

Web's Reach Binds N.S.A. and Silicon Valley Leaders

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A Skype executive [denied last year in a blog post](#) that recent changes in the way Skype operated were made at the behest of Microsoft to make snooping easier for law enforcement. It appears, however, that Skype figured out how to cooperate with the intelligence community before Microsoft took over the company, according to documents leaked by Edward J. Snowden, a former contractor for the N.S.A. One of the documents about the Prism program made public by Mr. Snowden says Skype joined Prism on Feb. 6, 2011.

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Microsoft executives are no longer willing to affirm [statements](#), made by Skype several years ago, that Skype calls could not be wiretapped. Frank X. Shaw, a Microsoft spokesman, declined to comment.

In its recruiting in Silicon Valley, the N.S.A. sends some of its most senior officials to lure the best of the best. No less than [Gen. Keith B. Alexander](#), the agency's director and the chief of the Pentagon's Cyber Command, showed up at one of the world's largest hacker conferences in Las Vegas last summer, looking stiff in an uncharacteristic T-shirt and jeans, to give the keynote speech. His main purpose at Defcon, the conference, was to recruit hackers for his spy agency.

N.S.A. badges are often seen on the lapels of officials at other technology and information security conferences. "They're very open about their interest in recruiting from the hacker community," said Jennifer Granick, the director of civil liberties at Stanford Law School's Center for Internet and Society.

But perhaps no one embodies the tightening relationship between the N.S.A. and the valley more than Kenneth A. Minihan.

A career Air Force intelligence officer, Mr. Minihan was the director of the N.S.A. during the Clinton administration until his retirement in the late 1990s, and then he ran the agency's outside professional networking organization. Today he is managing director of Paladin Capital Group, a venture capital firm based in Washington that in part specializes in financing start-ups that offer high-tech solutions for the N.S.A. and other intelligence agencies. In effect, Mr. Minihan is an advanced scout for the N.S.A. as it tries to capitalize on the latest technology to analyze and exploit the vast amounts of data flowing around the world and inside the United States.

The members of Paladin's strategic advisory board include Richard C. Schaeffer Jr., a former N.S.A. executive. While Paladin is a private firm, the American intelligence community has its own in-house venture capital company, [In-Q-Tel](#), financed by the Central Intelligence Agency to invest in high-tech start-ups.

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Many software technology firms involved in data analytics are open about their connections to intelligence agencies. Gary King, a co-founder and chief scientist at Crimson Hexagon, a start-up in Boston, said in an interview that he had given talks at C.I.A. headquarters in Langley, Va., about his company's social media analytics tools.

The future holds the prospect of ever greater cooperation between Silicon Valley and the N.S.A. because data storage is expected to increase at an annual compound rate of 53 percent through 2016, according to the International Data Corporation.

"We reached a tipping point, where the value of having user data rose beyond the cost of storing it," said Dan Auerbach, a technology analyst with the Electronic Frontier Foundation, an electronic privacy group in San Francisco. "Now we have an incentive to keep it forever."

Social media sites in the meantime are growing as voluntary data mining operations on a scale that rivals or exceeds anything the government could attempt on its own. "You willingly hand over data to Facebook that you would never give voluntarily to the government," said Bruce Schneier, a technologist and an author.

James Risen reported from Washington, and Nick Wingfield from Seattle. Kitty Bennett contributed reporting.

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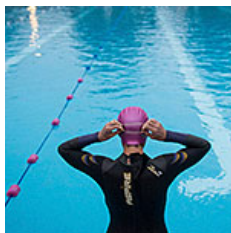
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