

Criminal probe led gov't to change release of data

July 10 2012, by DANIEL WAGNER

(AP) — Federal criminal and civil investigators looked into possible leaks of economic data that the U.S. government provides early to news organizations, according to a report released Tuesday by the Labor Department.

The Securities and Exchange Commission, the FBI and the Labor Department's inspector general are among the authorities that reviewed possible leaks over the past four years, according to the report. It's unclear whether any of their probes are continuing or have resulted in any charges. None of the three agencies had an immediate comment.

But the investigations have led the Labor Department to tighten security surrounding its release of economic data, including the monthly employment report.

The room where news organizations, including The Associated Press, receive early copies of the employment report is supposed to be secure. Before the data were released, reporters gave up their cell phones and temporarily lost Internet access. But the system still suffered from security flaws, according to the report conducted by Sandia National Laboratories on behalf of the Labor Department.

As part of the Labor Department's review of its security policies, it looked into which news organizations should or should not be allowed to receive early access to economic data. Officials said their decisions were based on whether a news outlet produces original reporting and

distributes it to a wide audience.

The report says Labor officials raised concerns about self-identified [news organizations](#) that primarily serve high-speed stock traders. It notes that high-speed traders can profit from having the data even a split-second before its public release.

The department in May revoked access for a handful of companies that deliver data to high-speed traders but produce little or no original news content. Among them is Need to Know News, part of Deutsche Boerse Group, which produces no original news content. The company offers audio and computer delivery of economic data, according to its website.

Labor also revoked access for RTTNews, among others.

The SEC and federal law enforcement authorities have been engaged in a broad investigation of insider trading in recent months. It's resulted in dozens of charges and several high-profile convictions, mostly of hedge fund employees. Authorities have disclosed no investigations involving leaked economic data.

Sandia's report outlines ways that technology could be used to bypass security and prematurely leak the data. The report describes several categories of potential security breaches, including hidden transmitters in computer equipment and compromised phone or data lines.

Recipients of such data could have made money by trading improperly on the information. The report didn't say that any data had actually been leaked.

The government arranges "lock-ups" to give reporters 30 to 60 minutes to review economic data and prepare news stories before the data are publicly released. Reporters turn over their cell phones to Labor staff,

have no Internet access and can't leave the room before the data are made public.

The department says it commissioned a report after it was approached by regulatory agencies concerned that the data might be vulnerable to leaks.

Sandia is a government contractor that safeguards the nation's nuclear secrets and performs other security services. Many details of its report were blacked out. But the report recommends ways to prevent leaks.

Since Sandia completed its report in August, department officials have been crafting the new security measures and rolling them out. Reporters can now bring only paper and pens into the lockups. Access to communications equipment has been restricted.

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