the undocumented population has been in the United States more than 10 years, and, “No administration is going to deport them because [we] don’t have the resources to do that,” Johnson said at the time.

Airport Employees Thought To Have Possible Terrorist Ties Have Now Been Vetted

By George Colli

[WJAX-TV Jacksonville \(FL\)](#), April 6, 2016

Homeland Security Secretary Jeh Johnson is setting the record straight on our series of reports from last month about dozens of private airline employees having possible terrorist ties.

At a press conference with Senate Democrats announcing three new proposed amendments to the FAA Reauthorization Act of 2016, Johnson told Washington Bureau reporter George Colli that none of the employees flagged in last year’s Homeland Security Inspector General Report are a threat.

"It's not that they're suspected terrorists. It's that they hadn't been vetted through all available databases," said Johnson. "We have since corrected that problem and the cases have been resolved."

When asked in a follow-up by Colli if there is anything the department is doing now to strengthen the vetting of airline employees, Johnson said "we're doing a better job of consulting all of the right databases when it comes to airport security and a host of other things."

Our Washington Bureau reported exclusively last month which airports the 73 employees worked after receiving documents through a Freedom of Information Act request. It included six employees at the Sea-Tac Airport in Seattle, four at Hartsfield-Jackson in Atlanta, two at Logan Airport in Boston and one each at Orlando International, Orlando-Sanford and Memphis International airports.

Despite the Homeland Security Secretaries assurances, lawmakers are not completely satisfied.

Senator Kelly Ayotte (R-NH), who is Chair of the Commerce, Science and Transportation subcommittee, said better cooperation between agencies in the United States and with allies abroad is needed to make sure the wrong people are not gaining secured access to airports.

"We need to make sure there are proper information sharing and background checks on all individuals working at our airports," said Ayotte.

Senator Maria Cantwell also spoke about better information sharing on employees, especially overseas at airports which fly directly into the United States.

"We have to work on more collaborative efforts in those overseas airports so U.S. citizens can feel safe when they are traveling," said Cantwell.

Cantwell and Ayotte are co-sponsors of a bill, The Airport Security and Oversight Act, that will strengthen airport employee vetting.

Senator Bill Nelson, who co-chairs the Senate Commerce Committee, said more needs to be done in terms of screening what employees are bringing into secured areas of airports following a gun-running scheme by employees at the Atlanta airport.

At a hearing on Wednesday on Capitol Hill, Nelson asked TSA Administrator Robert Neffenger why only three airports nationwide require all employees to go through security prior to starting their work days.

"Atlanta, Miami, Orlando. What about the other 297 airports nationwide?" Nelson asked.

Neffenger said the TSA itself has "increased the inspection of employees five-fold in the last five months", but agreed with Nelson that more can be done. He said he's asked all airports to provide detailed vulnerability report from all of the airports in the country and expects the answers by the end of the month.

Advocates In 2 States Act To Improve Treatment Of Immigrants

By Russell Contreras And Amy Taxin

[Associated Press](#), April 6, 2016

ALBUQUERQUE, N.M. (AP) — Advocates took action on two fronts Wednesday to push for better treatment of immigrants in federal custody, claiming they are having their belongings taken by U.S. agents and are languishing behind bars because of unfair bond conditions set by judges and others.

The American Civil Liberties Union of New Mexico and other organizations filed an administrative complaint with the Department of Homeland Security alleging that Border Patrol agents have been seizing immigrants' property before deporting them to Mexico, in some cases to cities where they didn't know anyone.

It came the same day the ACLU of Southern California sued to demand deportation agents and immigration judges consider immigrants' ability to pay when setting bond to avoid jailing people solely because they are poor. Advocates contend that at least 100 immigrants are detained in the region each day despite being granted bond.

The cases were filed separately and follow heated rhetoric on the presidential campaign trail about how the country should treat immigrants and which ones should be allowed to stay.

Advocates in New Mexico said immigrants suspected of being in the country illegally were deported without their belongings in 26 cases and that the seizures put them in harm's way.

In one instance, Border Patrol agents detained a 23-year-old man from Chihuahua, Mexico, on a road near Antelope Wells, New Mexico, and forced him to sign a form abandoning rights to his belongings, the complaint said.

In another case, agents seized nearly \$400 from a 23-year-old woman from Guerrero after detaining her near an international bridge in El Paso, Texas. The money, which was part of the woman's life savings, was never returned, advocates said.

"They are really eroding the rule of law at the border," said Kristin Greer Love, an attorney with the ACLU of New Mexico. "They are putting people at great vulnerability. Some are fleeing dangerous situations and are seeking asylum in the U.S."

The Department of Homeland Security, which oversees the Border Patrol, said it has a policy of safeguarding detainees' property and returning their belongings when they are deported. The agency will review the complaint, spokeswoman Gillian Christensen said in a statement.

"Any allegation of missing property will be thoroughly investigated," she said.

Christensen declined to comment on the lawsuit from the ACLU of Southern California. The group wants authorities to consider other kinds of bond or alternatives to detention so more immigrants can get out of jail.

The ACLU noted that immigration bonds must be paid in full with cash and that the Justice Department has encouraged criminal courts to weigh defendants' ability to pay when setting bond. Advocates want immigration courts to do the same.

The lawsuit cited the case of Honduran citizen Cesar Matias, who has been detained since 2012 despite having a \$3,000 bond. Matias was taken into immigration custody after a drug conviction and is seeking asylum to avoid deportation to Honduras, where he previously was persecuted because he is gay, said Michael Kaufman, a staff attorney at the ACLU of Southern California.

"The purpose of bond is to assure someone's appearance in court. It is not meant to be an unreachable condition that is basically another way of ordering someone's detention," Kaufman said.

The ACLU is seeking class-action status in the lawsuit for immigrants held in the Los Angeles area, where authorities have bed space for nearly 3,000 detainees.

The suit was filed against the Justice Department, which oversees the country's immigration courts, and the Department of Homeland Security. The Justice Department also declined to comment.

Taxin reported from Los Angeles.

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Mexican Nationals Say They Were Deported Without Their IDs, Money And Possessions

By Elisa Foley

[Huffington Post](#), April 6, 2016

Twenty-six Mexican nationals say the U.S. government deported them without their identification, money, cell phones and other possessions, putting them in danger by making it difficult or nearly impossible to contact family or get back to their home cities.

Their allegations are detailed in a complaint filed Wednesday by civil and immigrant rights groups in the U.S. and Mexico.

"Imagine being deported to a country, and in some cases a country that you haven't been in a very long time, with no money and no cell phone and no way of contacting loved ones," Kristin Greer Love, an attorney at the American Civil Liberties Union of New Mexico, said in an interview. "It's just hard to imagine what people can do to get out of that kind of situation."

The groups involved in the complaint are the Ciudad Juárez; the Mexico-based organization Programa de Defensa e Incidencia Binacional; affiliates of the ACLU; the American Immigration Council; and the National Immigration Project of the National Lawyers Guild. They filed the complaint with the Department of Homeland Security and its agencies Customs and Border Protection and Immigration and Customs Enforcement.

In the document, the groups allege that U.S. government agents, most of them in Border Patrol, violated the agencies' own policies by failing to return some or all possessions of individuals repatriated in 2015 or 2016 to Ciudad Juárez, which is across the border from El Paso, Texas, and near Las Cruces, New Mexico. In some cases, people said agents intimidated them by saying they could be detained for more time if they tried to pick up their belongings.

Those belongings included wedding rings, glasses, identification needed to travel and work in Mexico, phones with their families' contact info and things like jackets, the groups allege. Without them, people are essentially undocumented in their own country.

"One needs the [voter card] for everything," a 45-year-old woman says in the complaint. "It was my only identification."

Many of the individuals in the complaint said they were never given a claim receipt or inventory to help them pick up belongings. Some individuals said they were told they could pick up possessions only after they were deported, only to find once released that more than 30 days had elapsed and those items were destroyed.

Some people were unable to pick up months or years of wages they had saved to come to the U.S., according to the complaint.

All in all, human rights groups wrote in the complaint that the incidents detailed show "systemic abuse against those seeking asylum in the United States and those repatriated from the Southwest border."

Some of the incidents happened after CBP released standards for detention in October of last year, and after the government signed repatriation arrangements in February with Mexican authorities that include a commitment to "take all feasible steps" to ensure property, possessions and money are returned to their owners, the groups say.

The Department of Homeland Security will review the complaint, spokeswoman Gillian Christensen said in a statement.

"DHS has strict standards in place to ensure that detainees' personal property – including funds, baggage and other effects – is safeguarded and controlled while they are in detention and returned to them when they are released from CBP/ICE custody or removed from the United States. Any allegation of missing property will be thoroughly investigated."

People can keep their money and identification while in Customs and Border Protection custody, but other possessions are stored, according to DHS. The U.S. government provides information on how individuals can retrieve those belongings, and if a person is being held more than 30 days, their home country's consulate or their attorney is allowed to pick items up. DHS says people should contact the agency if they are not given back their belongings.

The complaint argues that even the current policy is too restrictive. If someone is attempting to leave Mexico because of fear of the government, for instance, they can hardly ask the country's consulate for help.

The government should act immediately to make changes where needed to ensure people can retrieve their belongings, investigate the incidents described in the complaint and ensure its policies are being followed on the ground, the groups write.

"The U.S. government shouldn't be putting people in harm's way," Vicki Gaubeca, director of the ACLU of New Mexico Regional Center for Border Rights, said in an interview. "What it amounts to is they're robbing people of their money and their belongings."

ACLU Says U.S. Agents Hold On To Deportees' Belongings

[FOX News Latino](#), April 6, 2016

The American Civil Liberties Union is one of several organizations filing a complaint with the U.S. Department of Homeland Security about the failure of customs and immigration agents to return the confiscated personal belongings of people being deported to Mexico.

The ACLU of New Mexico assembled 26 cases of immigrants who were deported to Mexico without money, identification and legal documents, mobile phones and other important personal possessions, saying that although this situation occurs along the entire U.S.-Mexico border, the report focuses on Border Patrol irregularities in the El Paso, Texas, sector.

Mariana Gonzalez, one of the victims, told EFE from Mexico that none of the immigrants who traveled with her in 2015 on a bus to be deported across the border in El Paso received their personal belongings back from U.S. authorities.

"There were many of us and they didn't return our money or cellphones to any of us," said Gonzalez, 40, who along with about 30 undocumented migrants was expelled from the country into Ciudad Juarez, Mexico, just across the border from El Paso.

The ACLU on Wednesday presented a complaint with these 26 cases to Department of Homeland Security inspector general John Roth.

The issue concerns "violations" by agents in the offices of Immigration and Customs Enforcement and Customs and

Border Protection who "threaten and intimidate" people who ask for their personal belongings back, according to the complaint.

The complaint says that in many cases migrants are deported to Mexican cities where they know nobody, without their cellphones, ID documents or any money, and this fact exposes them to danger.

Another of the people mentioned in the complaint, Perla Garcia, said that Border Patrol agents destroyed medicines she needed for cholesterol and liver problems, while Maria Carreño complained that they never returned \$228 in cash or her Mexican voting certificate.

Victims also said that personal items such as wedding rings, photographs and religious articles were stolen from them by U.S. authorities. EFE

TSA Comes Under Fire For \$1.4 Million App To Manage Lines

By Melanie Zanona

[The Hill](#), April 6, 2016

The Transportation Security Administration took heat from lawmakers on Wednesday for a \$1.4 million contract that included the purchase of a randomizer app that chooses left or right.

During a Senate Commerce, Science and Transportation Committee hearing, senators criticized the agency for buying the iPad app, which randomly chooses whether travelers go left or right in certain PreCheck lanes to ensure passengers can't avoid random checks.

TSA Administrator Peter Neffenger said the agency no longer uses the app, because it has ended the program that pulls low-risk passengers from regular lines and funnels them through PreCheck.

"Was that ... an example where we maybe shouldn't have purchased that?" asked Sen. Kelly Ayotte (R-N.H.) "Seems like a waste of dollars to me."

"There was a lot more involved in that contract," Neffenger said.

"The actual app cost significantly less, somewhere in the thousands. Nonetheless, it is not an app we need anymore," he added.

According to the technology website Geek, the app cost \$336,000, a figure released after a Freedom of Information Act request was filed by developer Kevin Burke. The total cost of the project, awarded to IBM, was \$1.4 million.

But a more detailed cost breakdown was not provided in the FOIA documents, according to Geek. The \$336,000 figure could also include the price of the iPads.

Still, lawmakers were not pleased with the report and called for greater oversight and transparency.

Nevada Republican Sen. Dean Heller pressed Neffenger, who has been in the role for nine months, on what

the agency is doing to enact oversight reforms and regain the public's trust.

"One of the first things I did was to look at our acquisition program," Neffenger said. "We're working very hard on improving our oversight and controls, looking across every contract we have to ensure that the contract is appropriate and that the money is going to what we think it is."

IMMIGRATION AND CUSTOMS **ENFORCEMENT**

Two From Kearny (including 17-year-old Boy) Among 16 Nabbed In Porn Bust

[Observer \(NJ\)](#), April 6, 2016

TRENTON —

Acting Attorney General Robert Lougy today announced that 16 defendants have been arrested in "Operation Safeguard," a joint operation by the New Jersey Division of Criminal Justice and ICE Homeland Security Investigations that targeted offenders who used an online file-sharing network to download and distribute child pornography, including videos of young children being raped.

Lougy announced the results of the joint state and federal operation at the State Police Technology Complex in Hamilton with Director Elie Honig of the New Jersey Division of Criminal Justice and Resident Agent in Charge Richard Reinhold of the Cherry Hill Office of ICE Homeland Security Investigations (HSI).

The New Jersey State Police assisted with the investigation, and numerous local police departments and county prosecutors' offices assisted with the arrests.

All 16 defendants were charged with second-degree distribution of child pornography, which carries a sentence of five to 10 years in state prison, and third-degree possession of child pornography, which carries a sentence of three to five years in prison. The arrests, made between Feb. 10 and March 31, include the following local cases:

A factory worker from Kearny, Andres Tejada-Diaz, allegedly had 168 files of suspected child pornography in a shared folder on his computer. Investigators found a locked suitcase filled with sex toys and underwear for little girls when they executed a search warrant at his home.

A 17-year-old high school student from Hudson County (Kearny) allegedly had 122 files of suspected child pornography in a shared folder on his computer. The juvenile allegedly sold child pornography to people whom he met online in exchange for Amazon gift cards.

"These defendants come from all walks of life, but they allegedly share a depraved desire to see children being raped and sexually exploited," Lougy said. "By viewing and

distributing child pornography, particularly the child rape videos targeted in this operation, these offenders directly motivate and put themselves in league with the predators who torture children to create these repulsive materials. Through sweeps like Operation Safeguard, we send a powerful message that these are very serious crimes and we are determined to put those who commit them behind bars."

"By sharing and recirculating videos of child pornography, these offenders perpetually re-victimize the innocent children who are sexually assaulted to produce them," said Director Elie Honig of the Division of Criminal Justice. "With these operations, we're putting child pornography users on notice that we have infiltrated their file-sharing networks and chat rooms, and we will trace these crimes right to their doors."

"Distribution of child pornography steals the innocence of children and destroys lives," said Terence S. Opiola, Special Agent in Charge of ICE Homeland Security Investigations in Newark. "HSI special agents will continue to work tirelessly with our state and local partners in operations like this one to track down the perpetrators of these terrible crimes and ensure that they face prosecution."

The 16 defendants range in age from 17 to 72. All of them are charged under New Jersey's strict 2013 child pornography law, which enhanced the penalties for those who possess, distribute or manufacture child pornography.

If convicted of distributing 25 or more computer files of child pornography – which includes simply having that number of files in a shared folder on their computers, available for other users to download – the defendants will face a mandatory minimum state prison sentence of five years without possibility of parole.

Any defendant found to have possessed 100 or more files of child pornography on his computer will face a presumptive sentence of three to five years in state prison.

During Operation Safeguard, special agents of HSI and detectives of the Division of Criminal Justice and New Jersey State Police monitored several online file-sharing networks that are popular with offenders who download and trade child pornography. Using advanced technology, the investigators searched for telltale digital "fingerprints" of known child pornography, as well as search terms used by those who download and share child pornography. Through these and other methods, they identified New Jersey residents who were downloading child pornography and making child pornography available to others in "shared folders" on their computers. The files included videos showing pre-pubescent boys and girls being raped or being coerced into performing sexual acts on themselves or others. The file-sharing networks used by offenders to distribute child pornography operate in the same manner as websites used for privately sharing music or movies. Those in possession of the illegal

images can make them available on computers that they control for others to download.

All 16 of the defendants are charged with distribution of child pornography for allegedly using Internet file-sharing software to make files containing child pornography readily available for others to download from a "shared folder" on their computers. Investigators allegedly downloaded files of child pornography from shared folders on the computers of each of the defendants during the investigation.

The Division of Criminal Justice obtained search warrants which they executed with HSI and the New Jersey State Police starting on Feb. 10. Many state, county and local law enforcement agencies assisted. The following is a full list of the defendants who were arrested. All are charged with both possession and distribution of child pornography. Where noted, they were charged and face enhanced penalties for possession of 100 or more files of child pornography and/or distribution of 25 or more files.

Thomas Guzzi Jr., 36, of Pitman. Teacher at John H. Winslow Elementary School in Vineland. Arrested Feb. 19. Bail, \$50,000. Charged with possession of 100 or more files of child pornography.

Eugene Triston, 55, of Stanhope. Bus driver in Sparta School District. Arrested Feb. 10. Bail, \$50,000. Charged with distribution of 25 or more files of child pornography.

Male Juvenile, 17, of Kearny. Arrested March 15. Released with ankle monitor. Charged with selling child pornography, possession of 100 or more files of child pornography, and distribution of 25 or more files of child pornography.

Shaun Dooley, 46, of Summit. Senior IT officer for insurance company. Arrested March 9. Bail, \$75,000. Charged with possession of 100 or more files of child pornography.

Andres Tejada-Diaz, 42, of Kearny. Arrested March 3. Bail, \$100,000. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files.

John Wilms, 46, of Mount Holly. Driver for parcel delivery service. Arrested Feb. 25. Bail, \$100,000. Charged with distributing 25 or more files of child pornography for files allegedly found in a shared folder on his computer, including many videos involving infants.

Robert Kunert, 22, of Hamilton, Mercer County. Supermarket employee. Arrested March 31. Bail, \$52,000. He allegedly possessed approximately 298 files of child pornography in a shared folder on his computer. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

Matthew Dieterman, 32, of Piscataway. Public employee who works for Somerset County in county garage. Arrested March 4. Bail, \$50,000. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

Oziel Hernandez Sandoval, 27, of Piscataway. Employment unknown. Arrested March 29. Bail, \$75,000. A forensic preview revealed approximately 225 files of child pornography in a shared folder on his computer. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

Bernard Rapp, 72, of Southhampton. Retired. Arrested Feb. 24. Bail, \$75,000. Charged with possession of 100 or more files of child pornography.

Germin Simon, 34, of South Plainfield. Self-employed computer repair technician under name "The Computer Man." Arrested March 17. Bail, \$100,000.

William Morgan, 59, of Manalapan. Unemployed. Arrested March 24. Bail, \$150,000.

Christian Martinez-Gonzalez, 34, of East Windsor. Factory worker. Arrested March 7. Bail, \$50,000.

Brandon Weiss, 42, of Burlington Township. Line worker for label printing company. Arrested Feb. 23. Bail, \$100,000.

Armando Gonzalez-Longorio, 70, of Elizabeth. Works for employment agency. Arrested Feb. 18. Bail, \$100,000.

Dimas Zuniga, 44, of Roselle. Employment unknown. Arrested March 22. Bail, \$50,000.

Operation Safeguard was conducted for the Division of Criminal Justice Financial & Computer Crimes Bureau by Detectives Tiffany Lenart, Abraham Aquino, Richard DaSilva, Laura Hurley, Kimberly Allen, Michael Arduini, Carlos Hernandez and John Neggia; Deputy Attorneys General Jillian Carpenter, Lillianne Daniel, Denise Grugan, Marie McGovern, John Nicodemo and Anand Shah; and Executive Assistant Francine Venceller. They were supervised by Bureau Chief Michael Monahan, Deputy Bureau Chief Veronica Allende, Deputy Chief of Detectives William Fredrick, Lt. Lisa Shea and Sgt. Jon Powers. Special agents for the ICE Homeland Security Investigations Cherry Hill and Newark Offices conducted Operation Safeguard under the direction of Supervisory Special Agent John Fitch, Supervisory Special Agent Victoria Becchina, and Special Agent in Charge Terence Opiola of ICE Homeland Security Investigations in Newark. Operation Safeguard was conducted for the State Police by Detective Christopher Camm, Detective Brett Munch and other members of the Digital Technology Investigations Unit and Red Lion Station.

The agencies that participated in Operation Safeguard with the New Jersey Division of Criminal Justice and the Cherry Hill and Newark Offices of ICE Homeland Security Investigations include:

New Jersey State Police Digital Technology Investigations Unit

New Jersey State Police Red Lion Station

New Jersey Department of Children and Families

Hudson County Prosecutor's Office

Mercer County Prosecutor's Office

Middlesex County Prosecutor's Office
Monmouth County Prosecutor's Office
Sussex County Prosecutor's Office
Warren County Prosecutor's Office
Belleville Police Department
Burlington Township Police Department
Byram Township Police Department
East Windsor Police Department
Elizabeth Police Department
Hamilton Police Department (Mercer County)
Kearny Police Department
Manalapan Township Police Department
Mount Holly Police Department
Piscataway Police Department
Pitman Police Department
Roselle Police Department
South Plainfield Police Department
Summit Police Department

The charges are merely accusations and the defendants are presumed innocent until proven guilty. The charges are indictable offenses, so they will be presented to a state grand jury for potential indictment.

Two Mercer County Men Arrested In Child Porn Investigation

By Scott Ketterer

[Trentonian \(NJ\)](#), April 6, 2016

HAMILTON >> Two Mercer County men are among sixteen arrested in a child pornography investigation with defendants ranging in age 17 to 72.

The arrests come as part of a continuing effort to identify and arrest those who download and share the exploitative material via file-sharing networks. Among the other arrestees are a school bus driver and a teacher. "The defendants from this operation come from all walks of life, but they all share a depraved desire to see children sexually exploited in the most horrific cases," said Acting Attorney Robert Lougy on Wednesday inside of the New Jersey State Police Technology Center in Hamilton.

The New Jersey Attorney General's Office (NJAG) said that Robert Kunert, 22, of Hamilton and Christian Martinez-Gonzalez, 34, of East Windsor. Kunert, according to the Attorney General's Office allegedly had 298 files of child pornography in a shared folder in his computer. He was charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography. He was arrested on March 31, and his listed job was supermarket employee. Martinez-Gonzalez, a factory worker, was arrested on March 7, though the NJAG did not detail his charges.

The NJAG's office said that investigation, dubbed "Operation Safeguard" was a joint operation by the New

Jersey Division of Criminal Justice and ICE Homeland Security Investigations. The office said that "Operation Safeguard" targeted offenders who used an online file-sharing network to download and distribute child pornography. Among the illicit videos were those of young children being raped. The arrests occurred in the last two-months.

Bus driver Eugene Triston, 55, was in allegedly in possession of 27 files of child pornography that was found in a shared folder of his personal computer. Additionally it is alleged that he viewed the child pornography on breaks between bus runs. His duties included driving elementary school children, the NJAG's office said. Thomas Guzzi Jr., 36, who is from Pitman and is a fifth grade teacher at John H. Winslow Elementary School in Vineland had allegedly possessed more than 100 files on his personal computer. Further the NJAG's office said that Guzzi participated in drama productions involving children as the drama club advisor at the school and as stage manager at the Broadway Theatre of Pitman. In addition he was also charged with third-degree invasion of privacy for allegedly hiding a tablet computer in a bathroom stall at the Broadway Theatre to record video of others using the toilet. According to the NJAG, a video found on Guzzi's computer revealed him installing the device.

Acting Attorney General Robert Lougy said the victims depicted were as young as nine-months-old. Additionally he said that it appears from the investigation that none of the children victimized were New Jersey residents.

Police agencies monitored several online file sharing networks that are popular with those who download and trade child pornography. The NJAG's office said that through the use of advanced technology, investigators searched for "telltale digital fingerprints" of known child pornography. Additionally, investigators looked into search terms used by those who download and share child pornography. This allowed investigators to identify New Jersey residents who were downloading child pornography and making it available to others in "shared folders" on their computers. The evidence was reviewed at the recently to the Division of Criminal Justice's Computer Analysis and Technology Unit at the New Jersey State Police Technology Center in Hamilton.

The NJAG's office said the defendants are charged under New Jersey's strict 2013 child pornography law, which enhanced the penalties for those who possess, distribute or manufacture child pornography. The office said that if convicted of distributing 25 or more computer files of child pornography — including having that number of files in a shared available for other users to download — the defendants will face a mandatory minimum state prison sentence of five years without possibility of parole. Any defendant found to have possessed 100 or more files of child pornography on his computer will face a presumptive

sentence of three to five years in state prison. The law signed by Gov. Chris Christie changed the definition of "child" to any person under 18 years of age and increased the punishment for virtually all offenses, which brings the state law closer to federal law, It also upgraded possession of child pornography from a fourth to a third-degree crime. The NJAG's office said that under the law, distribution of child pornography remains a second-degree crime and carries a sentence of five to 10 years in prison. The new law imposes a mandatory minimum period of parole ineligibility of five years for distribution of 25 or more files. In cases of possession or distribution of child pornography, the prosecutor can ask the court to impose a sentence of parole supervision for life under Megan's Law.

Arrested in "Operation Safeguard":

1: Thomas Guzzi Jr., 36, of Pitman. Teacher at John H. Winslow Elementary School in Vineland. Arrested Feb. 19. Bail, \$50,000. Charged with possession of 100 or more files of child pornography.

2: Eugene Triston, 55, of Stanhope. Bus driver in Sparta School District. Arrested Feb. 10. Bail, \$50,000. Charged with distribution of 25 or more files of child pornography.

3: Male Juvenile, 17, of Kearny. Arrested March 15. Released with ankle monitor. Charged with selling child pornography, possession of 100 or more files of child pornography, and distribution of 25 or more files of child pornography.

4: Shaun Dooley, 46, of Summit. Senior IT officer for insurance company. Arrested March 9. Bail, \$75,000. Charged with possession of 100 or more files of child pornography.

5: Andres Tejada-Diaz, 42, of Kearny. Arrested March 3. Bail, \$100,000. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files.

6: John Wilms, 46, of Mount Holly. Driver for parcel delivery service. Arrested Feb. 25. Bail, \$100,000. Charged with distributing 25 or more files of child pornography for files allegedly found in a shared folder on his computer, including many videos involving infants.

7: Robert Kunert, 22, of Hamilton, Mercer County. Supermarket employee. Arrested March 31. Bail, \$52,000. He allegedly possessed approximately 298 files of child pornography in a shared folder on his computer. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

8: Matthew Dieterman, 32, of Piscataway. Public employee who works for Somerset County in county garage. Arrested March 4. Bail, \$50,000. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

9: Oziel Hernandez Sandoval, 27, of Piscataway. Employment unknown. Arrested March 29. Bail, \$75,000. A forensic preview revealed approximately 225 files of child

pornography in a shared folder on his computer. Charged with possession of 100 or more files of child pornography and distribution of 25 or more files of child pornography.

10: Bernard Rapp, 72, of Southampton. Retired. Arrested Feb. 24. Bail, \$75,000. Charged with possession of 100 or more files of child pornography.

11: Germin Simon, 34, of South Plainfield. Self-employed computer repair technician under name "The Computer Man." Arrested March 17. Bail, \$100,000.

12: William Morgan, 59, of Manalapan. Unemployed. Arrested March 24. Bail, \$150,000.

13: Christian Martinez-Gonzalez, 34, of East Windsor. Factory worker. Arrested March 7. Bail, \$50,000.

14: Brandon Weiss, 42, of Burlington Township. Line worker for label printing company. Arrested Feb. 23. Bail, \$100,000.

15: Armando Gonzalez-Longorio, 70, of Elizabeth. Works for employment agency. Arrested Feb. 18. Bail, \$100,000.

16: Dimas Zuniga, 44, of Roselle. Employment unknown. Arrested March 22. Bail, \$50,000

16 NJ Men Arrested In Child Pornography Ring

By Briana Vannozi

[NJTV Trenton \(NJ\)](#), April 6, 2016

It's in this nondescript, tucked-away forensics lab that investigators used cutting-edge software to trace and track a ring of 16 men who are believed to have been distributing child pornography throughout the state.

"We're able to identify the computers that are serving as a source and distribution and then go to the users and get those defendants," said Acting Attorney General Robert Lougy.

It took the combined efforts of the Division of Criminal Justice, State Police and Homeland Security Investigations to complete the sweep. But a lot of credit is being given to this newly created lab and special training that keeps investigators ahead of the curve.

"We take the actual computer, whatever it is, laptop, bring it back to this lab and we do what's called a forensics lab, and we do the same as forensics in a murder or ballistics case. These guys know how to tap in, they can recover deleted items, they can see the full extent of what's on there," said New Jersey Division of Criminal Justice Director Elie Honig.

The 16 defendants range in age from 16 to 72 and come from all walks of life. Most notably, a fifth grade teacher from Vineland who allegedly had over 100 files of child pornography on his personal computer. And a bus driver for the Sparta school system who authorities say viewed the vile videos during his breaks.

"The file sharing networks used by these offenders to distribute child pornography operated much the same way as

file sharing networks used for music or other video. Like popular songs or YouTube clips, these videos and images of child pornography keep recirculating among these networks resulting in the perpetual re-victimization,” Lougy said.

Investigators say they monitored the networks for months looking for tell tale “fingerprints” to trace the computers to a physical address.

“Since HSI started Operation Predator, our flagship initiative to target child predators in 2003, Homeland Security Investigation special agents have arrested more than 14,000 predators nationwide with more than 300 predators here in New Jersey,” said HSI Cherry Hill Resident Agent in Charge, ICE Richard Reinhold.

None of the children involved were New Jersey residents. It’s believed these videos have been circulating for some time. All of the defendants were jailed and charged with distribution and possession — counts that carry sentences of up to five and 10 years each.

Under New Jersey statute, the men will also be subject to Megan’s Law, meaning that if convicted, their names will be added to the national public sex offender registry.

The message today from Acting Attorney General Lougy — everyone must remain vigilant in closely monitoring who their children are interacting with, both in person and online.

Bid To Tighten SF Sanctuary-city Laws Heads To 1st Public Hearing

By Vivian Ho

[San Francisco Chronicle](#), April 6, 2016

Legislation seeking to further tighten a San Francisco sanctuary-city law that restricts the city’s cooperation with federal immigration agents will come before a Board of Supervisors committee for the first time Thursday.

The law came under fire last year — with some critics hoping to get rid of it — after a man wanted for deportation by federal authorities was instead released from San Francisco County Jail and was then accused of killing a woman on Pier 14 on the Embarcadero.

The measure, introduced by Supervisor John Avalos in January, would bar city law enforcement officials from notifying U.S. Immigration and Customs Enforcement agents when an individual will be released from local custody, except in very limited circumstances. Immigration agents want to be notified about people they’re seeking to deport so they can pick them up.

San Francisco’s Sanctuary City and Due Process for All ordinance now prohibits the city from holding jail inmates flagged by immigration agents for hours or days past their release date, but it does not specifically forbid prerelease notifications.

In April 2015, the Sheriff’s Department released Juan Francisco Lopez-Sanchez, who had been brought to the city after serving 46 months in federal prison for unlawful re-entry into the country. Though the federal government wanted to deport Lopez-Sanchez a sixth time, Sheriff Ross Mirkarimi said the city sanctuary law restricted his office from turning the inmate over.

Critics of Mirkarimi, including Mayor Ed Lee, said he could have simply picked up the phone, called immigration agents and told them to pick up Lopez-Sanchez before his release. However, a month earlier, Mirkarimi had issued a department memo banning all communication with immigration agents seeking to deport jailed suspects absent a warrant or court order.

After the city was thrust into the national spotlight in July when Lopez-Sanchez was charged in the shooting death of 32-year-old Kathryn Steinle on Pier 14, newly elected Sheriff Vicki Hennessy made it a priority to reverse that move.

During her campaign, Hennessy said she favored notifying federal agents about inmates with certain serious convictions on their record. Eileen Hirst, her chief of staff, said Hennessy will be testifying at Thursday’s hearing about her thoughts on the proposed legislation.

Avalos and the city’s immigration advocates have long been against any cooperation with immigration officials and what they describe as deceptive practices by the federal government. Avalos pointed to a case in which a San Francisco car-theft victim was jailed by federal immigration authorities for two months after he sought help from city police.

San Francisco police officials will also testify at Thursday’s hearing of the Public Safety and Neighborhood Services Committee. The meeting starts at 12:30 p.m. in Room 250 of City Hall.

85 South Asian Men Deported Following Start Of #Deported2Death Campaign

By Frances Kai-Hwa Wang

[NBC News](#), April 6, 2016

Asian-American and Muslim-American advocates are concerned about what has happened to a large group of South Asian men from Bangladesh, India, Nepal, and Pakistan who had been facing deportation, including 169 Bangladeshi political asylum seekers and Punjabi Sikh political asylum seekers who had participated in the #FreedomGiving hunger strikes last fall. Advocates have been using the hashtag #Deported2Death to draw attention to the risk they face if repatriated.

DRUM members protesting outside Hillary Clinton’s Brooklyn campaign headquarters on March 29. Courtesy of Desis Rising Up and Moving

Members of Desis Rising Up and Moving (DRUM) told NBC News that late Sunday night a detainee at a Florence, Arizona, detention center had told them that several busloads of South Asian men who had recently been transferred there were removed. By Monday afternoon, DRUM said that many of the asylum seekers were listed as “no longer in custody” on the Immigration and Customs Enforcement’s (ICE) detainee tracker, a status associated with either being released or deported. ICE confirmed to NBC News Tuesday that 85 people from South Asia had been deported Sunday.

“On April 3, 85 individuals who had been ordered removed from the U.S. by an immigration judge were transferred to a chartered aircraft at U.S. Immigration and Customs Enforcement’s (ICE) Air Operations Coordination Center in Mesa, Arizona, for repatriation to Southeast Asia,” an ICE official authorized to speak to the media told NBC News. “The repatriation flight, coordinated by ICE Air Operations, occurred on April 4 and included individuals from Bangladesh, India, and Nepal. All of those on last weekend’s flight had been provided the opportunity to present their cases in immigration court, were issued final orders of removal, and had no outstanding stays that would prohibit their removal.”

Desis Rising Up and Moving (DRUM) members outside presidential candidate Hillary Clinton’s Brooklyn campaign headquarters March 29 demanding that Clinton speak out publicly to halt the deportations of 169 Bangladeshi asylum seekers. Courtesy of Desis Rising Up and Moving

On Friday, advocates and former detainees will hold a symbolic funeral in New York City for those who have been deported to draw attention to the dangers they face upon repatriation.

“In the last 6 months, the detainees have been victims to civil rights violations,” Gregory Cendana, executive director of the Asian Pacific American Labor Alliance said in a statement. “We have to keep pressuring the State Department and the Department of Homeland Security in order to halt further deportations. We must see to it that these men find the justice they deserve and continue to fight the mass criminalization of our communities and all people of color.”

Stolen Dinosaur Fossils And Eggs Returned To Mongolia By United States

By Tyler MacDonald

[Headlines & Global News](#), April 6, 2016

The U.S. Immigration and Customs Enforcement’s (ICE) Homeland Security Investigations (HSI) agents returned a lot of stolen dinosaur fossils that were taken from Mongolia Tuesday. The fossils originated from six dinosaur species that were smuggled out of the country and eventually seized by agents in New York and Utah.

“Today’s ceremony is an excellent demonstration of the cooperation between HSI, our colleagues at the Department of Justice and our foreign counterparts with the Government of Mongolia,” said Peter Edge, HSI’s executive associate director. “A successful repatriation requires extensive cooperation among all parties involved, which is rewarded by the knowledge that we’ve returned what rightfully belongs to the people of Mongolia.”

Among the fossils returned Tuesday were: an Alioramus skull, Bactrosaurus skeleton, Protoceratops baby skeleton pieces, Troodontid egg bed, Psittacosaurus skeleton and skull and Hadrosaurus skeleton pieces.

The Alioramus skull was the biggest of the fossils and originates from an extremely rare dinosaur that scientists believe lived in the Gobi Desert approximately 66 to 70 million years ago. The rare dinosaur is a relative of the Tyrannosaurs and, as of now, only two specimens have been discovered.

The fossil impounded by agents is described as the most complete Alioramus fossil discovered to date.

The smugglers attempted to retrieve the fossil after having it shipped from France with false papers that identified it as a cheap replica. Afterwards, the shipper submitted forged Mongolian export documents before Mongolia determined that the items were national property in 1924, and the customs agents seized the entire shipment of stolen dinosaur fossils.

Robert Capers, Brooklyn’s U.S. attorney, hosted the ceremony surrounding the return of the fossils.

“We are proud of our role in restoring this rich paleontological heritage to the Mongolian people and taking these cultural treasures from the hands of looters and smugglers,” he said. “We stand beside the people of Mongolia by disrupting the international trade in smuggled fossils and returning them to their home where they will be studied and treasured.”

“Mongolia is home to the world’s largest reserve of dinosaur fossils with many discoveries waiting to be made,” he added.

Over the past three years, 23 dinosaur fossils were returned to Mongolia from the United States, including the return of a Tarbosaurus bataar fossil that was approximately 70 million years old.

TRANSPORTATION SECURITY **ADMINISTRATION**

Atlanta Airport Eyes Techniques To Speed Security Screening

By Kelly Yamanouchi

[Atlanta Journal-Constitution](#), April 6, 2016

Hartsfield-Jackson International Airport general manager Miguel Southwell said he hopes to begin testing new technology to speed security screening by this summer.

One of the methods under discussion to test at the Atlanta airport is a system with a secondary conveyor belt where passengers put their carry-on items in bins to go through the X-ray machine. The system will allow people to pass those who are slower in separating their items into bins.

Such a system might help address one of the main areas of conflict between frequent travelers raring to go and others who are slower, less-experienced or have more complex carry-on items to sort through.

"The system we have here permits one person to dispose of their items onto the belts at a time, and if you happen to get stuck behind someone with a lot of stuff, you're going to wait a long time," Southwell said. New systems have a longer table where three or five people can start putting their items into trays at the same time, "then there's a secondary conveyor belt right behind that, and the person that finishes first would put their items on the belt, so you wouldn't be stuck behind," he said.

It's similar to a system used at Amsterdam's Schiphol Airport, according to Southwell. Schiphol uses a new model for security screening lines that includes trays with RFID chips.

As lines at Transportation Security Administration screening checkpoints stretch into the atrium regularly and generate complaints about wait times nearly an hour long during busy periods, Southwell has pushed for ways to make security lines run more efficiently — and more staffing.

Southwell said the airport is also getting more staff and is more than doubling its number of canine units.

"We've gotten additional resources," Southwell said.

Lines for security screening at Hartsfield-Jackson on April 6 stretched into the atrium at mid-day.

"We are extremely happy with the progress TSA is making," he said, adding that he believes the agency has turned the corner on wait times.

Southwell had earlier this year threatened to move toward privatizing security screening at the Atlanta airport if TSA did not take action to address long lines and wait times.

On Wednesday, Southwell said there is not a need to privatize screening "as long as we continue to see progress made in a demonstrable way."

TSA Hatches Plan To Cut Sea-Tac Waits

By Joel Connelly

[Seattle Post-Intelligencer](#), April 6, 2016

Security screeners for Sea-Tac Airport will be trained locally as a way to cut down on long waits seen during spring break, the Transportation Security Administration promised Wednesday.

At a Senate Commerce Committee hearing, Sen. Maria Cantwell, D-Wash., asked TSA brass about a training backlog that has allowed only 17 to 19 of 32 available security lanes to be open at peak hours.

"Sea-Tac is the fastest growing hub in the country: We've had growth rates of 7 percent in 2014 and 13 percent in 2015," Cantwell told TSA Administrator Peter Neffenger.

"Last year we had 42 million passengers, but only planned for 19 million. We have a problem at Sea-Tac. Will you allow for localized training?"

"Yes, we are going to do local training at Sea-Tac," Neffenger responded.

The resumption of training is temporary.

What it means, however, is that security officers will get training at Sea-Tac rather than having to travel to the Federal Law Enforcement Training Center in Georgia.

The Georgia facility has limited space, delaying training for dozens of Sea-Tac's newly hired security officers.

The local training should also produce better staffing and relief at an airport where, during March, roughly 1,000 passengers missed flights due to long waits in security lines.

At the Senate hearing, Neffenger also spoke to the need for enhanced and expanded technology and intelligence sharing between the United States and foreign governments.

Sea-Tac's Security Lines May Shrink With New TSA Training

By Lewis Kamb

[Seattle Times](#), April 6, 2016

Long lines at Seattle-Tacoma International Airport security checkpoints may get shorter and move faster once airport screening officers are allowed to again take required training courses locally.

Or at least that's how U.S. Sen. Maria Cantwell, D-Wash., and other local officials hailed a promise Wednesday from the chief of the Transportation Security Administration (TSA).

During a hearing of the Senate Commerce, Science and Transportation Committee about strengthening airport and transportation-hub security amid terrorism threats, TSA Administrator Peter Neffenger told Cantwell he planned to temporarily resume local training at Sea-Tac for federal Transportation Security officers.

Under recent TSA requirements, all federal airport screening officers had been required to travel to the Federal Law Enforcement Training Center in Georgia to get the new mandatory training. But scheduling delays and backlogs at the training center have caused problems.

Cantwell told Neffenger that as a border state, Washington is keenly aware of potential security threats, noting a customs agent here in 1999 foiled the terrorist plot of Ahmed Ressam, the so-called Millennium Bomber.

“So we’re very well aware of security, but we’re also very poignantly aware of efficiency,” she said. “We need both.”

Cantwell then described Sea-Tac as “the fastest growing hub in the country,” telling Neffenger during the hearing that Washington’s largest airport drew 42 million passengers last year while only planning for 19 million.

But amid the airport’s record passenger levels, the training backlog for screening officers is only further slowing airport checkpoints, she said.

“So, we have a problem at Sea-Tac,” Cantwell said. “... Will you allow for localized regional training?”

“We are going to do local training ... at Sea-Tac,” said Neffenger, who noted he would visit the airport next week to meet with officials.

Neffenger added that Sea-Tac is among the airports in line for additional staffing.

“We have to mitigate what is going to be a very challenging summer season by pushing as many new hires as we can into the system, directing them to the airports of greatest needs,” he said. “Sea-Tac is one of those.”

Neffenger’s verbal commitment comes two days after Cantwell and U.S. Sen. Patty Murray, D-Wash., wrote the TSA chief to request local training on an as-needed basis, which TSA already has allowed at 10 other large U.S. airports.

At Sea-Tac, the training backlog has meant that only 17 to 19 of the airport’s 32 available security lanes may be open during peak travel times — a bottleneck that in March contributed “to roughly 1,000 passengers missing flights due to long wait times,” Cantwell’s office said in a statement Wednesday.

Sea-Tac’s long, slow lines, which at times can take more than an hour to get through, have drawn criticism and angered passengers for years. Officials variously have blamed construction, staffing and training among contributors to the problem.

FEDERAL EMERGENCY MANAGEMENT AGENCY

FEMA App Reminds Users What Safety Steps To Take

[Voice of America](#), April 6, 2016

The US Federal Emergency Management Agency (FEMA) has added new functionality to its smartphone app.

The feature allows users to get push notifications “to remind them to take important steps to prepare their homes and families for disasters.”

Users can also opt to get safety and emergency preparedness tips “ including testing smoking alarms,

practicing a fire escape plan, updating emergency kits and replacing smoke alarm batteries.”

“Our lives are increasingly busy and on-the-go,” said Deputy Administrator of Protection and National Preparedness Tim Manning. “Today, we turn to mobile devices and technology to help us stay more organized and connected. This new feature to FEMA’s app will make it easier for families to remember to take potentially life-saving actions that we all should be thinking about more often.”

The app already included features that provides a “customizable checklist of emergency supplies, maps of open shelters and open recovery centers, and tips on how to survive natural and manmade disasters.”

Users can also receive push alerts from the National Weather Service regarding possible severe weather.

The app is available for Android and iOS operating systems.

FEMA Launches New Preparedness Feature To Smartphone App

[Homeland Security Today](#), April 6, 2016

A new feature to the Federal Emergency Management Agency’s (FEMA) free smartphone app allows users to receive push notifications to their devices to remind them to take important steps to prepare their homes and families for disasters. The reminder feature also allows users to receive pre-scheduled safety and preparedness tips, including testing smoking alarms, practicing a fire escape plan, updating emergency kits and replacing smoke alarm batteries.

“Today, we turn to mobile devices and technology to help us stay more organized and connected,” Deputy Administrator of Protection and National Preparedness Tim Manning said. “This new feature to FEMA’s app will make it easier for families to remember to take potentially life-saving actions that we all should be thinking about more often.”

The new reminder feature builds upon several innovative tools already built into the app. In addition to push notifications, the app also provides a customizable checklist of emergency supplies, maps of open shelters and open recovery centers, and tips on how to survive natural and manmade disasters. The FEMA app also offers a feature that enables users to receive push notifications of weather alerts from the National Weather Service for up to five locations across the nation.

Some other key features of the app include:

Weather Alerts: Users can elect to receive alerts on severe weather happening in specific areas they select, even if the phone is not located in the area, making it easy to follow severe weather that may be threatening family and friends.

Safety Tips: Tips on how to stay safe before, during, and after over 20 types of hazards, including floods, hurricanes, tornadoes and earthquakes.

Disaster Reporter: Users can upload and share disaster-related photos.

Maps of Disaster Resources: Users can locate and receive driving directions to open shelters and disaster recovery centers.

Apply for Assistance: The app provides easy access to apply for federal disaster assistance.

Information in Spanish: The app defaults to Spanish-language content for smartphones that have Spanish set as their default language.

The latest version of the FEMA app is available for free in the App Store for Apple devices and Google Play for Android devices. Users who already have the app downloaded on their device should download the latest update for the reminder alerts feature to take effect. The reminders are available in English and Spanish and are located in the "Prepare" section of the FEMA App.

"In just two minutes, a home fire can become life-threatening," said US Fire Administrator Ernest Mitchell Jr. "Remembering to take small steps to prepare, such as ensuring your smoke alarm is properly maintained and practicing your home fire escape plan, will reduce fire fatalities and ensure our communities are safer. We hope this new feature to FEMA's app will help save lives by encouraging more families to be prepared."

To learn more, visit: [The FEMA App: Helping Your Family Weather the Storm](#).

4 More Texas Counties Declared Disasters After March Storms

[Associated Press](#), April 6, 2016

AUSTIN, Texas (AP) — Four more Texas counties have been declared federal disaster areas due to March storms and flooding that swamped roads and inundated a town.

The Federal Emergency Management Agency on Wednesday announced the designation for Henderson, Limestone, Shelby and Tyler counties.

Nine other Texas counties — Erath (EE'-rath), Gregg, Harrison, Hood, Jasper, Marion, Newton, Orange and Parker — were approved for government disaster help on March 19.

The declaration clears the way for individuals and public entities to seek federal assistance for losses from storms, tornadoes and flooding March 7 through March 29. Disaster assistance could include grants and loans.

Interstate 10 in Southeast Texas was closed for a time during early-March flooding that swamped much of Deweyville, about 100 miles northeast of Houston.

Online:

<http://www.fema.gov/>

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US CITIZENSHIP AND IMMIGRATION SERVICES

Seasonal Industries Clamor For Approval Of Guest Workers

By Vicki Needham

[The Hill](#), April 6, 2016

Business groups are pleading with the Obama administration to speed up the approval process for seasonal guest workers.

Advocates for the hotel, hospitality and landscaping industries are among those urging the Labor, Homeland Security and State departments to address what they say is a severe backlog in H-2B visa applications for temporary workers.

Laurie Flanagan, co-chairman of the H-2B Workforce Coalition, warned that the delays are "having a severe economic impact on businesses that need their workers this spring."

"Almost daily, I speak to small-business owners who are forced to explain to long-time customers that they cannot meet their spring contract obligations because they have no idea when their seasonal H-2B workers will arrive due to government processing delays," Flanagan said.

"What is even more devastating is that many of these individuals are actually looking at closing their businesses or laying off American workers," she said.

The Labor Department has acknowledged the backlog and implemented emergency procedures for reviewing applications, but numerous delays persist, according to the coalition.

Paul Mendelsohn of the National Association of Landscape Professionals, a group that is part of the coalition, said businesses are frustrated by a "lack of consistency" in the processing of the visa applications, with some being approved faster than others.

Many of the businesses argue the delays are largely the fault of federal agencies that have added layers of new regulations requiring expanded searches for U.S.-based labor, along with more rules on wage levels and working conditions.

Businesses say they are being asked to provide additional and, in some cases, duplicate documents to prove their status as seasonal employers.

The Labor Department has blamed the delays, which started last year, on a sharp rise in visa applications.

By the time the department caught up late in the year, Congress had passed a spending bill that included several changes to the visa program, including one that would allow returning workers to go beyond the 66,000-worker cap.

“As a result of the time needed to implement the program changes, processing times increased,” the department wrote in a March letter to Rep. Andy Harris (R-Md.).

The Labor Department has cited the appropriations bill, computer software issues with the electronic filing system and a large increase in demand as reasons why the process has slowed down.

The H-2B coalition suspects that a compressed review process to 90 days from 120 also has contributed significantly to the backlog. Employers have to wait to apply for workers until 90 days before the date they need them to start work.

The H-2B process is crucial to landscaping companies, which typically employ about half of the foreign workers approved each year.

Many landscaping businesses have a very small window to beef up their payrolls for the busy spring season, Mendelsohn said, which means even a slight delay in the visa process can prove devastating.

“There is a significant impact occurring to our businesses,” he said. “We do know that a number of businesses will have to cut back on contracts.”

At least two dozen lawmakers — led by Colorado Sens. Michael Bennet (D) and Cory Gardner (R), Sen. Barbara Mikulski (D-Md.), and Rep. Andy Harris (R-Md.) — have sent letters to Labor Secretary Thomas Perez and Homeland Security Secretary Jeh Johnson expressing their concerns about the delays in visa processing. Bennet is up for reelection this year in what is likely to be a tough race.

Theresa Dileo, director of human resources for Sea Island Resorts, said the resort didn’t receive any of the 178 workers by mid-March, when it had requested them, just ahead of its peak season.

At this point, the resort doesn’t expect most of them to arrive until April 18, about a month behind schedule.

Dileo has joined in the letter-writing campaign to Congress and in appeals to the White House to push the process along.

She called the H-2B program a “game-changer” for the five-star resort, which is on an island just off Georgia’s coast.

All told, the resort boosts its labor force to 2,100 for the busy tourism season, up from 1,700 during the slow months. It fills the gap with guest workers when no seasonal help can be found from local or national searches.

Bob Johnson, president of the Outdoor Amusement Business Association, called the visa situation “very frustrating” because it has become “increasingly more

challenging for us to have a strong seasonal staff that doesn’t mind the mobility of the traveling aspect of this industry.”

He said businesses, many family-owned, are “sweating bullets” hoping that their workers arrive before they are faced with canceling their summer contracts, which may include state and county fairs across the country.

Johnson said he has asked for a meeting with State Department officials about the “urgent crisis.”

“It seems like we’re challenged every step of the way,” he said.

Johnson said that the outdoor amusement industry brings up to about 5,000 guest workers to complement 15,000 year-round employees.

Craig Regelbrugge, senior vice president at AmericanHort, said he and his group are holding meetings with all of the government agencies and working with members of Congress on both sides of the aisle.

“It’s a mind-bender,” Regelbrugge said.

He said there is little recourse for businesses whose applications are delayed, so they must turn to lawmakers for help.

“Failure to get seasonal workers here on time is devastating,” Regelbrugge said.

He said that there is no going back in time to recapture the lost spring business.

“That’s more than some firms can bear financially,” he said.

Travel Industry Officials Say Tourism Business Loses When Politicians Play Terror Cards

By Mitchell Schnurman

[Dallas Morning News](#), April 6, 2016

Without naming names, officials at a global travel summit Wednesday decried using fear of terror for political gain, and at the expense of the travel industry.

“The more we wall ourselves off, the worse the security situation is going to get,” said Chris Nassetta, president and chief executive of Hilton Brands, speaking at the opening day of the Global Summit of the World Travel & Tourism Council.

“At the end of the day, [building walls] is not going to work,” added U.S. Commerce Secretary Penny Pritzker. “What’s going to work is building bridges.”

The travel experts did not call out any particular politician but said the practice is not limited to the United States.

During the first news conference of the invitation-only summit, Roger Dow, president and chief executive of the U.S. Travel Association, was asked about comments on Muslims made by Republican presidential front-runner Donald Trump.

“I’d prefer you ask me about sex or religion,” he joked.

Later, when reminded of comments made by Texas Gov. Greg Abbott about blocking some refugees from entering Texas, Dow said he plans to talk with Abbott further to learn more about "his perspective."

Abbott gave an opening welcome address at the summit, which is being attended by the heads of most of the world's major travel-related companies.

North Texas has been working to increase its appeal to foreign visitors, who tend to stay longer and spend more money here than travelers from within the U.S.

Dow said he has not yet met with the presidential candidates but said his organization will have a presence at both the Democratic and Republican conventions. One aim is to help deliver a better understanding of a visa waiver program that he said boosts security while paving the way for increased travel.

"There's no better advocate for security than the travel industry," said Dow in discussing the Visa Waiver Program. He said his organization is pushing for "good, smart security," adding "we want legitimate travelers to get in with as little hassle as possible."

Increased security and travel "are not mutually exclusive," he said.

Dow said a key aim of his group is to bolster support for the Visa Waiver Program.

The program enables pre-screened citizens or nationals from about three dozen countries to travel to the United States for tourism or business for stays of 90 days or less without first obtaining a visa, when they meet certain requirements.

Travelers must first have approval through the Electronic System for Travel Authorization. That system involves a series of electronic background checks.

Dow said discussions continue about expanding the number of countries included in the program. Governments of participating countries must agree to share data on potential travelers.

Pritzker called for more sharing of traveler information between countries.

The summit, in the United States for the first time since 2011, is designed to focus on a host of cross-border issues including terrorism, migration and disease.

IMMIGRATION

Group Behind 2010 Arizona Boycott Considers New Effort

By Bob Christie

[Associated Press](#), April 6, 2016

PHOENIX (AP) — Latino and civil rights groups behind a 2010 boycott of Arizona designed to pressure the state into stopping anti-immigrant legislation on Wednesday said they

are considering a renewed boycott because of a new series of legislative proposals.

The groups, united as the Somos America Coalition, said more than a half-dozen bills moving in the Arizona Legislature target illegal immigrants and strike fear in the immigrant community.

Founding President Roberto Reveles delivered a letter to Republican Gov. Doug Ducey asking him to pressure the Legislature into killing the bills or to veto them if they reach his desk.

"During the boycott, Arizona's business community eventually delivered a clear message to the Legislature's leadership to reject any further anti-Latino and anti-immigrant policies," Reveles' letter said. "Regrettably, the legislature is once again promoting extremist public policy shamelessly aimed at making life so miserable for undocumented immigrants that they will self-deport."

Enacting the new legislation would prompt a destructive boycott, Reveles said. A study done six months after the start of the 2010 boycott showed at least \$141 million in lost economic activity, although it didn't have a massive impact on the state's economy.

Ducey spokesman Daniel Scarpinato called any boycott "a stunt that should be widely and vocally condemned."

"Let me be very clear," he said. "Any discussion of a boycott is election-year politics at its worst and these groups should be ashamed of themselves for trying to divide Arizona and destroy our economy."

State business groups, including the Arizona Chamber of Commerce and Industry, also rejected calls for a renewed boycott. "Boycotts only hurt our economy, negatively impact hardworking Arizonans and divide our citizens," the groups said in a joint statement.

The Legislature is considering a series of bills that worry the Latino groups, although many of them have stalled.

Ducey has signed one bill that ends a state prison program that releases some convicts subject to deportation after they serve 50 percent of their sentences instead of the normal 85 percent. Those convicts were then turned over to federal officials for deportation, but lawmakers were concerned some were being released in the U.S.

In a signing letter, the governor said the bill was about holding everyone to the same standard of justice and wasn't about immigration politics.

The other bills cited by Reveles' group include ones that would require illegal immigrants to serve their full sentences and deny them probation; target state funding to cities that issue identification cards to people in the country illegally or don't cooperate with immigration agents; and another barring the state from helping relocate refugees.

Sen. Steve Smith, R-Maricopa, is sponsoring the bill requiring full sentences and says it aims to prevent criminals from being released early and committing more crimes. It was

prompted by the 2015 killing of 21-year-old convenience store clerk Grant Ronnebeck by an immigrant released on bond by immigration officials after a state conviction.

“The only thing my bill does is say if you are convicted of a felony, whatever penalty that crime carries, you will serve the whole sentence,” Smith said Wednesday. “Which to me is fair. You tell me what you tell Grant’s family — I’m sorry your son was murdered because it wasn’t politically expedient for us to do anything about it?”

The 2010 boycott came after years of legislation targeting immigration. The signing of Senate Bill 1070 by former Gov. Jan Brewer led to huge protests and the boycott.

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Immigrant Rights Group Threatens Boycott Over Possible Arizona Legislation

By Cooper Rummell

[KTAR-FM Glendale \(AZ\)](#), April 6, 2016

PHOENIX — An immigrants right group is threatening to reinstate a boycott against Arizona if some controversial new legislation is signed into law.

Members of Somos America delivered a petition to Gov. Doug Ducey’s office Wednesday pleading him to veto several bills. The group said the legislation is littered with anti-illegal immigrant racism and bigotry.

“It is the persistence of extremist opinions that hold sway in the state legislature,” Somos America President Roberto Reveles said.

Of the most concern to the group is Senate Bill 1377, which would require illegal immigrants convicted of certain crimes to serve the entire length of their prison sentence without the chance of parole.

Sen. Steve Smith, R-Maricopa, sponsored the bill that would essentially make it impossible for immigrants in the country illegally to receive any leniency in the courts when they commit serious crimes.

Smith said the bill came in response to a case from last year in which an immigrant who entered the country illegally and was out on bail for a separate crime shot and killed a 21-year-old convenience store employee over a pack of cigarettes.

“It’s a good first step in the right direction of protecting families like his,” Smith said, referring to the victim’s father, who was in attendance for the vote.

Sen. Martin Quezada, D-Phoenix, opposed the measure, saying it unfairly targets a specific group of people.

“To single out this one particular situation, what we are doing is making a political point,” he said. “We are grandstanding here.”

If that bill and several others are signed into law, Somos America would reinstate a nationwide boycott of Arizona. The group first boycotted the state when SB 1070 was signed into law.

“The passage and signing of these bigoted proposals would be an unforgivably shortsighted affront to the best interest of Arizonans by triggering the resumption of the nationwide Boycott Arizona Campaign,” Reveles said.

The Associated Press contributed to this report.

Obama’s Wobbly Legal Victory On Immigration

By Noah Feldman

[Bloomberg View](#), April 6, 2016

The administration of President Barack Obama just won a big legal victory for its decision to let some children of illegal immigrants remain in the country. On the surface, that might seem to augur well for the administration’s efforts to ease other immigration restrictions in the face of Congressional opposition.

Don’t count on it. The federal court decision that backed Obama was based on precarious legal reasoning that’s vulnerable to reversal by the Supreme Court.

On Tuesday, the U.S. Court of Appeals for the Ninth Circuit struck down Arizona’s refusal of driver’s licenses to dreamers, people brought here illegally as children. But the decision didn’t rule on whether the president has the power to make immigration policy, focusing instead on the relationship between Arizona and the federal government. That leaves a lot of bigger legal questions unanswered.

The five plaintiffs in the case, Arizona Dream Act Coalition v. Brewer, are in the U.S. under a program adopted by executive order in 2012. The program created what’s called “deferred action” for removal for undocumented people brought to the U.S. by their parents before the age of 16. These “dreamers” are permitted to remain in the U.S. and are issued papers known as “employment authorization documents” for renewable two-year periods so long as they are studying or have graduated from high school or been honorably discharged from the military and aren’t charged with crimes.

The deferred-action program was never authorized by Congress. In Arizona, at least, the program is unpopular. Just two months after it was passed, the governor issued an executive order of her own stating that the authorization documents “cannot confer lawful or authorized status or presence upon ... unlawful alien applicants” and that dreamers would be denied state benefits including driver’s licenses.

The legal basis for the Arizona governor’s decision was that the deferred action announced by the president doesn’t change an immigrant’s legal status – and can’t, because

Congress, not the president, has legal authority to make laws regarding immigration. The governor's clever idea – or pernicious idea, if you prefer – was to align state benefits with formal immigration status, not with federal executive permission to remain.

Under the state's policy, you need to be authorized to be present in the U.S. under federal law to get a license. The Arizona Department of Transportation will only accept employment authorization documents as proof of authorized presence if the applicant has or is seeking formal immigration status, or is challenging a change in status pursuant to express provisions of the Immigration and Naturalization Act.

That excludes dreamers because they don't have formal immigration status and are not seeking it under federal law. They're present subject to the discretion of the executive branch, which has essentially said that it won't bar them from working or kick them out despite the fact that federal law would otherwise require it.

There were two ways the Ninth Circuit could have overturned Arizona's policy. One was to say that it violated the 14th Amendment to the constitution, which guarantees equal protection of the laws. As the court noted, there is no logical connection between the ability to drive and formal immigration status. And as it further commented, the record suggests a "reason for Arizona's policy: a dogged animus" against dreamers. The judges said it was pretty sure that this animus, coupled with the lack of a rational justification, sufficed to violate the equal protection clause.

But the court chose not to rely on the constitutional holding, probably because it didn't want to make it easier for Arizona to seek review from the Supreme Court. Instead it based its decision on more prosaic grounds. It held that Arizona's policy interfered with the federal government's power to decide who may or may not remain within the country.

Here's where things get a little funky, legally speaking. Ordinarily, the doctrine of federal preemption, on which the court relied, is applied when Congress has occupied a whole field of law, to the exclusion of what might otherwise be overlapping state power. The theory is that, under the supremacy clause of the Constitution, federal law trumps state law.

What makes preemption complicated in this case is that the dreamer rule wasn't passed by Congress. It's an executive order, something that isn't mentioned in the supremacy clause.

The court tried to get around this problem by saying that, under the Immigration and Naturalization Act, an alien is "deemed to be unlawfully present" if he or she is in the United States beyond "a period of stay authorized by the attorney general." Under this theory, Congress authorized the executive to decide who counts as lawfully present, so Congress, not the executive branch, preempted state laws to

the contrary. The court also cited the Real ID Act, which says that people with "approved deferred action status" should be considered lawfully present.

But this is a tricky argument, and I'm not sure it's right. The legal authority for deferred-action status isn't federal law – it's the president's inherent constitutional authority to exercise prosecutorial discretion, as a letter signed by 136 law professors makes clear.

The Obama administration entered office claiming it would be more modest about using executive power than the George W. Bush administration. But that modesty is gone when it comes to immigration. It seems conceivable that the Supreme Court might want to review the question whether federal law really preempts Arizona's actions here. The president's exercise of executive discretion isn't the same as preemption based on federal law. The Ninth Circuit pushed the envelope. Maybe it should've relied on equal protection.

"All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

"This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding."

In 2009, Obama issued an executive order addressing preemption orders made by executive officials. The tone of the order was cautious. It directed the heads of federal agencies only to issue such preemption orders when a "codified regulation" already included them. It directed them to review all such orders issued in the last 10 years – mostly by the Bush administration – and revoke any that didn't fit that criterion. And it directed the agency heads to be sure they were complying with a Clinton-era executive order laying out rules for executive preemption. Among other things, the Clinton order says that "national action limiting the policymaking discretion of the States shall be taken only where there is constitutional and statutory authority for the action." Dreamers are authorized under the Constitution because of the president's inherent executive discretion. Their presence isn't expressly authorized by statute.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.

US COAST GUARD

Coast Guard Plans Seasonal Closings At Some Rescue Stations

[Associated Press](#), April 6, 2016

FRANKFORT, Mich. (AP) — U.S. Coast Guard says it's planning seasonal closings at some of its Great Lakes stations including in the Lake Michigan communities of Frankfort, Ludington and Muskegon in Michigan.

TV stations WPBN and WWTV report Coast Guard officials discussed the plan Tuesday with first responders in Frankfort.

Coast Guard Captain Amy Cocanour says crews in Frankfort "would be here every day, definitely Memorial Day through Labor Day." She says the station also would have staffing during some other periods.

Some area officials want the station to stay staffed year-round, since local rescuers get Coast Guard help. The Ludington Daily News reports similar charges are planned in Ludington and Muskegon.

The Coast Guard says staffing would increase in Manistee and notes Lake Michigan search and rescue operations have declined in recent years.

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SECRET SERVICE

Ben & Jerry's Co-founder Tempts Secret Service By Stamping Messages On Money

By Mark Davis

[Kansas City \(MO\) Star](#), April 6, 2016

Ice cream maven Ben Cohen has moved on from Cherry Garcia and Imagine Whirled Peace to Stamp Money Out of Politics.

The Ben of Ben & Jerry's Ice Cream says money is corrupting politics and practically everything else, from health care and student loans to energy and environmental policy. He passionately delivers a message to get money out of politics.

But Cohen may have a problem with the paper his message is printed on.

It's money. U.S. money. Ones, fives, what have you. Some of the bills carrying Cohen's message have shown up in the Kansas City area.

Cohen stamps his message on money and then hands it out to the likes of President Barack Obama, Rep. Nancy Pelosi, Sen. Bernie Sanders and other notable public figures. Often a snapshot of the stamped-money handoff shows up online.

"The reason why we have so much money in politics is because the Supreme Court ruled that money is free speech," Cohen said in an interview. "We're going to make our money scream."

Cohen figures he has stamped tens of thousands of bills in the last four years. And he's gotten tens of thousands of others to stamp their money with the same messages, according to StampStampede.org, a Cohen-led website that sells the stamps, ink, T-shirts and other items.

The stamps say "NOT 2 B USED 4 BRIBING POLITICIANS," "STAMP MONEY OUT OF POLITICS," "CORPORATIONS ARE NOT PEOPLE," "NOT TO BE USED FOR BUYING ELECTIONS" and similar phrases.

StampStampede.org also goes to great lengths to assure its customers that stamping money is legal.

"No, it's not," said Charles Green, the special agent in charge of the Secret Service field office in Kansas City. "We see it as a violation of the law."

Cohen fires back that his stamping is legal. It's political speech, protected speech, an exercise in First Amendment rights. And if the Secret Service wants to put a stop to it, Cohen said he's ready to fight. Money with a message

Stamping messages on money is an old habit. Just check your wallet.

Bills have circulated with "gay money" stamped on them to demonstrate the purchasing power of the gay community. Bills carrying the official signature of Treasury Secretary Timothy Geithner have been stamped "tax cheat" right above his name because of his unpaid tax bill.

One stamp-money campaign targeted George Washington's portrait with a word bubble that says "I grew hemp" and another stamped over the phrase "In God we trust." In its day, the Occupy movement encouraged followers to stamp money with phrases like "Future Property of the 1%."

The idea is to spread a message on a medium that gets attention, circulates widely and without limits, and is something that people hang on to — money.

A common reaction to money stamping is to say that it is illegal to deface the currency. And it is illegal to render money "unfit" to be used.

H&R Block found a way around that concern two years ago. Working with a New York advertising firm, Block used stickers. Easy to remove. No harm, no foul.

They carried H&R Block's marketing slogan for the 2014 tax season, "Get your billion back, America" as well as a toll-free phone number and Block's Web address. An Idaho woman complained to the U.S. Treasury when she received Block-stickered bills at a Kansas City hotel gift shop.

The Kansas City tax preparation firm stopped using the stickers, though it didn't say why.

Hank Eskin knew why.

It was the other law about putting messages on money. The one that bans advertising on money and led the Secret Service to call him into its Boston offices 16 years ago.

Eskin runs WheresGeorge.com, a website that allows people to track where their dollar bills have been. Many have seen the website's promotion stamped on dollar bills, usually in red ink. He started WheresGeorge.com in 1998 to get people to play the tracking game and buy his rubber stamps.

Eskin said he was aware of the no-advertising law, Section 475 of Chapter 18 of the U.S. code. He just didn't expect the Secret Service to pick up on WheresGeorge, or pull him in, so quickly. He ceded to their "request" to stop selling the rubber stamps, particularly since it came with a promise to refer the case to the U.S. attorney general if he persisted.

WheresGeorge.com still operates and has expanded to a mobile app for Apple and Android devices. Other companies in the rubber stamp business still sell all kinds of WheresGeorge stamps. Internet deep dive

Once Ben Cohen got into the money-stamping game, he knew where to go for advice. He had his people contact Eskin.

They met in the ice cream man's condo, had lunches and dinners together. Cohen said they talked stamping, politics and other subjects and became friends.

In time, the student became the teacher.

"He's done more research on this than I have," Eskin said of Cohen.

Cohen, for example, has learned to focus stamping on small-denomination bills for more than the obvious reasons. Sure, they're cheaper to give away. And they circulate more, which means more people see them than would see big bills. A buck will change hands 875 times in two and a half years, he said.

But relatively few small bills make it back inside the banking system once they start to circulate. It means they avoid the machines that scan money and kick bills out of circulation if they are too heavily marked.

Scanners also turned up on a "deep dive" Cohen said he took on the Internet.

He found documents — from the Federal Reserve or the U.S. Treasury, he can't remember which — that requested proposals from bidders to make fast bill-scanning equipment. These are more sophisticated than vending machine scanners and are designed to pull marked money out of circulation.

The key for Cohen was learning where the scanners look so he could stamp his money where they don't. Legal case

Early on, Cohen also got legal help on stamping money.

He turned to Denver lawyer Stephen Justino, who was on the executive committee of MoveToAmend.org, another

politically motivated stamping campaign that worked with StampStampe.org at the time.

Justino wrote the three-page letter on StampStampe.org backing up the assurances to money stampers that it's all legal, under both the defacing and the advertising bans. By trade, Justino is a personal-injury accident lawyer, though Cohen said he also has legal support from a First Amendment lawyer.

Besides, Cohen has stamped money on television broadcasts, and he's handed his marked money to the president.

"I've been stamping money very publicly for three or four years now. I've never had any contact at all from the FBI, or the Secret Service, anybody," Cohen said.

The legal case goes something like this. Cohen's group doesn't deface money; they want it to keep circulating. It also operates as a nonprofit, officially through a 501(c)3 organization called People Power Initiative. It is not a business, and its stamps are not advertising.

"We don't run afoul of the laws. H&R Block most certainly would," Justino said in an interview. "They're clearly using U.S. currency, Federal Reserve bills, as an advertising vehicle, and we're not. We're using it to express political opinion."

And Cohen makes one other point. He stamps money because money is the issue, not merely his messenger.

Green, the Secret Service agent in Kansas City, is having none of it. Nonprofit? Doesn't matter. Political speech? Doesn't matter.

"If this were going on in Kansas City, and they were stamping the bills here and making a big deal out of it, Secret Service would be going to them and saying, 'Hey, this is illegal and you need to knock it off.' "

At the same time, Green confirmed that the Secret Service did not contact H&R Block about its stickers. There was no need to once the company stopped using them following a news report about the complaint.

Besides, the Secret Service has bigger fish to fry, protecting the president and countering counterfeiters. Stamped money doesn't carry a priority. It would warrant a visit, but not handcuffs.

"Quite frankly, taking this to the U.S. attorney and asking them to prosecute it, we might get the high brow," Green said.

On the other hand, stamping money hasn't been tested in court. Cohen said he's game should the Secret Service come knocking.

"If the government were to attempt to shut us down, sure, we would fight it," he said.

TERRORISM INVESTIGATIONS

Despite Terrorism Scares, Summer Tourists Still Plan European Trips

Even after attacks in Paris and elsewhere, travel agents predict strong vacation bookings around the continent

By Scott McCartney

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

CYBER NEWS

Cotton Slams WhatsApp For Encryption Decision

By David McCabe

[The Hill](#), April 6, 2016

Sen. Tom Cotton (R-Ark.) slammed messaging platform WhatsApp on Wednesday for turning on end-to-end encryption for all of its users.

"The WhatsApp and Facebook decision to add end-to-end encryption to all of WhatsApp's services with no secure method to comply with valid search warrants continues a dangerous trend in the tech and data world," he said in a statement. "We cannot allow companies to purposefully design applications that make it impossible to comply with court orders.

"I strongly urge WhatsApp and Facebook to reevaluate their decision before they help facilitate another terrorist attack."

WhatsApp, which is owned by Facebook and is particularly popular outside the United States, said on Tuesday that it would start offering encryption for its users as the default setting. That will apply to the different types of messages on the service, which includes video and voice messages.

"Every day we see stories about sensitive records being improperly accessed or stolen," WhatsApp founders Jan Koum and Brian Acton said in a post announcing the change. "And if nothing is done, more of people's digital information and communication will be vulnerable to attack in the years to come."

With its decision, the company is putting itself front-and-center in a debate over how law enforcement should have access to encrypted data.

Apple and the FBI recently engaged in a legal battle over whether Apple should be compelled to write code that would help the FBI access encrypted data on an iPhone used by one of the attackers in the San Bernardino, Calif., shooting late last year.

The FBI ultimately cracked the phone through another method and withdrew its legal request.

But lawmakers are still likely to keep debating the issue. Cotton was strongly in the FBI's camp during the conflict and reportedly argued with Apple CEO Tim Cook at an event earlier this year.

WhatsApp, for its part, made it clear that it sides with those who favor strong encryption.

"While we recognize the important work of law enforcement in keeping people safe, efforts to weaken encryption risk exposing people's information to abuse from cybercriminals, hackers, and rogue states," the founders wrote on Tuesday.

Senators Clash Over WhatsApp's Encryption Update

By Cory Bennett

[The Hill](#), April 6, 2016

Two lawmakers issued dueling statements on Wednesday alternately praising and bashing the popular messaging platform WhatsApp for turning on default encryption for its billion users.

"This is especially important for human rights activists, political dissidents and persecuted minorities around the world," said Sen. Ron Wyden (D-Ore.).

"This is an open invitation to terrorists, drug dealers and sexual predators to use WhatsApp's services to endanger the American people," countered Sen. Tom Cotton (R-Ark.).

The remarks came a day after Facebook-owned WhatsApp said it had extended automatic end-to-end encryption to all of its users, meaning only the sender and receiver of a message can view the content.

The move strengthens the privacy and security of WhatsApp users, but also potentially locks out law enforcement officials.

The lawmakers' opposing reactions reflect the divisive rhetoric that has defined the encryption debate on Capitol Hill in the wake of the terror attacks in Paris, San Bernardino, Calif., and Brussels.

Some members, like Cotton, say the events highlight the need to give law enforcement greater power to decipher encrypted data. The WhatsApps move only makes the need more urgent, he argued.

"I strongly urge WhatsApp and Facebook to reevaluate their decision before they help facilitate another terrorist attack," Cotton said Wednesday.

But others, like Wyden, say guaranteeing government access to secure platforms like WhatsApp weakens global security for all.

"While some continue to spread fear about modern technology, the fact is strong encryption is essential to Americans' individual security," the Oregon Democrat said.

The decision to make end-to-end encryption the default for all WhatsApp users is just the latest push from prominent tech companies to expand encryption across their services and devices.

The trend has created considerable friction between the tech community and law enforcement agencies.

These tensions recently spilled over in a court battle between Apple and the FBI over a locked iPhone used by one of the shooters in the San Bernardino, Calif., terror attack.

The FBI claimed Apple's security measures, including strong encryption, had made it impossible to access the phone without the company's help. The bureau got a court order directing the company to create software that would allow investigators to hack into the phone.

But Apple rebuffed the request, arguing that complying would create a "backdoor" into all iPhones and set a troubling precedent empowering the government to force companies to decrypt data upon request.

The FBI ultimately cracked the phone through another method and dropped its case.

Cotton chastised WhatsApp for following in Apple's footsteps, calling it part of a "dangerous trend."

"We cannot allow companies to purposefully design applications that make it impossible to comply with court orders," he said.

Sens. Richard Burr (R-N.C.) and Dianne Feinstein (D-Calif.) — the leaders of the Senate Intelligence Committee — are expected to soon release a bill that would force tech companies to comply with such court orders seeking locked data.

But Wyden countered that these lawmakers are being unrealistic. Even if WhatsApp didn't offer end-to-end encryption, popular chatting platforms in other countries would, Wyden explained.

"While law enforcement agencies have legitimate concerns about challenges caused by encryption, the solution is to adapt, by developing new techniques and resources for the digital age," he said.

"Attacking the use of strong encryption only empowers criminals, foreign hackers and predators who will take advantage of weak digital security."

E&C To Take Up Lifeline Cap, Three Other Bills

By Alex Byers, Politico

[Politico](#), April 6, 2016

The House Energy and Commerce communications subcommittee announced late Tuesday it will hold a hearing on four telecom bills next Wednesday, including Rep. Austin Scott's proposal to limit the FCC's Lifeline program by, in part, setting a \$1.5 billion budget. Last week, there was plenty of drama at the FCC about an effort by Republicans to convince Democratic Commissioner Mignon Clyburn to agree to a \$2

billion Lifeline cap. That deal fell apart after Clyburn was pressured by Democrats to walk away. The hearing will also examine a bill to make USF funding available to skilled nursing facilities and a measure requiring phone systems in hotels, schools and other places to allow users to directly dial 911. They'll also discuss legislation that would require telecom companies to share location data with law enforcement if a user is in danger.

— THUNE OPEN TO LIFELINE CAP: Senate Commerce Chairman John Thune told reporters that he's open to using legislation to set a spending cap for Lifeline. "We'll look at our options," he said Tuesday, adding that he doesn't "like where the FCC is headed" in updating the program without a set budget. He noted that the issue could get solved elsewhere but said a legislative solution would be "the best thing for us." Thune wouldn't tell MT whether he's comfortable with the \$1.5 billion cap in the House bill. "That's a question we'll have to have our folks put pencil to paper on," he said.

GOOD WEDNESDAY MORNING and welcome to Morning Tech, where we are admiring the gumption of this nine-year-old reporter. Tell us the tech policy career you were working towards when you were nine when you send tips to abyers@politico.com and ktummarello@politico.com. Catch the rest of the team's info after speed read.

ICYMI: REPUBLICANS HIT WHEELER OVER APPROPRIATIONS — Republican lawmakers are none too thrilled with FCC Chairman Tom Wheeler and the way he's handled the appropriations process. In a Senate appropriations hearing Tuesday, general government subcommittee Chairman John Boozman blasted Wheeler on several fronts, including joint-sales agreements among broadcasters and working to kill appropriations language prohibiting the FCC from using its net neutrality rules to regulate Internet access rates. "Why should we provide you more resources if you're not going to follow the laws that we write and expect to be followed?" Boozman asked.

Wheeler has defended the agency's actions to unwind certain broadcaster sharing agreements, arguing that Congress's mandate last year doesn't apply to contracts that carry over when broadcast licenses are sold. He also stood behind his stance on rate regulation language, arguing congressional proposals it would effectively tie the agency's hands on several fronts. "You're gutting the Open Internet Order, you're gutting the FCC's ability to deal with other issues," Wheeler said. "At the heart of everything is rates, so paid prioritization is a rate issue, throttling is a rate issues, blocking is a rate issue."

Wheeler also defended a request for \$7 million more for auction-related expenses, saying there's no guarantee the incentive auction will be over before the start of fiscal 2017. The two-sided auction won't close until money raised by the wireless carriers covers the costs of buying out broadcasters.

"It is structured for re-auction after re-auction after re-auction until you get to wherever that marketplace is."

NPR: DOJ ANTITRUST CHIEF BAER SWITCHING ROLES — The Justice Department announced Tuesday that Acting Associate Attorney General Stuart Delery is leaving the department, and NPR's Carrie Johnson reports that Antitrust Division Chief Bill Baer is moving up to fill Delery's shoes. Baer's move would elevate someone else to the top of the Antitrust division, which has a big role reviewing tech and telecom mergers, including the currently pending Charter-Time Warner Cable deal. It's not clear who would fill Baer's spot for the remainder of the Obama administration, though Deputy Assistant Attorney General and former FCC-er Renata Hesse would be a likely candidate. The DOJ declined to comment to MT. Here's the NPR report: <http://n.pr/1SO4BQL>.

A "BUREAU OF TECHNOLOGISTS" FOR THE FTC? — The FTC's once-novel priority of bringing tech experts in-house has become a model and feeder for other government offices, FTC chairwoman Edith Ramirez said at IAPP's annual summit yesterday. Years before Ed Felten was named to his current job of deputy U.S. CTO, he was the FTC's chief technologist, she noted. But Ramirez would like to see the FTC go farther. Asked if the FTC might add a "Bureau of Technologists," like its Bureau of Economics, which was created to ground its law enforcement efforts, Ramirez laughed but called the idea "very much in line with what I'm envisioning."

In the meantime, the FTC released new guidance for the next generation of health apps. The FTC unveiled a new interactive Q&A tool Tuesday aimed at helping developers of disease trackers and other wellness-related app stay out of legal trouble. The pitch: "Developing a mobile health app? Find out which federal laws you need to follow."

LIBRARY OF CONGRESS NAMES KLUGE CHAIR FOR TECH — The Library of Congress has named its fourth-ever Kluge Chair for Technology and Society, a position focused on studying the intersections of tech and society while making use of the institution's considerable digital resources. She's British computer scientist Dame Wendy Hall, whose three-month tenure will focus on a research project called "Internet Histories and Futures." She will host a public symposium on June 17th about "how libraries, governments and institutions could preserve and archive the contents of the web."

TONIGHT: CDT'S TECHPROM — Tonight's the Center for Democracy and Technology's annual dinner, aka #techprom, which will honor encrypted communications firm Silent Circle and its co-founder Michael Janke. Didn't shell out \$1,000 for a seat? Tony will be there to bring you all of the highlights, so please be sure to say hi and say nice things about the Philadelphia Phillies if you see him.

ELECTRONIC ARTS SCORES DMCA TAKEDOWN OVER TRUMP TWEET — Twitter took down a Donald Trump tweet earlier this week over a copyright infringement claim from videogame-maker Electronic Arts. Trump retweeted a video posted to YouTube, which used audio from a trailer for EA's game Mass Effect 2, according to Medaite. The video, still viewable here, was also pulled from YouTube thanks to a copyright claim from EA, making it the latest example of how political campaigns run afoul of copyright law. "The video was an unauthorized use of our IP. We do not support our assets being used in political campaigns," EA said in a statement.

SPEED READ

MONEY TRANSFER TO N.C. FALLS THROUGH: Because of a new state law on sexual orientation and gender identity that "perpetuates discrimination," says PayPal's CEO, the company won't be opening a planned operations center in Charlotte, via the Wall Street Journal: <http://on.wsj.com/1RDe0eG>

THE BIG-BROTHER CHILLING EFFECT: Even those social media users who say they have "nothing to hide" are less likely to post on provocative topics if they've been primed first to think about government surveillance, reports the Atlantic: <http://theatlntc.com/1RDdbTd>

BREAKING NEW GROUND IN SPONSORED CONTENT: The Guardian's new series of investigative stories on the 1980 murder of a teenage girl in L.A. is the product of an Amazon partnership to promote the company's original cop-drama "Bosch," notes NiemanLab: <http://bit.ly/1RDd36f>

WINNING THE ONLINE SPORTS BET: Twitter might have a new deal to stream NFL games, but tech companies have largely struggled to crack live athletics, judges Time: <http://ti.me/1RDdSfe>

FBI: It's 'simply Too Early' To Say Whether Anything Valuable Is On The San Bernardino iPhone

By Mark Berman And Ellen Nakashima

[Washington Post](http://www.washingtonpost.com), April 6, 2016

After a protracted and very public dispute between the FBI and Apple, federal authorities said last week that investigators were able to access a locked iPhone used by one of the San Bernardino attackers.

So what have they actually found? It's too soon to say, according to the FBI's top lawyer.

The FBI is still analyzing data found on the iPhone, but it is "simply too early" to say whether the device contained any useful information, FBI General Counsel James A. Baker said at a conference Tuesday.

Baker said investigators had obtained data from the phone. He also hinted it was possible that the bureau may

never reveal the phone's contents, saying that the FBI will make a decision on what to disclose only after they finish analyzing the iPhone's data.

"If and when it becomes appropriate to disclose it, we will," Baker said during a moderated discussion at a conference of the International Association of Privacy Professionals. "We understand the public interest. And we understand the need for the public to have faith and confidence in us."

The iPhone 5C was used by Syed Rizwan Farook, one of two shooters who killed 14 people and wounded 22 others during a Dec. 2 terrorist attack. This device was at the center of a weeks-long dispute between the federal government and Apple that became a much larger argument over privacy, security and encryption in the digital age.

Investigators recovered Farook's iPhone after the attack and, while they were able to access some of the phone's data that was backed up, they were unable to unlock the device. In February, the Justice Department sought and obtained a court order directing Apple to help them access the phone's contents. This order told Apple to write software disabling a feature erasing the phone's data after 10 incorrect attempts at trying a password.

Apple fought back against the order, and the two sides quickly began engaging in a war of words that spilled into court filings, open letters, media interviews and Capitol Hill testimonies. The tech giant, along with a host of other Silicon Valley firms, said that if the FBI prevailed, it could open the door for the government to force companies to help in an untold other number of instances. The Justice Department argued that it needed Apple's help in a terrorism investigation and that only Apple could help in this case.

Federal officials called Apple's arguments "a diversion" and said the company was just worried about its public image. The technology company invoked the Founding Fathers. Relatives of San Bernardino victims and major technology companies, such as Google, Facebook and Microsoft, took sides in the case.

And then, just before the two sides were set to face off in a California courtroom, the Justice Department announced that it didn't necessarily need Apple's help after all because an unnamed "outside party" had found a way into the phone.

Federal officials last week said the Justice Department was abandoning its campaign to force Apple to help it because that method worked, and investigators were able to access the locked iPhone. Prosecutors did not say which outside party helped, nor did they identify the method used.

The FBI is weighing whether to share this method with state and local law enforcement agencies, but there are some obstacles involved in that. For one thing, the FBI has classified the tool, so it will be difficult to use in those local prosecutions that require disclosing evidence to defendants. And this method may only be useful for a matter of months,

as tech companies regularly find and fix vulnerabilities and update the software used on their devices.

SAN BERNARDINO SHOOTING: FBI Analyzing Data From Shooter's iPhone

By Joe Nelson

[Riverside \(CA\) Press Enterprise](#), April 6, 2016

The FBI continues to analyze the data from the iPhone of Syed Rizwan Farook, one of the shooters in the San Bernardino terrorist attack, a top FBI official said this week.

"I will tell you we are taking our time. We want to make sure we are absolutely thorough," said David Bowdich, assistant director at the FBI's Los Angeles field office, during a telephone interview Tuesday.

Bowdich would not say if any of the data reviewed so far is germane to the criminal investigation — if it shows Farook was communicating with victims of the shooting or working in cahoots with other co-conspirators, as recent court filings by the federal government indicate.

"We're not prepared to make a statement at this point," Bowdich said.

Farook, 28, and his wife, Tashfeen Malik, 29, stormed the Inland Regional Center in San Bernardino on Dec. 2. Armed with assault rifles and clad in tactical gear, the Redlands couple fatally shot 14 people and wounded 22 others before dying in a shootout with police hours later.

Most of those killed and wounded in the attack were Farook's colleagues from the county's environmental health services division, who were attending a training seminar in a rented conference room at the center. Farook and most of those killed in the attack were health inspectors for the county.

The FBI concluded Farook and Malik were radicalized Muslims who had been planning a mass casualty attack and declared the Dec. 2 mass shooting the deadliest terrorist attack on U.S. soil since 9/11.

The iPhone in question was issued to Farook by his employer, the San Bernardino County Department of Public Health.

Also on Tuesday, FBI General Counsel James Baker fielded questions from reporters regarding the controversial iPhone case at the International Association of Privacy Professionals Global Summit in Washington D.C., where he was a guest speaker. He too would not disclose what investigators have found so far on the phone, and that they were still reviewing it, according to published reports.

Baker was unavailable for comment Wednesday.

On March 1, FBI Director James Comey spoke before the House Judiciary Committee on the complexities surrounding encryption. While strong encryption is needed to "secure commerce and trade, safeguard private information, promote free expression and association, and strengthen

cyber security,” criminals and terrorists can use the technology to plan or commit crimes.

“We have been forced to consider how criminals and terrorists might use advances in technology to their advantage,” Comey told the House Judiciary Committee on March 1. “When changes in technology hinder law enforcement’s ability to exercise investigative tools and follow critical leads, we may not be able to root out the child predators hiding in the shadows of the Internet, or find and arrest violent criminals who are targeting our neighborhoods.”

The government staved off a prolonged legal battle with Apple on March 28 when it announced in a court filing that it successfully accessed the phone through a third party it had contracted with and requested U.S. Magistrate Sheri Pym vacate her Feb. 16 order compelling Apple to design special software to bypass the phone’s encrypted numeric passcode to access the data.

The Justice Department has refused to disclose who that third party is, but according to the Federal Procurement Data System, the FBI entered into a more than \$15,000 contract with the Israeli mobile forensic tech company Cellebrite on March 21. Records show the FBI has contracted with the company over a dozen times in recent years.

Bowdich said Tuesday that the issue was never about trampling the civil liberties and privacy rights of tech companies and individuals, but about conducting as thorough an investigation as possible in the interest of justice.

“This was not about drawing a line in the sand with Apple, it was to do what we promised from day one — to leave no stone unturned in this investigation,” Bowdich said.

He said the legal squabble with Apple will not change the way the government conducts its investigations or leverages the law in the searches and seizures of electronic data.

“I know this gathered a lot of ire from some folks, but it was a logical part of this investigation — to find the evidence through the legal process, and that is what we’ll continue to do,” Bowdich said.

Hundreds Of Requests To Unlock Phones Flood FBI

By Kevin Johnson

[USA Today](#), April 6, 2016

WASHINGTON — At the same time the FBI was struggling to unlock the iPhone of San Bernardino terrorist Syed Farook, the agency was being inundated with requests from state and local law enforcement seeking help accessing the contents of hundreds of encrypted or damaged cellphones linked to unrelated criminal investigations scattered across the country.

Requests involving more than 500 such devices streamed into the bureau’s Computer Analysis Response

Team and the agency’s Regional Computer Forensic Laboratory programs during a four-month period beginning last October, two months before agents seized Farook’s device in the aftermath of the mass shooting that left 14 dead, according to the FBI.

The numbers, the most recent accounting provided by the agency, offer an assessment —albeit limited — of the mounting investigatory challenges posed by encryption and other technological hurdles beyond the San Bernardino case that launched the government’s recently aborted court battle with Apple Inc.

Last week, a separate survey of more than a dozen state and local law enforcement agencies, based on data gathered by the Manhattan District Attorney’s Office and USA TODAY, found that investigators have been blocked from the contents of more than 1,000 smartphones and other devices in recent months.

Many of the devices, manufactured by Apple and other makers, sit in the archives of evidence rooms where authorities were forced to resolve cases without the information contained in the blocked devices. Still other devices are linked to open investigations ranging from shootings and kidnappings to white-collar inquiries.

The FBI, which last week abruptly withdrew from its legal battle to force Apple’s assistance in unlocking the Farook phone after getting the help of an undisclosed “outside party,” said in a statement Wednesday that the mass of recent requests for forensic help have involved efforts to retrieve deleted data, salvage damaged hardware, access encrypted content and bypass locked phones. In the Farook case, investigators had sought Apple’s help in bypassing the security function to unlock the device.

Apple was challenging a federal magistrate’s order directing the company to help when the government withdrew from the case after the FBI — with the outside assistance — was finally able to hack into the phone.

In its statement, the FBI said it was responding to the local assistance requests “on a case by case basis, using known forensic tools to assist when appropriate, consistent with our legal and privacy constraints.”

“The FBI is not always able to accommodate the requested assistance,” according to the statement. And it wasn’t immediately clear how many of the hundreds of requests had been addressed or resolved.

After the government announced last week that it had successfully hacked into the Farook phone, the FBI sent a letter to state and local agencies reiterating the agency’s pledge to assist when it could.

“We know that the absence of lawful, critical investigatory tools due to the ‘going dark’ problem is a substantial state and local law enforcement challenge that you face daily,” the FBI said in its Friday bulletin. “As has

been our longstanding policy, the FBI will of course consider any tool that might be helpful to our partners.”

However, federal authorities have yet to determine whether the new method used in the San Bernardino case can or will be applied more broadly, two federal law enforcement officials said. The officials, who are not authorized to comment publicly, said the method has not been used so far in another pending case.

And, the officials said, the letter was not meant to suggest that the agency had a key that would suddenly resolve the backlog of pending requests for assistance.

“Please know that we will continue to do everything we can to help you consistent with our legal and policy constraints,” the FBI told local law enforcement agencies. “You have our commitment that we will maintain an open dialogue. We are in this together.”

FBI’s iPhone Crack Has Scared You Silly

By Don Reisinger

[Fortune](#), April 6, 2016

The FBI’s ability to crack the San Bernardino attacker’s iPhone has scared Americans—and even caused some to question whether to buy an iPhone.

In a Fortune poll of more than 2,000 registered voters, 49% of respondents said that they were “more concerned” about the privacy of their data following the FBI’s iPhone crack. Just 14% of registered voters said that they were “less concerned.”

The Fortune poll was conducted by its polling partner Morning Consult. The poll was conducted between April 1 and April 3.

In addition to fears about privacy, registered voters questioned their next smartphone buying decision. In light of the recent crack, just 22% of respondents said they’d be “more likely” to buy an iPhone. Nearly a third of respondents said they’d be less likely to be an iPhone and 21% said they weren’t sure yet how the FBI crack would affect their buying behavior.

Get Data Sheet, Fortune’s technology newsletter.

The data comes after the FBI announced last month that it was able to crack the iPhone 5c used by San Bernardino attacker Syed Farook. The Justice Department had previously petitioned a magistrate judge to compel Apple to build software allowing law enforcement agents access to the iPhone. After Apple declined the request on the grounds of personal privacy, a war of words erupted.

Apple

AAPL CEO Tim Cook said that he was looking out for the best interests of his users and would take the case to the U.S. Supreme Court if necessary. Meanwhile, FBI Director James Comey argued that his agents were simply trying to do their jobs.

A day before Apple and the Justice Department were set to face off in a hearing, the agency revealed that, with help from an unidentified third party, it successfully cracked the iPhone and would no longer require Apple’s help. Several reports have since surfaced, saying the FBI is accessing other iPhones in different investigations.

Meanwhile, the Justice Department has shown no sign that it will offer Apple insight into how it cracked the device, leading some to worry about their data.

For Tim Cook’s take on Apple vs. FBI, watch:

The latest poll from Fortune and Morning Consult suggests concern over privacy varies by age. Over half of those between the ages of 18 and 29 are “more concerned” about their privacy following the FBI’s successful crack, compared to 43% of those 65 and older. The data also suggests that Democrats are more concerned than Republicans about their privacy in light of the FBI’s move. President Obama supporters also tend to be more concerned about their privacy, with 52% saying that the FBI crack worries them, compared to 48% of those who disapprove of the President.

Among prospective iPhone buyers, those between the ages of 18 and 29 are split over whether the FBI’s crack will make them more or less likely to buy an iPhone. However, older people tend to be far less likely to want to buy an iPhone. Indeed, just 18% of people between the ages of 45 and 54 say they’re more likely to buy an iPhone now that the FBI has cracked the device.

Politically, those who identify themselves as “liberal” are far more likely to buy an iPhone than “conservatives.” That follows a similar finding, which shows that a third of those who disapprove of President Obama are less likely to buy an iPhone now, compared to 29% of the President’s supporters.

FBI Cracks Apple iPhone: What People Are Saying

One other tidbit: Democrat Hillary Clinton’s supporters are most likely to be concerned with their privacy, and Republican Donald Trump supporters are least likely to buy another iPhone, following the FBI-Apple kerfuffle.

Apple Fixes Siri Bug Which Let Anyone Access Contacts On Locked iPhone

By Stan Schroeder

[Mashable](#), April 6, 2016

Well, that was fast. Less than 24 hours after it was picked up by the media, the iOS security flaw which let anyone access a locked iPhone 6S/6S Plus contacts and photos without a password was fixed — and it didn’t even require a software download.

Apple confirmed in a statement to the Washington Post that the bug was fixed Tuesday morning. The fix seems to consist in Siri not being allowed to search Twitter on a locked phone under any circumstances. I’ve tested this and, unlike

yesterday, I was unable to perform any kind of Twitter search through Siri unless I unlocked the device first.

While it only worked with 3D Touch devices and in certain conditions — namely, you needed to have Siri integrated with Twitter and Photos — the bug was quite a serious one, as it basically bypassed iPhone’s security, and potentially opened the door to other exploits.

Case in point: 9to5Mac reports that, along with this fix, Apple quietly fixed another Siri bug, which let users turn on the Night Shift feature while the device is in Low Power Mode. While that’s less of a security issue, it shows that Siri can be tricked to perform a number of actions on your phone that you otherwise wouldn’t be able to do.

The bug (and the fix) come hot on the heels of a widely publicized court battle between Apple and the FBI, which needed Apple’s help in order to crack open an iPhone 5C once belonging to San Bernardino gunman Syed Farook. Much has been made of the iPhone’s hack-proof security, but the latest security flaw shows that no device, including the very latest iPhones, is fully impenetrable.

Cybercom Sounds Alarm On Infrastructure Attacks

By Bill Gertz

[Washington Times](#), April 7, 2016

The commander of the U.S. Cyber Command warned Congress this week that Russia and China now can launch crippling cyberattacks on the electric grid and other critical infrastructures.

“We remain vigilant in preparing for future threats, as cyberattacks could cause catastrophic damage to portions of our power grid, communications networks and vital services,” Adm. Mike Rogers, the Cyber Command chief, told a Senate hearing. “Damaging attacks have already occurred in Europe,” he stated, noting suspected Russian cyberattacks that temporarily turned out the lights in portions of Ukraine.

Adm. Rogers said that unlike other areas of military competition, Russia is equal to the United States in terms its cyberwarfare capabilities, with China a close second.

The four-star admiral, who also heads the National Security Agency, said cyberwarfare “is one area we have to acknowledge that we have peer competitors who have every bit as much capacity and capability as we do.”

Russia, China, Iran and North Korea pose the greatest nation-state threats in cyberspace, and the Islamic State is mainly using cyber programs to recruit terrorists and propagandize, but could turn to cyberattacks against infrastructures in the future.

“The Russians I would consider in cyber a pure competitor,” Adm. Rogers said. “China is not in the same place, but rapidly attempting to get there.”

Iran’s cyberattack capabilities also are increasing. “They’re increasing their investment, they’re increasing their level of capability,” Adm. Rogers said.

North Korea conducted a sophisticated cyberattack on Sony Pictures Entertainment in 2014 but has not launched a similar attack since.

Adm. Rogers told lawmakers his greatest concern is the “physical shutdown” of networks used for communications and logistics. A second major worry is cyber penetrations into critical military networks to manipulate data to provide false or misleading information that would cause warfighters to make disastrous decisions.

Most military operations involve the use of commercial infrastructure and thus their vulnerabilities to cyberattacks are a major concern.

“If you were able to take that away or materially impact the ability to manage an air traffic control system, to manage the overhead [satellite] structure and the flow of communications or data, for example, that would materially impact [the Defense Department’s] ability to execute its mission — let alone the broader economic impact for us as a nation,” Adm. Rogers said.

Most recent hostile cyber intrusions have been to steal data or conduct reconnaissance for future attacks.

“What happens if the purpose of the intrusion becomes to manipulate the data, and so you can no longer believe what you are seeing?” he asked. “Think about the implications of that. If you couldn’t trust the military picture that you were looking at, that you’re using it to base decisions on, and let alone, the broader economic impacts for us as a nation.”

Ideological war needed to defeat jihadis

The United States has been at war against Islamic terrorists since 2001, but is failing to win the conflict because of political correctness and an inability to know the enemy.

That’s the conclusion of author Sebastian Gorka in his new book “Defeating Jihad: The Winnable War,” published last week.

Mr. Gorka, who holds the Horner chair of military theory at the Marine Corps University, argues that the war is not against terrorism but a global, totalitarian movement rooted deeply in Islam’s concept of jihad, or holy war.

Both former President George W. Bush and President Obama have failed to identify the real enemy as the global jihadi movement because of misguided, politically correct policies, he argues.

“Today, jihad is in the ascendancy,” Mr. Gorka writes, noting the Islamic State’s drive for a caliphate and its hold over territory larger than Britain with a daily income of \$4 million and population of 6 million.

Additionally, Islamists are decapitating, crucifying and burning alive people in the name of Allah and attacks are

increasing in West, like the slaughter in Paris and the deadly attack in San Bernardino, California.

Mr. Gorka outlines a concrete ideological plan to defeat the global jihadi movement, based on principles successfully used to defeat the Soviet Union. A new program of strategic counterpropaganda and strategic communications is needed to defeat the new totalitarian movement, he states.

"It is time for the America that vanquished the Third Reich and the Soviet Union to rise up from its slumber," Mr. Gorka writes. "It is time for us to speak truthfully about those who wish to kill us or enslave us. It is time to speak the words 'evil' and 'enemy.' And it is time to draw a plan for victory, calling on strategies that have proved themselves against other totalitarian foes."

McCain warns of hollow cyber force

Obama administration defense cuts and congressionally-mandated reductions are creating readiness problems that are no longer limited to the Pentagon's conventional military forces.

Senate Armed Services Committee Chairman John McCain disclosed this week that the Defense Department's new cyberwarfare forces are facing the same readiness problems because of defense spending shortfalls.

With cyberthreats from Russia, China and other enemies on the increase, some of the military services have omitted funding for basic cyber defense and offensive tools, Mr. McCain disclosed during a committee hearing on cyber issues on Tuesday. The funding means that cyber military units will lack the gear needed to assess and respond to networks under attack.

"In short, unless the services begin to prioritize and deliver the cyber weapons systems necessary to fight in cyberspace, we're headed down the path to a hollow cyber force," the Arizona Republican said. "Just as it would be unacceptable to send a soldier to battle without a rifle, it's unacceptable to deprive our cyber forces the basic tools they need to execute their missions.

Mr. McCain also criticized the Obama administration for failing to develop a strategy to deter cyberattacks.

"I remain concerned that the administration's cyber policy as a whole remains detached from reality," the chairman said. "And for years, our enemies have been setting the norms of behavior in cyberspace while the White House sat idly by, hoping the problem would fix itself."

Mr. McCain said in December the White House provided the committee an outline of its plan for a strategic deterrence policy on cyberattacks. The response was 18 months overdue and did not respond to the panel's concerns.

"The response reflected a troubling lack of seriousness and focus, as it simply reiterated many of the same pronouncements from years past that failed to provide any deterrent value or decrease the vulnerability of our nation in cyberspace," Mr. McCain stated.

The recent Justice Department announcement identifying Iranian hackers linked to cyberattacks on a New York dam and on U.S. financial institutions was a good step. But Mr. McCain said he was puzzled over why it took the administration "nearly five years after Iran began attacking U.S. banks for the administration to begin doing so."

"That kind of indecisiveness is antithetical to deterrence and our nation simply cannot afford it," he said.

The administration also failed to punish China for its role in hacking 22 million federal worker records from networks operated by the Office of Personnel Management. The White House was prepared to impose sanctions on China for the OPM hack in September but backed off after Chinese President Xi Jinping agreed to halt cyber economic espionage attacks.

Under questioning from the senator during a committee hearing, Adm. Mike Rogers, commander of the U.S. Cyber Command, was asked about the lack of cyber deterrence.

"Do you agree that the lack of deterrence or repercussions for malicious cyber behavior emboldens those seeking to exploit the U.S. through cyber?" Mr. McCain asked.

To which Adm. Rogers replied: "Yes," without elaborating.

The Cyber Command chief has been pressing within the administration for more aggressive policies to deter cyberattacks. But administration officials say the White House has opposed the tougher policy that would require a demonstration of offensive cyberpower over concerns it could lead to an escalating cyber conflict.

• Contact Bill Gertz on Twitter at @BillGertz.

White House Declines To Support Encryption Legislation: Sources

By Mark Hosenball And Dustin Volz

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

MedStar Says 2007, 2010 Software Flaws Were Not Part Of Hack

By Tami Abdollah

[Associated Press](#), April 6, 2016

WASHINGTON (AP) — MedStar Health Inc. said Wednesday that hackers who seriously disrupted its operations and held some data hostage did not exploit software vulnerabilities that were the subjects of warnings in 2007 and 2010 to break into its corporate network.

The hospital chain released a new statement after The Associated Press reported Tuesday that hackers broke into a corporate computer server exploiting flaws that had persisted

for years on the network. The AP's report was attributed to a person familiar with the investigation who was not authorized to discuss the findings publicly. MedStar said the new information came from Symantec Corp., which it hired to investigate.

The vulnerabilities were in a JBoss application server, supported by Red Hat Inc. and other organizations, which were the subject of public warnings in 2007 and 2010.

MedStar said, "The 2007 and 2010 fixes referenced in the article were not contributing factors in this event."

MedStar assistant vice president Ann Nickels declined to clarify or elaborate. It's unclear whether MedStar was trying to convey that the two vulnerabilities had been already resolved or that hackers had found another method of breaking into the JBoss server.

The MedStar hackers employed virus-like software known as Samsam, or "samsam," that scours the Internet searching for accessible JBoss application servers that are vulnerable to those flaws. It's the virtual equivalent of rattling doorknobs in a neighborhood to find unlocked homes. When it finds one, the software breaks in using the old vulnerabilities, then can spread across the company's network by stealing passwords. Along the way, it encrypts scores of digital files and prevents access to them until victims pay the hackers a ransom, usually between \$10,000 and \$15,000.

If a victim hasn't made safe backups of files, there may be little choice except to pay, although MedStar has said it paid nothing. The hospital chain shut down its systems quickly after discovering the attack, limiting its impact to archives, some imaging and lab files and other duplicate records, according to the person with inside knowledge of the attack.

The FBI, which is investigating, declined to discuss how the hackers broke in. It issued a flash message to companies days after the MedStar hacking, describing the dangers of samsam and asking for help detecting it and improving defenses against it. Days later, the Homeland Security Department issued a separate warning about samsam and another common ransomware strain, Locky, which tricks victims into opening email attachments to infect computers.

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MedStar Health Disputed Report It Ignored Warnings That Led To Attack

By Andrea McDaniels

[Baltimore Sun](#), April 6, 2016

MedStar Health is disputing a report that the hospital company should have known as early as 2007 about

weaknesses in its system that contributed to a massive cyberattack that encrypted its files.

The Associated Press, citing an anonymous source, reported Tuesday that the hackers broke into a computer server and exploited design flaws that could have been fixed with a simple update. The U.S. government and others issued urgent warnings about the flaws in 2007, 2010 and earlier this month, the article said.

Columbia-based MedStar said in a statement that the report was incorrect and that it "felt compelled to set the record straight." The company has hired cybersecurity company Symantec to investigate the hack.

MedStar's statement included a response it said came from Symantec and that a Symantec spokeswoman confirmed: "The 2007 and 2010 fixes referenced in the article were not contributing factors in this event."

Symantec declined to elaborate.

The Associated Press defended the accuracy of its article.

"We are standing by our reporting of this story," said Paul Colford, vice president and director of AP media relations.

MedStar has provided little detail about the attack other than to say it was malware and patient data was not compromised. But a ransom note obtained by The Baltimore Sun indicated that MedStar was the victim of a ransomware attack, in which files are encrypted and held hostage for money. Hospitals in California and Kentucky also have fallen prey to recent ransomware attacks.

In MedStar's case, the hackers demanded payment in the hard-to-trace digital currency bitcoin in exchange for the digital keys to unlock the encrypted data. The health system, which owns 10 hospitals in Washington and Maryland, including four in Baltimore, has said it did not pay a ransom to anyone.

"As we have said before, based on the advice of IT, cybersecurity and law enforcement experts, MedStar will not be elaborating further on additional aspects of this malware event," it said in its statement. "This is not only for the protection and security of MedStar Health, its patients and associates, but is also for the benefit of other health care organizations and companies."

There are signs that MedStar could have done more to prevent the attack, some analysts have said. The tool used to attack MedStar, according to details in the ransom note and a website to which the hackers directed MedStar, was Samsam, a type of attack that searches the Web for a particular kind of software and exploits its weaknesses. It is dangerous because it can slip into a network at any time and spreads quickly. But it can be defended against by installing updates that fix the weaknesses.

Security companies and the FBI have been warning about Samsam and other ransomware attacks for years, analysts have said.

"I think they should have gotten the memo about this a couple of years ago," said computer security reporter Brian Krebs, who runs the website KrebsOnSecurity.

Krebs said hospitals are behind the curve when it comes to cybersecurity.

"In general, the health care industry has a lot of work to do on cybersecurity — a lot of catching up," he said.

MedStar said that its system is back up and running.

"We are pleased that we brought our systems back up in what can only be viewed as a very rapid recovery led by dedicated MedStar and external IT expert partners," the company said in its statement.

State Plan To Improve Utility Cybersecurity

By Gregory B. Hladky

[Hartford \(CT\) Courant](#), April 6, 2016

HARTFORD — Growing fears about hackers breaking into and damaging Connecticut utility company systems have prompted state regulators to call for annual voluntary closed-door meetings with utilities to improve cybersecurity.

But telecommunications companies operating in Connecticut have balked at such voluntary meetings, fearing they could lead to more state regulation of an industry that currently answers primarily to federal agencies.

A report released Wednesday by the state Public Utilities Regulatory Authority (PURA) lays out plans to strengthen protection of water, gas and electricity systems in Connecticut through voluntary, cooperative efforts with utilities.

In the report, state regulators warn that public utilities here and across the U.S. "face the credible danger of cyber penetration, compromise and disruption" that could cut off electricity, water or telecommunications for millions of people.

Representatives of Connecticut electricity, water and gas utilities have all agreed to participate in cybersecurity talks and planning with the state, according to the report.

Arthur H. House, PURA's chairman, said telecommunications company representatives say they're reluctant to participate in state-led security talks, even if they are voluntary and behind closed doors. Despite state assurances that the talks would be private and no information disclosed would be used against the companies, House said telecom officials "see this as a slippery slope toward state re-regulation."

"The telecommunications companies are especially concerned that information divulged in such meetings could expose them to fines, prosecution and/or litigation," the PURA report stated.

House said he and PURA experts believe any information provided to the state in such talks would be

exempt from Freedom of Information Act disclosure. He also said nationwide and federally directed cybersecurity efforts that telecommunications companies would prefer could take to three to five years to develop "or might never happen."

The state report comes shortly after publication of federal documents detailing cases in which hackers have penetrated U.S. electrical grid and utility computer systems. Federal, state and utility officials have declined to identify individual companies or systems that have been hacked, fearing that could focus attention on vulnerable systems.

A U.S. Department of Homeland Security assessment of the cybersecurity threat to utilities was published by Public Intelligence, a research project website that offers secretive security information to the public. In the assessment, DHS officials stated that a damaging cybersecurity attack on the American energy and utility system was "possible but not likely."

Gov. Dannel P. Malloy said it is "critical that we are prepared for a cyberattack." Malloy said the new PURA report offers "a road map to support cybersecurity defenses" for Connecticut utilities.

The 27-page PURA report cites statements by federal officials and cybersecurity experts that "U.S. public utilities have been penetrated" and that "foreign powers could decide to harvest their penetration" by disrupting electric, gas and water supply systems to millions of people.

House said he couldn't talk about whether any individual Connecticut utility company has experienced a serious cyberattack.

"All utilities in the U.S. have been hacked" or have faced attempts to hack into their computer systems, said House. "It goes on all the time." But he added that Connecticut utility companies "have very robust and very sophisticated cyberdefenses and capabilities"

"They take this issue of cybersecurity very, very seriously," said House.

Connecticut utility officials who met with PURA on cybersecurity issues were concerned about annual review meetings that might involve large numbers of state officials and the potential for leaks of sensitive information about computer defenses.

House said PURA has agreed to having only two regulatory officials and two state homeland security representatives present at such meetings, and that state officials would "not take any written notes" from the discussions.

Any leaks of computer security information as a result of the meetings "would ruin the whole process," House said.

The PURA report also mentions the possibility that the state and Connecticut utilities might agree in the future to engage outside experts to provide objective and independent evaluations of utility cybersecurity arrangements.

How Criminals Could Steal Your Tax Return

By Harriet Taylor

[CNBC](#), April 6, 2016

On March 22 an employee at software company Pivotal Labs received an email purporting to be from CEO Rob Mee, asking for personal information about employees. Assuming the email was legitimate, the worker sent W-2 information — including the names, addresses, 2015 income details, Social Security numbers and Individual Tax Identification Numbers of an undisclosed number of employees — to what turned out to be a group of cybercriminals.

The company reported the breach to authorities, opened an investigation and is offering employees identity protection services, according to a notice it shared with employees. The incident was first reported by SC Magazine. (Pivotal Labs did not immediately return a request for comment.)

The incident highlights a growing scam involving phishing attacks, where criminals use stolen W-2 information to impersonate taxpayers and steal their returns.

“These scams are active right now, especially at tax season,” said Rodney Joffe, senior vice president at Neustar. “And while there have been some mentioned in the press, there are thousands of companies, small and large, being targeted each and every day.”

Other recent victims made public include data storage company Seagate and start-up Snapchat. Seagate inadvertently exposed the tax data of thousands of workers when an employee shared 2015 W-2 tax form information for current and former U.S.-based employees in response to a phishing email. SnapChat apologized to workers after its payroll department shared information about some current and former employees in response to an email impersonating CEO Evan Spiegel.

Both companies are investigating, cooperating with authorities and offering employees identity protection services.

The surge in phishing email W-2 scams this year prompted the Internal Revenue Service to issue a warning to payroll and human resources professionals on March 1.

“This is a new twist on an old scheme using the cover of the tax season and W-2 filings to try tricking people into sharing personal data,” said IRS Commissioner John Koskinen. “If your CEO appears to be emailing you for a list of company employees, check it out before you respond.”

The Federal Bureau of Investigation also issued a warning about the rise in schemes targeting businesses, financial officers and individuals on March 29. The W-2 scam is a seasonal variation of what is known as the business email compromise scam (BEC) or “CEO fraud.”

Law enforcement has received BEC complaints from victims in every U.S. state and in more than 79 countries,

though the vast majority of victims are in the U.S. From October 2013 through February 2016, law enforcement received reports from 17,642 victims, adding up to more than \$2.3 billion in losses. Since January 2015, the FBI has seen a 270 percent increase in identified victims and exposed loss.

“These scammers only have to be successful a very small percentage of the time for it to be lucrative,” said Joffe. “And \$2.3 billion is a great motivator for new gangs to get into the business, so it will grow for that reason as well.”

The criminal organizations behind the attacks surf the web from what look like internet cafes, often in Nigeria, said Joffe. They research targets online to build a profile of the company, its corporate structure and the other entities with which it does business. Often, they register a domain that looks similar to the target company, for example, replacing a “W” with a double “VV,” adding an extra “i” into a word or use a slightly different domain name, for example, ending in “.co” instead of “.com.”

They then send emails from addresses that look almost indistinguishable from legitimate email accounts within the company.

The attacker will then send an email to a senior executive that looks as if it is coming from another senior executive asking for proprietary information. The criminals will solicit money or other information that they can monetize.

“The most malicious email attacks are no longer pleas for funds from a purported Nigerian prince,” said Patrick Peterson, CEO of cybersecurity company Agari. “Instead, the cybercriminals of today are sophisticated shape shifters who take the form of your most trusted colleagues — your CEO, CFO or longtime business partner.”

For example, they might send an email to the CFO asking for money to be wired to a foreign bank account. Last year, a finance executive at toy maker Mattel wired more than \$3 million to a bank in Wenzhou, China, only to find out that the company had been the victim of scammers. The company was unusually lucky in that it was able to retrieve its money with the help of international authorities.

Alternatively, a gang might target an executive in research and development with a well-crafted email that looks like it comes from another executive asking them to share critical information. One method thieves use to trick people into revealing such information is in the guise of an impending merger and acquisition deal which requires the executive to divulge detailed competitive information that is normally kept private.

If an employee questions the request, they may receive an email moments later which appears to forward an email from the CEO verifying the request. They then proceed, satisfied they have vetted the request, and entirely unaware they have exposed the firm to cybercriminals. Two minutes after they complete the transaction, they might get an email

seemingly cc'ing the "CEO" thanking them for their cooperation.

here are a large number of cybersecurity companies offering products that aim to identify phishing emails and block them from ever reaching the employee. Agari uses data analytics and machine learning to build "trust models" that reflect the behavioral pattern of legitimate domains to help customers to identify and block phishing attacks. The company counts six of the top 10 banks and five of the world's leading social media networks as customers.

But despite all the security products on the market, the real solution lies in raising awareness, said many experts. Cybersecurity firm PhishMe offers a product that teaches employees how to identify and respond to phishing attacks. It counts more than 200 of the Fortune 500 companies as customers.

"We took a different approach," said PhishMe CEO Rohyt Belani. "It's a human that falls prey, that is victimized by this, and let's work on making the human more resilient."

"People want silver bullets," said Belani. "Unfortunately, that's never going to be the case."

Inside Job: What CIOs Miss In Preventing Data Leaks

By J. Peter Bruzzese
[InfoWorld](#), April 7, 2016

This week, I'm at a conference focused on helping CIOs help their organizations. The overwhelming issue is security. Email security, data leakage, and data loss/theft are all huge focuses – especially when the company is involved in the health care industry where it's legally and reputationally essential that data be kept under control. IT's main defense strategies don't address biggest risks

In most discussions, the same two solutions have come up to help prevent data loss: data loss prevention (DLP) tools and user training.

Both Exchange and Office 365 have DLP built in, managed via an easy-to-use wizard interface for setting up DLP policies that create transport rules to prevent email messages and attachments from leaving the organization, such as those with Social Security numbers or other sensitive, personal information. There are also plenty of third-party DLP tools available to enhance the native Microsoft capabilities.

Solid user training helps ensure that people don't accidentally send information that may have sensitive information and don't get tricked by a phishing attack that opens a secret channel for data theft.

Both the technical DLP approach and the human training approach make the same assumption: The user doesn't want to harm the company. That is, any data leak is accidental on their part.

But what about the case of intentional leaks and theft, such as from a disgruntled employee or whistleblower?

Take this week's example of the Panama Papers that detailed possible money laundering by government officials and others throughout the world. Without inside assistance, it's hard to believe that 11.5 million documents would leak from a Panamanian law firm that has operated for 40 years without incident. (Though the firm claims the theft came from an outside hack.)

Then we have Edward Snowden, the NSA contractor who copied lots of sensitive government information and released it to the press to expose what he considered government lies.

It doesn't matter whether you consider these examples to be actions by heroes or by traitors. What occurred was the kind of intentional leak that most organizations fear so greatly.

The lesson? Too often, the defenses an IT organization puts in place focus on the perimeter, whether to stop attackers or prevent accidental leaks from the inside. And not enough effort is made to stop the intentional leak, where damage can be much greater. As a result, intentional breaches from the inside often go undetected until it's too late. IT should also adopt user-behavior analytics

It's the inside-job scenario that demands IT add a third approach to DLP and training: user-behavior analytics (UBA). UBA software helps detect insider threats (along with insider fraud and targeted attacks, aka spear phishing or whaling).

My publishing company recently released a book by Derek A. Smith (a CISSP and cyber security expert), "Conversational User Behavior Analytics," where Smith describes a predictive system that watches the daily, normal behavior of a user and tries to detect when a serious change has occurred. For example, if a user typically downloads 10 documents a day, then suddenly starts downloading 11.5 million, that change might be a major red flag.

By monitoring user patterns – where they log in from, what files they are poking around in, and so on – and even their language in typed communication (what's called psycholinguistic analysis), the system can see a pattern and provide a preemptive heads-up to IT that an anomaly has been detected. It's not infallible, but it certainly is worth considering.

Forcepoint, Splunk, and Veriato are a few vendors that offer UBA software.³ essential techniques to safeguard your data

There you have it, the three key deterrents to insider threats and data leakage:

A DLP tool to prevent accidental data loss

Training to prevent both accidental and outsider-manipulated data loss

UBA to analyze your users' behavioral patterns through technical indicators and psycholinguistics to detect red-flag anomalies

COUNTERING VIOLENT EXTREMISM

Role Of Health Services In Anti-terrorism Program Questioned

By Philip Marcelo

[Associated Press](#), April 6, 2016

BOSTON (AP) – Some Muslim and civil rights activists are calling on Massachusetts health and human service agencies to stop participating in a federal pilot program meant to combat terrorist recruitment in the U.S.

The Massachusetts chapters of the American Civil Liberties Union and the Council on American-Islamic Relations, among others, delivered a petition this week calling on Health and Human Services Secretary Marylou Sudders to cut ties with the “Countering Violent Extremism” program.

They say continued involvement will only breed mistrust among Muslim and other underserved communities and will undermine her agency’s credibility and effectiveness. “Decreased trust in service providers will also decrease health outcomes and prove costly,” the petition says.

The state agency said it is working to address the concerns as it develops local programs.

The Executive Office for Health and Human Services “believes all concerns, recommendations and feedback related to the development of this grant program are valid,” spokeswoman Michelle Hillman said in a statement.

Countering Violent Extremism was launched in 2014 in Boston, Minneapolis and Los Angeles to develop new ways to prevent the recruitment of extremist group followers in the United States. It represents a small part of President Barack Obama’s plan to combat global extremism.

Activists in Los Angeles and Minneapolis say they are watching the Boston debate but note that the petition’s concerns, for now, are somewhat unique.

They say local human service agencies in their cities don’t currently have any direct role. The program, which is funded by the U.S. Department of Justice, is run by U.S. attorneys in the two cities. To introduce a non-law enforcement approach, Sudders’ office took the helm of Boston’s pilot in late 2015 through a cooperative agreement with the Massachusetts U.S. attorney’s office.

Salam Al-Marayati, president of the Muslim Public Affairs Council in Los Angeles, said he supports a public health approach like what Boston is pursuing. But he wants to assure a “wall of separation” between law enforcement and social services is maintained.

“There is confidentiality with every client, whether you are a lawyer, social service worker, doctor or counselor,” Al-Marayati said. “If the policy compromises that value, we oppose it.”

Jaylani Hussein, executive director of CAIR’s Minnesota chapter, said he wouldn’t want to see social service agencies involved at all.

“They’ve already got enough to work on to address disparities in education, employment and health,” he said of his state’s human service agencies. “We have real issues. What are they doing to address those? That’s their job.”

Mehlaqa Samdani, founder of Critical Connections, a Massachusetts nonprofit working to improve understanding of the Muslim world, said public health agencies need to play a role but agreed there’s a lot of wariness within the Muslim community to overcome.

“This might not be perfect, but what’s the alternative?” she said.

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FBI ‘Don’t Be A Puppet’ Website Criticized By Advocacy Groups

By Lauren Camera

[US News & World Report](#), April 6, 2016

More than a dozen advocacy organizations are demanding the FBI dismantle a website it created to educate students about violent extremism, claiming it perpetuates profiling and negative stereotypes of Muslims and those perceived to be Muslim, and encourages the policing of ideas and beliefs.

The “Don’t Be a Puppet” website allows users to explore how and why people become violent extremists through a game in which correct answers or actions cut down strings holding a puppet, which hangs suspended on the Web page.

Sprinkled throughout the game are images of propaganda, real photos of extremists like members of the Ku Klux Klan and Osama bin Laden, and victim testimonials.

The website “gives the false impression that there is a path to becoming a violent extremist, and that teachers and community leaders should look for ‘warning signs’ that a person may be on what the site calls the ‘slippery slope of violent extremism,’” the coalition of groups wrote in a letter sent to FBI Director James Comey on Tuesday. “Many of the signs referenced on the website bear no connection to criminal activity and are, in fact, protected by the First Amendment.”

The organizations, which include the American Civil Liberties Union, the American-Arab Anti-Discrimination Committee and others, took particular exception to a testimonial video featuring an Arab Muslim American woman who referred to the FBI as her perceived “enemy.”

The groups also charge in the letter that the website calls for individuals to report innocuous activity that signals no

meaningful tie to extremism by, for example, encouraging them to contact someone they trust if another person they know is traveling to “places that sound suspicious.”

“A trip to France or Germany, which are home to many far-right groups, is not likely to be considered suspicious by most teachers and community leaders,” the groups wrote. “Although there should be nothing inherently suspicious about traveling either to Saudi Arabia or Iraq, where some Muslim holy sites are located, bias could lead individuals to report innocent, constitutionally protected activity to law enforcement.”

In addition, the FBI website also urges individuals to contact someone if someone is using “unusual language,” “several different private cellphones and private messaging apps” or “studying or taking pictures of potential targets,” the groups say.

“Bias could easily lead individuals to conclude that speaking foreign languages, such as Arabic, amounts to using ‘unusual language,’” they wrote. “They may also draw improper inferences that Arabs, Muslims or South Asians who are using Internet applications, or visiting and photographing monuments or other attractions for tourism reasons, are somehow engaging in suspicious behavior.”

With the Islamic State group’s online recruitment efforts having proved particularly effective, the FBI launched the website in February in an effort to combat the radicalization of young people.

But the groups’ letter doesn’t mark the first time the site has come under fire. After it was field-tested in November, Muslim and Arab advocacy groups invited to preview it immediately complained, arguing it would exacerbate an environment of bigotry and bullying.

The program was supposed to go live later that month, but was instead delayed. It’s unclear whether any changes were made during the postponement, and the FBI did not immediately provide comment to U.S. News on that topic. The website does direct users seeking information on how to prevent and report bullying to a separate anti-bullying government website.

Department of Education officials, meanwhile, have been urging schools to combat discrimination against students, especially those from Syria and Middle Eastern countries and those perceived to be Muslim.

The department issued guidance to school districts, colleges and universities in January urging administrators to be proactive in dealing with everything from name-calling to defamatory graffiti and physical violence directed at such students.

According to the department, more than 4.7 million foreign-born individuals are enrolled in prekindergarten to postsecondary education in the U.S., representing 6 percent of the country’s total student population. Another 20 million students are the children of foreign-born parents.

The signatories on Tuesday’s letter argue that the FBI’s encouraging the use of the website in schools will not only hinder free speech and debate on controversial issues, but also isolate students and subject them to bullying.

“This website will seriously damage trusted relationships between educators and students and cannot be described as a legitimate or credible law enforcement tool,” they wrote.

NATIONAL SECURITY NEWS

Pentagon: US May Set Up More Small Outposts In Iraq

By Lolita C. Baldor

[Associated Press](#), April 6, 2016

WASHINGTON (AP) – The Pentagon will consider opening more small military outposts that would provide artillery support and other aid to Iraqi forces as they prepare to retake the northern city of Mosul from Islamic State militants, a senior military officer on the Joint Staff said Wednesday.

Rear. Adm. Andrew Lewis, the vice director for operations, said there may be situations where the U.S. would either open a base or reopen one that was used in the earlier Iraq war. Those outposts, he said, would be behind the front lines, and would be used the way U.S. Marines are operating out of what has been known as Fire Base Bell, outside Makhmour.

Last month fewer than 200 Marines set up the outpost and provided targeting assistance and artillery fire for the Iraqis. It was the first time such a base had been established by the U.S. since it returned forces to Iraq in 2014.

Initially military officials said the base was set up purely to provide force protection for Iraqi forces and U.S. advisers at the nearby Iraqi base in Makhmour.

But soon after, the Marines were firing illumination rounds to help the Iraqi forces locate IS fighters, and also firing artillery rounds in support of the operation, as Iraqi troops took control of several villages on the outskirts of Makhmour, southeast of Mosul. The Marine remained well behind the front lines.

Lewis said that setting up another similar base as the Iraqi forces move toward Mosul is “dependent on what’s happening on the ground” and in the military campaign.

“As Iraqi security forces progress toward isolating Mosul, there may be a situation in which there is another base,” he said, adding that it could be a former U.S. outpost and would be used to provide artillery fire from behind the front lines.

“Their mission is to provide fires and support of Iraqi forces, just like we do with airplanes, just it’s surface-to-

surface fires (versus) air-to-surface fires,” he said. “Same concept, very accurate.”

He added that additional security measures have been put in place at Fire Base Bell since an attack on the outpost several weeks ago.

Marine Staff Sgt. Louis F. Cardin of Temecula, California, was killed by rocket fire in that attack. The Marines at the fire base are part of the 26th Marine Expeditionary Unit, which has been based on the USS Kearsarge, an amphibious assault ship that has been deployed in the region.

Pentagon officials have said they are on a temporary, short-term deployment into Iraq.

During the years of the Iraq war, U.S. forces set up a number of small forward operating bases or combat outposts around the country.

Lewis also noted there has been a recent name change for Fire Base Bell. It's unclear why the military changed names, but the new name – the Karasoar Counterfire Complex – reflects the Iraqi location and appears to focus more on its security mission rather than a combat role.

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Iraq Puts Northern Offensive Against Islamic State On Hold

By Isabel Coles And Stephen Kalin

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Pentagon Upbeat Even As Islamic State Suicide Bombers Strike Iraq

By Rowan Scarborough

[Washington Times](#), April 7, 2016

Amid upbeat Iraq reports from the Obama administration, the Islamic State has unleashed a series of deadly bombings inside government-controlled territory near Baghdad and across the war-torn country.

Death-wish bombers for the Salafist Sunni group even spread carnage into southern Shiite territory, where they infiltrate Iran-backed forces and trigger improvised explosive devices.

“ISIS conducted a wave of explosive attacks across Iraq aimed at disrupting the forward operations of the Iraqi Security Forces,” says a report by the Institute for the Study

of War. The Islamic State group, which holds ground in western and northern Iraq, is also known as ISIS and ISIL.

The Pentagon on Wednesday continued its optimistic appraisal. A war planner said Islamic State fighters are losing land and are restricted in maneuvers on the battlefield as coalition precision airstrikes destroy vehicles, locations and munitions.

Indeed, Islamic State counterattacks do not necessarily mean the fighters can retake land lost in Ramadi in the west and Tikrit in the north.

But they do indicate that the extremist militants have lots of fight left and will be able to inflict many casualties as U.S.-backed Iraqi and Kurdish forces move to recapture Mosul. At 660,000 residents, Mosul is the country's second-largest city, presenting a formidable mix of terrorists and booby traps, block by block.

The Pentagon said airstrikes are limiting Islamic State maneuvers but individual suicide bombers have been able to move around the country.

A battle map from the Institute for the Study of War shows over a dozen attacks — averaging more than two per day — across Iraq by suicide vest and vehicle bombs.

On Monday, Islamic State forces unleashed three attacks by vehicle-borne improvised explosive devices and suicide bomber vests to kill a dozen government soldiers west of Baghdad.

Around the same time, Iraqi counterterrorism forces moved into the town of Hit, west of Ramadi, but found that all homes were rigged with explosives.

“Look at the fight now raging in Hit. Iraqis say they lack sufficient engineers to clear IEDs,” said Robert Maginnis, a retired Army officer and terrorism analyst. “Mosul will be a major fight for Iraqi Security Forces, and it will be very slow.”

The Islamic State is also showing its terrorists can penetrate Shiite lands, including the large city of Basra in southern Iraq.

On Monday, a suicide bomber killed five members of an Iranian-controlled militia at a restaurant. At roughly the same time, a car bomb killed six people at an intersection in Basra.

“Don't forget ISIS hates the Shia as much as it does the Christians,” Mr. Maginnis said. “They enjoy freedom of movement throughout Iraq and have the expertise with plenty of indigenous support to create horrific distractions once the [Iraqi Security Forces] start to put significant pressure on Mosul.”

On the generally optimistic Pentagon war reports, Mr. Maginnis said, “I wouldn't trust any analysis vetted by team Obama.”

This was a reference to a burgeoning scandal at U.S. Central Command, where intelligence analysts say they were pressed by higher-ups to produce reports showing that the Islamic State was in decline. The Pentagon inspector general has launched an investigation.

From March 29 to April 4, Islamic State fighters targeted the capital of Baghdad, according to the institute's report.

In quick succession, a suicide bomber struck a crowd near the green zone, killing three and wounding 27. A few days later, bombers hit two military convoys just outside Baghdad. Multiple IED attacks west of Baghdad killed an unspecified number of soldiers, the government reported.

Presenting the Pentagon briefing Wednesday on the war against the Islamic State was Navy Rear Adm. Andrew Lewis, vice director for operations on the Joint Staff of the chairman of the Joint Chiefs of Staff.

He repeated the assessments of Defense Secretary Ashton Carter and Marine Gen. Joseph Dunford, Joint Chiefs chairman.

"As has been stated by the chairman and secretary recently, the military coalition fighting ISIL has momentum," Adm. Lewis said. "Broadly, the coalition has degraded ISIL's ability to move freely on the battlefield, has regained significant territory in both Iraq and Syria, and has degraded ISIL's leadership and resources."

He added, "Iraqi Security Forces have begun shaping an isolation operation for retaking Mosul, with U.S. and coalition partners supporting them with air power and other enabling capabilities. We have seen steady progress as the ISF continues to recapture territory, to include Hit and Makhmur. These are vital nodes in ISIL's communication networks both in Iraq and Syria, and are important steppingstones in isolating Mosul."

Adm. Lewis declined to answer several questions, such as why there is no immediate plan to retake Raqqa, Syria, the heart and brain of Islamic State operations locally and abroad.

"I'm not really qualified to answer that question, frankly," he said.

Syria Army Launches Counteroffensive South Of City Of Aleppo

[Associated Press](#), April 6, 2016

BEIRUT (AP) – The Syrian army and its allies have launched a counteroffensive to recapture a village south of the city of Aleppo that was overrun by al-Qaida-allied militant a few days earlier, activists said Wednesday.

The development came as Syria's al-Qaida branch, known as the Nusra Front, confirmed on Wednesday the death of Abu Firas al-Souri, a senior figure in the group, in a U.S. airstrike in the northern province of Idlib on Sunday.

Syrian activist groups said the push near Aleppo, which started late Tuesday night, is aimed at retaking the village of Tel al-Ais, which overlooks the Damascus-Aleppo highway. The village was captured on Monday by rebels allied with al-Qaida's affiliate in Syria, the Nusra Front.

The fighting outside Aleppo, the country's second-largest city, has been the worst since a partial cease-fire agreement came into effect in late February and has threatened to completely derail the agreement, which greatly reduced overall violence in Syria.

The fighting pits Syrian government forces and allied Lebanese Hezbollah militiamen against militants, including the Nusra Front. The al-Qaida branch is excluded from the truce along with its rival the Islamic State group.

Meanwhile, the SITE Intelligence Group, which monitors militant websites said the Nusra Front posted on social media Wednesday a statement in which it accused the U.S. of "blatantly" helping the Syrian government with the airstrike that killed Abu Firas al-Souri in the northern province of Idlib.

The al-Qaida branch announced that a "group from the best of the mujahideen," including Abu Firas, was killed in an airstrike by the "Crusader-Arab coalition" led by the United States that targeted a training camp that was about to "graduate a class of mujahideen."

Pentagon press secretary Peter Cook said Monday that the U.S. carried out an airstrike late Sunday on a senior al-Qaida "operational meeting" in northwest Syria that resulted in "several enemy killed." He said at the time the U.S. believes al-Souri was at the meeting.

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Russia Says Its Planes Hit Nusra Front Positions In Syria

[Reuters](#), April 6, 2016

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Nusra Front Confirms Senior Syrian Figure Killed In U.S. Strike

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Islamic State Attacks Syrian Forces Near Damascus

By Tom Perry, Angus McDowall And Lisa Barrington

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Islamic State Nets Up To \$200 Million A Year From Antiquities: Russia

By Louis Charbonneau
[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Obama Has Officially Adopted Bush's Iraq Doctrine

By Jack Goldsmith
[TIME](#), April 6, 2016

Jack Goldsmith is a Harvard Law School professor and a senior fellow at the Hoover Institution. He was an assistant attorney general in the administration of George W. Bush.

Last week the State Department's top lawyer, Brian Egan, gave an important but underreported speech that marked the final stage of the Obama administration's normalization of once-controversial Bush-era doctrines about the conduct of war. Before a gathering of geeky international law-loving lawyers in Washington, D.C., Egan announced the Obama administration's official embrace of the same preemption doctrine that justified the invasion of Iraq.

Egan's speech marks the culmination of a continuity project that began, to many people's surprise, at the beginning of Barack Obama's first term. Since 2009, Obama has adopted the notion of a global war against al-Qaeda and associates; he expanded the legal basis of that war to include ISIS; he embraced military detention without trial, military commissions, state secrets and large-scale secret surveillance; and he ramped up drone strikes, deployment of Special Forces and cyberattacks.

Until recently, however, the Obama team had stayed away from the doctrine that justified the invasion of Iraq. That doctrine, known as preemption, is an interpretation of international law rules related to anticipatory self-defense. International law has long permitted nations to deploy force in self-defense in the face of an "imminent" attack from another nation. The George W. Bush innovation was "to adapt the concept of imminent threat to the capabilities and objectives of today's adversaries," in the words of the National Security Strategy of 2003. "The greater the threat, the greater is the risk of inaction—and the more compelling the case for taking anticipatory action to defend ourselves, even if uncertainty remains as to the time and place of the enemy's attack."

Based on historical precedents and analogies, the Bush administration ultimately argued that the justification for applying preemptive force against rogue states and terrorists

grew in proportion to the magnitude of the harm, the probability of attack and evidence of the adversary's intention to use the weapons. It also argued that the U.S. must take advantage of the available "limited windows of opportunity" to defeat the threat.

Bush's preemption doctrine was not warmly received in some quarters. The ever-prudent candidate Obama never questioned the doctrine itself but famously questioned its application to Iraq, which he argued was not an imminent threat. But others attacked the doctrine. Then-Senator Joseph Biden urged President Bush not to act upon the

'new' doctrine of preemption," which he described as "frightening." When then-Senator Hillary Clinton voted for the Iraq War in 2002, she distanced herself from Bush's preemption doctrine, stating that it carried "grave dangers for our Nation, the rule of international law, and the peace and security of people throughout the world."

Vice President Biden and former Secretary of State Clinton have not, however, criticized the Obama administration's embrace of preemption doctrine beginning in 2014.

The administration justified its attacks against the al-Qaeda-affiliated Khorasan Group in Syria in 2014 as self-defense in the face of an imminent threat. "Far better to be the left of a boom than to the right of it," explained Pentagon Press Secretary Admiral James Kirby. "And that's what we're trying to do, is get to the left of any boom to prevent the planning from going any further, and certainly to prevent them getting into an execution phase, which we don't believe they were in yet."

Hitting a threat before it gets into the execution phase is the essence of Bush's preemption principle, but one might dismiss Kirby's statement as a press-conference slip rather than official doctrine. Egan's speech, however, cleared up the ambiguity and made plain that preemption is now the official doctrine of the Obama administration.

Egan explained that the factors that the U.S. considers to determine whether a threat is imminent for purposes of self-defense include "the nature and immediacy of the threat; the probability of an attack; whether the anticipated attack is part of a concerted pattern of continuing armed activity; the likely scale of the attack and the injury, loss, or damage likely to result therefrom in the absence of mitigating action; and the likelihood that there will be other opportunities to undertake effective action in self-defense that may be expected to cause less serious collateral injury, loss, or damage."

Egan here embraces all of the tenets of Bush preemption. Though he discusses the principle in the context of force against non-state actor terrorists, the rationale applies readily (and indeed less controversially) to states themselves. If anything, Egan announces a broader principle than Bush's, since he (unlike the Bush team) applies it in the

context of threats short of the weapons of mass destruction that motivated Bush.

The Bush team, of course, fatefully applied its preemption theory in the controversial context of Iraq where it turned out that the premises of analysis were false and the consequences of error were enormous. The Obama team, by contrast, is applying its similar theory in a less controversial “light-footprint” context where the terrorists are indeed menacing and the consequences of error much lower. That context makes the principle easier to swallow and will give it broader acceptance and legitimacy. So, too, will the fact that it is articulated by an administration known to be friendly to international law.

Though the contexts for the Obama and Bush preemption principles differ, the principle is the same. But it is the Obama team’s articulation of the principle that will be influential. Future presidents who want to use force in other nations won’t invoke the doctrine used in the disastrous Iraq war. They will instead adopt the functionally identical principle that the Obama administration normalized and legitimated.

Corrupt Combatants Fight For Control Of Lucrative Afghan Drug Trade

By Rod Nordland

[New York Times](#), April 6, 2016

LASHKAR GAH, Afghanistan — Afghans have an expression: “Well, whatever has happened, we are still skinny.” In other words, they have not gotten rich yet, try as they might.

It is an expression heard often here in Helmand Province, the southwestern region that is the world capital of opium and heroin production. Afghanistan accounts for 90 percent of the world’s heroin; more than two-thirds of that comes from Helmand’s opium poppies, according to United Nations figures.

Sometimes the expression is uttered enviously — how did we miss out? Other times it is delivered with greedy sarcasm — how much more can we get before the feeding frenzy is over?

This year’s first poppy harvest season has just begun, and the bright red flowers are garish splotches across the heavily irrigated landscape. But unlike previous years, there will be no serious efforts to eradicate the opium crop in Helmand, thanks to a combination of Taliban advances and out-of-control corruption, with both sides battling over the drug trade.

Helmand is also the deadliest province in Afghanistan, with more than half of all combat fatalities in the last year, Afghan officials have now confirmed.

President Ashraf Ghani’s envoy for Helmand, Maj. Gen. Abdul Jabar Qahraman, has been given the task of fixing the situation. He says that a big part of the reason Helmand has

become so difficult is that so many of its combatants have a financial stake in seeing the continuation both of the drug trade and the war itself — something he hopes to undo by getting all sides talking to one another.

He calls the problem fourth-wife syndrome. The fourth wife — four is the most allowed under Islam — is often several decades younger than the husband, so her father can demand a high price for the bride. The implication is that big players on both sides are hungry for money. But in some prominent cases in Helmand, there really are four wives in the picture.

The Taliban shadow governor for the province, Mullah Manan, is from a poor family, yet recently he took a young girl as his fourth wife. “Where did he get this money?” General Qahraman said. “He had to pay a lot for such a marriage, and his father didn’t even own a donkey.” As a counterpoint, he mentioned that the Afghan National Police commander in Nad Ali district, Hajji Marjan Haqmal, had also just paid 3 million afghanis for a young, fourth wife — around \$42,000, or more than three years’ salary for a district commander.

“There is a big game going on and Helmand is at the center of it,” General Qahraman said. “The war and the fighting in Helmand is a tool for everybody — they’re making millions off it.”

Whoever controls opium territory controls a rich income stream. The Taliban directly impose taxes on the crop; some government officials do, too, or more often solicit bribes to look the other way.

The war effort is another rich target for corruption, General Qahraman explained: “There’s a firefight, and the government side fires three rounds, but they say it’s 50, and the other side, they fire a few back, and say it’s 100, and then each side goes and sells the extra rounds,” he said. “The guys fighting are just tools; their commanders make the money.”

In the last 11 months, 3,000 Afghan government soldiers and policemen have been killed in Helmand, according to General Qahraman’s figures. That is half or more of the estimated 6,000 Afghan security forces, police officers and soldiers killed in the entire country’s 34 provinces over the last 12 months — a sharp rise from last year, according to a senior Afghan official, who spoke anonymously because he was not authorized to discuss the figures publicly.

“If I say it’s not that bad, I’d be lying,” General Qahraman said. “But if I say it’s overwhelmingly bad, that’d be lying, too. The situation is fragile. When we’re strong, we’re going to gain. When they’re strong, they’re going to gain.”

Civilian casualties are rising, too. At Lashkar Gah’s Emergency Hospital, run by an aid group based in Italy, casualties increased 10 percent in January and February, to 405, compared with the same period a year earlier.

"You can't go anywhere in Helmand now safely," said Maj. Gen. Esmatullah Dawlatzai, who was recently put in charge of all the police forces in Helmand. "You can't step outside of Lashkar Gah safely, and that's a fact," he added, referring to the provincial capital city.

"It's not going to change until we do something about the political corruption, which is being carried out from Kabul, and involves everyone, elders, parliament members, politicians, all of them," General Dawlatzai continued. "The police, especially, are not a national police. They are not fighting for the benefit of their country, but for their patrons."

Mullah Majid Akhonzada, the deputy provincial chairman, said that all that Helmand got from Kabul was empty promises, as the Taliban gain more and more territory. "The fact is, nothing has been done except filling their own pockets," he said. "That's all they do."

Corruption does not just fatten up the skinny, it also undermines security.

Hajji Ahmad is a provincial councilman from Gereshk District, which is now the center of some of the fiercest fighting. "This is how it works," he explained. "The police chief buys his post, then he has to make his money back by selling other positions to other commanders, in the districts and subdistricts, and then those guys are selling to each checkpoint."

"So I'll give you an example, a recent example of what happens," Hajji Ahmad said. "In Margir area, at a police checkpoint in Gereshk District, there's 24 hours of fighting going on and at night the commander runs out of ammo. So he goes to his district commander and says, 'We need ammo', and the commander says, 'Well, give me money so I can give you ammo.' And he doesn't have any money so the Taliban overrun the checkpoint and nine policemen are killed. That's what happens." He was referring to an attack that took place last month.

The men appointed to reform the police and military in Helmand, General Dawlatzai and General Qahraman, are both finding it hard going, and many of the obstacles are internal.

Between 2014 and 2015, opium eradication in Helmand nearly doubled, to great acclaim in drug enforcement circles. This year, however, the new security chief for the Ministry of Counternarcotics, Maj. Rahmatullah Alokozai, whose main duty is opium eradication, has declared there will be none in 2016. With the Taliban in full control of five of Helmand Province's 14 districts, and more than half of its territory, it just would not be possible, Major Alokozai insisted.

"This year is totally out of control. Last year was not like this," the major said in an interview. "Now that we don't have security, we can't do anything. It's obvious."

But Major Alokozai's critics say he clearly is not interested in trying, complaining that he is not only unqualified for such a crucial position, but that the large amount of money

he paid for his job suggests there is money to be made by canceling eradication.

When an official letter from Afghanistan's Interior Ministry proposing Major Alokozai as the eradication czar in Helmand reached the desk of police General Dawlatzai, the general said he scrawled a note across it saying, "He shouldn't even be in the police force, let alone in counternarcotics."

"That guy bought his rank — he's not even really a major — and his position for \$100,000, and he can't even read and write," the general said of Major Alokozai. (Literacy is an official requirement of the post.) His account was confirmed by the new representative of the attorney general's office in Helmand, Fazal Sultan Safi.

Major Alokozai confirmed that his only prior experience was working as a guard for contractors moving goods in and out of Helmand — work that has dried up because it is too dangerous. But he insisted he could read and write, and said he had gone to school until "10th or 11th grade."

As General Dawlatzai put it: "Saying things are getting better in Helmand is like trying to blot out the sun with two fingers. I don't do that. What I'm telling you is the honest picture of the way things are."

Desperate Afghans Flee Amid Taliban Surge, Economic Woes, Rampant Corruption

By Shirzad Ashoori And Valerie Plesch, Special To The Washington Times

[Washington Times](#), April 7, 2016

KABUL, Afghanistan — For the hundreds of Afghans who lined up before sunrise here at Kabul's only passport office one recent morning, their slow steps were the first of a long, desperate journey out of their war-stricken nation.

One applicant, 30-year-old house painter Hashmatullah Naimi from the neighboring province of Parwan, hoped to join the tens of thousands of Afghans who have already left their homeland in the last year in search of better jobs and a better life in Western Europe, a peril-filled trek that usually takes them through Pakistan, Iran, Turkey and Greece.

"I feel so scared of dying of poverty — there are no more jobs in Afghanistan. I am a house painter, but nowadays no one is asking me to paint their home," he said while waiting in line with around 350 other applicants. "The economy of the country is breaking down, and people do not want to risk spending their money."

The lagging economy and rampant corruption, along with a worsening security situation, are threatening Afghanistan's fledgling democracy despite the best efforts and huge investment of the U.S. and its allies, say analysts.

"Insecurity has increased in large parts of the country," said Arne Strand, an Afghanistan expert in Norway and research director at the Chr. Michelsen Institute, an

independent research center on international affairs. "The Taliban has gained strongholds not only in the south but also in the north, which has led them both to higher insecurity but also more migration,"

October 2016 will mark the 15th anniversary of the U.S.-led military invasion in Afghanistan that removed the fundamentalist Taliban from power but created a central government that has proven barely able to hold onto power in Kabul. Since then, two U.S. presidents have overseen the deployment of more than 130,000 American and U.S.-led coalition troops to the battlefields for a war that has cost American taxpayers more than \$1 trillion.

Despite those efforts, Afghans don't want to stay.
Stuck near the finish line

More than 3,000 miles away from Kabul's passport office, the Afghans who made it out congregate among the thousands stranded in the makeshift camps in the northern Greek village of Idomeni. They're stuck because the Macedonian government recently closed its doors to all refugees, creating the bottleneck.

Here they are among the estimated 14,000 refugees stranded in Idomeni who fled conflicts in Syria and elsewhere this year along the so-called "Balkan Route" that runs through Greece, Macedonia, Serbia and other nations before it ends in Central Europe.

Last year more than 1 million refugees attempted to enter Europe. Around 178,000 Afghans applied for asylum in Europe last year, according to Eurostat. Many won't be allowed to stay. The European Union has reportedly drafted a plan that would send 80,000 Afghans back to Afghanistan. The Afghan government says it is unable to accommodate and ensure the safety of those returning.

This year Afghans represent 26 percent, or roughly 37,000, of the total Mediterranean Sea arrivals to Europe, making them the second-highest group after Syrians, according to the U.N.

One Afghan at the Greek camp, Zalmi Rahimi, 32, speaks with an American accent owing to his 11 years working with the U.S. Army. He abandoned a thriving carpet and jewelry business when he left for the West. After spending close to \$11,000 to escape Afghanistan with the help of smugglers, he now shares a tent with his wife and three sons on a muddy Greek field.

"I had a good home — everything was good for me, the only problem I had was working for the Americans," he said about his life in the western city of Herat.

Taliban militants often threatened him and his family, said Mr. Rahimi. A few years ago he applied for a special visa issued by the U.S. government to Afghans who worked with the American military. In his pocket he still kept an apparently legitimate recommendation letter from the American military. But he claimed the American Embassy in Kabul never responded to his application.

"Before it was just the Taliban in Afghanistan, now Daesh is there," he said, using the alternate name for the Syria-based jihadi Islamic State movement that has recently moved into Afghanistan. "It's a big problem for the Afghan people."

Rising civilian casualties

Last year saw the highest recorded number of Afghan civilian casualties since the beginning of the war in 2001 — a total of more than 11,000 deaths and injuries, according to a recent U.N. survey. Areas of the country that were once deemed safe are now wracked by violence as the Taliban test the weak, faction-ridden government in Kabul.

But some experts argue that other problems besides security are holding back Afghanistan.

"It's not really a military issue," said Mr. Strand. "It's just as much a lack of governance. It's a lack of trust in the government in Kabul."

In 2014, after highly contested elections, the Obama administration and other governments brokered a power-sharing agreement between President Ashraf Ghani and the government's chief executive, Abdullah Abdullah. But Mr. Abdullah's allies in parliament have blocked Mr. Ghani's nominations for key government positions, including defense minister, a position that has been vacant since the agreement was signed.

In addition to a weak government, Kabul relies on international donors to fund services for its 32.5 million people. The country received around \$16 billion in international aid for 2014 through 2017. Those funds could dry up soon, however, giving more Afghans a reason to leave.

"There is a fear that by 2017 the international donors will not necessarily continue the funding at the same level as today," Mr. Strand said.

• Valerie Plesch reported from Idomeni, Greece.

GOP Senators Seek To Block Proposal On Iran Dollar Rules

By Matthew Lee

[Associated Press](#), April 6, 2016

WASHINGTON (AP) — Two Republican lawmakers opposed to the Iran nuclear deal are trying to block an Obama administration proposal that would ease rules on dollar transactions to support legitimate trade business with Iran.

Senators Marco Rubio of Florida and Mark Kirk of Illinois plan to introduce legislation Wednesday that would bar the Treasury from permitting foreign banks to conduct foreign currency trades in U.S. dollars for transactions involving Iran. A copy of the bill, entitled "Preventing Iran's Access to United States Dollars of 2016," was obtained by The Associated Press.

Administration officials have denied they are considering giving Iran direct access to dollars or to the U.S. financial system as part of nuclear sanctions relief, but have left open the possibility of easing rules on the use of dollars by offshore financial institutions.

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Republicans Offer Bill To Block Potential Iran Dollar Use

By Patricia Zengerle And Lesley Wroughton
[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Iran Should Pay A Price For Its Ballistic Missile Tests

[Washington Post](#), April 6, 2016

IRAN HAS complied with the principal terms of the nuclear agreement reached last summer, mothballing much of the infrastructure that could be used for weapons production and shipping enriched uranium out of the country. It also has aggressively exploited loopholes in the agreement and tried to create new ones. Most seriously, it has repeatedly tested ballistic missiles that could be used for carrying nuclear warheads, even though a U.N. Security Council resolution approved in tandem with the nuclear accord explicitly called on Iran not to engage in such activity.

Tehran's behavior comes as no surprise to the many observers who predicted the deal would not alter its hostility to the West or its defiance of international norms. Unfortunately, the Obama administration's response has also been much as critics predicted: It has done its best to play down Iran's violations and avoid any conflict out of fear that the regime might walk away from a centerpiece of President Obama's legacy.

The missile tests are one example of U.S. waffling. The administration has described them as a violation of U.N. Resolution 2231 and responded with mostly symbolic sanctions of several individuals and companies associated with the program. But it has appeared to yield to Russia's contention that Iran did not, technically, breach the resolution because it was only "called upon," not ordered, to stop testing. A letter sent by the United States, Britain, France and Germany to the Security Council last week described the

tests as "inconsistent with" the resolution, rather than a violation that would mandate enforcement action.

Another area of potential accommodation concerns dollar transactions linked to Iran. U.S. sanctions tied to terrorism and human rights still prohibit Iranian access to the U.S. financial system. Iranian officials are complaining that they have been unable to draw on newly unfrozen assets elsewhere in the world, or make trade deals, because international banks are afraid to conduct any transactions in U.S. dollars. The administration is considering issuing a clarification to foreign banks that they can conduct dollar exchanges linked to Iran's assets or future trade deals under certain conditions.

Administration officials say the action may be needed to comply with the spirit of the nuclear deal, which promised Iran access to its frozen assets and the resumption of international trade. Secretary of State John F. Kerry, the accord's architect, said Tuesday that the regime "deserves the benefits of the deal they struck." There's logic to that. But there's also a problem of reciprocity: Should the United States take steps not strictly mandated by the text of the nuclear accord at a time when Iran is testing nuclear-capable missiles?

Not surprisingly, Republican opponents of the nuclear deal are lining up to block the administration's prospective action; legislation is being introduced by Sens. Mark Kirk (Ill.) and Marco Rubio (Fla.). A better response would resemble that being discussed by the Senate Foreign Relations Committee's chairman, Bob Corker (R-Tenn.), and ranking Democrat, Ben Cardin (Md.), though action is not likely before the U.S. election. They would mandate sanctions against all Iranian entities, including financial institutions, connected to the missile program and renew the broader Iran Sanctions Act. That would allow the nuclear accord to go forward, while sending Iran the message that its infractions will be costly.

North Korea Has New Rocket System That Could Strike Seoul This Year, South Korea Warns

By Anna Fifield

[Washington Post](#), April 6, 2016

TOKYO — North Korea has developed a large-caliber multiple launch rocket system and could use it to strike South Korea as soon as this year, the South's defense minister said Wednesday.

This comes a day after South Korean officials said they believed that the North was now able to mount a nuclear warhead on a medium-range missile, and after China sharply curtailed trade with its dependent neighbor.

Tensions have been running high in the region since North Korea conducted its fourth nuclear test at the beginning

of January, then followed it up with a long-range missile launch.

Current joint U.S.-South Korean military exercises and a looming Workers' Party Congress in North Korea both have stoked the fire.

Han Min-koo, South Korea's defense minister, said that North Korea's recent test firings of 300-millimeter rockets suggested that it had almost completed the development of its multiple launch rocket system.

"Under this assessment, I think North Korea will deploy the 300-mm MLRS as early as the end of this year," Han told local reporters.

The rockets, which are much cheaper than missiles, are thought to have a range of about 125 miles. Greater Seoul, with a population of almost 26 million people, is just 35 miles from the demilitarized zone that separates North and South Korea.

North Korea recently threatened to "scorch" South Korea's president's offices with its "powerful large-caliber multiple-rocket-launching systems."

Pyongyang has boasted of numerous improvements in its missile and rocket program in recent months, saying that it had road-mobile multiple rocket launchers, which it could deploy quickly and without detection, and that it had tested a solid-fuel rocket engine, another major advance. Its claims have not been independently verified, but Pyongyang is known to be working on its delivery systems.

Separately, the South Korean government said that it thought North Korea had made significant progress toward its goal of miniaturizing a nuclear warhead so it could be mounted on a medium-range Rodong missile.

"We believe they have the ability to mount a nuclear warhead on a Rodong. Whether they will fire it like that is a political decision," an unnamed official told reporters in Seoul.

The Rodong missile could fire a one-ton warhead as much as 1,250 miles, the official said, putting all of South Korea and most of Japan within range.

North Korea's state media last month released photos of Kim with what it said was a miniaturized nuclear warhead, but this has not been verified.

Pyongyang has proved it is developing both nuclear weapons and the means to deliver them, but it has not yet been shown that it can put the two together. However, many scientists and U.S. military officials say it is just a matter of time until North Korea masters the technology.

Still, the timing of Seoul's pronouncements is notable. South Korea is holding general elections next week, and such warnings could help President Park Geun-hye's conservative ruling party in the polls. It controls more than half the seats in the National Assembly.

But in another sign that the international community is cracking down on North Korea over its recent provocations, China this week announced it would ban imports of coal, iron

ore, gold, rare earths and several other minerals from North Korea if they were related to its nuclear or missile programs.

Several North Korean mining companies have been accused of channeling funds directly to weapons programs.

The Ministry of Commerce also said China would no longer allow aviation fuel to be exported to North Korea, in accordance with U.N. Security Council resolutions.

China, which is North Korea's closest ally and shares a long border with the irascible state, has signed up for tough new sanctions against North Korea after its nuclear and missile tests.

There remains a considerable amount of skepticism about how far China will go in enforcing the sanctions — its big-picture strategic interest is in keeping North Korea stable.

Yoonjung Seo in Seoul and Liu Liu in Beijing contributed to this report.

North Korea May Roll Out Rocket System With Greater Reach, South Says

By Choe Sang-Hun

[New York Times](#), April 6, 2016

SEOUL, South Korea — North Korea could deploy a new rocket system as early as this year that would expand its ability to strike South Korean and American military forces in the South, South Korea's defense minister said on Wednesday.

South Korea has been closely monitoring the North's development of the 300-millimeter multiple-rocket launcher system, which the country has tested frequently in recent years. The weapon has alarmed officials because it is believed to have a range long enough to strike major American and South Korean military bases, including those near Pyeongtaek, about 60 miles south of Seoul, the capital.

Defense Minister Han Min-koo said on Wednesday that North Korea was likely to deploy the new system late this year at the earliest. The North developed the weapon because it is cheaper than its short-range, Scud-type ballistic missiles and allows it to fire far more projectiles, Mr. Han said in an interview with South Korean reporters.

Mr. Han said South Korea and the United States had been preparing for the new threat by upgrading their surveillance and counterattack abilities.

The North has thousands of 240-millimeter multiple-rocket launchers near its border with South Korea, according to the Defense Ministry. Those rockets have an estimated range of 37 miles, putting Seoul and its 10 million people in reach. The new system has an estimated range of up to 124 miles, South Korean defense officials have said.

Last month, North Korea said it had tested fragmentation-mine shells and underground penetration shells for the new system, which it said had already entered serial production. In October, the North displayed an eight-

tube version of the so-called KN-09 launcher during a military parade in Pyongyang, the North Korean capital.

The North's frequent threats to turn the South Korean capital into a "sea of fire" are presumed to be references to the rockets and to thousands of artillery pieces that North Korea also keeps near the border. The North launched an artillery attack on a South Korean border island in 2010, killing four South Koreans.

On Monday, a North Korean-run propaganda website released a video clip that used computer animation to depict North Korean rockets hitting the presidential Blue House and other government facilities in Seoul.

Mr. Han's remarks came a day after a senior South Korean official said the government now believed that the North was capable of mounting a nuclear warhead on its medium-range Rodong ballistic missile, which can reach all of South Korea and most of Japan.

America's East Asian Bargain

U.S. troops in Japan and Korea would cost more to base at home.

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

U.N. Envoy Urges Rapid Libya Handover As Fragile Peace Holds

By Aidan Lewis

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Blow To Libya Unity Govt As Tripoli Rival Refuses To Cede Power

[AFP](#), April 6, 2016

Tripoli (AFP) – Efforts by Libya's UN-backed unity government to assert its control over the capital were thrown into chaos Wednesday as the head of a rival Tripoli-based authority backed away from ceding power.

Contradicting an earlier announcement that his so-called National Salvation Government was ready to step aside, Tripoli's unrecognised prime minister Khalifa Ghweil urged his ministers not to stand down.

He threatened to prosecute anyone working with the new government.

"Given the requirements of public interest... you are requested to continue your mission in accordance with the law," Ghweil said in a statement.

The reason for the U-turn was not immediately clear but could suggest a split within the Tripoli authority.

There was no immediate reaction from the UN-sponsored administration of prime minister-designate Fayez

al-Sarraj, which until the about-face had appeared to be cementing its control over the country's finances and institutions.

Ghweil's administration seized control of Tripoli in mid-2014 with the support of powerful militia groups, forcing a government backed by Libya's internationally recognised parliament to flee to the country's far east.

An attempt by his authority to hold on to power in the capital could spark fresh unrest in a country already struggling to emerge from five years of violence since the 2011 overthrow of Moamer Kadhafi.

Sarraj's Government of National Accord was created under a power-sharing deal agreed by rival lawmakers in December.

He arrived in Tripoli under escort by sea last week, established his headquarters at a naval base and had been moving to shore up his authority.

– 'Deeds must follow words' –

The international community has pleaded with Libya's warring sides to stand behind the unity government, which is seen as vital to tackling a jihadist expansion and rampant people smuggling in the North African state.

But it has not yet been endorsed by the administration based in the far east, which has long claimed international legitimacy because it was appointed by the parliament elected in the last polls in 2014.

And the Tripoli authority's reversal will be seen as a major setback, after it had just on Tuesday issued a statement "ceasing the activities entrusted to us as an executive power" in order to "prevent bloodshed and divisions".

Sarraj's GNA had earlier on Wednesday ordered all government "ministries and institutions and committees" to respect its authority and use its logo.

It also ordered the Central Bank and the Audit Bureau to freeze all state accounts immediately, except for salary payments to government employees.

UN envoy Martin Kobler had earlier welcomed the Tripoli authority's willingness to hand over, though he had warned that "deeds must follow words".

Kobler held talks with Sarraj on Tuesday after arriving for his first visit to Tripoli since the new government arrived in the capital.

Earlier Wednesday Italian Foreign Minister Paolo Gentiloni had said recent developments were "encouraging" in moving towards a "united, stable and secure Libya".

"I hope that the spirit of compromise prevails on all parties involved," he said in a statement, offering the full support of Italy, the former colonial power in Libya, to the new government.

– Sarraj's position 'very fragile' –

Kobler had praised the "courage and determination" of the unity government and said the UN was ready to provide

“all the support needed” towards an “immediate and peaceful handover of power”.

The new administration had in recent days been broadening its support, winning the backing of the Libyan Investment Authority, the National Oil Corporation and the Central Bank.

Arturo Varvelli, a Libya specialist at the Milan-based Institute for the Study of International Politics, said the Central Bank’s support was vital for Sarraj as it allows his government to “grant or stop funding... various militias”.

With control of public finances, the flow of funds “can be turned on and off like a tap”, he said.

Western governments are deeply concerned that Libya’s disarray has allowed the jihadist Islamic State group to gain an important foothold in the country, but have said a foreign intervention can only take place at the request of a unity government.

“Sarraj’s political stature is still very fragile,” said Silvia Colombo, a Libya specialist at Rome’s Institute of International Affairs.

“But the threat of IS has played a role in creating a more favourable climate” for his administration, she said.

Egypt Threatens Center Documenting Torture With Closure

By Brian Rohan

[Associated Press](#), April 6, 2016

CAIRO (AP) – For more than two decades, a team of psychiatrists in downtown Cairo have provided a unique service in Egypt: Therapy for people who say they are victims of torture.

Now authorities are trying to shut down the Nadeem Center, housed in an apartment building off a street full of auto parts dealers and mechanics. Twice in the past three months, most recently on Wednesday, police have stormed in with closure orders. So far, the center has managed to ward them off while its lawyers protest.

Its founders, however, fear the government is determined to eliminate an organization that, beyond helping victims, produces detailed documentation of police torture. Those accounts contrast starkly with officials’ repeated denials that such abuses take place, except in rare, individual cases.

Last year, the center tallied around 600 cases of police torture and almost 500 people killed by security forces, 100 of them while incarcerated.

“I haven’t seen a worse situation than what we have now – the violations, the impunity, the defiance” by police, said Aida Seif el-Dawla, a psychiatrist and one of the center’s co-founders.

“They keep repeating that there is no torture, that there are no forced disappearances, as if this would somehow make it a valid statement,” he said.

The move against the Nadeem Center is part of an effort targeting a number of rights groups and non-governmental organizations that has raised sharp criticism of Egypt at home, as well as from the United States and Europe.

The Nadeem Center and other groups are under investigation on possible criminal charges of illegally receiving foreign funds. Also, the center faces a closure order from the Cabinet that has never been made public but is reportedly based on vague claims of violations of Health Ministry regulations.

President Abdel-Fattah el-Sissi has overseen a broad crackdown on dissent since 2013, when he led a military overthrow his Islamist predecessor. Security forces have arrested thousands of Islamists and killed hundreds as they crushed protests. In the past year, the campaign has also increasingly targeted secular activists who criticize the former general’s rule. Authorities have argued that they are acting to bring stability after five years of turmoil following the 2011 pro-democracy uprising that toppled longtime autocrat Hosni Mubarak.

Many of the top activists involved in the 2011 uprising are now in prison, most under a draconian law passed in 2013 effectively banning all street protests.

In response to international criticism of the foreign funding investigation, Foreign Minister Sameh Shoukry said there are tens of thousands of NGOs operating in Egypt, and the government is committed to enabling their work. But he said the activities of civil society groups should be steered in “the right direction, not to the benefit of people whose practices could harm their countries.”

A Health Ministry spokesman, Khaled Mujahed, told Egyptian media that Nadeem was ordered closed “like any center that is proven to have violations.” The center denies committing any violations.

The groups believe authorities want to silence criticism at a time when they say police abuses are worsening.

“It’s no longer just special police units committing these acts. Normal police are practicing torture too. In the current environment, they think the law doesn’t apply to them,” Seif el-Dawla said.

Egypt has faced international criticism over the case of Giulio Regeni, an Italian Ph.D. student whose brutalized body was found dumped by the side of a road, raising suspicion of police involvement. Egypt denied its security services were behind the killing.

Last month, the Interior Ministry said it had killed members of a gang suspected of being responsible for Regeni’s death. But that claim was largely dismissed in Italy, where many in the media accused Egypt of a cover-up.

Rome is demanding Cairo come clean and present results of a detailed investigation.

Seif el-Dawla says Regeni's wounds, detailed in Italian autopsy findings, bear all the hallmarks of cases she has seen in decades of documenting police torture.

"Burning by cigarettes, ripping off fingernails and dumping bodies, that's their style, and it's very common in disappearance cases," she said, sitting at a table in the center's sparse meeting room that is normally used for recording the testimony of victims.

In recent years, the Nadeem Center, headed by Dr. Magda Adly, received about 200-300 new clients annually. The doctors provide individual and group therapy, and sometimes conduct medical exams.

Under Mubarak's 29-year rule, non-governmental groups faced complicated rules meant to control, contain or sometimes discourage their operations. Nadeem's clinic treating patients, for example, is formally a separate entity from its center doing documentation. In that way, it conforms to rules on which activities each part can conduct.

NGOs also faced close monitoring by security agencies. Seif al-Dawla said she's long known that the cigarette seller at a kiosk outside the office is a police informant keeping an eye on who comes and goes.

Under Mubarak, however, rights organizations were rarely shut down.

Seif al-Dawla fears that's the government's plan.

Security authorities don't like "civil society organizations that are outside their control, especially in the field of human rights," Seif al-Dawla said. The Nadeem Center's accountants have been questioned by investigators trying to find a way to discredit it, she said.

"The problem now is that you cannot predict what can put you in jail or not," she added.

Nadeem does receive funding from abroad, but it is all reported to the authorities and tax records are kept, she said.

"Nothing about us is underground or hidden, we operate totally transparently," Seif al-Dawla said. "They know all about it."

Dozens of organizations could face prosecution in the foreign funding case. Prominent investigative journalist Hossam Bahgat, rights advocate Gamal Eid and others have been barred from travel, and a court is considering whether to freeze the assets of Bahgat and Eid.

The case is a reopening of an investigation that began in 2011 against nonprofit foreign groups. At the time, several U.S. and German groups were charged with receiving foreign funding in violation of Egyptian law. The constitution expressly allows NGOs, but receiving funds from abroad is heavily regulated, and new laws in recent years include vague bans on activities that undermine "national interests or unity."

In the meantime, the Nadeem Center continues to work quietly, but receives no patients at the center, just in case the police swoop in.

Seif al-Dawla said she's hoping the closure order will be lifted. In the meantime, she is pushing back appointments and handling new would-be patients.

"The phone here just keeps ringing," she said.

Follow Brian Rohan on Twitter at: <http://www.twitter.com/brian-rohan>

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Tensions Rise In The South China Sea

[New York Times](#), April 6, 2016

Asian countries are increasingly pushing back against China's sweeping territorial claims and bullying tactics in the South China Sea. On Sunday, a Japanese submarine made a port call in the Philippines for the first time in 15 years, a sign of growing security cooperation. Last week, Vietnam seized a Chinese ship for illegally entering its territorial waters, and Indonesia threatened to defend its own claims with F-16 fighter jets.

Meanwhile, President Obama used a meeting with President Xi Jinping last week to deliver what one administration official described as "a very direct and unvarnished earful" about how seriously Washington views China's behavior. And on Monday the United States and the Philippines began annual war games that will certainly show that the Philippines can count on the United States to counter Beijing.

The South China Sea is rich in natural resources and serves as a vital waterway for \$5 trillion in trade. The Chinese have been engaged in a campaign to transform contested reefs and rocks into artificial islands with airstrips and other military structures. This has alarmed neighboring countries, which have competing claims and fear that China will use these islands to interfere with navigation and other countries' rights to fish and drill for oil and gas.

One result of the rising friction is a new defense agreement that will allow the United States to station weapons and troops at five bases in the Philippines for the first time in more than 20 years. Another is a marked increase in regional military spending. The United States recently carried out two patrols by warships and aircraft into territory claimed by China and is planning a third.

The Philippines is challenging Beijing's assertions of sovereignty over most of the South China Sea in the

international arbitration court, and a decision is expected by the end of June. Although China ratified the 1982 United Nations Convention on the Law of the Sea, guaranteeing unimpeded passage on the high seas for trade, fishing and oil exploration, it has refused to participate in the Philippine case. American officials worry that Beijing may reject the court ruling or even pre-emptively build up more islands.

The United States, which takes a neutral position on the competing claims, has pushed all countries, especially China, to stop militarizing land masses and adding to them. It has also promised to recognize the claims of whichever side wins the arbitration case. While there was no breakthrough in the Xi-Obama meeting, the Chinese president stressed his desire to work with the United States and “realize no conflicts or confrontation.” But some sort of confrontation seems increasingly likely as long as China refuses to resolve the maritime disputes peacefully.

NATIONAL NEWS

White House Criticizes Congress For Inaction On Zika Money

By Justin Sink

[Bloomberg Politics](#), April 6, 2016

The White House announced Tuesday it will shift \$589 million in government spending to combat the Zika virus, and warned Congress that it would regret ignoring the Obama administration’s request for \$1.9 billion to increase research and defenses against the disease.

“Congress has completely abdicated their responsibility to follow through on a proposal the administration put forward based on the advice of scientific experts,” White House press secretary Josh Earnest told reporters at a briefing Tuesday.

Administration officials said they would shift \$510 million in unused funds from the campaign against the Ebola virus and \$79 million from other accounts to Zika, which has been confirmed to have infected 64 women in the U.S. who are pregnant. The virus is believed to cause a microcephaly, a birth defect. But the White House warned it doesn’t have enough money to fully combat the mosquito-borne virus.

Government officials said on a conference call with reporters that they expect “local transmission” of the virus in the southern U.S. by this summer. The birth of a Hawaii child with microcephaly, characterized by an abnormally small head, has been confirmed to be connected to Zika infection in its mother, the officials said. Mosquito-Control Programs

The reprogrammed money isn’t enough to fund scientific work on vaccines for the virus or expand mosquito-control programs, the White House said. More money would also help local health agencies prepare for the virus, the administration said.

“There’s no reason that Democrats and Republicans should disagree about the need to protect the American public,” Earnest said.

Senator Roy Blunt, the Missouri Republican who chairs the subcommittee that controls funding for the Department of Health and Human Services, said Tuesday he was still studying if more funds were needed.

Senator Lindsey Graham, the South Carolina Republican who oversees State Department funding, said the administration told him the re-programmed \$589 million “ought to cover it.”

In the House, Appropriations Chairman Harold Rogers of Kentucky and two other top Republican appropriators said they “will look carefully at the details of today’s proposal by the administration to ensure the best and most effective use of these funds” and “to monitor the changing needs resulting from this unpredictable crisis.”

The Obama administration’s move comes as Liberia’s health ministry announced a second case of Ebola, heightening fears that the deadly virus could re-emerge in West Africa. Administration officials say the Ebola money they will shift to Zika would have paid for health infrastructure improvements in Africa to help prevent Ebola outbreaks.

White House Ramps Up Zika Funding Fight

By Sarah Ferris

[The Hill](#), April 6, 2016

Senior administration officials say they are not walking away from the months-long Zika funding fight with the GOP, even after conceding on a key issue.

The White House said Wednesday it is now forced to dip into a funding pool reserved for the Ebola virus to fight Zika — an approach that the administration had previously dismissed as it pushed Congress to approve new funding.

The Centers for Disease Control and Prevention (CDC) will ramp up “immediate, time-critical” efforts to stop the spread of the virus, which remains difficult to diagnose with no vaccines or treatments available.

While announcing plans to move about \$500 million toward Zika efforts, Obama’s top health and budget leaders lashed out at Congress for ignoring their \$2 billion funding request.

“We should not play with fire here. We should not risk spreading and getting out of control before Congress acts. They need to move immediately,” Shaun Donovan, director of the Office of Management and Budget, told reporters Wednesday.

Donovan declined to say how long the extra money would last in the fight against the Zika virus. But he said without more funding, U.S. health agencies would need to downsize their response “within months.”

“There are real consequences and risks in waiting,” Donovan said.

The Zika virus, which is mostly spread by mosquitoes, has moved rapidly across South and Central America. Researchers say the virus is linked to a severe birth defect called microcephaly, which causes babies to be born with abnormally small heads.

The effects of the virus are mild in adults, but Health and Human Services Secretary Sylvia Mathews Burwell told reporters that global concerns are warranted because of the substantial risks of birth defects.

“Panic is not a word I would want to ever use, but what I think we’re doing is clearly articulating the needs and the steps we need to take,” Burwell said when asked about her own level of concern.

The Zika virus is expected to begin spreading in the southern U.S. sometime in the “spring and summer months,” Burwell said Wednesday. Already, as many as 60 pregnant women in the U.S. may have been exposed to the virus, she said. One baby infected with Zika has been born with microcephaly.

The administration’s decision to move a half-billion dollars’ worth of Ebola funds is a partial concession after warning for months that the approach would shortchange the long-term Ebola strategy.

White House press secretary Josh Earnest on Wednesday pressured Congress to pass the administration’s full funding request.

He called the move to shift Ebola funding to the Zika fight “a temporary fix.”

Earnest appeared exasperated that lawmakers have balked at approving the funding request given that, unlike Ebola, health officials have advance warning of the Zika virus’ spread.

“Everybody now is predicting months in advance we are going to see more cases of Zika in the United States,” he said. “We have an opportunity to do something about it in advance. But Congress has completely abdicated their responsibility.

“Now it’s time for Congress to do its job for a change.”

GOP leaders, led by House Appropriations Chairman Hal Rogers (R-Ky.), have remained firm that they would not approve the White House’s request while there was more than \$1 billion in Ebola funding still in the health department’s coffers.

Donovan said the administration was not letting up its calls for an additional \$2 billion to fight Zika.

Global health officials officially declared an end to the Ebola emergency late last month.

U.S. health agencies have argued that Congress already approved funding for a plan to build up disease response systems to prevent outbreaks similar to Ebola, which killed 11,00 people.

White House Rips Congress Over Zika Funding

By Brianna Ehley

[Politico](#), April 6, 2016

White House officials on Wednesday criticized Republican lawmakers for holding up President Barack Obama’s \$1.9 billion funding request to fight the Zika virus.

The administration also announced it shifted about \$600 million in unused Ebola funds to combat Zika – a measure that congressional Republicans have called for but one that administration officials previously resisted because they’re still battling the Ebola virus in West Africa.

“We should not play with fire here,” OMB Director Shaun Donovan told reporters on a press call. “We should not risk the outbreak getting out of control before Congress acts.”

Officials warned the newly committed Ebola funding would not be enough for a sufficient response to the Zika outbreak, which is spreading in Puerto Rico and other U.S. territories as well as abroad. Mosquito-borne transmission of the virus is likely in the continental United States in the spring and summer, officials noted.

The administration’s \$1.9 billion request covers mosquito control and surveillance, support for states and territories, vaccine development and response efforts in Puerto Rico.

“Without this funding we do risk undermining our ability to properly respond,” HHS Secretary Sylvia Mathews Burwell said. Both Zika and Ebola efforts “need to continue and they can’t be shortchanged,” she said.

The administration said it must replenish the \$589 million it is borrowing from Ebola funds. Officials said they were unsure how long the repurposed Ebola funds will last.

White House Transfers Nearly \$600M From Ebola Fight To Zika Virus

By Tom Howell

[Washington Times](#), April 6, 2016

The White House will redirect nearly \$600 million from the Ebola fight in West Africa and other accounts to combat Zika virus, the latest big health scare, tacitly caving to GOP demands Wednesday even as it said it still wants \$1.9 billion from Congress to combat the new threat.

President Obama’s cabinet officials characterized the transfer as a Band-Aid that will temporarily bolster efforts to test for Zika, a mosquito-borne illness that’s been linked to birth defects. They said efforts to develop a vaccine and eradicate the pesky mosquito type that carries Zika will not last long, unless Capitol Hill takes up its full request.

“We want to be clear that Congress needs to act immediately. We cannot wait,” said Shaun Donovan, director of the White House’s Office of Management and Budget.

Congressional Republicans told Mr. Obama to spend leftover Ebola funds instead of seeking a cash infusion to fight Zika, which is circulating through Latin America and Puerto Rico and could puncture the U.S. mainland in the coming months.

House Committee on Appropriations Chairman Harold Rogers says the administration hasn't spent about \$2.7 billion of the \$5.3 billion set aside to deal with the Ebola outbreak, and that Congress could backfill the use of those funds during the fiscal 2017 appropriations process.

"We are pleased to hear today that federal agencies are heeding our call," Mr. Rogers, Kentucky Republican, and his leading appropriators said Wednesday. "These resources — which the agencies already have on hand — will help stop the growth of this devastating disease around the world, and prepare for and protect against outbreaks within our borders."

Mr. Donovan said \$510 million of the \$589 million it is shifting to the Zika fight comes from the Ebola pool, while the rest will be extracted from accounts maintained by the Health and Human Services Department.

Yet the administration said it does not want to renege on financial commitments it made with other countries to stamp out Ebola, which has killed more than 11,000 people in Liberia, Sierra Leone and Guinea since December 2013.

A 30-year-old Liberian woman died from Ebola last week, just days after the World Health Organization said the outbreak was no longer a public health emergency of international concern. Officials also are investigating a cluster of cases in neighboring Guinea.

From the start, the administration said it might repurpose some of its Ebola funding on top of its supplemental request, though it hadn't put a dollar amount on it until Wednesday.

"I want to be very clear that our \$1.9 billion request remains our \$1.9 billion request," Mr. Donovan said, arguing Congress is forcing them to choose between fighting Zika and fighting Ebola.

Zika has been linked to a marked uptick in the number of babies born with abnormally small heads, a condition known as microcephaly, in Brazil and other Latin countries. It also has been tied to Guillain-Barre syndrome, which can cause paralysis.

Though Zika isn't spreading locally in the continental U.S., the Centers for Disease Control and Prevention has recorded 312 travel-related cases in the 50 states and D.C., including 27 cases in pregnant women.

U.S. territories have reported 349 cases of locally acquired infection, mostly in Puerto Rico.

Health and Human Services Secretary Sylvia Mathews Burwell said the situation is urgent. A baby born with microcephaly in Hawaii tested positive for Zika, and states like Texas and Florida will be at the vanguard of local transmission when temperatures climb, making the U.S.

climate more hospitable to the *Aedes aegypti* mosquito that carries the virus.

While there are still many unknowns about the virus, the administration said it can tackle the threat with adequate resources.

"The American people shouldn't have to be panicked for Congress to do its job," Mr. Donovan said.

In the meantime, the CDC is urging pregnant women to refrain from traveling to countries where Zika is transmitting, and to protect themselves from mosquito bites by using insect repellent and wearing long sleeves. Male partners who've traveled to Zika-affected countries should use condoms with sexual partners, it said.

Obama Administration To Transfer Ebola Funds To Zika Fight

By Donald G. McNeil

[New York Times](#), April 6, 2016

In an effort to break the two-month deadlock over funding to fight the encroaching Zika virus, Obama administration officials announced on Wednesday that, as congressional Republicans had demanded, they would transfer \$510 million originally intended to protect against Ebola to the Zika battle.

Officials from the Office of Management and Budget, the Department of Health and Human Services, and the State Department said they would move a total of \$589 million to efforts to contain Zika.

In addition to funds moved from the Ebola budget, an additional \$79 million would come from several other accounts, including money previously allotted to the national strategic stockpile of vaccines and other emergency supplies for epidemics, said Sylvia Mathews Burwell, the secretary of the Department of Health and Human Services.

Despite the transfers, "these repurposed funds are not enough to support a comprehensive Zika response and can only temporarily address what is needed," said Shaun Donovan, director of the Office of Management and Budget.

In February, the Obama administration asked Congress for a more than \$1.8 billion emergency appropriation for the effort to defeat the Zika virus. Congressional Republicans said that the administration should first spend the money previously allocated to the fight against Ebola in West Africa.

The administration's emergency request still stands, officials said on Wednesday. "Our \$1.9 billion request remains our \$1.9 billion request," Mr. Donovan said.

"We should not play with fire here," he added. "We risk the disease getting out of control before Congress acts."

In the United States and its territories, the mosquito-borne Zika virus has now infected 672 people, 64 of them pregnant women, who are considered the most at risk. The

infection has been linked to birth defects and brain damage in infants born to infected mothers, and to paralysis in adults.

About half of those cases involved local transmission within Puerto Rico, the United States Virgin Islands and American Samoa. Almost all the remainder occurred in travelers who returned from countries where the Zika epidemic was raging.

Until Wednesday, officials from the Centers for Disease Control and Prevention and the Department of Health and Human Services had been adamant that they could not spare any Ebola funds because they had already been spent or had been allocated to strengthening surveillance and health care systems in Africa to spot and suppress any new outbreaks.

There have been more than 20 Ebola outbreaks since the disease was first described in 1976. The one that began two years ago in West Africa was by far the worst, and it was the first to reach the United States.

Several doctors and nurses with the disease were brought back here to recover, and two nurses caught it from a Liberian man who died in a Texas hospital.

Last week, at the Zika Action Plan Summit at the C.D.C. headquarters in Atlanta, Amy E. Pope, a White House deputy assistant for homeland security, said: "Congress is asking the American people to choose what disease they want protection from — when Ebola threatened, they didn't do that."

A spokeswoman for the Office of Management and Budget declined to say whether a deal had been reached with Republicans who opposed funding for control of Zika in return for the administration's moving the funds.

She pointed out that Josh Earnest, the White House press secretary, had previously said that some Ebola funds might eventually be used "for other things without impacting our critical efforts against Ebola."

The West African Ebola outbreak, which has claimed more than 11,000 lives, has several times come close to being declared over, but a dozen new cases recently appeared in Liberia and Guinea.

More than 1,000 contacts of those cases are being traced, and people close to them are being vaccinated with experimental Ebola vaccines. American funds are paying for many of those efforts.

Alarms over the Zika virus were first raised in this country in late December, when its effects appeared to be spreading outward from Brazil.

On February 1, because of the suspected connection to microcephaly — in which babies are born with tiny heads and damaged brains — the World Health Organization declared a public health emergency.

White House To Divert Ebola Funds In \$589M Push To Fight Zika

By Juliet Eilperin And Kelsey Snell

[Washington Post](#), April 6, 2016

The Obama administration will take \$589 million in existing federal funds — most of which were intended to combat the Ebola virus — and spend the money instead on fighting the spread of the Zika virus.

The move, which federal officials described as a stopgap measure, came after GOP congressional leaders refused to provide \$1.9 billion in emergency funds to limit transmission of Zika in the United States and abroad. In a conference call with reporters, the officials said they would reprogram \$510 million in Ebola funds and \$79 million in other resources to prepare for and respond to Zika.

"These repurposed funds are not enough to support a comprehensive Zika response," said Office of Management and Budget Director Shaun Donovan. The government was compelled to take the step because without it several key initiatives "would have to be delayed or curtailed or stopped within months," he added. "We cannot wait for the fall."

Donovan said lawmakers were acting recklessly by refusing to grant the administration's request to support activities including mosquito control and vaccine research.

"We should not play with fire here," Donovan said. "We want to be clear that Congress needs to act immediately. We cannot wait."

White House press secretary Josh Earnest was equally harsh, saying GOP lawmakers need to determine whether their distaste for Obama "trumps their desire to try to protect pregnant women in their states from this terrible disease."

Members of the Senate Appropriations Committee said they expect to discuss additional funding to combat Zika in the annual spending process that is currently underway. Sen. Roy Blunt (R-Mo.), who chairs the subcommittee that oversees federal health and human services issues, said he is still assessing how long the Ebola funds will last and how much additional money is needed.

"It does meet the immediate need," Blunt said. "I think we're going to continue to talk about what we're going to do to get us to a better place in the future."

Three top House Appropriations Committee Republicans—including the panel's chairman, Hal Rogers (Ky.) and two key subcommittee chairs, Kay Granger (Tex.) and Tom Cole (Okla.)—said using existing money to fight Zika is the "most immediate and effective" response to the outbreak but did not rule out the possibility of additional funding in the future. "As we move forward, the Appropriations Committee will continue to monitor the changing needs resulting from this unpredictable crisis to assure the resources necessary for the response are available."

Republicans in the House have been more skeptical of the need for additional funds. House Speaker Paul D. Ryan (R-Wisc.) told reporters last month that the government had

“plenty of money” available to fight Zika. Ryan spokeswoman AshLee Strong said House Republicans are “please the Obama administration now agrees.”

“House Republicans have stated all along that we ought to save taxpayer dollars by using unspent Ebola money for Zika efforts,” Strong said in an email. “Our committees will continue to monitor potential Zika and Ebola outbreaks.”

Democrats were disappointed the White House was forced to raid the Ebola fund.

“We’re putting ourselves at risk by taking the Ebola funding,” said Sen. Patty Murray (Wash.), the top Democrat on the Labor Health, Human Services and Education Appropriation subcommittee. “It is still an issue worldwide and we need to address it but I know they also need to deal with Zika. I don’t think they had a choice.”

Senate Majority Leader Mitch McConnell announced Tuesday he hopes to begin consideration of spending bills, which would likely include Zika funding, by mid-April. He set an ambitious timeline that would set aside three full months for the Senate to vote on all 12 regular spending bills.

If the Senate can complete their work within McConnell’s suggested timeframe, the Zika legislation will still face an uphill battle in the House where leaders are in a standoff with hardline conservatives.

It is unlikely that the House and Senate will agree on a spending strategy before the fiscal year ends on Sept. 30 and Congress will likely be forced to pass a short-term stop-gap spending bill to keep the government open until after the election. That would leave any long-term Zika funding to be negotiated in a “lame-duck” session in December.

The Centers for Disease Control and Prevention hosted a Zika summit with state and local officials in Atlanta last week. Government officials there said they were not sufficiently prepared to fight the disease as the weather in the continental United States and American territories is warming and mosquitoes that serve as the disease’s primary vector are becoming more prevalent.

As of Friday, according to Health and Human Services Secretary Sylvia Mathews Burwell, there were 672 confirmed cases of Zika in the continental United States and U.S. territories and 64 pregnant women who had tested positive for the disease. Of those cases, 323 are travel-related and 349 came from local transmission. Nearly all the locally transmitted cases, 325, occurred in Puerto Rico.

One American citizen who contracted Zika — a baby born in Hawaii — has the severe birth defect associated with the disease, microcephaly.

Burwell said that the remaining \$79 million in funds came from other HHS accounts. More broadly, she emphasized that scaling back U.S. efforts to address the future threat of Ebola could backfire.

“We face two real global health challenges, and we don’t have the option to set one aside in the name of the other,” she said.

White House: \$589M To Go To Fight Zika Virus

By Andrew Taylor

[Associated Press](#), April 6, 2016

WASHINGTON (AP) – Federal money left over from the largely successful fight against Ebola will now go to combating the growing threat of the Zika virus, the Obama administration announced Wednesday.

Most of the \$589 million would be devoted to the Centers for Disease Control and Prevention for research on the virus and Zika-related birth defects, as well as the creation of response teams to limit its spread. The National Institutes of Health would continue research into a vaccine and the U.S. Agency for International Development would intensify efforts to fight the virus overseas.

Researchers fear Zika causes microcephaly, a serious birth defect in which a baby’s head is too small, as well as posing other threats to the children of pregnant women infected with it.

President Barack Obama has asked for about \$1.9 billion in emergency money to fight Zika but the request has stalled in the GOP-controlled Congress. White House budget chief Shaun Donovan and Health and Human Services Secretary Sylvia M. Burwell said on a conference call with reporters that the administration still needs the full request to fight both Zika and maintain vigilance on Ebola.

They said agencies would not be able to achieve a complete response to Zika without additional funding. For instance, additional money must be approved to manufacture vaccines, purchase diagnostic tests, and undertake mosquito control throughout the rainy season in Central America and the Caribbean, among other activities.

“We cannot wait for this supplemental. We cannot wait for the fall,” Donovan said. “There are real consequences and risks for waiting.”

While the administration has acknowledged that substantial Ebola funding is left over, it has already committed much of it to helping at least 30 other countries prevent, detect and respond to future outbreaks and epidemics. It also wants to preserve money to keep fighting Ebola should it flare up again.

“We’ve made important progress to keep Americans safe from these public health threats here and abroad, but these efforts need to continue and they can’t be stopped or shortchanged,” Burwell said. “We face two real global health challenges, Ebola and Zika, and we don’t have an option to set one aside in the name of the other.”

The impending move comes as there’s greater urgency to battle the Zika virus as summer weather leads to mosquito season and a potential broader spread of the virus.

Burwell said there are 672 confirmed cases in U.S. territories such as Puerto Rico and the United States, including 64 pregnant women. Zika can also be transmitted through sexual contact and it's estimated that 40 million people will travel between the U.S. and countries with Zika outbreaks.

White House Press Secretary Josh Earnest struck a harsher tone later in the day, promising Republicans would regret stalling Obama's funding request.

"At some point, they're going to have to choose whether or not their animosity toward President Obama trumps their desire to try to protect pregnant women in their states from this terrible disease," Earnest said.

Republicans on Capitol Hill had suggested the administration consider reshuffling existing funds and have said they are open to paying the money back in future legislation if it's needed for Ebola or some other purposes.

Action on a stand-alone emergency spending bill seems improbable in the bitterly partisan atmosphere in Washington, though such funding could be attached to larger legislation later in the year. At the same time, both the White House and top Republicans have tried to work cooperatively despite the difficult environment.

"I told the White House I'd be supportive of a supplemental if they could show me where the money goes and what it could do," said Lindsey Graham, R-S.C., chairman of the Senate subcommittee responsible for foreign aid.

Rep. Nita Lowey, D-N.Y., the top Democrat on the House Appropriations Committee, said the administration's moves are just "a temporary Band-Aid."

"It is inexcusable that the Republican majority's failure to consider emergency supplemental funding to respond to the Zika virus, forced the administration to redirect funding that is still needed to monitor and respond to the potential re-emergence of the deadly Ebola virus," Lowey said.

Appropriations Chairman Harold Rogers, R-Ky., and other top panel Republicans responded with a statement praising the administration's action and promising to "continue to monitor the changing needs resulting from this unpredictable crisis to assure the resources necessary for the response are available."

Congress approved about \$5 billion in 2014 to combat Ebola. Voters' fears regarding Ebola were seen as hurting Obama's party in the 2014 midterm landslide.

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White House Says It Will Cut Ebola Funding To Address Zika

By Rae Ellen Bichell

[NPR](#), April 6, 2016

Top officials with the Obama administration said Wednesday that they'll redirect \$589 million toward the Zika virus response. Most of that money was to be used to deal with Ebola virus.

Almost two months ago, the Obama administration requested \$1.9 billion from Congress to respond to the Zika threat.

"But Congress has yet to act," Shaun Donovan, director of the Office of Management and Budget, said in a news conference. "In the absence of congressional action, we must scale up Zika preparedness and response activities right now."

Over 600 people with Zika, including 64 pregnant women, have been reported in U.S. states and territories. In most cases, people contracted the virus while traveling.

But Sylvia Burwell, secretary of the U.S. Department of Health and Human Services, says she expects to see local Zika virus transmission in the continental U.S. in coming months.

The redirected funds will go to mosquito control and surveillance; education about how to prevent transmission; supporting states and territories in their own Zika virus responses; and developing vaccines and better diagnostic tests.

Burwell and Donovan reiterated that the administration's earlier request for supplemental funding from Congress remains in place. And, they say, the administration will also ask for funds to replenish the amount currently being moved from the Ebola response to the Zika response.

Without the full supplemental funding, Burwell says, a number of crucial activities would be impacted.

"Mosquito control and surveillance might need to be delayed or stopped. Our ability to move to a subsequent phase of vaccine development could be jeopardized. And without more funding, the development of faster and more accurate diagnostics could be impaired," says Burwell.

One reason for the haste is that public health officials want to get mosquito control and surveillance underway before the peak summer mosquito season in the U.S., and before the rainy season in Central America and the Caribbean.

Most of the redirected funding — \$510 million — is coming from the Ebola response. That's concerning, because while the public panic over Ebola has faded, the virus continues to flare up.

"We face two real global health challenges — Ebola and Zika — and we don't have an option to set one aside in the name of the other," says Burwell.

Last week, a woman in Liberia died of Ebola. And though Guinea was declared Ebola-free in December, last month World Health Organization officials put more than 1,000 people under medical watch because they may have come into contact with eight people who contracted Ebola.

It's those kind of activities that could be shortchanged by diverting funds away from Ebola and toward Zika, administration officials say.

As Congress Stalls Funding, White House Will Move Ebola Funds To Zika

By Gregory Korte

[USA Today](#), April 6, 2016

WASHINGTON — The Obama administration will move \$510 million in unspent money dedicated to battling last year's global public health crisis — Ebola virus — toward this year's global public health crisis: the Zika virus.

But the White House also made clear that the United States needs to be able to address both Ebola and Zika, and called on Congress to act immediately on its \$1.9 billion request to battle Zika.

"These efforts need to continue, and they can't be stopped or short-changed," said Health and Human Services Director Sylvia Burwell. "We have two global public health crises, Ebola and Zika, and we can't set one aside to deal with the other."

An outbreak of the mosquito-borne virus in South America last year has already spread to North America, with 672 confirmed cases in the United States and its territories of Puerto Rico, the Virgin Islands and American Samoa. The virus has been linked to birth defects for pregnant women infected with the virus.

Deputy Secretary of State Heather Higginbottom on Tuesday declared that "an international outbreak of the Zika virus is sustained, severe, and is spreading internationally, and that it is in the national interest to respond to the related public health emergency of international concern." Under a spending bill already passed by Congress, that language allows the administration to move money previously devoted to Ebola.

The White House did not immediately disclose to Congress which Ebola-related activities it was taking the money from, and which Zika-related programs it would now fund. The administration has requested funding for mosquito control, research into diagnostic tests and vaccines.

The administration said it has already moved \$79 million in other funds to battle Zika. But the \$589 million in existing funding falls far short of the \$1.9 billion in emergency funding the White House had requested in February.

"I want to be very clear that our \$1.9 billion request remains our \$1.9 billion request," Office of Management and Budget Director Shaun Donovan said. He said the

administration will need to replenish the money borrowed from the Ebola fight.

The White House had previously resisted moving Ebola funds, warning that Ebola had been thought to be contained before — only to re-emerge.

"We want to make sure that we have learned the lessons from a couple of years ago that we sort of follow through on the necessary steps," White House Press Secretary Josh Earnest said in February. "So the point is, we don't want to take money that is currently being used to make sure we follow through on our Ebola response and have it be diverted to this latest effort."

Republicans in Congress, however, have insisted that the administration use money already at its disposal before asking Congress for more. Rep. Vern Buchanan, R-Fla., applauded the White House's decision to do that. Zika, he said, "represents a growing health threat to Florida and the country so I'm hopeful this targeted funding will help stop its spread."

White House Finds Temporary Fix In Zika Funding Fight

By Roberta Rampton And Timothy Gardner

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

White House To Redirect Ebola Funds To Fight Zika

By Aru Pande

[Voice of America](#), April 6, 2016

WHITE HOUSE—Senior White House officials say the Obama administration will redirect nearly \$600 million in funds, the majority from existing Ebola resources, to fight the spread of the Zika virus.

"These repurposed funds are not enough to support a comprehensive Zika response and can only temporarily address what is needed until the Congress acts on the administration's emergency supplemental request," Office of Management and Budget Director Shaun Donovan said Wednesday.

The White House submitted that \$1.9 billion request to Congress in February of this year.

Funding shortfall

On Wednesday, White House officials warned that without the funding, the U.S. risks not having the ability to properly respond to the Zika virus, including delays in mosquito control and surveillance, diagnostic testing, and vaccine development.

"These efforts need to continue, and they can't be stopped or short-changed. We face two real global health

challenges, Ebola and Zika. And we don't have the option to set one aside in the name of another," Department of Health and Human Services Secretary Sylvia Burwell told reporters.

Burwell says there are now 672 confirmed cases of Zika in the United States, including 64 pregnant women. One Zika-related case of microcephaly confirmed in the state of Hawaii.

Officials say local transmission is currently centered in Puerto Rico, the U.S. Virgin Islands and American Samoa. But they believe there will likely be local transmission in the continental United States in the coming months.

40 million travelers affected

About 40 million people traveling between the continental U.S. and Zika-affected countries. The administration says as of last week, 33 countries and territories in the Americas reported active Zika transmission.

"The international outbreak of the Zika virus is sustained, severe and spreading internationally, and... it is in the U.S. national interest to respond to this public health emergency," Deputy Secretary of State Heather Higginbottom outlined the message to Congress in redirecting funds from Ebola to the Zika response.

The administration's efforts are focused on Puerto Rico, with 31 personnel from the Center for Disease Control on the ground and a Dengue field office converted to handle the Zika response – including mosquito control and surveillance and the education of pregnant women.

Health and Human Services Secretary Burwell said the U.S. is working to increase the supply of diagnostic tests and public health laboratories and accelerate vaccine research, noting five to six vaccine candidates are lined up to start phase 1 trials in September.

But White House officials say progress in the Zika diagnosis and prevention will be stymied without Congress' immediate action on emergency funding.

"We cannot wait. There are activities that we cannot start now, there are activities in the coming months that we may need to stop doing. And particularly given the uncertainty and the risks, we should not play with fire here," Director Donovan said.

The administration says it has identified \$589 million – including \$510 million of existing Ebola resources within the Department of Health and Human Services and Department of State/USAID – that can quickly be redirected and spent on immediate, time-critical activities.

Officials are also urging Congress to replenish the redirected funds from the Ebola response, warning the virus remains a threat to global health with recent cases in Guinea and Liberia.

"These continued outbreaks demonstrate exactly why it is critical to continue to be vigilant in West Africa," Deputy Secretary of State Higginbottom noted. "We need to continue

to support West African nations as they recover from Ebola and ensure we avoid further widespread outbreaks of Ebola."

White House Allocates Nearly \$600M To Zika Fight

By Alex Heigl

[People](#), April 6, 2016

The White House announced Wednesday that it would allocate \$589 million to make preparations for the fight against the Zika virus.

However, White House budget director Shaun Donovan described the move as only a "temporary fix," saying that it was a mere bridge to the \$1.8 billion request made earlier this year, which has yet to be approved by Congress.

The virus has been heading north from the Caribbean and Latin America as the weather warms, and with mosquito season approaching in the United States, vaccine development, mosquito control and disease testing could all be short-changed if further funding isn't approved.

"We should not play with fire here," Donovan told reporters on a conference call, according to Reuters.

Congress has said the White House should draw funds for the Zika fight from \$2.7 billion set aside for public health projects aimed at the Ebola virus.

But Health and Human Services Secretary Sylvia Mathews Burwell explained that Zika was a threat that joins ebola but doesn't supplant it in terms of prioritizing.

"We face two global health challenges, Ebola and Zika, and we don't have an option to set one aside in the name of the other," Burwell told reporters.

Burwell said there were already 672 confirmed cases of Zika infections in the continental United States and U.S. territories, including 64 pregnant women, and one confirmed case of Zika-related microcephaly in Hawaii.

ON THE GRID

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White House Transfers \$589 Million To Fight Zika

By Rosalind Bentley

[Atlanta Journal-Constitution](#), April 6, 2016

Increasingly concerned about the spread of the Zika virus, the Obama administration said Wednesday it is transferring almost \$600 million from existing disease prevention funds to fight the mosquito-borne virus.

The White House said the emergency transfer was necessary since Congress has continued to deny the

administration's \$1.9 billion request for funds to stop Zika from gaining a foothold in the U.S. The transfer, including \$510 million earmarked for ongoing Ebola efforts, will be used to help develop a Zika vaccine, improved diagnostic tests, and to help states prepare for the possible arrival of the mosquito-borne disease as temperatures warm. The disease is strongly linked to devastating birth defects.

The White House made the initial emergency request for Zika money in February, but Congress said the administration should use funds left over from the fight against Ebola. An additional \$79 million from other prevention programs is also being redirected toward Zika, White House officials said. Even with the transfer, the administration reiterated its demand for the \$1.9 billion.

"The situation continues to grow more critical," said Shaun Donovan, Director of the Office of Management and Budget. "We must scale up right now."

Georgia saw its first case of Zika in February and in just over two months the number of travel-related cases in the state has risen to 11. None of those cases involved pregnant women, but the state public health department has tested 78 pregnant women who thought they had been exposed to the virus through travel, said Nancy Nydam, spokesperson for the department. Two of those 78 thought they had been exposed to Zika by a sexual partner who had recently traveled to an area currently experiencing a Zika outbreak. The disease can be sexually transmitted as well.

Since the first case of Zika The number of Zika cases in the U.S. and its territories stands at 672, including 64 pregnant women. The disease is strongly linked to microcephaly, a birth defect that causes severe, long-term health care issues for babies born with it.

White House To Shift About \$500 Million For Fighting Ebola To Combating Zika

Says necessary because Congress hasn't acted on request for emergency funding

By Stephanie Armour

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

White House Shifts Ebola Funds To Try To Stop Spread Of Zika

By David Francis

[Foreign Policy](#), April 6, 2016

The White House isn't waiting for Congress to act on an emergency \$1.9 billion funding request to fight the Zika virus. Instead, it's using money meant to fight Ebola to stop the mosquito-transmitted virus that has been linked to birth defects.

On Wednesday, Obama administration officials said they were allocating \$589 million — including \$510 million earmarked to fight Ebola — toward programs seeking to stop the spread of the Zika virus in the United States. In perhaps the most pressing American warning to date about the virus, which is linked to microcephaly, a condition in which a baby's head and brain are too small, U.S. Health and Human Services Secretary Sylvia Burwell said Zika will inevitably become more widespread in the United States later this year.

"There will likely be local transmissions in the continental U.S. in the spring and summer," Burwell said. Additionally, she said, there have been 672 confirmed cases in the United States and its territories, including 64 cases in pregnant women. One child has been born in the U.S. with the Zika-related birth defect.

These numbers are up dramatically from previous Center for Disease Control estimates. Just several weeks ago, at the end of March, the CDC reported 349 cases in the U.S. and its territories, including 37 pregnant women.

"We will move quickly on all fronts," the HHS chief said. "This money can get us started."

The shift in funds comes as more evidence emerges that Ebola — which two years ago ignited global panic after overwhelming public health systems in Guinea, Liberia, and Sierra Leone — has yet to be fully eradicated. Ebola has infected more than 28,000 people, and killed more than 11,000 in West Africa. It has yet to be eradicated there, with a new outbreak announced in Liberia just days ago.

Without congressional action, Burwell said it will be difficult for the U.S. to develop a vaccine to Zika, which is rooted in Africa and has already spread to the Indian subcontinent, Southeast Asia, and South America. She said there's a need to eliminate mosquito breeding grounds, and control mosquito populations as the peak season for the bug arrives. Burwell urged pregnant women not to have sex with men exposed to the virus — it can be sexually transmitted — and said people should take measures to protect themselves from mosquitoes.

"As a nation we should do what we know we need to do," Burwell said.

Burwell urged the public not to panic over Zika. But, at the same time, she said it could reach as far north as San Francisco, Kansas City, and New York. And if the virus begins to spread in the United States, it could be hard to stop people from overreacting, simply because it's hard to avoid getting bitten by mosquitoes during their peak season.

Whether the Obama administration will get bitterly-divided lawmakers in Congress to act remains to be seen. Republicans have urged President Barack Obama to reshuffle existing funds to fight Zika.

The heightened warning about Zika comes as the summer Olympics in Brazil approaches. The virus is widespread in Brazil, and U.S. soccer goalie Hope Solo has

said she wouldn't travel there because of concerns about contracting it.

When asked whether Americans should reconsider plans to travel to Brazil, Burwell wouldn't rule it out. "That is a very large concern for the nation," she said.

White House Directs \$589 Million To Fight Zika In The US

[teleSUR \(VEN\)](#), April 6, 2016

Arizona recorded its first case of Zika while countries as far reaching as Chile, Laos and Bangladesh also registered cases in the past month.

The White House said Wednesday it will redirect US\$589 million in funds to prepare for and respond to the Zika virus before the mosquito that carries it begins to emerge in the continental United States.

White House budget director Shaun Donovan said the move was only a temporary fix, however. Some preventative measures would have to be delayed, curtailed or stopped if the U.S. Congress does not approve an emergency funding request for more than US\$1.8 billion, he added.

"We should not play with fire here," Donovan told reporters on a conference call.

The mosquito-borne virus, which has links to the birth defect microcephaly, emerged in Brazil late last year and has since spread to a number of Latin American countries.

As teleSUR reported last week, Phoenix, Arizona, recently recorded its first case of Zika. Laos, Bangladesh, South Korea and Vietnam also registered cases in the past month.

The World Health Organization said in February that within the next four to six months scientists will be able to ascertain whether the virus is the direct cause of the birth defect microcephaly, which causes babies to be born with abnormally small heads.

Brazil said it has confirmed 944 cases of microcephaly, and considers most of them to be related to Zika infections in the mothers. Brazil is investigating an additional 4,291 suspected cases of microcephaly.

An Overheated Climate Alarm

The White House launches a scary campaign about deadly heat. Guess what: Cold kills more people.

By Bjorn Lomborg

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

California Officials Seize Computers, Footage From Anti-abortion Activist

By Megan Cassella

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Chicago To Pay \$4.9 Million To Family Of Man Dragged In Handcuffs

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

Family Releases Video Of Fatal LAPD Shooting, Asks For Charges Against Officers

By Kate Mather

[Los Angeles Times](#), April 6, 2016

The family of a woman fatally shot by Los Angeles police last year released video of the deadly encounter Wednesday as they called for prosecutors to criminally charge the officers who opened fire.

The events leading up to the Sept. 27 shooting began when two LAPD officers went to East 22nd and South San Pedro streets near downtown Los Angeles, where a woman with a knife had been reported, police said.

The video, taken from a nearby security camera, shows officers getting out of their police SUV and drawing their guns as a woman identified as Norma Guzman walks down the sidewalk. One officer stands behind a parked car and points his gun at Guzman, who continues to walk toward him.

When Guzman reaches the other side of the car, police fire. Guzman collapses on the sidewalk.

The shooting happened about 10 seconds after the first officer exited the car, according to the time-stamped footage, which had no sound.

According to the LAPD, when the officers arrived, they spotted Guzman walking toward them with the knife. One officer "repeatedly ordered her to drop the knife," but she kept moving toward them, prompting the officers to open fire, police said.

On Wednesday, flanked by Guzman's mother and brothers, attorney Arnoldo Casillas questioned why the officers didn't use less-lethal devices like a Taser before firing their guns.

"Where's the Taser? Where's the pepper spray? Take a step back. Show some reverence for human life," he said. "There's no way that can be justified."

Guzman's son and mother filed a federal lawsuit last fall, alleging that the officers used excessive force. Guzman, who suffered from mental illness, "posed no danger or threat" to the officers or others before she was shot, the lawsuit said.

"There was no reasonable basis for them to shoot her," the lawsuit said.

Guzman died at a hospital. Police said they found an 8-inch knife at the scene.

The LAPD previously identified the officers as Samuel Briggs and Antonio McNeely.

Both officers were wearing body cameras. On the day of the shooting, the LAPD said investigators were also looking at video taken from a nearby security camera.

Guzman was one of 36 people shot by on-duty LAPD officers last year.

Joe Manchin Is One Democrat Who Is Not Yet Sold On Merrick Garland

By Mike DeBonis

[Washington Post](#), April 6, 2016

Senate Democrats have presented a united front when it comes to advancing the confirmation process for Supreme Court nominee Merrick Garland. But should Garland eventually receive an up-or-down vote, that Democratic unity may not endure.

Garland met Tuesday with Sen. Joe Manchin III (D-W.Va.), who has frequently broken with his party over matters of environmental regulation and gun rights — two issues on which the Supreme Court has significant influence through its constitutional interpretations. Manchin, in an interview Wednesday, praised Garland but said he still has reservations after their hour-long meeting.

“I have concerns,” he said. “But you know what? He was very straightforward and forthright, and we just have to see. That’s why I would like the committee hearing to proceed. It would really let me know a lot more.”

Other Democrats who have met with Garland, such as Sen. Al Franken of Minnesota, have also withheld judgment on whether he should ultimately be confirmed, citing the need for the process to play out. But red-state Democrats such as Manchin would have especially precarious decisions to make.

Manchin, a supporter of gun rights, said he asked Garland about two cases he was involved in as a U.S. Circuit Court judge — one in which he sided with the federal government over the National Rifle Association in a dispute about the retention of background-check records and another in which he voted for additional review of a decision that overturned the long-standing handgun ban in Washington, D.C.

He said Garland sought to make clear that he has some personal experience with firearms. “He does shoot, and he has taken his daughters on vacation and they’ve gone to ranges, so he’s not unfamiliar with guns, and he’s not anti — that’s what he’s explaining to me,” Manchin said. “And that will all come on in a hearing.”

But Manchin said his mind was not completely eased: “You’re concerned about it, because there are some things [to be concerned about]. We haven’t found anything explicit

where it says he did this, okay? My assumption in looking at it is that he tries to walk very closely the constitutional line of saying, if it’s spelled out, that’s what we’re going to do. If it’s not spelled out, leaving for finding or ruling or interpretation, then I don’t have enough information to know — is he going to lean left, lean right or stay right down the middle?”

Manchin is under special pressure on environmental issues. Many politicians, including Manchin, blame government regulations for playing a major role in the collapse of the West Virginia coal industry, and he has opposed President Obama’s Clean Power Plan, a set of Environmental Protection Agency rules that would limit the carbon dioxide emissions of large coal-fueled power plants.

Days before Justice Antonin Scalia died in February, a closely divided Supreme Court voted to put a hold on the implementation of the plan while it is challenged in federal court. The 5-to-4 vote in favor of the hold suggests that Scalia’s successor would play a crucial role in the outcome of the case.

“I let him know how I felt, that I was very pleased that Scalia at least took into consideration that there should be a halt, since they don’t have technology in place and things of this sort,” Manchin said. “And he basically went back into the interpretation of the law . . . so that gave me some concern.”

As both a sitting judge on the appeals court that has jurisdiction over the Clean Power Plan challenge and a potential Supreme Court justice, Garland is barred from discussing his specific views on the case. But there are other tea leaves for Manchin to read, including analyses that show Garland tending to support the authority of federal agencies in his decisions.

Manchin can also see the political pressure he is under. The conservative Judicial Crisis Network targeted Manchin as part of a multimillion-dollar ad campaign warning him not to back “a justice that will weaken the right to bear arms, hurt the coal industry and trample the Constitution.”

Manchin could not say whether his long meeting with Garland made him more or less likely to support his confirmation: “I’m not leaning,” he said. “I wasn’t swayed to where it threw me over the top and [I’m saying] ‘Yeah, yeah, yeah, let’s go.’ “

But he remains in lock step with Democrats on this point: Garland should get a hearing. And he compared the handling of Garland’s nomination to the recent confirmation of Robert Califf as Food and Drug Administration director — a nominee that Manchin deeply opposed.

“I was totally opposed all the way through, but it went through the process, and I respect that,” he said. “I can’t understand why I can’t get the same type of a look-see at a guy going through this detailed process.”

Senator Mark Kirk Urges Republican Colleagues To Meet With Judge Merrick Garland

By Emmarie Huetteman

[New York Times](#), April 6, 2016

What if the Senate were actually considering Judge Merrick B. Garland's nomination to the Supreme Court?

Senator Mark S. Kirk, Republican of Illinois, offered a momentary glimpse Wednesday of what a conventional nomination process might look like, distributing a memo to his Republican colleagues that laid out the policy concerns he discussed during his meeting with Judge Garland last week.

In the one-page document passed around during a weekly lunch, Mr. Kirk again urged his colleagues to sit down with Judge Garland — albeit in a less charged way than his call for a “rational, adult” approach.

“We had a positive conversation, and I encourage you to meet with him,” he said in the memo.

Mr. Kirk, who is in a tough fight for re-election, seized on four of his “priorities” that he said need the court's attention: the treatment of detainees; the prosecution of drug gangs; the sex trafficking of children; and the autonomy of state governments from federal control. He did not elaborate on Judge Garland's responses to his inquiries.

What was most striking about the memo was what it lacked — specifically, any reference to the bitter partisan fight that has led lawmakers like Senator John Boozman, Republican of Arkansas, to defend themselves against charges of betrayal for simply agreeing to sit down with Judge Garland.

Instead Mr. Kirk took more of a “can't we all just get along?” approach, appealing to more universal concerns, such as whether federal law is being used to shield sex traffickers on websites like BackPage.com. (The Senate unanimously passed a resolution last month holding the website's chief executive in contempt for failing to comply with a subpoena.)

Also notably absent from the memo were some of conservatives' strongest rallying cries when it comes to the court, including abortion and illegal immigration. Many Senate Republicans filed an amicus brief on Monday to a case challenging Mr. Obama's executive actions on immigration.

It was unclear whether Mr. Kirk's note prompted any second thoughts among those 37 Republicans who have not expressed an opinion or have dismissed meeting with Judge Garland. But a Senate Judiciary Committee announcement earlier Wednesday added one more meeting to Judge Garland's calendar: He will have breakfast on Tuesday with Senator Charles E. Grassley, the Iowa Republican who, as chairman of the committee, will tell him why he will not hold hearings for him.

Sweet: The GOP's Garland Blockade: 'It's Personal'

By Lynn Sweet

[Chicago Sun-Times](#), April 6, 2016

WASHINGTON — Of course it's personal.

President Barack Obama returns to the University of Chicago Law School on Thursday to make the case for Republicans to give his Supreme Court nominee, Merrick Garland, a hearing and a vote. He will deliver high-road comments about the court and the nation's judicial system.

But let's not kid ourselves about why Republicans are blocking Garland. It's about Obama.

Garland, a Chicago native raised in suburban Lincolnwood, made a courtesy call on Sen. Dick Durbin, D-Ill., on Wednesday, one of a series of meetings with senators, so far, mainly Democrats.

Durbin's chat with Garland, a federal appellate judge here, was not entirely centered on jurisprudence. Garland, a 1970 graduate of Niles West High School in Skokie, told Durbin about childhood vacations at Starved Rock and Lake Geneva and growing up a Cubs fan.

Durbin, a member of the Senate Judiciary Committee — whose chairman, Sen. Chuck Grassley, R-Iowa, refuses to hold a hearing on Garland's confirmation — gave Garland a copy of “Taming the Storm” by Jack Bass. It's the story of a federal judge, Frank Johnson Jr., and his groundbreaking civil rights decisions.

Afterward, Durbin met with reporters and blasted Senate Republican leaders for ignoring, in his opinion, the Constitution “they swore to protect and defend,” noting that in the nation's history, every presidential nominee to the Supreme Court has been given a hearing.

What's behind it? Disrespect for the Constitution and the presidency, Durbin said.

There's more.

I asked Durbin: “I know you are framing this in terms of the history of the court, the reputation of the Judiciary Committee. But how personal is this really?”

It seems to me it's about GOP Senate leaders ongoing inability to accept that Obama has twice been elected president.

Durbin replied: “I'll say what the president probably will not say.

“I believe it's personal. I think it's a decision made by the Republicans to deny to President Obama his authority, his constitutional opportunity, to fill this vacancy on the U.S. Supreme Court. I don't think the president will ever say that, Lynn.”

It's obviously not about Garland.

That's because hours after Justice Antonin Scalia died on Feb. 13, Senate Majority Leader Mitch McConnell, R-Ky., told Obama not to send the Senate a nominee, even though

there was almost a year left in his term. McConnell shows no sign of budging.

Sen. Mark Kirk, R-Ill., and two other Republican senators so far have met with Garland, with at least five more in the pipeline. That includes Grassley, even as he continues to oppose Garland's nomination.

Obama will keep the heat on Republicans when he appears with University of Chicago Law School Professor David Strauss in a session at the school, 1111 E. 60th St. Obama knows Strauss from his days teaching at the law school between 1992 and 2004, when he left to run for the Senate.

According to a White House official, the audience will be current law students, faculty, former Obama students, alumni and — this is interesting — a group of state and federal judges based in Chicago. Obama will make opening remarks, Strauss will question him and then the president will take questions from the audience.

One way to pressure Republicans leaders is to go over their heads and talk to GOP rank and file directly.

Toward that end, Obama, while at the U. of Chicago will tape an interview with "Fox News Sunday" host Chris Wallace. Wallace is a Chicago native who lived on the Near North Side until he was 7, returning in 1973 for his first television job at WBBM-Channel 2.

It's a show Republicans watch. Said White House Press Secretary Josh Earnest, "It's an opportunity to reach a new audience."

A hearing and an up-or-down vote. Garland would have no guarantee of a win. How hard it that?

FOOTNOTE: Kirk was invited to join Obama on Air Force One when he flies to Chicago on Thursday, but declined due to votes, his office said. Durbin will travel to Chicago with the president.

Merrick Garland, John Roberts Usually Agreed On Appeals Court

By Richard Wolf

[USA Today](#), April 6, 2016

WASHINGTON — President Obama's nominee to the Supreme Court and its current chief justice, chosen by President George W. Bush, agreed on almost everything during two years together on the nation's second most powerful court.

In 34 cases the two shared that led to significant decisions, Merrick Garland and John Roberts agreed in all but five — an 85% rate of agreement.

They ruled both for and against federal agency actions as well as employers, workers and consumers. They came down hard against terrorist activities involving Iran and Libya. They nearly always denied criminal defendants' efforts to reverse convictions or reduce sentences.

Their few differences highlight Garland's more reliable support for government actions and Roberts' skepticism of federal power. In cases involving challenges to federal and D.C. laws regulating endangered species, false claims and gun ownership, Garland sided with the government against Roberts.

They also differed at first on then-vice president Dick Cheney's effort to keep records of an energy task force he headed secret, but they wound up on the same side. In 2003, Garland agreed with the court's refusal to hear Cheney's appeal of a panel ruling that went against him, which Roberts wanted to hear. In 2005, chastened by the Supreme Court, both signed on to a unanimous opinion in Cheney's favor.

Garland, whose Supreme Court nomination Senate Republicans now refuse to consider, was named to the appeals court by President Bill Clinton and confirmed in 1997. He was the most junior judge there for six years, until Bush named Roberts in 2003.

Two years later, Roberts, now 61, was elevated to the Supreme Court as chief justice upon the death of William Rehnquist. Garland, 63 and beginning his 20th year on the lower court, was passed over in 2009 and 2010 for Supreme Court nominations.

While their fortunes diverged, however, a review of their brief time on the bench together reveals two judges with similar ways of resolving cases.

- Deferring to government agencies. Garland has been criticized by conservative groups for deferring to the Environmental Protection Agency and others on regulatory matters. But more often than not, he and Roberts agreed in cases that went both for and against the government.

In one case, Roberts ruled against a Resolution Trust Corporation whistle-blower who claimed he was fired in retaliation for disclosing information he said was protected by the First Amendment. In another, he ruled that the Navy could shield information on its selection process from a group of chaplains claiming bias in promotions. Garland signed on to both opinions.

The two judges also ruled that the Federal Energy Regulatory Commission lacked authority to order a gas company to install and pay for meters on natural gas wells, and that the Federal Communications Commission could not force Verizon to unbundle and lease parts of its network.

Supreme Court Chief Justice John Roberts served two years on a federal appeals court with Merrick Garland. (Photo: Nati Harnik, AP)

- Labor versus business. Garland and Roberts agreed in cases that went in favor of workers and those that didn't.

Roberts wrote an opinion overruling the National Labor Relations Board's determination that a group of college employees had bargaining rights, when the college claimed they were managerial and did not. Garland wrote that the NLRB was correct in deciding that a group of union workers

had the right to hand out materials at a plant operated by their employer, even though they didn't work there. Each signed on to the other's opinion.

The two judges both refused to rehear a panel's ruling in favor of the Bush administration's mandate that government contractors post information at workplaces about the rights of employees not to join unions or pay for their political activities. And they joined, against a third judge's dissent, in upholding the right of a former employee to sue the Washington, D.C., regional metro system over a claim that he was fired because of a disability.

- Criminal cases. Because it has jurisdiction over the District of Columbia, the appeals court hears a number of criminal cases. In nearly all of them, Garland joined Roberts in siding with law enforcement and against defendants.

Typical of those cases were decisions written by Garland against a crack cocaine dealer who claimed the substance he sold was a milder form of the drug requiring a lesser sentence, and against another drug dealer who sought a mistrial because of testimony about prior gun charges that had been dismissed.

Garland signed on to a Roberts opinion reversing a federal district court that had denied immunity to police supervisors for alleged civil rights violations committed by subordinates during a demonstration. He also sided with Roberts in refusing a bank robber's effort to suppress evidence against him.

- International terrorism. When it came to allegations of criminal activity by rogue regimes, Garland and Roberts were of one mind.

In two cases decided in July 2004, Roberts agreed with the State Department's designation of an Iranian group as a terrorist organization, and Garland refused efforts by Libya to avoid responsibility for the torture and murder of an American citizen. Each signed on to the other's opinion.

Beyond the Cheney episode, the few cases in which Garland and Roberts emerged on opposite sides involved Garland's support and Roberts' opposition to government actions:

- Gun control. In a precursor to a case that eventually led to the Supreme Court's 2008 ruling that citizens have a Second Amendment right to keep guns for self-defense, the appeals court refused to reconsider a challenge by some D.C. residents to the city's firearms restrictions.

The majority, including Garland, let stand a three-judge panel's ruling that said the residents must first seek gun permits and be rebuffed, even if that would subject them to criminal charges. Roberts was among three judges who wanted to rehear the case.

- The arroyo toad. Shortly after arriving at the court, Roberts dissented from the full court's refusal to grant a rehearing to a developer whose application to build more than 200 homes in San Diego was blocked by the U.S. Fish and

Wildlife Service because it would endanger the arroyo southwestern toad. Garland had served on the three-judge panel that upheld the agency's ruling.

"The panel's approach in this case leads to the result that regulating the taking of a hapless toad that, for reasons of its own, lives its entire life in California constitutes regulating 'commerce ... among the several states,'" Roberts wrote.

- The False Claims Act. Garland dissented from a Roberts opinion that absolved two contractors of violating the False Claims Act after they delivered defective rail cars to Amtrak. Roberts said Amtrak was not the government and therefore did not fall under the False Claims Act. Garland noted Amtrak gets most of its money from the government.

"The consequence of today's ruling is a dramatic cutback in the federal government's ability to protect itself against false claims on federal grant money," Garland wrote.

At his Supreme Court confirmation hearing in 2005, Roberts conceded that the case was a close call. "Any time Judge Garland disagrees," he said, "you know you're in a difficult area."

Obama's SCOTUS Selection Begins To Crack Up Conservatives: Chuck Grassley Delivers Stunning Rebuke Of Chief Justice John Roberts On The Senate Floor

By Sophia Tesfaye

[Salon](#), April 6, 2016

President Obama clearly had the longish game in mind when he nominated moderate judge Merrick Garland to the Supreme Court in spite of intractable Republican opposition to the President naming any Antonin Scalia successor. Perhaps feeling a bit of the pressure the President intended to place on Senate Republicans in leadership and up for reelection in naming less of a firebrand, Senate Judiciary Committee Chairman Chuck Grassley took to desperately attempting to deflect from Republicans' historic obstructionism by daring to lash out at Republicans' favorite conservative punching bag, Supreme Court Chief Justice John Roberts — this time from the well of the Senate floor.

On Tuesday, the Iowa Republican who faced a delegation of constituents knocking down his office door in Washington, D.C., urging the conservative to finally hold hearings on Garland's nomination, and a stern op-ed back in his hometown newspaper accusing him of being the reason for stalemate on the nation's highest court, decided to distract from the growing chorus calling on him to do his job by criticizing how another man is handling his.

"I think he is concerned with the wrong problem," Grassley said of Roberts in a speech on the Senate floor. Grassley was ostensibly reacting to a speech the conservative chief justice delivered just days before the

passing of the most controversial figure on the bench in decades.

Speaking at New England Law ten days before Scalia's death, Roberts pointed to the three most recently appointed Supreme Court justices to argue that "the [nomination] process is not functioning very well."

Justices Kagan, Sotomayor and Alito are "extremely well qualified for the court," Roberts insisted, adding that their partisan confirmation votes "suggests to me that the process is being used for something other than ensuring the qualifications of the nominees."

On the Senate floor Tuesday, Grassley said "the chief justice should resist" interjecting himself in the nomination debate, perhaps understanding that if Roberts likely considered liberal Obama nominated Justices Kagan and Sotomayor "extremely well qualified," he'd likely say the same of Garland — who some have described as the most qualified nominee in history.

"The confirmation process has gotten political precisely because the court itself has drifted from the Constitutional text and rendered decisions based instead on policy preferences," Grassley said of Roberts, taking a not-so-veiled swipe at his Obamacare decision. "In short, the justices themselves have gotten political."

Grassley continued: "He would be well-served to address the reality, not perception, that too often there is little difference between the actions of the court and the actions of the political branches. So, physician, heal thyself."

Despite his tirade against the chief justice, Grassley has already been pressured into meeting with Garland next Tuesday after initially refusing to consider any Obama nominee. Garland will also meet with three other Republican Senators next week and has already met with Republican Illinois Senator Mark Kirk who has since called for hearings on his nomination.

Garland Fight Overshadows Effort To Overhaul Sentencing Laws

By Carl Hulse

[New York Times](#), April 6, 2016

WASHINGTON — Members of the Senate always expected to be consumed by a major court-related fight this year, just not the court-related fight they are having.

A bipartisan overhaul of criminal justice laws was supposed to be a defining issue of this Congress, a rare unifying moment for Republicans, Democrats and President Obama. Instead, the members of the Judiciary Committee who wrote the criminal justice package are at war over whether to consider Mr. Obama's nominee to the Supreme Court, Judge Merrick B. Garland.

This feud over the nomination has overshadowed the effort to reduce mandatory minimum sentences and ease the

transition from prison. Now supporters of an overhaul are worried about its fate, especially with the Senate about to turn to a series of time-consuming spending bills and the election-year calendar approaching a point where little gets done that is not absolutely necessary.

"If this is going to happen along with 12 appropriations bills, we are going to have to elbow our way into the queue," said Senator Richard J. Durbin of Illinois, one of the chief Democratic authors of the bill. "The ball is now on the Republican side of the net."

Before the death of Antonin Scalia in February created a Supreme Court vacancy, the criminal justice measure had already run into trouble from skeptical Senate Republicans, notably Tom Cotton of Arkansas. He contended that the proposed sentencing changes would result in the premature release of violent felons. And there were whispers about Willie Horton, the furloughed inmate who committed a rape while on release from a state prison in Massachusetts, a case that Republicans used in 1988 to portray Michael S. Dukakis, then the state's governor and the Democratic nominee for president, as soft on crime.

The internal turbulence led Senator Mitch McConnell of Kentucky, the majority leader, to urge Republican authors of the measure to consider changes to win over some doubters and ease party divisions. They have retooled the legislation, decreasing the chances of felons who carried guns in their crimes qualifying for lighter sentences, among other expected revisions.

The changes have won the backing of at least one Republican senator, Thad Cochran of Mississippi, whose aides say will support the reworked bill. One of its top Republican supporters says they are making progress.

"We continue to do work on criminal justice reform, to try to meet some of the concerns that have been previously stated and to shore up support and show additional support both inside and outside the Capitol for those important reforms," Senator John Cornyn of Texas, the No. 2 Senate Republican, said Tuesday.

One problem backers of the bill have run into is that senators are questioning the political risk of supporting it when the measure might not go anywhere before the November elections. At the same time, some on the left contend that the measure has been too watered down.

Hoping to restore momentum, leaders of the U.S. Justice Action Network, a coalition of conservative and liberal groups behind the legislative effort, plan to bring leading advocates from around the country to Washington next week. They will meet with undecided senators and House members to make the case for the measure. The group has also scheduled a briefing for Senate staff members on Friday with former senior law enforcement officials to try to build support and ease doubts among Senate Republicans.

"We are using every tactic and resource we have to get these bills to the floor," said Holly Harris, the group's executive director.

Other backers of the measure, including some in the Senate, are expected to step up their push for the legislation next week as well, and new endorsements could be coming.

In the House, Speaker Paul D. Ryan of Wisconsin recently reaffirmed his support for a criminal justice overhaul, calling himself a late convert to the cause and promising to move forward with legislation. "We're going to bring criminal justice reform bills, which are now out of the Judiciary Committee, to the House floor and advance this," he said in a recent question-and-answer session.

But it is much easier to advance legislation in the House once the leadership decides to move it. The Senate can be a different story.

While the Supreme Court fight presented an unexpected complication, a sense still exists that the legislation could be approved, though time is running short for this year.

Some see a potential upside in the Supreme Court fight. Mr. McConnell could be more motivated to bring the criminal justice measure to the Senate floor to show that Republicans, who are under withering criticism from Democrats on a daily basis over the Garland nomination, can work in a bipartisan way and produce some accomplishments.

"Senator McConnell has one of the bigger incentives to work on this particular bill because it is one of the few, if not the only, things that the left and right agree on," said Inimai M. Chettiar, director of the justice program at the Brennan Center for Justice, a nonpartisan policy institute affiliated with the New York University School of Law.

What happens in the next few weeks will determine if the criminal justice effort has a chance this year. Failure to find consensus would represent a major defeat not just for President Obama and congressional backers of the legislation, but also for the unusual coalition of disparate political forces that united behind it as an overdue course correction from the tough-on-crime approach of the 1990s.

Fed Officials Signal Steadiness On Rates At April Meeting

By Binyamin Appelbaum

[New York Times](#), April 6, 2016

WASHINGTON — Federal Reserve officials not only decided against raising interest rates at their most recent meeting in March, but they also came close to ruling out an increase at their next meeting in April.

Officials are in a patient mood despite the continued expansion of the domestic economy because they still see more reasons to worry about raising rates too quickly than

reasons to worry about waiting, according to an official account of the March policy meeting, which the Fed published on Wednesday.

The account said several officials were already leaning against an April rate increase at the time of the March meeting because such a move "would signal a sense of urgency they did not think appropriate."

The meeting account emphasized that the Fed retained a relatively optimistic outlook for the domestic economy. The economic expansion has been "resilient" despite the jitters of financial markets and the weakness of the global economy.

Janet L. Yellen, the Fed's chairwoman, gave a speech last week underscoring that sense of caution and convincing many investors that the Fed will not seriously consider raising rates until its June meeting.

The account of the March meeting is likely to reinforce the view that the Fed is watching and waiting. Growth and inflation remain modest, and the weakness of global growth still looms as a threat. Moreover, the Fed is limited in its ability to respond to fresh economic weakness because it is already holding interest rates near zero, another reason to err on the side of waiting to increase rates.

"Many participants indicated that the heightened global risks and the asymmetric ability of monetary policy to respond to them warranted caution in making adjustments to the stance of U.S. monetary policy," the account of the Federal Open Market Committee's meeting said.

The Fed's hesitation comes after it raised rates in December for the first time since the financial crisis, and signaled that it planned to march ahead with rate increases this year.

Ms. Yellen faces internal opposition from some officials who think the Fed should stick to the plan.

Esther L. George, president of the Federal Reserve Bank of Kansas City, said in an interview this week that the concerns had not been sufficient to shift the Fed's economic outlook, and that they should not have derailed its plans.

"I think the issues that are affecting our growth are the ones we saw in December," she said. "A strong dollar has cooled our net exports, we've seen inventories stay elevated and for some time we've seen weaker business investment. But at the same time our labor markets have continued to add jobs at a healthy pace. We've seen the consumer continue to be willing to spend. So those factors suggest to me that the balance of risk had not shifted in a way that I would have altered my outlook at that point."

Ms. George cast the only vote at the March meeting in favor of raising interest rates, but the minutes said that some other officials agreed. Only 10 of the 17 meeting participants vote at each meeting. The minutes also said that some officials said an April rate increase "might well be warranted."

While the pace of job growth has remained particularly strong, Fed officials see an increased risk of disappointment,

even though financial markets have regained balance after a rocky start to the year. Eight of the 17 Fed officials who participate in the policy-making committee saw a greater risk of slower than faster growth, the account said.

“Several participants expressed the view that the underlying factors abroad that led to a sharp, though temporary, deterioration in global financial conditions earlier this year had not been fully resolved and thus posed ongoing downside risks,” the account said.

The Fed also has emphasized a strategic consideration. The Fed’s rate increase in December was small and rates remain close to zero. That means the Fed has little room to respond to an economic downturn by cutting rates, its traditional and most powerful tool.

“This asymmetry made it prudent to wait for additional information regarding the underlying strength of economic activity and prospects for inflation before taking another step to reduce policy accommodation,” the meeting account said.

Measures of inflation have ticked upward in recent months, but Ms. Yellen and other Fed officials have emphasized that they are not yet convinced that a strengthening trend has taken hold.

Despite the recent uptick in measured inflation, 11 of the 17 officials thought the risks to the inflation forecast were weighted to the downside, compared with just seven in December.

“Some participants saw the increase as consistent with a firming trend in inflation,” the account said. “Some others, however, expressed the view that the increase was unlikely to be sustained, in part because it appeared to reflect, to an appreciable degree, increases in prices that had been relatively volatile in the past.”

Analysts have cited clothing prices as a notable example.

Fed: Global Economy, Markets Posed Big Risks

By Paul Davidson

[USA Today](#), April 6, 2016

Federal Reserve policymakers last month believed the sluggish global economy continued to pose risks to the U.S. despite a sharp rebound in financial markets, leading the officials to signal far more gradual interest rate hikes, minutes of the Fed’s March 15-16 meeting show.

Yet while several Fed officials were prepared to all but rule out a rate increase later this month, others were open to a boost that soon.

The Fed’s overall cautious view surprised economists, especially since stocks and other financial indicators had improved and a key measure of inflation had edged up toward the Fed’s annual 2% target. Yet the minutes show

policymakers fretted that markets remained vulnerable and that the rise in inflation may well prove temporary.

“Many participants expressed a view that the global economic and financial situation still posed appreciable downside risks to the domestic economic outlook,” the minutes said.

In light of the concerns, several officials argued for caution or noted that raising the Fed’s benchmark rate as soon as a late April meeting “would signal a sense of urgency they did not think appropriate.”

Others disagreed. “Some” said an increase in the Fed’s key rate “might well be warranted” this month if the labor market continued to strengthen and other economic reports met their expectations. St. Louis Fed chief James Bullard was among those who publicly made that argument. “A couple” of officials even wanted to bump up the rate in March. Kansas City Fed chief Esther George backed that view and was the lone dissenter to the Fed’s statement.

But a core group of policymakers who appeared to include Fed Chair Janet Yellen did not believe the market’s roller-coaster ride this year was over. Several “expressed the view that the underlying factors abroad that led to a sharp, though temporary, deterioration in global financial conditions earlier this year had not been fully resolved and thus posed ongoing downside risks.”

Besides the sell-off in stocks, the financial turbulence had featured a strengthening dollar and increased corporate borrowing costs, both of which tend to curtail economic activity.

The officials agreed that the U.S. economy remained resilient in the face of the turmoil, and noted that the negative financial developments “had been reversed to a large extent” and that their medium-term outlook was not “appreciably different than it had been” in December.

Still, they pointed out that growth abroad would be slower than anticipated, constraining U.S. exports. And several officials said corporate borrowing costs remained relatively high despite the recent decline.

And while the officials cited the recent pickup in inflation, “some” felt it was “unlikely to be sustained” partly because it reflected an increase in prices that have been volatile, such as oil prices.

After the March meeting, some economists said the Fed had overreacted to overseas troubles. The Fed’s mandate is to control inflation and keep unemployment low. But most Fed officials at the meeting agreed their interest-rate decisions should be based not just on the domestic economy but also on “developments abroad and changes in financial conditions that bear on the economic outlook.”

The minutes largely reflect comments Yellen made to reporters after a March meeting and in a speech late last month. She voiced particular worry about China’s economic slowdown, adding that it could further disrupt markets.

But Carl Tannenbaum, chief economist of Northern Trust, says the minutes make a clearer link between the global troubles and the U.S., in part by noting that low import prices can temper domestic inflation.

The Fed, which lifted its near-zero benchmark rate in December for the first time in nine years, has stood pat at two meetings since. Its cautious stance has led many economists to rule out a hike at a meeting later this month and thrown into doubt even a June move.

In forecasts released after the March meeting, policymakers indicated they anticipate just two quarter-percentage-point increases this year, down from the four estimated in December.

Fed's Cautious Approach On April Rate Hike Raises Stakes For June

By Craig Torres

[Bloomberg News](#), April 6, 2016

Federal Reserve policy makers last month debated an April interest-rate hike, with several officials leaning against such a move because it would send the wrong signal and others saying it might be warranted.

"Several expressed the view that a cautious approach to raising rates would be prudent or noted their concern that raising the target range as soon as April would signal a sense of urgency they did not think appropriate," minutes of the Federal Open Market Committee's March 15-16 meeting released Wednesday in Washington said.

The debate, by flagging a potential April rate increase that's nevertheless unlikely, may have the result of adding more focus to the June session. It also shows the FOMC is prepared to move in a meeting, if necessary, without a scheduled press conference by Fed Chair Janet Yellen.

U.S. central bankers, who left the benchmark interest rate unchanged in March in a range of 0.25 percent to 0.5 percent, discussed the relative health of the American economy, which contrasted against persistent global risks. They worried that slowing world growth could reduce corporate investment plans and restrain U.S. exports. Some officials argued that the U.S. was at or near full employment with inflation starting to rise.

"In contrast, some other participants indicated that an increase" in the federal funds rate target range at the April 26-27 meeting "might well be warranted" if economic data came in as expected, the minutes said.

The March meeting marked an evolution in the Fed's policy approach as U.S. central bankers gave more weight to the impact of slowing growth abroad on their outlook.

"Many participants expressed a view that the global economic and financial situation still posed appreciable downside risks to the domestic economic outlook," the minutes said. Data relevant to the Fed's thinking "include not

only domestic economic releases, but also information about developments abroad and changes in financial conditions."

While Fed governors and regional-bank presidents revised their interest-rate forecasts to show two quarter-point increases this year instead of four, according to the median estimate, they changed their three-year projections for growth, unemployment and inflation only slightly.

Yellen explained in her press conference following the meeting that interest rates had to rise more slowly to offset the "somewhat softer pace" of economic expansion outside the U.S.

Many developed economies find themselves struggling with slow growth, too-low inflation and policy rates that are near, at or slightly below zero. While there has been no formal policy cooperation, the Fed and other central banks are collectively taking more steps to support expansion given the fragile global context.

"A number" of Fed officials determined that the headwinds restraining growth were likely to "subside only slowly," the minutes said.

Fed officials met as financial markets were recovering from the depths of a selloff earlier in 2016 that rattled global leaders and boosted perceptions of recession risk in the U.S.

The unemployment rate, at 5 percent in March, is near the Fed's definition of longer-run full employment, and some inflation indicators are starting to rise.

The personal consumption expenditures price index, minus food and energy, rose 1.7 percent for the year ending February. The FOMC targets inflation of 2 percent, including all items.

Yellen said in a March 29 speech in New York that she considered it appropriate for the committee to "proceed cautiously in adjusting policy" given the downside risks to the global outlook and the proximity of the zero boundary on interest rates.

The minutes echoed those remarks, noting the FOMC had room to raise rates if officials were surprised by the economy's strength, while having less room to ease if growth softened.

"This asymmetry made it prudent to wait for additional information regarding the underlying strength of economic activity and prospects for inflation before taking another step to reduce policy accommodation," the minutes said.

Federal Reserve Uncertain When It Will Raise Interest Rates Again, Documents Show

By Ylan Q. Mui

[Washington Post](#), April 6, 2016

The Federal Reserve's first step in ending its extraordinary and unprecedented experiment in stimulating the American economy seemed clear: raise interest rates. But documents released by the central bank Wednesday

afternoon revealed how uncertain officials were over their next move.

The Fed raised its benchmark interest rate in December from virtually zero to between 0.25 to 0.5 percent. At the time, it anticipated hiking four more times this year, but those plans were derailed by slowing global growth and turmoil in financial markets early this year. When the Fed's top officials gathered in Washington in March, they voted not to hike rates again and downgraded their expectations to just two more increases this year.

Yet minutes of that meeting, published Wednesday, show the central bank's leaders were divided over when to move next. According to the documents, several officials argued for raising rates at the Fed's next meeting at the end of this month. Atlanta Fed President Dennis Lockhart, an influential centrist, has since publicly said he could be ready to support such speedy action.

But others pushed for patience and were worried that a rate hike in April "would signal a sense of urgency they did not think appropriate." Wall Street has written off the possibility of an increase this month and does not expect the Fed to move until the end of the year.

In a speech last week, Fed Chair Janet Yellen reiterated the need for caution, citing the central bank's limited ability to respond to an unexpected weakening of the recovery. The minutes of the March meeting show that "many participants" shared this view.

"This asymmetry made it prudent to wait for additional information regarding the underlying strength of economic activity and prospects for inflation before taking another step to reduce policy accommodation," they read.

But a couple of Fed officials warned in March that waiting too long to continue raising rates increases the risk of having to move more aggressively later on, according to the documents, potentially causing even greater financial strain.

The Fed has emphasized that its decision will be "data dependent." If the economy is stronger than expected, it could raise rates more quickly. If it stumbles, the Fed could hold off.

But officials appear divided over how to interpret the data. Some viewed the economy as at or near full employment, pointing to the growth in the nation's work force, the surge in hiring, the drop in the jobless rate, among other factors. But others believed there was still room for improvement and cited weak wage growth, the high number of involuntary part-time workers and the low employment-to-population ratio for Americans in their prime.

Fed officials were similarly split over recent readings on inflation, according to the minutes. Some saw the increases as "consistent with a firming trend," and Fed Vice Chair Stanley Fischer has publicly placed himself in that camp. But other officials believed the gains were "unlikely to be sustained," a view expressed by Yellen.

The Fed also debated the significance of the market volatility early this year. A staff analysis noted that financial conditions had actually eased during the first quarter of the year, but only after significant turbulence. Officials generally agreed that the U.S. economy had proved remarkably resilient and that the strength in consumer spending was offsetting the weakness in exports. But once again, they clashed over what lay ahead.

The minutes show several participants felt the turmoil "had not been fully resolved and thus posed ongoing downside risks." But several others highlighted the possibility that the recovery could prove surprisingly strong – with the implication that could leave the Fed behind the curve.

Since the March meeting, two of the central bank's most stalwart supporters of stimulus have publicly supported two interest rate increases this year – and warned that Wall Street's expectations are out of line with their own. Investors, however, are still betting the Fed will only move once.

Fed Minutes Show Officials Wary Of April Rate Hike

By Martin Crutsinger

[Associated Press](#), April 6, 2016

WASHINGTON (AP) — Federal Reserve policymakers were split at their last meeting over how to respond to a slowing global economy, with two officials supporting a rate hike in March even as an opposing group felt that even raising rates in April would be too soon.

Minutes of the Fed's March 15-16 meeting released Wednesday showed that several participants argued for "proceeding cautiously" with future rate hikes because of global risks such as weaker growth in China. This group said that even raising rates in April "would signal a sense of urgency they did not think appropriate."

That view stood in contrast with two officials who said they could support a March rate hike and expressed concerns that waiting too long could force the Fed to move more quickly in the future, risking economic instability.

The Fed ended up voting 9-1 to leave its key rate unchanged. Fed Chair Janet Yellen last week signaled concerns about raising rates too quickly given headwinds facing the U.S. economy. Most economists forecast no rate hike in April.

The sole dissenting vote came from Esther George, president of the Fed's Kansas City regional bank. Loretta Mester, president of the Cleveland Fed bank, said in a speech last week that she decided not to dissent. But it was unclear who the second Fed official might have been who favored a rate hike last month. The minutes do not identify the participants by name in the recounting of the discussion.

Ian Shepherdson, chief economist at Pantheon Macroeconomics, said that the minutes showed a clear split

inside the Fed over two main issues: how fast inflation will rise to the Fed's 2 percent target and how much the overall economy will be hurt by global weakness. Despite these differences, he said he believes the Fed will raise rates in June.

At its December meeting, the Fed boosted its benchmark rate a quarter-point, the first increase after seven years of leaving the rate at a record low near zero.

While it left the rate in a range of 0.25 percent to 0.5 percent in March, the Fed did reduce from four to two the number of rate hikes it expects to make this year. The Fed now projects a total increase of a half percentage point this year, down from an expectation of a full percentage point gain that officials had projected at the December meeting.

The minutes said that this reduction in the projected path of rate increases was "broadly shared" among the 17 Fed officials who participate in the discussions.

Many private economists are forecasting two quarter-point moves this year, with the first not coming until June and the second one occurring in December.

While some Fed officials in remarks since the March meeting have signaled that they could be ready to hike rates in April, Yellen in a speech last week sent a clear signal that she will not likely be ready to resume raising rates when the central bank's Federal Open Market Committee next meets on April 26-27.

She said that given the risks to the economic outlook, "I consider it appropriate for the committee to proceed cautiously in adjusting policy." In her speech to the Economic Club of New York, Yellen specifically cited the economic slowdown in China, the world's second biggest economy, and the further drop in oil prices this year.

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Fed "Reserves The Right" To Raise Rates At Any Time -Bullard

[Reuters](#), April 6, 2016

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FOMC Minutes Show Fed Officials Leaning Against Rate Rise In April

Several participants in March meeting expressed concerned an April increase would signal inappropriate urgency

By Jon Hilsenrath

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

Fed Minutes Show Inconsistency As Calls For Rate Hike Strengthen

By Andrew Soergel

[US News & World Report](#), April 6, 2016

International uncertainty and financial market volatility gave the Federal Reserve pause last month, as America's central bank opted not to raise its benchmark interest rate following its March meeting.

But the details of that meeting, which were made public Wednesday, indicated that the Fed's rate decision – and its assessment of the world's overall economic well being – was anything but unanimous.

The release was peppered with apparent contradictions among some of the Fed's highest-ranking officials. "Some participants" of the Federal Open Market Committee said the domestic labor market was "at or near ... maximum sustainable employment." But others believed the economy had already reached full employment, citing "the still-high rate of involuntary part-time employment" and "the surprisingly limited ... upward pressure on wage growth."

"Many participants" said global economic and financial conditions "posed appreciable downside risks." But others indicated that "the actions taken by several foreign central banks in recent weeks ... likely helped mitigate downside risks to the global outlook."

And "several participants" said the Fed should be "proceeding cautiously in reducing policy accommodation" and raising rates. "A couple of participants," however, saw a rate hike as "appropriate at this meeting."

Disagreement within the Fed is hardly surprising. In public remarks delivered since the central bank's March meeting, its officials have delivered dramatically divergent takes on the potential evolution of U.S. monetary policy.

Although Fed Chair Janet Yellen has repeatedly said incoming economic data has yet to warrant another interest rate increase, Patrick Harker, the Philadelphia Fed bank's president, recently told Reuters that he believes central bank officials "need to get on with [the rate hike process]."

"There is a strong case that we need to continue to raise rates," he said, suggesting he'd prefer to see at least three rate hikes by the end of the year.

Chicago Fed bank President Charles Evans, meanwhile, said during a speech last month to the City Club of Chicago that the Fed's "wait and see" policy has worked and that the central bank should only lift rates twice in 2016.

Back in December, the Fed raised interest rates for the first time since 2006 and embarked on what analysts generally expected to be a series of incremental rate hikes. Many central bank officials at the time indicated they expected to lift interest rates four separate times in 2016, based on the Fed's so-called dot plot graphic.

But between mid-December and mid-March, international economic conditions were sent through the wringer. Wall Street suffered its worst start to a calendar year on record, China reported its worst annual growth rate in 25 years, and Europe and Japan eased monetary policy further with the adoption of negative interest rate policies.

This all played out while America's labor market continued to expand and inflationary pressures slowly but surely picked up steam – complicating the lives of central bank officials. As part of its dual mandate issued by Congress, the Fed is primarily concerned with maximizing employment and maintaining steady long-term price growth.

But financial and international volatility can weigh on both prices and employers' hiring decisions, so global factors that don't directly fall in line with the Fed's dual mandate are hardly irrelevant to the central bank.

The Fed, therefore, finds itself in a tight spot – labor market and inflation progress seem to suggest a rate hike would make sense, but external variables that could potentially drag down the U.S. economy have spooked some policymakers.

The central bank's March minutes indicate the majority of Fed officials are in that latter camp and are sufficiently wary of global economic turmoil. Though it appears "a couple" of participants said they'd be comfortable with raising rates in March, Esther George, president of the Kansas City Fed bank, was the only FOMC member to actively vote against pushing a rate increase down the road.

"Recently, labor market conditions had continued to strengthen, with the economy apparently near full employment, and some data had suggested a firming of underlying inflation trends," the minutes said. "[George] believed that monetary policy should respond to these developments by gradually removing accommodation [and raising rates]."

What this means going forward is difficult to say. Fed critics who have advocated for auditing the central bank and requiring the group to adhere to stricter rules and regulations about when they should and shouldn't hike rates will likely seize upon the minutes as an indication that the central bank isn't operating effectively without pre-defined definitions of what is and isn't economic progress.

Regardless, analysts will be anxiously eyeing the FOMC's April meeting, when the group will have its next opportunity to raise interest rates. Analysts generally aren't expecting a hike until June at the earliest, but an April move is hardly off the table.

Stocks Look To Stem Recent Fall As Oil Jumps

By Adam Shell

[USA Today](#), April 6, 2016

Wall Street is looking to jumpstart a stalled stock market rally Wednesday as investors react to a rebound in oil prices and await the minutes of the Federal Reserve's meeting last month.

In pre-market trading, the Dow Jones industrial average was up 24 points, or 0.1%. The broader Standard & Poor's 500 stock index was 0.2% higher and the Nasdaq composite was up 0.1%.

The Dow is riding a two-session losing streak after closing at its highest level of 2016 on Friday. On Tuesday, the Dow tumbled nearly 134 points, which was the blue chip stock gauge's first triple-digit point drop since March 8 and its biggest one-day point loss since Feb. 23, the day the Saudi Arabian oil minister said a oil output cut was "not gonna happen."

However, optimism rose Wednesday that some kind of production reduction might get done later this month at a key OPEC meeting after a Kuwait official expressed confidence that something could get done. U.S.-produced crude, which has been under pressure again in recent days after a massive rally off of its low, was up about a buck, or nearly 3% to \$36.90 a barrel.

Stocks, which had been on a tear since the low on Feb. 11, are still being dogged by global growth fears and worries about profit weakness for companies in the U.S. and other parts of the world as the first-quarter earnings reporting season nears.

Heading into the week, analysts were forecasting first-quarter profit for the S&P 500 to contract 6.9%, which would mark the third straight quarter in which profits have come in negative. Earnings growth is not expected to resume until the third-quarter of this year.

The global market selloff seems to have cooled, as shares in Asia and Europe were mixed, but skewed to the upside Wednesday. In Asia, Japan's Nikkei 225 edged down 0.1%, the Hang Seng index in Hong Kong rose 0.2% and shares of mainland China's Shanghai composite dipped 0.1%.

In Europe, the broad Stoxx Europe 600 was 0.3% higher and the CAC 40 in France was up 0.3%. Germany's DAX was trading down 0.2%.

How The Dow Jones Industrial Average Fared On Wednesday

[Yahoo! News](#), April 6, 2016

U.S. stocks broke a two-day losing streak Wednesday as investors bought up biotech drugmakers and other health care companies. Energy companies also jumped as the price of oil surged five percent.

On Wednesday:

The Dow Jones industrial average rose 112.73 points, or 0.6 percent, to 17,716.05.

The Standard & Poor's 500 index climbed 21.49 points, or 1.1 percent, to 2,066.66.

The Nasdaq composite index added 76.78 points, or 1.6 percent, to 4,902.72.

For the week:

The Dow is down 76.70 points, or 0.4 percent.

The S&P 500 down 6.12 points, or 0.3 percent.

The Nasdaq is up 6.17 points, or 0.1 percent.

For the year:

The Dow is up 291.02 points, or 1.7 percent.

The S&P 500 is 22.72 points, or 1.1 percent.

The Nasdaq is down 86.69 points, or 1.7 percent.

Obama Will Be Interviewed On 'Fox News Sunday'

By Nick Corasaniti

[New York Times](#), April 6, 2016

President Obama will join Chris Wallace on "Fox News Sunday" this weekend for a televised interview from Chicago.

It is the first time that he will be on "Fox News Sunday" since being elected president. He was last on the program in 2008, when he was a United States senator from Illinois.

The president has been a rare guest on the network, but he hasn't completely ignored it throughout his tenure. In 2013, he sat for an interview with Mr. Wallace, with a focus on the situation in Syria. And last year, he did an interview with Bill O'Reilly during the Super Bowl coverage.

A news release from Fox News said the interview topics will include the battle over Merrick Garland's Supreme Court nomination, the presidential election and Mr. Obama's legacy.

The interview will be broadcast on the Fox broadcast networks, with replays on the Fox News cable channel at 2 p.m. and 6 p.m. Eastern time.

Obama Administration Takes Aim At Corporate Mergers, Inversions

By Nathan Bomey

[USA Today](#), April 6, 2016

The Obama administration is increasingly taking aim at corporate mergers as the bustling market pumps out deals at a record pace, placing business titans at odds with Washington amid swirling political angst.

The action has fueled tension between U.S. corporations that believe the government doesn't adequately grasp economic factors and political leaders who say companies are taking advantage of tax loopholes and vulnerable consumers.

This week alone, the Treasury Department cratered pharmaceutical giant Pfizer's \$160 billion tax inversion deal with Allergan, and the Justice Department filed a lawsuit seeking to block No. 1 oilfield services firm Halliburton's \$34 billion acquisition of No. 3 firm Baker Hughes.

Meanwhile, the Federal Trade Commission has challenged the merger of Staples and Office Depot, and officials are closely scrutinizing a litany of other deals, including the health care insurance merger of Aetna and Humana, the insurance merger of Anthem and Cigna, and beer giant Anheuser-Busch InBev's acquisition of SABMiller.

Taken together, these cases suggest a new measure of confidence on behalf of the Obama administration that it retains the legal and political leverage to prevent corporate tie-ups when competition is threatened.

"The signal to business is if you do anything the administration doesn't like, it will find a way to stop you," said University of Michigan business and law professor Erik Gordon, an expert on mergers. "You've got to plan your business around what will be OK with them."

It also comes amid pressure from several presidential contenders, including Democrats Hillary Clinton and Bernie Sanders and Republican Donald Trump, to put a stop to inversions, which allow companies to find a foreign suitor of a specific size and switch their headquarters to dodge taxes.

"The agencies are much more aggressive and willing to challenge the deals and not willing to accept the traditional way of curing the problem," said David Balto, a former FTC policy director and a consumer advocate. "It is clear that the standards are changing and it's long overdue. We need a much tougher cop on the beat. Consumers are being harmed with all these mergers."

As of Wednesday, more than \$415 billion in corporate deals had been withdrawn globally so far in 2016. That tops the \$303 billion in global deals scrapped during the same time period in 2007, the peak year for cancelled transactions, according to data from S&P Global Market Intelligence.

Based on the current year's pace, 2016 "could be the biggest year, possibly, for cancelled deals since the start of the great recession," said Richard Peterson, a senior director at S&P Global Market Intelligence.

To be sure, additional canceled mergers are partially a function of record activity. Global M&A deals topped \$4.8 billion in 2015, besting the previous high set in 2007, according to Dealogic.

But Heritage Foundation research fellow Curtis Dubay suggested that the Treasury Department's unilateral action against the Pfizer deal could "put a chill into other" prospective mergers and acquisitions involving foreign companies.

"These rules might not stop another merger, but they've shown that they're willing to use their authority and abuse it," Dubay said.

Though the actions by Treasury and the Justice Department to block mergers are technically separate, their efforts suggest an increasing likelihood that some corporate mergers previously believed to be safe bets are no longer inevitable.

One budding deal, a merger of manufacturing giants United Technologies and Honeywell, died in the discussion phase in February in part because United Tech deemed the likelihood of regulatory obstacles to be high.

Assistant Attorney General Bill Baer, anti-trust chief of the U.S. Justice Department, said Wednesday that his office is “not changing” its strategy. But he suggested that corporate leaders have shown too much “enthusiasm” for deals with “all that capital coming back into the marketplace.”

“If there are competitive problems, we’re going to go after them — and there are some deals, I’ve been known to say before, that are so anti-trust ... that they never ought to make it out of the executive suite or corporate board room,” Baer said.

Business leaders have bristled at the additional scrutiny, accusing the government of threatening innovation, perpetuating a backward tax system and lacking a basic understanding of the marketplace.

After Pfizer and Allergan agreed to scrap their controversial inversion — in which Pfizer would have shifted its headquarters to Ireland to lower its U.S. tax bill — Allergan CEO Brent Saunders blasted Treasury officials for “building a wall around the U.S. to keep people in.”

“I’m patriotic, and I don’t want to get on a soap box, but I think it’s incredibly misguided and unproductive policy for the United States,” Saunders said.

Meanwhile, Baker Hughes and Halliburton ripped the government for not taking into account market dynamics — namely the global collapse in oil prices, which has sparked more than 320,000 job cuts worldwide in the energy sector since late 2014, according to Houston consultancy Graves & Co.

And Staples and Office Depot are fighting the FTC’s challenge against their deal partially on the grounds that the Internet has made office supplies readily available to their customers.

Staples CEO Ron Sargent and Office Depot CEO Roland Smith said last month in a letter that regulators are seeking to protect the “largest, most powerful companies in the world” from “paying higher prices for pens, pencils, notepads, sticky notes, file folders, paperclips and copy paper.”

“In fact,” they wrote, “Staples has committed, again and again, to investing merger synergies in lower prices for all customers.”

Balto, the consumer advocate and former FTC director who worked on the Staples-Office Depot case before leaving the agency, disputed the suggestion that customers benefit.

“Consumers have paid dearly through the pocketbook for past anti-competitive mergers,” Balto said. “The DOJ is just saying no, and it’s about time.”

In a Wednesday address to the American Bar Association, Attorney General Loretta Lynch said “free societies require free markets.”

“Markets where businesses can form cartels, create monopolies and manipulate prices without any kind of oversight can hardly be called free,” Lynch told the group.

She noted other past efforts to block deals — such as Comcast’s failed acquisition of Time Warner in 2015 and AT&T’s scuttled deal for T-Mobile — as examples of the government protecting the public. But she sounded an alarm at what she called the recent and “unprecedented swell of mergers coursing through the U.S. economy.”

“It isn’t just the number of proposed deals that makes this a unique moment in antitrust enforcement; it’s their size and their complexity,” the attorney general said, adding that 67 proposed mergers in FY 2015 alone valued at more than \$10 billion was more than double the number from the previous year.

USA TODAY reporters Kevin McCoy and Kevin Johnson contributed to this story.

Follow USA TODAY reporter Nathan Bomey on Twitter @NathanBomey.

Obama Antagonizing Business Interests On His Way Out The Door

By Juliet Eilperin And Jim Tankersley

[Washington Post](#), April 6, 2016

President Obama has negotiated with business leaders periodically during his presidency and, at times, joined with them to push issues such as expanded international trade or comprehensive immigration reform. But in his last year in office, Obama seems to have shed any hesi-ta-tion to take actions that critics might dub “anti-business,” a move that harkens back to his early campaign rhetoric and also fits the current mood of a populist American electorate.

The shift is evident in three controversial decisions the administration announced this week, including a change in tax policy which the president, in an unusual step, promoted himself from the podium in the White House briefing room.

The rule, issued by the Treasury Department, aims to make it harder for American companies to reduce their taxes by purchasing or merging with smaller foreign firms, a move known as a “corporate inversion.” It bore fruit immediately, forcing the U.S. pharmaceutical giant Pfizer on Wednesday to call off its \$160 billion merger with the Dublin-based Botox-maker Allergan.

Also on Wednesday, the Labor Department finalized a rule that requires brokers selling retirement investments to put the client’s interest ahead of their own. And the Justice Department announced a lawsuit seeking to block a proposed merger between oil services firms Halliburton and Baker Hughes.

All three announcements were long in the works, and senior administration officials said Wednesday they reflected the administration's long-standing interest in bolstering the middle class. But coming now, at a time when anger at corporate America is animating the presidential contests for Democrats and Republicans alike, they underscore the degree to which Obama's approach to business issues has evolved through his two terms. They also illustrate how Obama is now attempting to leverage his powers to his party's advantage in the race to succeed him as president.

The inversions rule, in particular, was met with stinging criticism from business interests in Washington.

"This is event-driven tax policy: You see something happening, and then you make a rule to keep it from happening. And this one is as weird as you can get," said Tony Fratto, a former Treasury official in the Bush administration who is now a partner at Hamilton Place Strategies. "I was surprised when they started to do these sorts of things. I don't think it's a good thing, but now it's what they do."

Discussing the inversions policy on Tuesday in the briefing room, Obama called on Americans to examine how the nation's wealthy have been able to "game the system," acknowledging a desire to affect the presidential campaign debate.

"And I hope this topic ends up being introduced into the broader political debate that we're going to be having leading up to election season," he said. He blamed congressional Republicans for the pervasive voter anger on the campaign trail this year: "When politicians perpetuate a system that favors the wealthy at the expense of the middle class, it's not surprising that people feel like they can't get ahead. It's not surprising that oftentimes it may produce a politics that is directed at that frustration."

Obama was elected on promises to curb the excesses of corporate America and to empower the nation's beleaguered middle class. He inherited a financial crisis upon taking office, endorsing a much-maligned Wall Street bailout signed by his predecessor, George W. Bush, and a bailout of the American auto industry that he signed himself. His administration included pharmaceutical companies in the negotiations over his signature health-care bill and financial firms in discussions of what would become the Dodd-Frank finance regulations.

The most influential business groups in the country ended up denouncing both the health-care and financial-regulation bills. They have sparred loudly and frequently with Obama over taxes and over his efforts to reduce carbon emissions. An administration business charm offensive of sorts under William Daley, Obama's second chief of staff, failed in its efforts to cajole a major increase in corporate investment in America.

Obama and congressional Republicans have failed to reach agreement on several issues that top business groups' agendas, including immigration and tax reform. Obama and business groups are continuing to work together to push for congressional approval of the Trans-Pacific Partnership trade agreement, though its prospects look dim this year.

Meanwhile, Obama has embraced an agenda in recent years that targets the gap between the very rich and everyone else, including an increased minimum wage, mandated family leave for workers and regulations meant to empower union organizing. He has tested the boundaries of executive authority to win victories on his domestic priorities.

Business groups have criticized many of those unilateral actions, including the inversion and fiduciary rules announced this week.

The inversions rule is "both counter-productive and ultimately self-defeating," said R. Bruce Josten, the executive vice president for government affairs at the U.S. Chamber of Commerce. "It's punitive. It's ultimately going to drive companies out of the country."

John Engler, the president of the Business Roundtable, said he expects the administration to continue the course of new regulations his group opposes until Obama's term ends in January, including new actions from the Equal Employment Opportunity Commission and the National Labor Relations Board.

"It's probably going to be pretty unrelenting the next nine months," Engler said. "We're just marking down the days."

Obama allies said the president is simply making good on his promises to act on critical issues if Congress refuses to — and also on his pledge to make the economy work better for the middle class.

"It is a recognition that the public is demanding real action to address the kind of fundamental inequities in the economy. It's obviously roiling both parties," said Neera Tanden, the president of the liberal Center for American Progress think tank. "Five years ago, I think you would have heard a lot more outcry from Congress about the president intervening in the markets [with the inversions rule]. I don't think you're seeing the same kind of outcry you would have seen."

Jared Bernstein, a former economic adviser to Obama and Vice President Biden, said the moves reflect Obama's team finding new ways to push long-standing policy goals. In 2011, he said, Obama aides struggled to brainstorm actions that could bypass the new Republican Congress and help the middle class.

"Back then, I don't remember coming up with much," he said. "And yet, if you look at what they've done since then, it's hugely impressive, from my perspective."

Pfizer, Allergan Call Off \$160 Billion Merger After U.S. Moves To Block Inversions

By Renae Merle And Carolyn Y. Johnson
[Washington Post](#), April 6, 2016

President Obama's campaign to stop American companies from heading overseas to avoid U.S. taxes scored its biggest win yet Wednesday when pharmaceutical giant Pfizer called off a \$160 billion merger with Dublin-based Allergan.

The sudden collapse of the deal comes just days after the Treasury Department made a rule change that appeared to be aimed specifically at the transaction, stripping it of many of its benefits. The deal would have relocated Pfizer's headquarters to Ireland and shaved billions off its tax bill, taking advantage of a practice that Obama this week called "one of the most insidious tax loopholes out there."

Criticism of corporations that use overseas deals to avoid high U.S. taxes — a strategy known as "inversions" — has never been more pitched in Washington and out on the campaign trail. But the victory by the Obama administration is not expected to put an absolute stop to the practice.

Lawmakers on both sides of the aisle say the only sure way to stamp out inversions is comprehensive tax reform, which has proved to be a fraught issue between Democrats and Republicans on Capitol Hill. Until then, business groups complain that the government is cherry-picking its battles and injecting new uncertainty into the rules governing global trade.

Many executives — who have remained largely silent in the face of the fiery, populist rhetoric of the presidential campaigns — are preparing to take their grievances to Congress, where they hope to wield more influence.

"I don't think companies should be intimidated by government," said Sen. Orrin G. Hatch (R-Utah), chairman of the tax-writing Senate Finance Committee. "On the other hand, yeah, I'm glad to see Pfizer stay here, and I'm going to try and find a way whereby we can do this legitimately so they want to stay here."

Voter anger over the power wielded by large corporations gave the Obama administration an opening to act more aggressively than many had expected, industry officials and tax experts said. Democratic presidential candidates Hillary Clinton and Bernie Sanders have criticized the Pfizer deal at numerous campaign stops this year, and they each cheered the news Wednesday.

"They call it an inversion. I call it a perversion," Clinton said in remarks at a Pennsylvania AFL-CIO convention.

The deal, the largest proposed inversion in history, was projected to save Pfizer about \$35 billion in taxes.

But late Monday, the Treasury Department announced new rules that changed the calculus for how certain inversions would be treated by the tax code. Less than 48

hours later, Pfizer and Allergan determined the change meant that the tax benefits they had anticipated would be more difficult, if not impossible, to achieve.

"For the rules to be changed after the game has started to be played is a bit un-American," Allergan chief executive Brent Saunders said in an interview with CNBC on Wednesday morning.

The Treasury Department's new regulations still allow inversions in some cases, although many companies may be reluctant to test the agency's resolve. And it leaves what Republicans and Democrats agree is a broken corporate tax code that saddles U.S. companies with the highest tax rate in the developed world, 35 percent.

"What we're doing is starting to contain the virus, the inversion virus," said Sen. Ron Wyden (Ore.), the ranking Democrat on the Finance Committee. "We still have to come up with a cure, and that's what's going to take legislation."

The corporate tax rate of 35 percent was once among the lowest in the developed world, but over the past three decades, other countries have steadily reduced their rates, inviting corporations to relocate.

"What companies [are] doing when they're inverting is trying to fix their own tax situations by self-help where Congress has failed to do anything — even though it's been talking about it for a long time," said Michael Graetz, a tax expert at Columbia Law School.

Over the past 20 years, inversions have become particularly popular for companies with a lot of foreign profits. Instead of bringing those profits back to the United States, where they would be taxed at a high rate, companies leave them overseas. The amount of unrepatriated profits reached \$2.4 trillion last year, according to the advocacy group Citizens for Tax Justice, allowing companies to avoid up to \$695 billion in taxes.

Pfizer had \$193 billion in unrepatriated income last year, and moving its headquarters to Ireland would have made it easier for the New York-based firm to access that income without paying U.S. taxes.

Inversions typically involve larger U.S. companies merging with a smaller overseas partner and locating there. Tax experts say the new Treasury Department rules may lead some companies to forgo inversions in favor of breaking themselves up in parts that can be sold to larger foreign buyers, again shielding themselves from U.S. taxes.

There are still plenty of inversions under consideration. Milwaukee-based Johnson Controls announced this year that it would merge with Tyco International and move to Ireland, saving the firm about \$150 million a year in taxes, for example. Last month, Colorado-based data provider IHS announced a \$13 billion merger with London-based Markit that is expected to provide a tax savings of up to \$270 million.

Meanwhile, broader efforts to reform the corporate tax code are stuck in legislative limbo.

Some lawmakers believe companies should be paying less, while others believe they should be paying more. Lowering the tax rate without plugging the abundance of tax loopholes could be a fiscal disaster, while harmonizing the U.S. tax system with the rest of the world could take years, legislative staffers say.

“Fundamentally, it all comes down to how do you pay for it,” said Frank Clemente, executive director of the advocacy group Americans for Tax Fairness.

At the time their deal was announced, both Pfizer and Allergan stressed that the tax benefits were not the only reason for the deal. But Pfizer had tried an inversion before, when it sought to buy the British drugmaker AstraZeneca in 2014. And both firms quickly soured on the union once the tax benefits were cast in doubt. Pfizer agreed to pay Allergan a \$150 million breakup fee.

Many in the business community expressed concern that the administration appeared to target a specific deal rather than adopt a broader remedy.

“This is particularly arbitrary,” said Bruce Josten, executive vice president for government affairs at the U.S. Chamber of Commerce. “This isn’t tax policy. It’s punitive. It’s paranoia, and it totally misses the target.”

In numerous appearances Wednesday, Allergan’s chief executive expressed frustration with the new Treasury Department rules that appear to have derailed the deal.

“Everybody’s talking about walls. The Treasury is building a wall around the U.S.,” Saunders said in a conference call with investors. Saunders, an American, has emphasized that Dublin-based Allergan invests heavily in the United States, including through its research and development programs.

“I’m patriotic. I don’t want to get on a soapbox, but I think it’s incredibly misguided and unproductive policy for the United States,” he said.

Mike DeBonis, Anne Gearan and Jim Tankersley contributed to this report.

Pfizer Faces Limited Options After Its Dead Deal With Allergan

By Katie Thomas And Chad Bray

[New York Times](#), April 6, 2016

Pfizer needs a Plan C.

Two years ago, the pharmaceutical giant tried — and failed — to take over the British rival AstraZeneca in a bid to become the world’s largest drug company and lower its tax bill in the process. On Wednesday, Pfizer said another big overseas merger had failed, this time a \$152 billion merger with Allergan, after the Obama administration introduced rules that would make the deal much less attractive.

Now, Pfizer finds itself at yet another crossroads. The company’s stock has been growing steadily, but investors are

certain to start agitating again to complete a bold move to push growth higher.

The company has basically two choices: get bigger, or break apart.

If it goes hunting for a new acquisition, its options are far more limited now than they were just last week. On Tuesday, the Obama administration introduced an aggressive and expansive series of rule changes aimed at limiting so-called inversions, which allow an American company to shed its United States corporate citizenship to move income beyond the reach of American tax authorities.

A big part of Allergan’s appeal was that the company’s tax domicile is in Ireland. But with the changes to the rules, those tax benefits went away — as they most likely would in similar deal between Pfizer and a company in a low-tax country.

Still, shares of several foreign pharmaceutical companies were trading higher on Wednesday, including AstraZeneca, GlaxoSmithKline and Shire, perhaps on speculation that Pfizer would still pursue an overseas acquisition.

“Pfizer approached this transaction from a position of strength and viewed the potential combination as an accelerator of existing strategies,” Ian C. Read, the Pfizer chairman and chief executive, said in a news release. “We remain focused on continuing to enhance the value of our innovative and established businesses.”

Pfizer’s brief news release said little about its future plans. But some analysts saw significance in a statement by Mr. Read that indicated the company planned to decide whether to break itself up by the end of this year. Some analysts lobbied for such a move because they argued that two smaller and more focused companies would be worth more than one bigger one.

“The fact that the company is talking about the original split-up decision timeline of late 2016 almost seems to suggest they have given up on inversion,” said Tim Anderson, a senior analyst for Sanford C. Bernstein & Company, in a note to investors. Mr. Anderson said Pfizer could have seen the Allergan deal as an opportunity, but once it did not happen, “perhaps it is back to usual business once again.”

Mr. Anderson, who had previously supported a breakup, noted that the company’s statement did not mean Pfizer had settled on splitting. But by raising the issue, he wrote, “this essentially puts the carrot back in front of the stock again.”

Pfizer’s plans to make itself smaller dates to 2011, when Mr. Read, who had recently taken over as chief executive, announced plans to become a more focused company following a series of multibillion-dollar acquisitions. Under Mr. Read’s direction, the company slashed its research and development budget and, in 2012, sold its infant nutrition

business to Nestlé. In 2013, it spun off its animal health business into what is now Zoetis.

In 2014, the company divided its business into two segments — one devoted to new brand-name medicines and the other to older medications that had lost patent protection. That was seen as a preliminary step toward breaking the company in two.

Those plans receded, however, when Pfizer decided to follow in the footsteps of many of its competitors by performing an inversion, in which an American company acquires an overseas rival and reincorporates overseas.

In 2014, Pfizer tried to acquire AstraZeneca, but it ultimately abandoned the pursuit after AstraZeneca repeatedly snubbed Pfizer's approaches. The proposed takeover also faced stiff political opposition over potential job losses in Britain.

Inversions have gained popularity in recent years, particularly in the pharmaceutical industry, as United States companies look to lower their corporate tax rates and more easily use income that has been held in foreign subsidiaries. About 40 companies have struck inversions over the last five years, according to data from Dealogic.

A move by the Obama administration to begin to tighten rules on inversions in 2014 killed some deals, including AbbVie's planned \$54 billion takeover of its Irish counterpart Shire. But those rule changes ultimately failed to stem the tide of American companies seeking foreign partners to reduce their tax rates.

President Obama said on Tuesday that the new rules would help prevent companies from taking advantage of "one of the most insidious tax loopholes out there, fleeing the country just to get out of paying their taxes."

The latest rule change seemed to specifically target the Pfizer-Allergan merger, eliminating many of the deal's tax benefits.

Now that such a deal is less attractive, Pfizer would be smart to return to its earlier plan, said Erik Gordon, a business professor at the University of Michigan who follows the pharmaceutical industry.

"What do you have now?" he said. "Now you have the same Pfizer that was going to split, that's what."

Regardless of what path it chooses, major players like Pfizer cannot afford to stand still, said Dimitri Drone, who leads the pharmaceutical merger and acquisition practice at PricewaterhouseCoopers.

"The larger a company gets, the harder it is to demonstrate growth — it's just the law of numbers," he said. "When you're big, you need to do things that continue to demonstrate that you can hold your own."

Treasury Is Wrong About Our Merger And Growth

The broken U.S. tax system puts American companies like Pfizer at a competitive disadvantage.

By Ian Read

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

New Tax Rules On Inversion Deals Are Met With Protest

Pfizer, Allergan and others criticize restrictions aimed at limiting companies' ability to move tax address overseas

By Richard Rubin And Jonathan D. Rockoff

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

Jack Lew's Political Economy

Pfizer's CEO nails the reason for slow growth and small wage gains.

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

A Corporate Tax Dodge Gets Harder

[New York Times](#), April 6, 2016

Pfizer never tried to hide the fact that its proposed \$152 billion merger with Allergan, based in Ireland, would cut its tax bill in the United States. But even as it rushed to complete the biggest tax-avoidance deal in the history of corporate America, it continued to promote the strategic and economic benefits of the merger.

Any pretense to a motivation other than dodging taxes has now been wiped away. On Wednesday, just two days after the Obama administration introduced new rules to narrow the loopholes that the drug companies were exploiting, Pfizer announced that the deal with Allergan was off.

The new Treasury Department rules take aim at "inversions," in which an American company merges with a foreign company in a low-tax nation to pass itself off as foreign and in that way cut its American taxes. Inverted companies are often described as having "moved abroad" or "renounced their citizenship." But the only tie that an inverted company really cuts with the United States is the one that binds it to the Internal Revenue Service.

Such companies almost invariably keep their headquarters, officers and much of their business in the United States. Some 40 American companies have become inverted over the past five years, while tax laws have failed to keep pace with tax-avoidance strategies made possible by a complex mix of corporate offshore accounts and global capital flows.

The Treasury had to act to stop inversions because Congress, still in the grip of an anti-tax Republican majority, won't. One of the new rules effectively denies tax benefits in new mergers that involve companies that have recently inverted. That scotches the Pfizer and Allergan deal because Allergan, when it was still known as Actavis, an American company, inverted to Ireland in 2013.

The new rules will also clamp down on a practice known as earnings stripping, in which a multinational reduces its American tax bill by having its American subsidiary borrow money from a foreign parent company and then deduct the interest on that loan against its earnings, which cuts its tax bill.

Worse, cash can also be lent to a foreign parent from American profits stashed abroad that are supposed to be taxed when they are repatriated to the United States. Such loans essentially allow foreign-held profits to be used tax-free. American companies could avoid tax on as much as \$1 trillion in foreign-held profits by this strategy.

The new rules will fight earnings stripping by treating the loan in the transaction as equity, which removes the debt-based tax benefit. But this regulation could very likely provoke legal challenges. It would be better simply to outlaw tax-motivated inversions and related stripping techniques.

Of course, instead of that straightforward approach, lawmakers, chiefly Republicans, have seized upon the wave of inversions as proof that corporate taxes are too high and must be cut. They say that the only real fix for inversions is a complete overhaul of the corporate tax code. But broad tax reform is pie-in-the-sky in today's hyper-partisan Congress, and they know it. Their argument does nothing but avoid dealing with these gigantic tax-avoidance schemes.

The Treasury Department deserves credit for tackling the problem. But its regulatory powers, though powerful, are limited. Only Congress can fully stop inversions and the looting of the American corporate taxes.

Obama's New Limits On Corporate Tax Dodging Don't Go Far Enough

By Alexander C. Kaufman

[Huffington Post](#), April 6, 2016

New U.S. Treasury Department rules meant to curb a controversial scheme for dodging corporate taxes may not go far enough, analysts say.

The regulations announced on Monday appeared to be aimed at kneecapping Pfizer's plan to merge with Irish rival Allergan and reincorporate in Ireland. This would allow the New York-based pharmaceutical giant to take advantage of Ireland's low corporate tax rate when accessing the cash it has stashed overseas. Deals like these are known as a "corporate inversion."

In that sense, the regulations worked. Pfizer on Wednesday called off the \$160 billion deal that would have saved the company as much as \$35 billion in taxes owed to the U.S.

Although the new rules may make some inversion deals less attractive, analysts told The Huffington Post that their narrow focus may fail to prevent future corporate inversions, even by Pfizer itself.

"We're very pleased that these rules appear to kill the Pfizer-Allergan merger," said Ron Eckstein, a spokesman for the nonprofit Americans for Tax Fairness. "We hope it's gone for good. But Pfizer has tried three of four different inversion attempts over the last few years, so it's almost naive to think they won't try again."

The new rules target two major loopholes that made it easier for U.S. companies to take advantage of the tax inversion strategy.

One restriction cracks down on "earnings stripping," which involves a foreign company loading a new U.S. subsidiary with debt.

This reduces the subsidiary's taxable income in the U.S., since interest payments on that debt become tax deductible, according to the liberal-leaning think tank Economic Policy Institute. Profits funneled into the new parent company are then taxed at the lower rate in the foreign country.

But Pfizer was planning to take advantage of another loophole closed by the new regulations.

Under the previous rules, Pfizer structured its deal with Botox-maker Allergan so that its shareholders would own 56 percent of the newly merged Irish company – just below the 60 percent threshold the Treasury set in 2014, according to Americans for Tax Fairness. Although there are many ways in which firms can drastically lower the U.S. corporate tax rate, it is still among the highest in the developed world. Pfizer could have avoided paying an estimated \$35 billion in U.S. taxes by merging with Allergan: The company planned to funnel the more than \$150 billion it has stashed in 151 overseas subsidiaries to its new parent company in a tax dodge known as a "hopscotch loan."

Allergan is already a hodgepodge of formerly American companies.

The firm, now headquartered in Dublin, successfully has merged with three other U.S. corporations in smaller inversion deals over the last three years. Had Pfizer gone through with the merger under the new regulations, its shareholders would have owned about 70 percent of the new company, according to an analysis by Americans for Tax Fairness.

"The Treasury's regulatory actions continue to provide temporary fixes, which will help reduce the short-term erosion of the U.S. corporate tax base," Hunter Blair, budget analyst at the Economic Policy Institute, wrote in a blog post. "They

deserve credit for using the limited tools available to them in the most robust way to slow this erosion.”

The new regulatory action could go further. One way the Treasury could curb earnings stripping, for instance, is by reclassifying a U.S. subsidiary’s debt as equity.

“Given their limited toolbox, the Treasury was able to apply this reclassification to shareholder dividends and economically similar transactions,” Blair wrote. “However, the proposed regulations do not apply to related-party debt incurred for business investment.”

Legislation passed by Congress may be the only way to stem the flow of U.S. companies moving their headquarters out of the country. But political gridlock caused by vitriolic partisanship dims the prospects of such a bill. Republicans this week were quick to criticize the new Treasury rules, but conservative commentary site Newsmax noted that they lack their own proposals.

“A more effective approach here would be for legislators to look at why this is happening, what incentives exist in our current tax code that are driving this move, and then look to change and reform the tax code,” said Kyle Pomerleau, economist and director of federal projects at the nonprofit Tax Foundation.

“Because there’s been a significant amount of gridlock in the legislative process, which is ultimately how you should deal with issues like this, Treasury has pursued a sort of ad hoc approach to tax policy,” he added.

Such a move wouldn’t be unprecedented.

Facing a similar exodus of companies leaving the United Kingdom for low-tax havens like Ireland, Luxembourg or the Netherlands, the U.K. government implemented a series of corporate tax reforms in 2008.

It worked. The total number of U.K. corporations grew to 1.1 million in 2012, and is expected to overtake the U.S. by 2017, according to Tax Foundation forecasts. The U.K. now already raises more corporate tax revenue than the U.S.

In 2014, Pfizer aggressively tried to buy British rival AstraZeneca in a \$119 billion bid to fall under the U.K.’s reformed tax code. If Congress fails to enact real reform anytime soon, it may well try again.

Barack Obama Just Cracked Down On Wall Street

By Dave Jamieson And Shahien Nasiripour
[Huffington Post](#), April 6, 2016

After six years of debate and lobbying, the Labor Department rolled out a major new regulation on Wednesday that will require virtually all financial advisers to legally act in their clients’ best interests.

Known as the fiduciary rule, the new standards are aimed at cutting down on the unnecessary fees that Americans pay to brokers who advise them on their

retirement investments. The White House says the rule will address a fundamental conflict of interest within individual retirement accounts, or IRAs – that many brokers, who aren’t legally bound to act in their clients’ best interests, have a financial incentive to shepherd clients toward investments that come with high commissions, regardless of whether it’s right for the customer.

Administration officials say the change will put the law regarding retirement funds on par with that of pensions. Pension trustees and administrators are considered “fiduciaries,” who therefore have a legal obligation to act in the client’s best interests. But when it comes to retirement advice, until now only financial advisers registered with the Securities and Exchange Commission have been considered fiduciaries, so brokers were held to a lesser standard.

Pensions have been gradually disappearing from the U.S. workforce, leaving more and more current and future retirees reliant on retirement funds such as 401(k)s and IRAs. Any fees that customers have to pay is money that doesn’t grow in their retirement fund.

The White House estimates that conflicts of interest among retirement advisers reduces people’s annual returns on their retirement investments by one percentage point, or \$17 billion – a figure much larger than it sounds, considering the power of compound interest over the course of decades.

For example, a one percentage point lower return could reduce retirement savings by more than 25 percent over 35 years, according to the Labor Department. The financial industry argues that the Obama administration has exaggerated the potential cost for savers.

Advocates for the rule hope it will end up pushing consumers toward cheaper retirement funds, saving them more money in the long run. The transition from expensive, actively-managed funds to index-tracking and exchange-traded funds is already under way, eating into Wall Street’s fees. They also say it will make retirement advice more transparent, since brokers will have to disclose potential conflicts of interest to customers.

“It is indeed a good day for all of those who want to really move forward on retirement security for everyone in this country,” Labor Secretary Tom Perez said Wednesday at an event at the Center for American Progress, a left-leaning Washington think tank. “[The rule] puts in place a fundamental principle of consumer protection into the American retirement marketplace, which is that a consumer’s best interest must now come before the adviser’s financial interest.”

The financial services industry pushed back hard against the regulation, arguing that, in addition to cutting into broker pay, it would limit the menu of investment options for customers – particularly low-income Americans. It’s unclear though how much effort Wall Street devotes to serving the

retirement needs of low-income households, as bigger accounts typically lead to fatter fee opportunities.

The new rule could result in financial institutions charging households a flat fee to manage their retirement accounts, instead of advisers getting paid commissions on investments.

The lobbying led the White House to shelve the proposal in 2011, only to later revive it. The rule is one of Obama's most contentious and anticipated new regulations, and it's a prime target for Republicans in Congress to try to kill before it gets implemented, perhaps by seeking to block funding for it through the appropriations process.

The Obama administration estimates that the rule will aid more than 40 million households that collectively have more than \$7 trillion in IRAs, and in particular the hundreds of billions of dollars that consumers annually roll over from 401(k)s and other retirement plans to IRAs. Households were "especially vulnerable to bad advice" on their rollovers because those transactions weren't protected until this new rule.

The campaign by critics wasn't a total loss. Some of the original proposal's details were watered down or jettisoned on its way toward implementation, as is often the case with such regulations. The Labor Department ended up scrapping some of the disclosure requirements for advisers and brokers. It also included a "grandfathering" provision so that existing arrangements with customers don't have to be redrawn to meet the new standards. And in the end, the rules won't be fully effective until 2018, rather than 2017 as many expected.

The longer timeline could allow the next administration to further delay, or even revoke, the rule. Already, some senior Republicans in Congress have moved to repeal it. "Congress must act to stop this costly, complicated and potentially conflicting rule that's unfair to millions of American families who only want the freedom to plan for financial independence and the right to shape their own destiny," said Jeb Hensarling (R-Texas), the chairman of the House Financial Services Committee.

Obama Imposes More Regulations On Financial Advisers

By Dave Boyer

[Washington Times](#), April 6, 2016

The Obama administration announced new regulations Wednesday requiring retirement advisers to always act in the best interest of their client, a move the White House said will save families \$17 billion per year but critics say will hurt ordinary investors by making financial advice more costly.

The new rule — known as the fiduciary standard — is aimed at eliminating conflicts of interest among financial advisers who steer clients into investments that produce weaker returns for investors but bigger fees for brokers.

Treasury Secretary Jack Lew said the new regulations are "an important step toward ensuring that Americans who invest their hard-earned retirement savings receive advice that is in their best interests." The president's Council of Economic Advisers estimates that investors lose as much as \$17 billion annually due to financial advisers who are more concerned about reaping big fees than getting the best returns for their clients.

The industry, Republican lawmakers and conservative analysts say the action will hurt investors of modest means by making financial advice more expensive, due to extra paperwork and other compliance requirements.

"The fiduciary rule is like Obamacare for your IRA and 401(k)," said John Berlau, a financial policy specialist with the Competitive Enterprise Institute. "If you like your brokers and investments, you might not be able to keep them."

Mr. Berlau said the regulations will create a "guidance gap" by deterring companies from serving middle-class investors, and he estimated the result could cost \$80 billion in lost savings annually.

House Speaker Paul D. Ryan, Wisconsin Republican, has said the rule could hurt millions of middle-class investors because it will "raise costs and limit options for people seeking advice on their retirement planning."

Financial Services Institute President and CEO Dale Brown expressed concern that the rule is unnecessary.

"There is no compelling evidence this rule is necessary to achieve a uniform fiduciary standard, and [the Labor Department's] own analysis fails to make the case," he said, adding that his group is still studying the rule's impact.

Firms have until January 2018 to comply fully with the new rule.

Brokers Upended As Obama Toughens Rules For Retirement Accounts

By Robert Schmidt

[Bloomberg News](#), April 6, 2016

U.S. brokers managing retirement accounts must adhere to tough new standards under an Obama administration rule released Wednesday that aims to protect millions of savers from conflicted investment advice.

The Labor Department regulation, which gave the industry some concessions from an earlier proposal, puts a capstone on President Barack Obama's efforts to rein in Wall Street and level the playing field for investors who hold some \$12 trillion in Individual Retirement Accounts and 401(k) plans. For the brokerages, mutual funds and insurers that fought the plan for more than five years, it will bring compliance headaches and likely more lawsuits from disgruntled clients.

The increased obligation for brokers, known as a fiduciary duty, requires them to put customers' interests

ahead of their own. The White House contends it will collectively add billions of dollars annually to retirees' nest eggs by eliminating hidden incentives that cause brokers to push investment products with higher fees and commissions.

"Today's rule ensures that putting clients first is no longer a marketing slogan," Labor Secretary Thomas Perez said in a call with reporters. "It is the law."

With a lawsuit challenging the rules almost inevitable, Perez and National Economic Council chief Jeff Zients stressed that the administration took into account "extensive feedback" from the industry, scaling back the proposal issued last year in numerous ways. That includes a final implementation date of January 2018, allowances for firms to recommend their own in-house products and making it easier to notify existing account holders of the new obligations.

Those changes probably won't appease financial firms that have indicated they will continue fighting, both in federal court and Congress. Any litigation, some said, could focus on whether the Labor Department adequately followed rulemaking requirements such as properly weighing the regulation's costs against its benefits.

The U.S. Chamber of Commerce will "consider every approach to address our concerns," David Hirschmann, head of the business group's Center for Capital Markets Competitiveness, said in a statement Tuesday.

The Labor plan is the first major overhaul of retirement savings rules since the 1970s. Back then, many workers had employer-controlled pensions and the 401(k) didn't exist. Now, the bulk of Americans must make their own investing decisions as they contribute to IRAs and 401(k) plans.

The update was necessary, the Obama administration said, to add protections for consumers who are often overwhelmed by a long list of investment choices and may have had no idea that their broker could profit by offering one mutual fund over another. Those conflicts were allowed under the current standard for brokers, one that calls for investments to be "suitable."

The White House contends that the impact of biased advice is substantial. It laid out an example of typical worker with \$100,000 in retirement savings who rolls her 401(k) into an IRA at age 45. Adjusted for inflation, the hypothetical worker's investment would grow to an estimated \$216,000 by age 65 if she received appropriate guidance. But it would increase to just \$179,000 with conflicted advice, the administration said.

Industry groups, who dispute the White House's calculations, say investors would be better served by the government stepping up its oversight of the small minority of dishonest brokers. Opponents also argue that the added regulatory burden will make it too expensive to keep handling investments for low-income people who have smaller account balances.

A large group of companies fought the rule, including Wall Street banks with brokerages, mutual fund companies that thrive on IRA rollovers and insurers that sell annuities. Thousands of independent brokers and financial planners also mustered opposition.

The Labor Department said its final rule responds to some industry objections. For instance, a new required contract that discloses conflicts can now be signed by a client when an account is opened. Firms complained that the proposal called for the contracts to be signed when a potential customer walked in the door.

The regulation will have the broadest impact on IRAs, as the number of 401(k) plans affected by it was shrunk in the final version.

Another tweak benefits brokers who recommend less-liquid holdings, such as real-estate investment trusts that aren't publicly traded. The proposed rule would have prevented the sale of such assets even if the client signed a contract acknowledging a broker's conflicts of interest.

Perez stressed that it is not Labor's goal for brokers to put their customers in the cheapest products.

"The Yugo may be the lowest-priced car, but it ain't a very good car," he said.

While it is not fully clear how financial firms will readjust their businesses, some have already moved to get in front of the policy. That is especially true of insurance companies, which sell types of annuities that have long been criticized by investor advocates for having steep commissions and high fees.

American International Group Inc. and MetLife Inc., for example, recently announced the sales of their brokerage arms. The fiduciary regulation was a "big factor" in AIG's decision, CEO Peter Hancock said in January.

Others, consultants said, may be behind the curve. Surveys conducted by Deloitte show many companies were waiting to see what the final rule would demand before initiating any changes to their business practices, said Julia Kirby, a director of the firm's regulatory advisory group.

U.S. Weakens Retirement Advice Rule, Responding To Industry

By Suzanne Barlyn And Lisa Lambert

[Reuters](#), April 6, 2016

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

U.S. Unveils Retirement-Savings Revamp, But With A Few Concessions To Industry

About \$14 trillion in retirement savings could be affected by the rule

By Yuka Hayashi And Anna Prior

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

They Want Your IRA

The White House pushes investors toward government accounts.

[Wall Street Journal](#), April 6, 2016

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

U.S. Plans To Require Banks To Identify Owners Of Shell Companies

By Louise Story

[New York Times](#), April 6, 2016

The United States government is close to issuing a rule that will for the first time require banks and other financial institutions to find out the identities of people hidden behind shell companies.

The rule is meant to close a major loophole in the American banking system that enables the sorts of secretive financial maneuvers that were thrust into the spotlight this week with the leak of millions of documents from a law firm in Panama.

That firm, Mossack Fonseca, is one of the largest incorporators of shell companies in the world. The trove of leaked documents — analyzed by more than 100 news organizations worldwide — revealed offshore companies tied to 143 politicians, their families and close associates.

The documents also showed scores of shell companies doing business with major international banks, including UBS, Credit Suisse and HSBC, that rely on access to the American banking system.

Under federal regulations, banks with American branches in the United States are required to “know their customers” who open accounts in the United States. But those rules have been significantly weakened because banks have not been required to know the identities of customers who set up accounts in names of shell companies.

The government’s proposed customer due diligence rule, or C.D.D., is an attempt to close that loophole, a senior Treasury official said in an interview.

“I don’t think everyone recognizes the connection between the C.D.D. and the Panama Papers,” said the official, Jennifer Shasky Calvery, director of the department’s Financial Crimes Enforcement Network.

The new rule, she said, “would clarify and make absolutely clear to our financial institutions that they must know and understand the beneficial ownership of their customers,” she said. “We already know that they need to know their customer, but where that customer is a legal entity, we are clarifying that they need to know and

understand the beneficial owner of that customer. Who is actually calling the shots? Who stands to gain?”

The United States has been considered a laggard in the global push to shine light on the murky world of shell companies.

For one thing, the United States allows its states to register limited liability companies and other structures without requiring the names of the actual people behind those companies. In addition, the know-your-customer loophole has let banks decide whether they will expend the resources to pierce the secrecy of shell companies that set up accounts.

The new Treasury rule will require banks to find out the identities of any individuals who own 25 percent or more of corporate entities that open bank accounts, as well as any individuals exercising control over those entities.

The banking loophole was highlighted last year in an investigative series in The New York Times, “Towers of Secrecy,” which focused on the use of shell companies in United States real estate.

The Times’s findings, government officials have said, helped move several reforms forward, including the customer due diligence rule, which had been in the works for more than four years. The final step — approval by the Office of Management and Budget — is to begin shortly and typically does not last more than three months.

The Panama documents included emails showing that the law firm and the banks had trouble sorting out who was responsible for discovering the identities of people behind shell companies.

David Schwartz, chief executive of the Florida International Bankers Association, said that many banks were already trying to identify the people behind shell companies, but that they had been hampered by the lack of the requirement.

In addition, he said, it would be easier for banks if the locations where shell companies are incorporated — often states in the United States — were required to find out who the owners are.

Wyoming and Nevada have gotten renewed scrutiny this week because Mossack Fonseca, the Panamanian firm, set up offices there.

Carlos Garcia-Pavia, a director at LexisNexis Risk Solutions who focuses on money laundering, said that banking due diligence had become more complicated as individuals had started setting up shell companies all over the world, rather than using corporate structures based where they live.

The details of the Treasury’s new rule will be important to its effectiveness. Organizations pushing for greater transparency in shell companies have said that an earlier version of the rule defined control of shell companies in a way that might allow managers, rather than owners, of a company to be listed.

They have also expressed concerns about whether bank customers who provide faulty information will be held accountable, and whether the forms submitted about the beneficial owners will let banks off the hook from doing more investigating.

Ms. Shasky Calvery said the Treasury had been working closely with members of Congress who have proposed legislation to require states to maintain registries of shell company owners.

She also said that a Treasury program that tracks people who use shell companies to purchase expensive real estate in New York and Miami was underway and that she had noticed people trying to find ways to avoid reporting the information to the department.

"It does make me wonder if it's the person turning around before the D.U.I. checkpoint," she said. Continue reading the main story

Comey Pledges 'No Outside Influence' On Clinton Email Case

By Josh Gerstein
[Politico](#), April 6, 2016

FBI Director James Comey said Wednesday that he's keeping careful track of the investigation into Democratic presidential candidate Hillary Clinton's email server, in part to make sure the probe isn't affected by politics.

"I love the FBI because we aspire to, and I think we are, three things: We're honest, we're competent, we're independent. We're not perfect. We're competent, we're independent," Comey said in response to an audience member's question during an appearance at Kenyon College in Ohio.

"I've stayed close to that investigation to ensure that it's done that way. That we have the resources, the technology, the people and that there's no outside influence. So, if I talk about an investigation while it's going on there's a risk that I'll compromise both the reality and the perception that it's done honestly, competently and independently. So, I'm going to say no comment to that."

Press reports in recent weeks have said that FBI agents working on a probe of how classified information ended up on the former secretary of state's home server are planning to question her top aides from her tenure as secretary of state. Investigators are expected to come to Clinton soon thereafter. She has pledged publicly to cooperate with the inquiry.

Speaking to an audience of law enforcement officials in New York on Monday, Comey said the timing of the upcoming Democratic convention in July would have no impact on the probe, although he said he wanted the investigation concluded "promptly."

Comey's main focus Wednesday was on privacy and encryption issues, including the FBI recent clash with Apple over access to an iPhone used by one of the shooters in the San Bernardino, Calif. terrorist attack that killed 14 people in December.

Comey said the FBI recently "purchased a tool" that allowed them to get access to that phone, defusing that fight with Apple but leaving unresolved the issue of the government's right to compel Apple to help break into a phone as well as the broader question of whether manufacturers should be forced to make devices that permit access by law enforcement in order to carry out court orders. The FBI director provided few details on how the method worked, but said he was confident it would be "closely protected" by both the FBI and the private party who came up with it.

"The FBI is very good at keeping secrets. The people we bought this from I know a fair amount about them and I have a high degree of confidence" in their ability to keep the technique under wraps, Comey said.

However, Comey also called the technique "quite perishable," in part because the phone it works on, the iPhone 5c, is becoming less common. He also acknowledged later that the Obama Administration is debating whether to reveal the technique to Apple, adding that he'd taken part in such talks as recently as Wednesday morning.

The FBI chief conceded that if the method was used in criminal prosecutions it would likely have to be revealed to defense lawyers. "It will ... disappear if we use it in a criminal case," Comey said.

During the question-and-answer period, Comey also touched on other topics that have been in the news in recent months, including the leak of millions of background check files stored by the U.S. Office of Personnel Management and an upswing in violence in major U.S. cities.

Comey said Americans like him who had their personal data compromised are at little risk of identity theft by actors looking for financial gain, but are at risk for a phishing-type attack that could be used to compromise private or government computer systems. "I really don't perceive a risk to any of us from a financial perspective from that theft," the FBI director said. "There's a significant counterintelligence risk, but I don't think Aunt Sally needs to worry about her credit card being run up."

And even as the FBI chief warned that journalists would view it as a "conflict narrative" that puts him at odds with President Barack Obama, Comey repeated his suspicion that a spike in murders in some cities is the result of police becoming more lax out of fears they'll become the subject of misconduct allegations due to viral cellphone videos.

"Something is happening. ... A whole lot more people of color are being murdered in America's largest cities in shocking ways," Comey said. "It may be some impact from

viral videos that somehow police are fearing being that video and in some places its causing a marginal pull back that the officers may not even notice.”

Notwithstanding the reports of tension with the White House over his analysis, Comey said he plans to continue to raise the surge in violence and look for explanations, in part because it seems to be getting worse. “We just got our quarterly data and it’s even worse in a lot of place,” the FBI chief said.

DEA To Decide Within Months Whether To Change Federal Status Of Marijuana

By Andrea Noble

[Washington Times](#), April 6, 2016

The Drug Enforcement Administration says it plans to decide within the next several months whether to change the federal status of marijuana, according to a letter sent to lawmakers this week.

Marijuana is currently classified as a Schedule I drug, alongside the likes of LSD and heroin, which means it is deemed to have a high potential for abuse and no current accepted medical use. Rescheduling of marijuana could open the floodgates for research on potential medical uses of the drug, a move that would be cheered by medical marijuana advocates.

The letter to lawmakers, signed by the heads of the DEA, the Department of Health and Human Services and the Office of National Drug Control Policy, states that the DEA has received scientific and medical evaluations as well as a scheduling recommendation from HHS and that it hopes to release a determination on rescheduling “in the first half of 2016.”

The letter does not disclose what HHS’s rescheduling recommendation entailed.

Rescheduling of a Schedule I to a Schedule II drug is rare. The DEA has done so just five times, according to a 2015 report by the Brookings Institute. While Schedule II drugs are still classified as having a high potential for abuse, they are deemed to have an accepted medical use in treatment.

“Reclassifying cannabis will make scientific research easier and will send a strong signal that the U.S. government is finally ready to acknowledge that marijuana has medical value,” said Tom Angell, chairman of the advocacy group the Marijuana Majority. “That, in turn, will embolden further reforms in the states and on the international stage.”

The DEA has previously shot down three petitions to reschedule marijuana, with the latest rejected in 2011, according to the Brookings Institute.

But since the last rejection, a slew of medical groups and researchers have come out in favor of rescheduling.

American Academy of Pediatrics last year recommended that the DEA reclassify marijuana as a Schedule II drug to make it easier to facilitate clinical trial research of the drug in the hopes of finding benefits for children. The Epilepsy Foundation of America, a national nonprofit advocating on behalf of epilepsy patients, has also come out in favor of access to cannabis for seizure sufferers.

But amid growing support nationwide for legalization of both medical and recreational use of marijuana, DEA Acting Administrator Chuck Rosenberg has taken issue with arguments regarding potential medical benefits of marijuana being used to push legalization efforts.

In a meeting with reporters late last year, Mr. Rosenberg acknowledged that some extracts of marijuana have shown potential to treat illnesses including childhood epilepsy, but he said that shouldn’t be construed to mean that smoking marijuana is safe.

“We can have an intellectually honest debate about whether or not we want to legalize something that is bad and dangerous, but don’t call it medicine. That’s a joke,” he said. “My view is that we will support any legitimate research into the efficacy of marijuana for its constituent parts as a medicine. But I think the notion that state legislatures just decree it so, is ludicrous.”

The Conservative Gladiator From Kansas Behind Restrictive Voting Laws

By Sari Horwitz

[Washington Post](#), April 6, 2016

Inside a federal courtroom in Washington earlier this year, the presiding judge peered down in disbelief as a Justice Department official told him that the Obama administration would not defend a tiny elections agency, but was instead siding with civil rights groups suing the government.

“Unprecedented,” U.S. District Judge Richard J. Leon said from the bench. “I’ve never heard of it in all my years as a lawyer.”

From the back of the packed courtroom emerged someone else to argue for the federal agency: a tall, clean-cut figure in a dark suit, carrying a sheaf of papers, who had traveled more than 1,000 miles that day to make his case.

“Your honor, Kris Kobach, Kansas secretary of state,” he told the judge. He went on to defend the actions of the director of the elections agency who had single-handedly rewritten voter registration rules, prompting an immediate challenge from civil rights groups.

Kobach, 50, first entered the national spotlight several years ago when he advised Mitt Romney on the idea of “self-deportation” for illegal immigrants during the 2012 presidential campaign. A former chairman of the Kansas Republican Party, Kobach also wrote Arizona’s strict “show

me your papers” immigration law, and he has helped lead the fight against President Obama’s executive actions on immigration.

But now Kobach is the gladiator in a different battle — a major figure in a national movement to add more requirements for Americans to vote or register to vote. Since the Supreme Court struck down in 2013 a key part of the Voting Rights Act, Kobach has been at the center of many legal skirmishes over voting requirements that have popped up nationwide.

Sixteen states have made changes that will be in effect for the first time in a presidential election, many of them requiring photo identification at the polls. Kobach has gone a step further — pushing for states to demand proof of citizenship, such as a passport or a birth certificate, before allowing people to even register to vote. Election-law experts say the effort could reduce turnout in November.

In Kansas, according to the American Civil Liberties Union, about 37,000 people who were trying to register to vote were on a “suspense list” last fall and were barred from voting unless they produced documentation. Nearly 90 percent of them were because of the proof-of-citizenship requirement, the ACLU said.

And it was just such a citizenship measure that drew Kobach to the federal courtroom in Washington.

A new executive director of the bipartisan Election Assistance Commission (EAC), a little-known federal agency that is supposed to help states run elections, unilaterally altered the instructions on the federal voting registration form for three states — Alabama, Georgia and Kansas — requiring residents to show documents that prove they are U.S. citizens before they can register to vote.

The director, Brian D. Newby, also from Kansas and a former colleague of Kobach’s, made the change in late January without consulting the agency’s three commissioners, bringing the matter to a vote or explaining his actions, according to the League of Women Voters and other civil rights groups that sued the agency on grounds that the change will make it harder for thousands of Americans to vote this fall.

“This is not Russia, this is not Nazi Germany,” Michael Keats, the attorney representing the groups, told the judge. “We provide reasoning. We explain our decisions. . . . We don’t do that in this country. . . . People in real time are trying to register. The confusion this is causing, the chilling effect that this is causing, is real.”

But Kobach said the EAC director made the voting-form change after Kobach requested it, arguing he had evidence that in Kansas there was “a significant number of aliens who became registered to vote because there were no proof-of-citizenship requirements.”

“Eighteen cases, newly discovered cases of aliens in one county . . . alone,” Kobach told the judge. “That was a lot of evidence.”

A powerful perch

Most secretaries of state are longtime bureaucrats who focus quietly on overseeing their state’s election processes, and become known to the wider public only if something goes awry on Election Day.

Kobach is different. With degrees from Harvard, Yale Law School and Oxford University, where he earned a doctorate in politics, he has turned his perch in Kansas into a powerful national platform for his ideas.

In a recent interview in his Topeka office, Kobach defended his efforts to require proof of citizenship from voters.

“My view is that it should be easy to vote, but hard to cheat,” said Kobach, a former law professor at the University of Missouri at Kansas City. “The reason we have to do this is there is a significant problem in Kansas and in the rest of the country of aliens getting on our voting rolls. With so many close elections in Kansas, having a handful of votes that are cast by aliens can swing an election.”

When asked for examples, Kobach said the “most notorious case” occurred in 1997 over a referendum on hog farming. According to him, a county clerk testified that more than 50 employees of a hog operation just over the line in Oklahoma sent in registration applications, many with made-up addresses in a Kansas county. On the day of the election, the county clerk said the non-citizens from Oklahoma were bused into Kansas in a van to vote. The referendum did not pass, and no charges were filed.

Election-law experts say that there is no evidence of significant voter fraud in this country and that Kobach is intentionally trying to make it more difficult for minority voters who tend to vote Democratic. In perhaps the most comprehensive study of voter fraud in the nation, a study of allegations of voter fraud from 2000 to 2014 by Justin Leavitt, a California law professor — who is now the deputy assistant attorney general in the Justice Department’s Civil Rights Division — found only 31 “credible allegations” of voter impersonation out of 1 billion ballots cast.

“He’s a provocateur,” said Richard L. Hasen, an election-law expert at the University of California at Irvine. “Kobach has been a leader nationally in making irresponsible claims that voter fraud is a major problem in this country.”

A person registering to vote uses a state or federal form, often at the Department of Motor Vehicles or online. The federal form asks residents to swear that they are U.S. citizens. Until recently, there was no need to submit documents.

In 2011, Kansas Gov. Sam Brownback (R) signed a law — crafted by Kobach — with a strict voter ID requirement. Brownback has since given Kobach power to prosecute

voter-fraud cases, a power held by no other secretary of state, according to the ACLU.

Beginning in 2013, the Kansas voting law also required anyone who registers to vote to prove with documentation that they are a U.S. citizen. (Kobach has a framed copy of the law on his office wall.)

Kobach calls the Kansas voting law's burden on voters "so small as to be virtually nonexistent."

"The only burden is finding your birth certificate in your desk or wherever you keep it and taking a picture of it with your smartphone or making a copy and sending it in to the county or taking it in yourself," he said.

But two years after the Kansas law passed, Kobach hit a roadblock. In June 2013, the Supreme Court struck down a "proof of citizenship" law in Arizona, similar to the one in Kansas. The late justice Antonin Scalia, who wrote the majority opinion, said states could not impose a documentary proof-of-citizenship requirement for those who register to vote using the federal form.

Undeterred, Kobach decided that Kansans who used the federal form when registering to vote still had to provide the proper documents — or else they would not be able to vote in state and local elections.

The ACLU sued Kobach, citing the Supreme Court's ruling. In January, a Kansas state court ruled in favor of the ACLU.

Again, Kobach did not back down. There was potentially a way out of this seeming legal dead end — one that had been pointed out by Scalia in his majority opinion from 2013.

In his opinion, Scalia had given Arizona officials — and Kobach — a virtual roadmap about the next step they should take. A state that wanted to raise the bar for voter registration requirements could turn to the EAC.

"A state may request that the EAC alter the federal form to include information the state deems necessary to determine eligibility," Scalia wrote.

Justice Samuel A. Alito Jr. dismissed that avenue. "The EAC currently has no members, and there is no reason to believe it will be restored to life in the near future," he wrote.

An obscure commission The EAC, housed on the fourth floor of a pale-brown office building in downtown Silver Spring, Md., barely registers on anyone's radar in Washington.

Congress created it to assist states with elections after the 2000 presidential election controversy in Florida. It is also supposed to oversee the federal online voting form.

The agency has virtually no regulatory power, and from 2011 through 2014, all four commissioner positions were vacant, so the agency could not conduct any public meetings.

Obama was supposed to nominate commissioners — two Republicans and two Democrats. Currently, there is only one Democrat and two Republicans. To change policy, three

commissioners must be in agreement, and the White House has not nominated another Democratic commissioner.

The agency also had no executive director until the three commissioners chose Newby last fall. At that time, Newby was a Kansas county election commissioner whom Kobach reappointed to his state job.

When he was a finalist for the job of EAC executive director, Newby wrote an email to Kobach saying he never would have been considered for the position without his support, according to the Associated Press, which obtained it through a public records request.

"I think I would enter the job empowered to lead the way I want to," Newby said in the email to Kobach, also noting that he was friends with two of the EAC commissioners.

"I wanted you in the loop, in part because of other issues in the past with the EAC," Newby continued. "I also don't want you thinking that you can't count on me in an upcoming period that will tax our resources."

Kobach had previously asked that the EAC change its federal form to require proof of citizenship, but his request was denied. Two weeks after Newby joined the agency in November, Kobach wrote a letter to ask again. Newby's answer was yes.

A couple of months later, Newby sent letters to officials in three Republican-led states — Alabama, Georgia and Kansas — and changed the instructions by adding proof-of-citizenship requirements to the forms used in those states.

Newby said he did not consult all the commissioners since the changes were not related to "policy" and so he did not need their approval.

Newby did not respond to a request for an interview. But in a deposition, he said he changed the form after receiving a spreadsheet from Kobach that appeared to show new evidence of voter fraud in one Kansas county.

The spreadsheet, listing "Kansas aliens," showed two categories of people. The first had seven individuals Kobach said were non-citizens who wound up on the voting rolls before Kansas's proof-of-citizenship law took effect in 2013. In six of the seven cases, the people never voted.

The second group included 11 people who Kobach says were not citizens and were stopped from registering to vote, with at least one openly telling the election office he was not a citizen.

None of the people Kobach cited were charged.

After Newby's decision, the single Democratic commissioner, Chairman Thomas Hicks, released a statement calling for Newby's action to be withdrawn. Hicks said the change "contradicts policy and precedent previously established by this commission." The two other commissioners did not respond to requests for an interview.

Newby acted "without legal authority, without public notice and in direct opposition to the Election Assistance Commission's repeated rejection of such changes," said Dale

Ho of the ACLU, which has also sued the EAC. "His abuse of power is unacceptable and illegal."

The League of Women Voters and several other civil rights groups sued the EAC, arguing that the change will make it harder for minorities, students and elderly people to vote, because they are more likely to have trouble tracking down a birth certificate or passport.

"Voters should not have to face an obstacle course in order to participate in our democracy," said Elisabeth MacNamara, the league's national president.

The case against the EAC in federal court could take at least six months to wind through the legal system with district court hearings, briefs and a possible appeal to the D.C. Circuit, which means the requirement of proof of citizenship could stand in three states for the presidential election.

"Is this going to be resolvable between now and November?" Judge Leon said to the lawyers from both sides at the end of the most recent hearing. "Think about it. It's a very practical problem."

Students Say Free Speech Is Alive, With One Big Exception

By Daniel Victor

[New York Times](#), April 7, 2016

The college campus, long a home to spirited protests and expressions of provocative opinions, can also be home to safe spaces, trigger warnings, news media restrictions and rules about what can be written in chalk on the sidewalks.

But most students don't believe that their First Amendment rights are under attack, according to a new Gallup survey: 73 percent said they thought their freedom of speech was secure.

There was one notable exception along racial lines: While 70 percent of white students said that their right to assemble was secure, just 39 percent of black students said the same.

The survey, based on phone interviews with 3,072 United States college students and 2,031 adults, was sponsored by the John S. and James L. Knight Foundation and the Newseum Institute and released on Monday.

The study showed that students hold complicated views about the limits of free speech.

Seventy-six percent said they believed the freedom to petition the government was secure, and students said they were eager to hear perspectives on contentious issues other than their own.

"In principle, college students really do favor environments where one can be exposed to all sorts of views," the Knight Foundation's vice president of learning and impact, Sam Gill, said in a phone interview.

Yet, 54 percent of the students surveyed said their campuses had less-than-open environments, which prevent

colleagues from saying what they believe out of fear of offending people. They drew a distinction between political speech and hate speech, supporting efforts to curb speech that would offend specific groups but not opposing political viewpoints.

Students were more optimistic than other adults in the security of their rights. While 73 percent of students said their freedom of speech was secure, just 56 percent of adults did. (And 64 percent of adults said they believed that press freedoms were safe.)

In the abstract, 70 percent said students should not be able to restrict the news media from covering protests on campus. But when faced with specific situations, they were much less certain. Almost half of the students said reporters should be denied access if protesters believe the reporting would be biased (49 percent), if the protesters want to be left alone (48 percent) and if the protesters want to tell their own story online (44 percent).

Black and female students were more likely to find the restrictions acceptable, the survey found.

"They're clearly divided about the notion that they can ask to be left alone," Mr. Gill said.

While protests have long been a staple of college campuses, the ability of students to create their own messages via social media has created tension with journalists, whom they increasingly distrust. In one high-profile example, students built a physical barrier between protesters and journalists at the University of Missouri last year, and Melissa Click, a professor, asked for "muscle" to remove a student journalist. She was later fired.

Correction: April 6, 2016

An earlier version of this article misstated the affiliation of Sam Gill. He is vice president of learning and impact of the Knight Foundation, not Gallup. Continue reading the main story

FEC Questions Congressman Over Video Game Purchases

By Andrew Blake

[Washington Times](#), April 6, 2016

Rep. Duncan Hunter, California Republican, was asked by federal investigators Monday to explain why \$1,302 in campaign funding was used to pay for video games.

An analyst for the Federal Election Commission sent a letter to Mr. Hunter's campaign office in El Cajon, California, this week concerning 68 separate purchases the lawmaker made last year to Steam Games, an online gaming portal.

The purchases were included on the congressman's campaign finance disclosure for 2015 year-end with the notation "personal expense — to be paid back," but the San Diego Union-Tribune reported that Mr. Hunter has yet to follow through.

Bradley Matheson, a senior campaign finance and reviewing analyst for the FEC, wrote that the purchases appear “to possibly constitute personal use of campaign funds by the candidate.”

FEC rules state that campaign funds are to be used “for bona fide campaign or political purposes only” and cannot be used “to enhance a member’s lifestyle, or to pay a member’s personal obligations.”

“If the disbursement in question does indeed constitute personal use, the committee should seek reimbursement for the appropriate amount of the personal use violation from the beneficiary,” Mr. Matheson wrote.

Joe Kasper, spokesman for Mr. Hunter, told the Union-Tribune the congressman’s teenage son used his father’s credit card to purchase a single game off Steam last year, but several unauthorized charges appeared soon after while the lawmaker attempted to block access to the website.

Mr. Hunter is currently fighting those charges and has no plans to reimburse the committee until the matter is resolved, Mr. Kasper said.

Mr. Hunter has until May 9 to respond to the FEC, and failure to do as much could prompt investigators to conduct an audit, the letter stated.

Mr. Hunter, 39, defended violent video games in a 2013 op-ed for Politico, challenging the notion that children learn “lethal skills” by gaming.

“The problem with this rationale is that it conveys an image that America’s youth are incapable of discerning right from wrong, which simply is not true,” he wrote.

The congressman recently made headlines when he openly vaped from an e-cigarette during a House hearing in February.

Attorneys For Former House Speaker Dennis Hastert Seek Probation For Their Client

By Matt Zapposky

[Washington Post](#), April 6, 2016

Attorneys for former U.S. House Speaker and Illinois Republican Dennis Hastert on Wednesday asked a federal judge to sentence their client to a term of probation, saying he was in poor health and already thoroughly shamed by the criminal case against him.

Hastert, 74, pleaded guilty last year to violating federal banking laws, admitting in a deal with prosecutors that he withdrew money from banks in increments low enough to avoid mandatory reporting requirements and that he paid someone to keep decades-old misconduct a secret.

That dull charge revealed more sinister allegations against Hastert, a former teacher and wrestling coach in a high school. A federal law enforcement official has said that the person paid off was a former male student of Hastert’s

who alleged that the former speaker sexually molested him years ago.

Writing that the sentencing later this month “will be the most difficult day in Mr. Hastert’s life,” the former speaker’s attorneys urged a federal judge to consider his deep remorse and his significant medical problems.

“Mr. Hastert’s fall from grace has been swift and devastating,” Hastert’s attorneys wrote. “Neither we as his lawyers, nor Mr. Hastert, have the present insight to understand and reconcile the unfortunate and harmful incidents he caused decades ago with the enduring achievements, leadership, and generosity that earned him extraordinary affection and respect throughout this country during his many years of public service.”

Hastert is scheduled to be sentenced on April 27. Federal sentencing guidelines call for him to face zero to six months in prison, although the judge could deviate from that range.

A spokesman for the U.S. Attorney in Chicago declined to comment on Hastert’s request for probation, saying prosecutors would file their written response by the Friday deadline.

The sentencing is likely to be an emotional affair. Another man leveling allegations of sexual misconduct against Hastert emerged last month, and prosecutors said he is mulling whether to testify at the sentencing hearing. Also expected to speak is a Montana woman who has said her brother, too, was abused by Hastert decades ago while he was a student manager on the wrestling team that Hastert coached.

Hastert’s own sentencing memo makes no specific mention of the sexual abuse allegations, instead focusing on the good he did — both in politics and as a teacher and coach in Illinois — and the humiliation he felt.

Hastert, his attorneys wrote, asked to have his name removed from Wheaton College’s J. Dennis Hastert Center for Economics, Government, and Public Policy because “he wanted to minimize the repercussions felt by the school and its students.”

Hastert’s attorneys also provided extensive details about his failing health, writing that he “needs assistance getting out of bed, toileting, bathing, and dressing himself.”

Dennis Hastert Feels ‘Deep Regret’ But Asks Judge For Probation

By Jon Seidel

[Chicago Sun-Times](#), April 6, 2016

Ten months after the feds shattered Dennis Hastert’s legacy with a devastating indictment, lawyers for the once-powerful Republican said he is “deeply sorry,” “overwhelmed by the guilt he feels,” and “prepared to accept the consequences.”

Then they asked a judge not to send the former U.S. House speaker to prison.

"Despite his mistakes in judgment and his transgressions, for which he is profoundly sorry, we implore this court, in imposing sentence, to consider the entirety of Mr. Hastert's life," Thomas Green, one of Hastert's lawyers, wrote in a highly anticipated court filing Wednesday that sought probation.

Hastert's legal team made the plea for mercy in a nine-page sentencing memo, noting Hastert's "fall from grace has been swift and devastating." It also, for the first time, both apologized for Hastert's conduct and described the calamitous effect of his prosecution on the former speaker, his family and his reputation.

However, references to "unfortunate and harmful incidents," "transgressions" and "misconduct" are as close as Hastert's lawyers came to acknowledging the alleged sexual abuse underlying his case.

Hastert, 74, pleaded guilty to a financial crime in October, striking a deal with prosecutors that will likely land him a sentence of no more than six months. Prosecutors have yet to file their sentencing recommendation, which is due Friday.

Once second in line to the presidency, Hastert is set to be sentenced April 27. His lawyers wrote in their memo that it "will be the most difficult day in Mr. Hastert's life."

"He will stand before the court having deteriorated both physically and emotionally, undoubtedly in part due to public shaming and humiliation of an unprecedented degree," Green wrote.

Green pointed to Hastert's lifetime of public service, the shame already borne by Hastert and his family, and Hastert's ailing health.

"Mr. Hastert has enriched the lives of so many over his lifetime, including his family, his employees, his students, his mentees, his constituents, and others who he has met along the way," Green wrote.

He wrote that Hastert is "humbled and extremely grateful to his family for their continued support." However, Hastert has been "stung" by public repudiations such as the removal of his portrait from the U.S. Capitol.

"Many of Mr. Hastert's friends and colleagues have cut off contact with him due to the public allegations, which Mr. Hastert understands, but the loss of their friendship nonetheless is additional cause for his despair," Green wrote. "Mr. Hastert knows that the days of him being welcomed in the small towns he served all of his life are gone forever."

Hastert is also "tormented by the thought that this disgrace will follow his family members who are guilty of nothing more than sharing his last name," Green wrote. The former speaker is particularly concerned for his wife.

The media hounded the couple after Hastert's indictment, and his lawyers say the press "flooded their

driveway," navigated a forest preserve to take photos through their windows and followed them to Wisconsin.

Meanwhile, lawyers repeated the claim that Hastert "nearly died" in the days after his guilty plea, as he suffered from a severe form of sepsis and a small stroke.

The case against Hastert revolves around the so-called "Individual A," whose identity has yet to be revealed. Hastert promised to pay \$3.5 million to "Individual A" to cover up sexual misconduct with the former male student, sources have told the Chicago Sun-Times.

Hastert admitted in October he illegally withdrew a total of \$952,000 from the bank in increments that would avoid raising red flags, and he acknowledged he lied to the FBI. "Individual A" ultimately collected \$1.7 million.

Meanwhile, the secrecy around Hastert's case only deepened recently when U.S. District Judge Thomas M. Durkin began holding hearings in the case without notice to the public. A partial transcript of one hearing revealed the existence of an "Individual D," who may testify against Hastert.

The judge also used that March 22 hearing to acknowledge, for the first time on the record, the sexual abuse allegations at the heart of the case.

"Let's not beat around the bush," Durkin said. "If Individual D wants to come in and talk about being a victim of sexual abuse, he's entitled to do so because that informs my decision about the history and characteristics of the defendant. It's that simple."

Hastert Says He's 'Deeply Sorry' For Misconduct Decades Ago

By Jason Meisner

[Chicago Tribune](#), April 6, 2016

Three weeks before Dennis Hastert faces sentencing on hush-money charges, his lawyers laid out their reasons for probation in a court filing Wednesday that says the former U.S. House speaker is "profoundly sorry" for the harm he caused others decades ago.

The carefully worded filing suggests Hastert's attorneys will likely have to walk a fine line when he is sentenced April 27 by U.S. District Judge Thomas M. Durkin.

While Hastert feels remorse for those he has harmed, his lawyers said, they stopped short of acknowledging accusations he sexually abused students when he was a teacher and wrestling coach at Yorkville High School. In fact, they singled out his teaching and coaching background for praise, saying he chose that career path to "make a difference in the lives of young people."

They also contended that Hastert had "reshaped his life" many years ago.

In their appeal for mercy, Hastert's lawyers appeared to rely on a number of tried-and-true arguments in federal court

— most notably that his transgressions pale in comparison to the accomplishments of his otherwise law-abiding life and that the humiliation and shame brought by the indictment itself were punishment enough.

Like many other defendants, Hastert's sentencing filing also plays up what his lawyers say is his deep religious conviction, his devotion to his family and recent health concerns that could make serving time in prison extraordinarily difficult for the 74-year-old.

"What we do know is that he will stand before the Court having deteriorated both physically and emotionally, undoubtedly in part due to public shaming and humiliation of an unprecedented degree," wrote Hastert's attorneys, Thomas Green and John Gallo.

In pleading guilty to an illegal bank structuring charge in October, Hastert admitted he arranged with a person identified only as Individual A to pay a total of \$3.5 million to cover up misconduct from decades ago while he was a high school wrestling coach and teacher in Yorkville. He also admitted lying to FBI agents when questioned in 2014 about suspicious bank withdrawals.

Though the plea agreement and the original indictment only hint at the alleged wrongdoing, federal law enforcement sources have told the Tribune that Hastert was paying to cover up the sexual abuse of a student from decades earlier.

Last month, it was revealed in open court that another alleged sexual abuse victim identified only as Individual D had recently come forward and was considering testifying at Hastert's sentencing. In addition, the sister of a deceased third victim is expected to testify that her brother had told her Hastert abused him when he was a student and wrestling team manager.

Judge postpones Hastert's sentencing due to former speaker's health

A federal judge agreed to delay sentencing for former U.S. House Speaker Dennis Hastert in his hush-money case after the Illinois Republican's attorneys revealed he nearly died in November when he suffered a severe blood infection. Jan. 28, 2016. (CBS Chicago)

A federal judge agreed to delay sentencing for former U.S. House Speaker Dennis Hastert in his hush-money case after the Illinois Republican's attorneys revealed he nearly died in November when he suffered a severe blood infection. Jan. 28, 2016. (CBS Chicago)

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The details could prove crucial in determining whether Hastert gets prison time. His plea agreement with prosecutors recommends a sentence ranging from probation to up to six months behind bars — the lowest possible sentence under federal guidelines for a felony conviction.

Prosecutors could reveal more details of the alleged abuse in a sentencing memorandum that's due Friday.

In their filing, Hastert's attorneys recounted his rise from humble beginnings as a small-town schoolteacher to the longest-serving Republican House speaker in U.S. history. His "swift and devastating" fall from grace after his bombshell indictment in 2015 left him in a "state of despair caused by extreme isolation and the withdrawal of support from many friends and former colleagues," the filing stated.

The media frenzy that followed left Hastert's reputation in tatters, his lawyers said. Television news trucks camped out for days on the lawn of Hastert's Plano home, helicopters circled overhead and reporters even followed his family to Wisconsin when they tried to escape the intense scrutiny, according to the filing.

As he awaited trial in virtual hiding, Hastert's portrait was removed from the U.S. Capitol, he was forced to withdraw from numerous boards and institutions, and the tight-knit community that had long been his base of support turned against him, his lawyers said.

"Mr. Hastert knows that the days of him being welcomed in the small towns he served all of his life are gone forever," the filing said. "He knows that, for the rest of his life, wherever he goes, the public warmth and affection that he previously received will be replaced by hostility and isolation."

The filing also noted Hastert's fragile medical condition, which was first revealed earlier this year when his attorneys disclosed in court that Hastert had nearly died of a rare blood infection and stroke in November.

Hastert must often use a wheelchair and needs assistance getting out of bed, going to the bathroom, bathing and dressing himself, the filing stated.

Durkin has appointed a doctor from Northwestern Memorial Hospital to review Hastert's health records in advance of his sentencing.

Hastert admitted in his plea agreement he paid about \$1.7 million in hush money to Individual A beginning in June 2010, first by making \$50,000 bank withdrawals and giving the cash to Individual A at meetings that occurred about every six weeks.

But after bank officials warned Hastert in April 2012 that such large withdrawals had to be reported to financial regulators, he began illegally structuring the transactions in increments of less than \$10,000 to avoid federal reporting requirements, according to the plea agreement. Over the next 21/2 years, Hastert made a total of 106 withdrawals in increments of less than \$10,000, totaling \$952,000.

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With One Change, This School Doubled The Number Of Kids Eating School Breakfast

By Moriah Balingit

[Washington Post](#), April 6, 2016

Less than 10 percent of students at Frederick Douglass Elementary in Leesburg were eating school breakfast last school year, and educators noticed the impact: Students were fidgety and cranky and sometimes had to leave class to see the school nurse because of stomach aches.

About one-third of the Loudoun County school's students qualify for free- or reduced-price meals, but many of those children were not eating breakfast at school. The reason? Students were worried a sit-down breakfast in the cafeteria would make them late in the midst of the rush to get to class.

Cathy Wilson, the school's cafeteria manager, said she believed the bustling cafeteria was intimidating some students so much that they just didn't want to walk in.

So Wilson came up with a solution: Let children grab their breakfasts and go straight to class with the meals.

The idea, implemented at the start of 2015, has had dramatic results. The number of students eating school breakfast has more than doubled from the start of last school year to this school year, going from 60 to 130.

The program gained the attention of Katie Wilson, deputy undersecretary for Food, Nutrition and Consumer Services at the Agriculture Department, who visited the school during School Breakfast Week in March, according to Loudoun Now.

Educators have long recognized the importance of breakfast for helping children learn and stay focused, as eating breakfast has been linked to higher test scores and lower rates of childhood obesity. But there have been challenges to getting children — even those who qualify for free breakfast because they come from low-income families — to chow down in the morning.

"It's what your mom always told you. Breakfast is the most important meal of the day," said Becky Domokos-Bays, supervisor of school nutrition services for Loudoun County schools. "You need to get a balanced nutritious meal in the morning so your brain can start working."

Katie Wilson, who previously worked as a school nutrition director in Wisconsin, said children there who qualified for free and reduced meals tended to avoid school breakfast because they worried about being tagged as poor while their more affluent classmates ate breakfast at home.

Getting breakfast out of the cafeteria and into the classroom could erase some of the stigma. Frederick Douglass Elementary draws from affluent and extremely poor communities, but Domokos-Bays said the program also has boosted participation among wealthier students who pay full price.

"We typically get more paying students to participate as well since they also want to be like their friends," Domokos-Bays said.

Virginia Gov. Terry McAuliffe (D) included \$537,000 in additional funding for school breakfast in his proposed budget

so that schools can try out alternative ways of serving breakfast.

No Kid Hungry, an advocacy group that works on childhood hunger issues, has pushed alternative delivery models as a way to get more students to eat breakfast.

School meals have been seen as a critical way to reduce childhood hunger for students who come from households in poverty. Even in wealthy Loudoun County, nearly 20 percent of schoolchildren qualify for free- and reduced-price meals, and more than 1,000 children are homeless. More than half of public-school children nationwide qualify for free- and -reduced-price meals.

At Frederick Douglass, the most marked increase in participation came among children who qualify for free school meals. The school was serving an average of 33 free breakfasts to qualifying children last year. Now, the cafeteria serves an average of 73 free breakfasts, meaning about 40 percent of children who qualify for free meals are eating school breakfast. That's good news for children who might not have been eating at home.

Countywide, about one-third of all children who qualify for free meals eat school breakfast. The county serves an average of 5,538 breakfasts every day, up 24 percent from the same time last year, but that still represents less than 10 percent of the district's student body.

It also has had a soothing effect for otherwise hectic mornings. Children now eat their school breakfasts — which can include a cheese stick, a sausage sandwich, fruit, zucchini bread and other options — during morning announcements. They no longer have to sprint to class or chug a milk carton to make it to class on time.

The program has created "a much calmer start to the day for everybody," Principal Paula Huffman said. "The kids aren't stressed about being late to class."

Some classrooms are exempt from the program. Kindergarten students still eat breakfast in the cafeteria because they need extra supervision. Students who come from classrooms that are designated food-free because of children with severe food allergies also continue to eat in the cafeteria.

Huffman said the classroom breakfasts have not disrupted learning, which was a concern among some teachers.

"We don't really have any food fights in the classroom," Huffman said.

Katie Wilson said Frederick Douglass Elementary's administration "really embraced wellness." She views breakfast as an important tool for a child's success in school, adding that every teacher wants "every tool possible for that child to be successful."

Car Buyers Should Decide The Winner In Tesla's Fight With Dealerships

[Washington Post](#), April 6, 2016

AMERICA IS the land of the free — unless your idea of freedom includes a right to build cars and sell them directly to the public, rather than through a third party. For those who try to do that, America morphs into a semi-feudal system of state-law trade barriers and bureaucracy whose ostensible purpose is to protect consumers but whose actual one is to protect incumbent holders of automobile retail franchises, as expert testimony confirmed at a Federal Trade Commission conference on the subject in January.

This system, whose origins lie in a distant past where three major U.S. automakers made the vast majority of cars sold in the United States, and exercised power over dealers accordingly, is badly in need of innovation.

Enter Tesla Motors, the all-electric carmaker from Silicon Valley. Tesla has been taking on the dealers all over the country, and running into resistance from them — including in Virginia, where the company is bidding to open a direct-to-consumer car store in Richmond to go with the one it already has in Tysons Corner. Virginia, like most other states, prohibits new-car sales by anyone but a licensed dealer. Tesla was allowed to open in Tysons Corner only after it threatened to sue, which forced the state and the Virginia Automobile Dealers Association to negotiate a deal. Now Tesla is once again before a hearing officer of the state's Department of Motor Vehicles, being forced to explain why it would be in "the public interest" to open a Richmond store. The ultimate decision-maker after the hearing, which was recessed until another session April 25, will be the same state commissioner who initially rejected Tesla's Tysons Corner bid.

A Tesla executive had to make his case in the face of cross-examination by a lawyer for the Virginia dealers association, which, like its counterparts in state capitals elsewhere, is accustomed to getting its way. The dealers' remarkable position is that Tesla can sell in Virginia, as long as it sells through one of them. In truth, the economic stakes for Virginia's incumbent dealers are relatively modest, given Tesla's market share, which won't be substantial even if its newly announced mass-market electric model does catch on with buyers eventually. What's really key is the precedent that could be set by allowing a car manufacturer, any car manufacturer, to offer its wares directly to the public. If such a new distribution model proved competitive with the old one, as Tesla — and several experts who spoke at the FTC conference — maintain it might well be, the whole edifice of dealer privilege could come tumbling down.

Dealers maintain that laws protecting their business model ensure that customers have a reliable partner for warranty repairs, and for all the complicated paperwork

involved in financing what is, after a house, the largest purchase most people will ever make. For all we know, they're right; but it would seem that the way to settle the matter is to let competitors do battle for the business and have the customer decide. Last time we checked, that's the American way.