Chinese Woman at Center of Possible Arizona Data Breach Loses U.S. Citizenship

By Matthew Hendley
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Last week, we told you about a story from the nonprofit investigative journalism outlets ProPublica and the Center for Investigative Reporting that explored how a Chinese national gained access to all kinds of sensitive records, such as the Arizona driver's license database, before he disappeared.

The meat of the story: "[T]he people responsible for hiring [Lizhong] Fan say one thing is clear: The privacy of as many as 5 million Arizona residents and other citizens has been exposed."

It turned out that the Chinese nationals who became involved in Arizona were suspected by federal officials of being spies, and Sheriff Joe Arpaio's former chief deputy David Hendershott was instrumental in connecting the Chinese nationals with a contract in law enforcement.

Now, it turns out that one of the key Chinese nationals in the story is losing her U.S. citizenship, according to the latest article from reporter Ryan Gabrielson.

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According to the initial report, Hendershott had become friends with Steve Greschner, who was the head of a security company called Hummingbird Defense Systems. Hendershott had helped Hummingbird get a contract with the Sheriff's Office to implement facial-recognition software.

From the story:

"... Hendershott first hired Hummingbird in 2003 to use its facial recognition software to watch for sex offenders at a Phoenix elementary school. The sheriff's office installed it soon after at its outdoor jail, famously known as Tent City. The fact that the technology flopped - one report by jail officials said a day's growth of a beard defeated its ability to accurately identify prisoners - didn't deter Arpaio's office, in the person of Hendershott, from encouraging [then-Governor Janet] Napolitano to put Hummingbird's technology to work at the intelligence center.

During all this, Greschner and Hummingbird partnered with a Chinese tech company, and according to the story, Greschner had "ceded significant control over Hummingbird's inner workings" to his Chinese partners. (Greschner also had a romantic involvement with one of the Chinese partners, Grace Li, according to the story.)

So after the company established a contract with the state's counter-terrorism center, the company installed a Chinese programmer there.

More from the story:

Hummingbird, without vetting [Lizhong] Fan further, sought his work visa, Greschner said, adding that he assumed law enforcement or other government officials took a closer look at the Chinese national. Greschner said he was asked by an official with the sheriff's department in 2006 to provide a numeric code for Fan's name, often used in investigations to pinpoint Chinese identity, which he did. In the application, Greschner said that Fan possessed skills not readily available in the U.S.

The Maricopa County Sheriff's Office endorsed Fan as well. In a September 2006 letter to the U.S. Citizenship and Immigration Services, a senior sheriff's official wrote that Fan already "demonstrated an extensive knowledge of the esoteric science" that converts human faces into data points. Such knowledge "appears to be" scarce.

Officials at the intelligence center discussed the wisdom of hiring a Chinese national for such sensitive work, according to Beasley, the counterterrorism director for the state's public safety department. Beasley said he opposed it without success.

"Was there a concern? Absolutely," Beasley said, "because China is not our friend." Cindy Bonomolo was the sheriff's deputy most often assigned to monitor Fan inside the intelligence center.

"I was told he did the facial recognition for Tiananmen Square," Bonomolo said in a June interview. "They said he was the best of the best. I have to say, this man was a genius."
Greschner said Fan looked quite at home in the center.

"It was like 'I was a member of the club' - you know what I mean?" Greschner said of Fan.

Bonomolo's ability to judge Fan's talent or oversee the integrity of his daily work in the intelligence center was not great. She'd chiefly served as a patrol or corrections officer within the sheriff's office. In an interview, she said she has no knowledge of computer science. Bonomolo said she had no reason to distrust Fan, and the two became close over discussions about her Christian faith. Fan became a Christian while in the U.S., she said.

Much of Fan's job involved moving terabytes of data to servers. There were driver's license records from the state, arrest files from county jails and criminal history data that had to be uploaded. Next, Hummingbird needed Fan to edit the facial recognition software so that it could reliably search all those different databases.

Fan had access to the center's main network, according to three sources with first-hand knowledge of Fan's work arrangements. From there, he would have been able to see the directory of federal agents and state police working at the Arizona counterterrorism center, said Haney, the retired immigration agent.

Thus, day after day, Fan enjoyed the rarest of access to confidential personal and investigative files.

Then, on the first Tuesday of June 2007, according to a former law enforcement official, Fan paid cash for airfare to Beijing at the Phoenix Sky Harbor International Airport ticket counter. Fan's luggage, Greschner and Li said, carried two laptops and additional hard drives.

The story names a source who says federal officials believe Grace Li is a spy. (The story also includes a photo of Hendershott and Li together.)

As noted above, the latest news is that Li lost her citizenship. Gabrielson reports Li "likely faces exile from the country" as a result of her conviction on an immigration-fraud charge. Li was accused of being married to two men at once, and lying about having children.

It's still not settled whether these people were actually involved in espionage, and whether millions of records of Arizonans have been stolen, but this latest story only thickens the plot. According to the latest story, one former Immigration and Customs Enforcement official told the reporter that "revoking citizenship has been used in situations that involved national security concerns, particularly when it involves false testimony, without disclosing secrets or such suspicions."

Meanwhile, Hendershott was forced out of MCSO a few years ago for various acts of misconduct.

Got a tip? Send it to: Matthew Hendley.

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