TESTIMONY OF
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Good morning Chairman Roberts, Vice-Chairman Rockefeller, and Members of the Committee. I would like to commend the Committee for placing a priority on holding this hearing and I welcome the opportunity to appear before you this morning. I believe it is critical that the American people be kept informed of what their government is doing to protect them from this nation's enemies.

As we enter the second year of the global war on terrorism, the United States and its allies have inflicted a series of significant defeats on al-Qaeda and its terrorist networks, both at home and abroad. The terrorist enemy, however, is far from defeated. Although our country's ultimate victory is not in doubt, we face a long war whose end is difficult to foresee. But make no mistake, Mr. Chairman, the enemies we face are resourceful, merciless, and fanatically committed to inflicting massive damage on our homeland, which they regard as the bastion of evil. In this war, there can be no compromise or negotiated settlement. Accordingly, the prevention of another terrorist attack remains the FBI's top priority as we strive to disrupt and destroy terrorism on our soil.

The FBI's efforts to identify and dismantle terrorist networks have yielded major successes over the past 17 months. We have charged 197 suspected terrorists with crimes—99 of whom have been convicted to date. We have also facilitated the deportation of 478 individuals with suspected links to terrorist groups. Moreover, our efforts have damaged terrorist networks and disrupted terrorist plots across the country:

- In Portland, where six have been charged with providing material support to terrorists.

- In Buffalo, where we arrested seven al-Qaeda associates and sympathizers indicted in September 2002 for providing material support to terrorism.

- In Seattle, where Earnest James Ujaama (aka Bilal Ahmed) has been charged with conspiracy to provide material support to terrorists and suspected of establishing a terrorist training facility in Bly, Oregon.

- In Detroit, where four have been charged with document fraud and providing material support to terrorists.

- In Chicago, where Benevolence International Foundation Director Enaam Arnaout has been charged with funneling money to al-Qaeda.

- And in Florida, where three US citizens were arrested for acquiring weapons and explosives in a plot to blow up an Islamic Center in Pinellas County in retaliation for Palestinian bombings in Israel.

Furthermore, we are successfully disrupting the sources of terrorist financing, including freezing $113 million from 62 organizations and conducting 70 investigations, 23 of which have resulted in convictions. Our investigations have also made it more difficult for suspicious NGOs to raise money and continue their operations. Donors are thinking twice about where they send their money—some questioning the integrity of the organization they are supporting and others fearful of being linked to an organization that may be under FBI scrutiny.

- Our financial disruption operations also include an international dimension. For example, the FBI was instrumental in providing information that resulted in the apprehension of a major money launderer for al-Qaeda and the Taliban. Since the arrest, the subject's hawala network has been disrupted and dismantled in the UAE and in Pakistan, in part due to the efforts of the FBI.

Despite these successes, the nature of the terrorist threat facing our country today is complex. International terrorists and their state sponsors have emerged as the primary threat to our security after decades in which the activities of domestic terrorist groups were a more imminent threat.

- Our investigations since the 1993 World Trade Center bombings and particularly since September 11 have revealed an extensive militant Islamic presence in the US, as well as a number of groups that are capable of launching terrorist attacks here.

- The al-Qaeda terrorist network headed by Usama Bin Laden is clearly the most urgent threat to US interests. The evidence linking al-Qaeda to the attacks of September 11 is clear and irrefutable, and our investigation of the events leading up to 9/11 has given rise to important insights into terrorist tactics and tradecraft, which will prove invaluable as we work to prevent the next attack.

There is no question that al-Qaeda and other terrorist networks have proven adept at defending their organizations from US and international law enforcement efforts. As these terrorist organizations evolve and change their

tactics, we, too, must be prepared to evolve. Accordingly, the FBI is undergoing momentous changes—including the incorporation of a more robust intelligence function—that will allow us to meet the terrorist threat head-on. I will briefly outline these changes, but first, Mr. Chairman, I will spend some time discussing the nature of the terrorist threat facing this country.

THE NATURE OF THE THREAT

The al-Qaeda network will remain for the foreseeable future the most immediate and serious threat facing this country. Al-Qaeda is the most lethal of the groups associated with the Sunni jihadist cause, but it does not operate in a vacuum; many of the groups committed to international jihad—including the Egyptian al-Gama'at al-Islamiyya, Lebanese 'Asbat al-Ansar, Somali al-Ittihad al-Islami, and Algerian Salafist Group for Call and Combat (GSPC)—offer al-Qaeda varying degrees of support.

- FBI investigations have revealed a widespread militant Islamic presence in the US.

- We strongly suspect that several hundred of these extremists are linked to al-Qaeda.

- The focus of their activities centers primarily on fundraising, recruitment, and training. Their support structure, however, is sufficiently well-developed that one or more groups could be ramped up by al-Qaeda to carry out operations in the US homeland.

Despite the progress the US has made in disrupting the al-Qaeda network overseas and within our own country, the organization maintains the ability and the intent to inflict significant casualties in the US with little warning.

- The greatest threat is from al-Qaeda cells in the US that we have not yet identified. The challenge of finding and rooting out al-Qaeda members once they have entered the US and have had time to establish themselves is our most serious intelligence and law enforcement challenge.

- In addition, the threat from single individuals sympathetic or affiliated with al-Qaeda, acting without external support or surrounding conspiracies, is increasing, in part because of heightened publicity surrounding recent events such as the October 2002 Washington metropolitan area sniper shootings and the anthrax letter attacks.

Our investigations suggest that al-Qaeda has developed a support infrastructure inside the US that would allow the network to mount another terrorist attack on US soil. Such an attack may rely on local individuals or use these local assets

as support elements for teams arriving from outside the US. The al-Qaeda-affiliated group we arrested in Lackawanna, New York is one example of the type of support available to the al-Qaeda network. These US citizens received military training in an al-Qaeda training camp in Afghanistan.

- Many of the US-based cells are relatively recent additions to the al-Qaeda network, leaving open the possibility that more established networks that significantly pre-date the September 11 attacks have been successful in evading detection.

- Besides funding and recruiting opportunities, the US offers al-Qaeda a unique platform to research and acquire sophisticated capabilities in new technologies, particularly in the areas of WMD and communications.

Al-Qaeda appears to be enhancing its support infrastructure in the US by boosting recruitment efforts. Al-Qaeda no doubt recognizes the operational advantage it can derive from recruiting US citizens who are much less likely to come to the attention of law enforcement and who also may be better able to invoke constitutional protections that can slow or limit investigative efforts.

Al-Qaeda's successful attacks on September 11 suggest the organization could employ similar operational strategies in carrying out any future attack in the US, including cell members avoiding drawing attention to themselves and minimizing contact with militant Islamic groups in the US. They will also maintain strict operational and communications security.

We must not assume, however, that al-Qaeda will rely only on tried and true methods of attack. As attractive as a large-scale attack that produced mass casualties would be for al-Qaeda and as important as such an attack is to its credibility among its supporters and sympathizers, target vulnerability and the likelihood of success are increasingly important to the weakened organization. Indeed, the types of recent, smaller-scale operations al-Qaeda has directed and aided against a wide array of Western targets—such as in Mombassa, Bali, and Kuwait and against the French oil tanker off Yemen—could readily be reproduced in the US.

- Multiple small-scale attacks against soft targets—such as banks, shopping malls, supermarkets, apartment buildings, schools and universities, churches, and places of recreation and entertainment—would be easier to execute and would minimize the need to communicate with the central leadership, lowering the risks of detection.

- Poisoning food and water supplies also may be an attractive tactic in the future. Although technologically challenging, a successful attempt might cause thousands of casualties, sow fear among the US population, and undermine public confidence in the food and water supply.

- Cyberterrorism is also clearly an emerging threat. Terrorist groups are increasingly computer savvy, and some probably are acquiring the ability to use cyber attacks to inflict isolated and brief disruptions of US infrastructure. Due to the prevalence of publicly available hacker tools, many of these groups probably already have the capability to launch denial-of-service and other nuisance attacks against Internet-connected systems. As terrorists become more computer savvy, their attack options will only increase.

My greatest concern, Mr. Chairman, is that our enemies are trying to acquire dangerous new capabilities with which to harm Americans. Terrorists worldwide have ready access to information on chemical, biological, radiological, and nuclear—or CBRN—weapons via the Internet. Acquisition of such weapons would be a huge morale boost for those seeking our destruction, while engendering widespread fear among Americans and our allies.

- We know from training manuals and tapes that prior to September 11 al-Qaeda was working on using botulinum toxin, cyanide gas, and other poisons, such as ricin. We are concerned that, like the individuals in the United Kingdom believed to be developing poisons for terrorist uses, al-Qaeda-affiliated groups may attempt to set up similar operations here in the US.

- The development of a Radiological Dispersion Device—or so-called, "dirty bomb"—is made all the easier due to the availability of small amounts of radioactive material on the open market. Furthermore, a crude dirty bomb requires minimal expertise to build.

As we think about where the next attack might come, al-Qaeda will probably continue to favor spectacular attacks that meet several criteria: high symbolic value, mass casualties, severe damage to the US economy, and maximum psychological trauma. Based on al-Qaeda's previous pattern, the organization may attempt to destroy objectives it has targeted in the past. On the basis of these criteria, we judge that al-Qaeda's highest priority targets are high-profile government or private facilities, commercial airliners, famous landmarks, and critical infrastructure such as energy-production facilities and transportation nodes.

Mr. Chairman, you no doubt are familiar with reports from a few months ago that highlighted possible attacks against symbols of US economic power. We believe such targets are high on al-Qaeda's list because of the economic disruption such attacks would cause.

- Attacks against high tech businesses would cripple information technology and jeopardize thousands of jobs.

- The financial sector now depends on telecommunications for most of its transactions. Disruption of critical telecommunications nodes—either physically or through cyber means—would create severe hardships until services could be restored. Failures caused intentionally could persist for longer durations, creating difficult repairs and recovery, and intensifying uncertainty and economic losses.

Al-Qaeda is also eyeing transportation and energy infrastructures—the destruction of which could cripple the US economy, create fear and panic, and cause mass casualties.

- I worry, in particular, about the US rail system's myriad vulnerabilities. As the Tokyo subway attack in 1995 by Aum Shinrikyo demonstrated, signs of terrorist planning to attack rail assets are difficult to detect because of the relative ease with which terrorists' can surveil railway and subway facilities.

- Since the September 11 attacks, there have been a variety of threats suggesting that US energy facilities are being targeted for terrorist attacks. Although the information often is fragmentary and offers little insight into the timing and mode of an attack, the October 2002 operation against the French supertanker *Limburg* suggests that al-Qaeda is serious about hitting the energy sector and its support structure.

- Al-Qaeda appears to believe that an attack on oil and gas structures could do great damage to the US economy. The size of major petroleum processing facilities makes them a challenge to secure, but they are also difficult targets given their redundant equipment, robust construction, and inherent design to control accidental explosions.

- Terrorist planners probably perceive infrastructure such as dams and powerlines as having softer defenses than other facilities. Indeed, attacking them could cause major water and energy shortages, drive up transportation costs, and undermine public confidence in the government.

Be assured, Mr. Chairman, that our focus on al-Qaeda and ideologically similar groups has not diverted our intelligence and investigative efforts from the potential threats from groups like HAMAS and Lebanese Hizballah. Both of these groups have significant US-based infrastructure that gives them the capability to launch terrorist attacks inside the US. At the moment, neither group appears to have sufficient incentive to abandon their current fundraising and recruitment activities in the US in favor of violence.

- Nonetheless, HAMAS or Lebanese Hizballah could in short order develop the capability to launch attacks should international developments or other circumstances prompt them to undertake such actions.

Mr. Chairman, although the most serious terrorist threat is from non-state actors, we remain vigilant against the potential threat posed by state sponsors of terrorism. The seven countries designated as State Sponsors of Terrorism—Iran, Iraq, Syria, Sudan, Libya, Cuba, and North Korea—remain active in the US and continue to support terrorist groups that have targeted Americans.

Although Iran remains a significant concern for its continued financial and logistical support of terrorism, Iraq has moved to the top of my list. As we previously briefed this Committee, Iraq's WMD program poses a clear threat to our national security, a threat that will certainly increase in the event of future military action against Iraq. Baghdad has the capability and, we presume, the will to use biological, chemical, or radiological weapons against US domestic targets in the event of a US invasion. We are also concerned about terrorist organizations with direct ties to Iraq—such as the Iranian dissident group, Mujahidin-e Khalq, and the Palestinian Abu Nidal Organization.

- Groups like the Abu Nidal Organization may target US entities overseas but probably lack the military infrastructure to conduct organized terrorist attacks on US soil. A notable exception is the Mujahedin-e Khalq, which has a US presence and proven operational capability overseas and which cooperates with Baghdad.

- Secretary Powell presented evidence last week that Baghdad has failed to disarm its weapons of mass destruction, willfully attempting to evade and deceive the international community. Our particular concern is that Saddam may supply al-Qaeda with biological, chemical, or radiological material before or during a war with the US to avenge the fall of his regime. Although divergent political goals limit al-Qaeda's cooperation with Iraq, northern Iraq has emerged as an increasingly important operational base for al-Qaeda associates, and a US-Iraq war could prompt Baghdad to more directly engage al-Qaeda.

Mr. Chairman, let me wrap up my discussion of the nature of the terrorist threat to the US by speaking briefly about domestic terrorism. The events of September 11 have rightly shifted our focus to international terrorist groups operating inside the US but not to the exclusion of domestic groups that threaten the safety of Americans. As defined by the Patriot Act, domestic terrorism encompasses dangerous activities within the territorial jurisdiction of the United States that violate US criminal laws and appear to be intended to intimidate or coerce a civilian population, to influence the policy of a government, or affect the conduct of a government by mass destruction, assassination, or kidnapping. Domestic terrorists have committed the vast majority of terrorist attacks against the continental US.

- In fact, between 1980 and 2001, the FBI recorded 353 incidents or suspected incidents of terrorism in this country; 264 of these incidents were attributed to domestic terrorists, while 89 were determined to be international in nature.

- I am particularly concerned about loosely affiliated terrorists and lone offenders, which are inherently difficult to interdict given the anonymity of individuals that maintain limited or no links to established terrorist groups but act out of sympathy with a larger cause. We should not forget the Oklahoma City bombing in 1995, for example, which was carried out by individuals unaffiliated with a larger group.

The threat of domestic terrorists launching large-scale attacks that inflict mass casualties is low compared with that of international terrorist groups. This is due, in part, to longstanding law enforcement efforts against many of these groups. Here are just a few examples:

- Between 1999 and 2001 the FBI prevented 10 possible domestic terrorist incidents, including two potentially large-scale, high-casualty attacks by right-wing groups and the planned bombing of the Trans-Alaska Pipeline in 1999.

- And in June 2002, we arrested Pennsylvania Citizens Militia's self-proclaimed leader for planning to bomb the local FBI office in State College, Pennsylvania.

ADAPTING TO MEET THE EVOLVING TERRORIST THREAT

Mr. Chairman, let me spend some time, now, outlining specific steps the FBI is taking to enhance our ability to combat the vital threats to the United States that I have just shared with the Committee. We have dedicated ourselves to learning the lesson of the 9/11 attacks perpetrated by al-Qaeda and to using that knowledge to root out terrorist networks of all types in the United States.

To effectively wage this war against terror, we have augmented our counterterrorism resources and are making organizational enhancements to focus our priorities. To give new focus to analysis, last year I created an

Analysis Branch in the Counterterrorism Division and assigned it the mission of producing strategic assessments of the terrorism threat to the United States. To date, the Analysis Branch has produced nearly 30 in-depth analytical assessments, including the FBI's first comprehensive assessment of the terrorist threat to the homeland. In addition, our analysts have produced more than 200 articles for the FBI Presidential Report, a product we created for the President and senior White House officials.

- On top of the huge resource commitment to counterterrorism we made between 1993 and 2001, we have received additional resources from the Congress, as well as shifted internal resources to increase our total staffing levels for counterterrorism since 9/11 by 36 percent. Much of this increase has gone toward augmenting our analytic cadre. We are funded for 226 intelligence analysts (strategic and tactical) at FBIHQ and 125 analytical personnel in the field.

- We have implemented a number of initiatives aimed at enhancing training for our analytic workforce, including creating the College of Analytical Studies, which, in conjunction with the CIA, will begin training our new intelligence analysts this month.

- We also created a corps of reports officers -- an entirely new and desperately needed function for the FBI. These officers will be responsible for identifying, extracting, and collecting intelligence from FBI investigations and sharing that information throughout the FBI and to other law enforcement and intelligence entities.

I have taken a number of other actions I believe will make the FBI a more flexible, more responsive agency in our war against terrorism:

- To improve our system for threat warnings, we have established a number of specialized counterterrorism units. These include a Threat Monitoring Unit, which, among other things, works hand-in-hand with its CIA counterpart to produce a daily threat matrix; a 24-hour Counterterrorism Watch to serve as the FBI's focal point for all incoming terrorist threats; two separate units to analyze terrorist communications and special technologies and applications; a section devoted entirely to terrorist financing operations; a unit to manage document exploitation; and others.

- To prevent terrorists from acquiring weapons of mass destruction, we have undertaken a number of initiatives. We are coordinating with suppliers and manufacturers of WMD materials in an effort to help them voluntarily report any suspicious purchases or inquiries.

- To protect US citizens abroad, we have expanded our Legal Attache and Liaison presence around the world to 46 offices. Our presence has enhanced the FBI's ability to bring investigative resources to bear quickly in the aftermath of terrorist acts, such as the October 2002 shooting of

USAID officer Laurence Foley in Amman and bombing of a disco in Bali. We also assist foreign liaison in following up terrorist leads around the world.

- And to strengthen our cooperation with state and local law enforcement, we are introducing counterterrorism training on a national level. We will provide specialized counterterrorism training to 224 agents and training technicians from every field division in the country so that they, in turn, can train an estimated 26,800 federal, state, and local law enforcement officers this year in basic counterterrorism.

The counterterrorism measures I have just described essentially complete the first phase of our intelligence program. We are now beginning the second phase that will focus on expanding and enhancing our ability to collect, analyze, and disseminate intelligence.

- The centerpiece of this effort is the establishment of an Executive Assistant Director for Intelligence who will have direct authority and responsibility for the FBI=s national intelligence program. Specifically, the EAD/I will be responsible for ensuring that the FBI has the optimum strategies, structure, and policies in place first and foremost for our counterterrorism mission. The EAD/I will also oversee the intelligence programs for our counterintelligence, criminal, and cyber divisions.

- Furthermore, intelligence units will be established in every field office and will function under the authority of the EAD/I.

If we are to defeat terrorists and their supporters, a wide range of organizations must work together. I am committed to the closest possible cooperation with the Intelligence Community and other government agencies. Accordingly, I strongly support the President's initiative to establish a Terrorist Threat Integration Center (TTIC) that will merge and analyze terrorist-related information collected domestically and abroad. This initiative will be crucially important to the success of our mission in the FBI, and it will take us to the next level in being able to prevent another terrorist attack on our nation.

- The FBI is playing a major role as part of the multi-agency team now working on the details, design, resource requirements and implementation process for standing up the TTIC. We will be major participants in the Center.

- We are taking steps to enhance cooperation with federal, state, and local agencies by expanding the number of joint terrorism task forces (JTTFs) from a pre 9/11 number of 35 to 66 today. The JTTFs partner FBI personnel with hundreds of investigators from various federal, state, and local agencies in field offices across the country and are important force

multipliers aiding our fight against terrorism. Furthermore, over a 90-day period beginning in March, we will provide 500 JTTF agents and state, and local law enforcement personnel with specialized counterterrorism training and, by the end of the year, basic counterterrorism training to every JTTF member. This is in addition to the training initiative I mentioned previously that will reach nearly 27,000 federal, state, and local law enforcement.

- We also have undertaken the Joint Terrorism Task Force Information Sharing Initiative (JTTF ISI) involving field offices in St. Louis, San Diego, Seattle, Portland, Norfolk, and Baltimore. This pilot project, which was first initiated in the St. Louis office, will integrate extremely flexible search tools that will permit investigators and analysts to perform searches on the "full text" of investigative files—not just indices. An analyst or investigator will be able to smoothly transition from searching text, to reviewing results, to examining source documents, to developing link diagrams, to generating map displays. In order to insure proper security, four graduated levels of security access are being built into the system.

- We created the Office of Law Enforcement Coordination (OLEC) to enhance the ability of the FBI to forge cooperation and substantive relationships with all of our state and local law enforcement counterparts. The OLEC, which is run by a former Chief of Police, also has liaison responsibilities with the White House Office of Homeland Security.

- We established the FBI Intelligence Bulletin, which is disseminated weekly to over 17,000 law enforcement agencies and to 60 federal agencies. The bulletin provides information about terrorism issues and threats to patrol officers and other local law enforcement personnel who have direct daily contacts with the general public, contacts which could result in the discovery of critical information about those issues and threats.

- In July 2002, we established the National Joint Terrorism Task Force (NJTTF) at FBI Headquarters, staffed by representatives from 30 different federal, state, and local agencies. The NJTTF acts as a "point of fusion" for terrorism information by coordinating the flow of information between Headquarters and the other JTTFs located across the country and between the agencies represented on the NJTTF and other government agencies.

- Furthermore, FBI analysts are making unprecedented efforts to reach out to the intelligence, law enforcement, government, and public sector communities. In addition to enhancing our relationships with agencies related to WMD, as I mentioned previously, we have established working relationships with a host of non-traditional agencies, including the Army Corps of Engineers and Bureau of Land Reclamation. We have also

expanded our relationship with such groups as the Transportation Security Administration and the US Coast Guard.

THE FOREIGN INTELLIGENCE THREAT

Mr. Chairman, although the bulk of my statements today have focused on the terrorist threats facing this country, let me emphasize that we are not ignoring the serious threat from foreign intelligence services and their assets, who are dedicated to using any means necessary to obtain strategic information from the United States. Accordingly, I would like to take a few moments to lay out the FBI's five strategic objectives for the Counterintelligence program.

- Of all the threats facing the United States today, the most significant is the potential for an agent of any hostile group or nation to enhance the capability to produce or use weapons of mass destruction. This specifically applies to hot spots throughout the world in which the US has significant national security interests and to which worldwide de-stabilization could result. The FBI's FCI program considers this threat as the top counterintelligence priority and is focused on preventing the acquisition of WMD-related technologies from being openly or clandestinely transferred from the US Government or the private sector to any foreign power.

- It is critically important to the US Intelligence Community to demonstrate its ongoing vigilance by ensuring that its own house is in order. In this regard, the second strategic priority of the FBI's counterintelligence strategy is to implement a program that is designed to prevent any foreign power from penetrating any of the US Intelligence Community agencies in any manner. In the wake of the unfortunate experiences of the past few years, we are working closely with our counterintelligence partners to significantly enhance the ability of agencies to protect their own information, while the participating Intelligence Community ensures that penetrations do not occur.

- The government currently supports research and development in a large number of agencies, in a great many locations, many of which involve the use of thousands of government contractors. The FBI has the responsibility to assess the threat against those projects and to initiate operations that are directed at countering the threat. US Government entities, primarily the Departments of Energy and Defense, constitute the primary focus of the FBI's activity in this area. The individuals awarded research and development contracts in support of ongoing operations and war-making capabilities constitute the highest risk.

- The FBI's fourth counterintelligence strategic objective is to prevent the compromise of Critical National Assets (CNAs). The nation's CNAs are those persons, information, assets, activity, R&D technology, infrastructure, economic security or interests whose compromise will damage the survival of the United States. CNAs are likely to reside within the US military, economy, and government as this triad is the base of power that makes the United States the superpower that it is today. The FBI has a major role in identifying the threat against these assets and assessing their overall vulnerability.

- The FBI's FCI program is responsible for conducting counterintelligence operations, focusing on countries that constitute the most significant threat to the United States' strategic objectives. The FBI is applying its efforts towards a greater understanding of the threat posed by each of these countries as they pertain to information that would further terrorism, espionage, proliferation, economic espionage, the national information infrastructure, US Government perception management, and foreign intelligence activities.

Let me conclude by saying that the nature of the threat facing the US homeland continues to evolve. The FBI is tackling this threat head-on. In order to successfully continue to do so, we, as an organization, must be flexible enough to adapt our mission and our resources to stay one step ahead of our enemies. Mr. Chairman and members of the Committee, I can assure this Committee and the American people that the men and women of the FBI recognize the need to adapt and are, in fact, transforming the FBI into a world-class intelligence agency.

I thank you for your attention and look forward to your questions.