

**TESTIMONY OF
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BEFORE THE
SENATE SELECT COMMITTEE ON INTELLIGENCE
AND THE
HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE

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Chairman Graham, Chairman Goss, Senator Shelby, Congresswoman Pelosi and Members of the Committees. Thank you for the opportunity to appear before you this morning to discuss the events of September 11, 2001 and the FBI's counterterrorism efforts since that tragic day. Before addressing these matters, I would like to take a moment to honor the victims who died at the hands of Al Qaeda terrorists. We cannot begin to imagine how difficult this past year has been for the families. There can be little doubt that the pain, the anger, and the grief is as fresh today as it was on that Tuesday morning last year. Families have lost mothers, fathers, daughters and sons -- the public safety community has lost courageous firefighters and law enforcement officers -- all of them, innocent people going about their daily lives. We in the FBI extend our deepest sympathy to the surviving family members and victims of these attacks and to assure them that the FBI is determined to honor the memory of their loved ones by never wavering in our fight against terrorism.

Mr. Chairman, I would also like to take a moment to recognize and thank a number of people for their exceptional support.

First, I would like to express my deep and abiding gratitude to Director Tenet and General Hayden for their leadership as we work together to confront the challenges before us. As I have stated many times since September 11th, the terrorist threat is far too great for any one agency to address on its own. We must all work together -- at the federal, state, local, and international level -- to successfully combat terrorism.

Louis Freeh, my predecessor as Director of the FBI, who appeared before this Committee last week, gave a thoughtful, historical perspective about his efforts during the 1990s to combat terrorism at home and abroad. He is owed a debt of gratitude for his service as an FBI Agent, a federal prosecutor, a U.S. District Court Judge, and as FBI Director.

I would also like to acknowledge the superb team of FBI employees who provided extraordinary support to this Committee for the past six months. As you know, members of your staff took up permanent residency at FBI Headquarters on April 1, 2002. Since then, we have

assigned 20 of our best analysts, Agents, and lawyers, who have worked night and day to accommodate this Committee's requests. These employees have provided your staff with secure workspace, equipment, clearances and other logistical provisions; they have identified, located and processed for release to the Committee over 24,000 pages of sensitive documents; and they have arranged for Committee staff to conduct over 150 interviews of FBI employees across the country and in our Legal Attache offices around the world. The FBI's cooperation with this inquiry has been extensive.

Finally, and most importantly, I would like to recognize the men and women of the FBI, particularly those serving as analysts and agents in the counterterrorism program. These are dedicated, hardworking, and underappreciated public servants who were devastated by the events of 9/11. These men and women have struggled day in and day out to do their jobs despite inadequate resources and enormous workloads. I have been honored to work alongside these employees -- and all the men and women of the FBI -- for the past year. Their unrelenting perseverance and their unassuming heroism have truly been an inspiration.

I. HISTORY OF THE TERRORIST THREAT

I believe it is important to remind this Committee and the American people that the mission of the FBI's counterterrorism program -- to identify, prevent, deter and respond to acts of terrorism -- is broad and multi-faceted. While the events of 9/11 have brought into focus the threat posed by Usama Bin Laden and the Al Qaeda network, we must recognize that the threats we face are not limited to one individual, one group, or one country. Our counterterrorism efforts must address the threats posed by a multitude of international and domestic terrorists.

Our recent history reflects growing threats from a variety of groups and individuals. For example, religious extremists committed the bombings of the World Trade Center in 1993; Khobar Towers in 1996; the Embassies in Kenya and Tanzania in 1998 and the *U.S.S. Cole* in October 2000. More structured terrorist organizations were responsible for numerous other terrorist attacks. Hizballah, for example, killed more Americans prior to 9/11 than any other terrorist group, including Al Qaeda, with their 1983 truck bombings of the U.S. Embassy and U.S. Marine Corps barracks in Lebanon, the 1984 bombing of the U.S. Embassy Annex in Beirut, and the 1985 hijacking of TWA Flight 847. Also, right-wing terrorist groups espousing principles of racial supremacy and anti-government rhetoric have become a serious menace, as tragically evidenced by the April 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City.

At the same time, the FBI and our partners have prevented significant terrorist acts: the 1993 plot to bomb New York landmarks; the 1995 plans to bomb U.S. commercial aircraft transiting the Far East; the 1997 plot to place four pipe bombs on New York City subway cars which was narrowly averted by the New York Joint Terrorist Task Force; the 1997 prevention of possible detonation of 10 letters bombs at Leavenworth Federal Prison and two offices of the al-

Hayat newspaper, and the 1999 investigation, in coordination with the U.S. Customs Service, which resulted in the conviction of Ahmed Ressam for a plot to bomb Los Angeles International Airport at the turn of the millennium.

In addition to the terrorist activities of these individuals and groups, the FBI is confronting a growing interest in the acquisition of weapons of mass destruction by terrorists and other groups. Given the potential for inflicting large-scale injury or death, the efforts of international and domestic terrorists to acquire weapons of mass destruction have been a significant and growing concern for the FBI. Prior to September 11, 2001, the number of weapons of mass destruction -- or "WMD" -- cases initiated for 2001 was 100, of which 67 were biological. Since 9/11 and the anthrax attacks of last fall, the FBI has responded to approximately 7,089 suspected anthrax letters, 950 incidents involving other potential weapons of mass destruction -- such as bomb threats -- and an estimated 29,331 telephone calls from the public about suspicious packages.

In the 1990s, terrorist groups started using new information technology and the Internet to formulate plans, recruit members, communicate between cells and members, raise funds, and spread propaganda. Their aptitude with this technology facilitates their terrorism preparation and operations and raises the specter that they will use their cyber-tools against our critical infrastructures.

In response to these disturbing trends, Director Freeh designated Counterterrorism a Tier One priority in May 1998, and he began focusing additional attention and resources on the program. By late 1999, the FBI's Senior Executive Managers had formulated and were implementing an initiative designed to position the FBI to be at its maximum capacity to address the Counterterrorism threat by the year 2005. As Dale Watson, Executive Assistant Director for Counterterrorism testified before this Committee, the initiative was still underway on September 11, 2001.

II. THE SEPTEMBER 11th INVESTIGATION

Immediately after the September 11th attacks, the FBI, the law enforcement community and the U.S. and Foreign Intelligence Communities joined forces to find out everything we could about the hijackers and how they succeeded. Our immediate goal was simple -- to prevent another attack by fully understanding how the terrorists perpetrated this one.

The FBI's contribution to this effort has been significant. Thousands of FBI Agents from each of our 56 field offices have participated in the investigation; agents have covered over 337,000 leads and have produced more than 165,000 FD-302 reports of investigation; nearly 300 Special Agents and 85 Support employees have been detailed to more than 30 Legal Attache offices overseas to assist in pursuing leads and coordinating the investigation with our international colleagues; and to date, the FBI Laboratory has received over 660 submissions of

evidence from the crash sites and related searches, representing approximately 7,332 items of potential evidence

Thanks to these efforts and the unprecedented cooperation of the intelligence and law enforcement communities -- both domestic and international -- our investigation has revealed many of the details about the planning, financing and perpetration of these attacks. While our investigation continues and will likely develop new and significant details for years to come, let me summarize the findings presented in my testimony before this Committee in June.

- Each of the hijackers, apparently selected to avoid notice, came easily and lawfully from abroad under valid visas: fifteen were Saudi Arabia nationals, two were United Arab Emirates (UAE) nationals, and one each were from Lebanon and Egypt.
- The plot for the September 11th attacks was conceived in Afghanistan, with details developed and coordinated in Hamburg, Germany.
- The hijackers entered the United States lawfully through 8 different cities over a period of 19 months.
- While in the United States, the hijackers effectively operated without suspicion, triggering nothing that alerted law enforcement. They committed no crimes with the exception of minor traffic violations. They dressed and acted like Americans, shopping and eating at places like Wal-Mart and Pizza Hut.
- They relocated frequently and did not hold jobs. When several received speeding tickets in the days leading up to September 11, they remained calm and aroused no suspicion.
- None of the nineteen suicide hijackers is known to have had computers, laptops, or storage media of any kind, although they are known to have used publicly accessible Internet connections at various locations. They used a minimum of 133 different pre-paid calling cards to call from various pay phones, cell phones, and land lines.
- The nineteen suicide hijackers used U.S. checking accounts accessed with debit cards to conduct the majority of financial activity during the course of this conspiracy.
- The hijackers conducted meetings and communications without detection, took apparent surveillance flights, and passed through airport security screening without notice.

- In August, the hijackers purchased tickets for the September 11th flights either in cash directly at the ticket counters, at a travel agency, or using the Internet
- In the weeks immediately preceding September 11th, the hijackers moved into position, gathering in East Coast cities in Massachusetts, Maryland and New Jersey.
- They boarded cross-country flights in the early hours of September 11th, doing nothing that would arouse suspicion.

I believe that the context in which these 19 individuals were able to come to the United States, take advantage of the liberties this country has to offer, and operate without detection is important to a full understanding of how these attacks were perpetrated.

III. FBI's POST-9/11 INVESTIGATIVE ACTIVITY

In addition to investigating the 9/11 attacks, the FBI and our partners have undertaken investigations and operations over the last year that have dealt blows to a number of terrorist groups.

- Two weeks ago, the Joint Terrorism Task Forces in the Portland, Oregon office and the Detroit, Michigan office arrested four individuals on charges of aiding, and in some cases, trying to join Al Qaeda fighters. Two other individuals were charged, one of whom had his visa revoked and was taken into custody by Malaysian authorities pending deportation to the U.S. The other remains a fugitive. The indictment alleges that all six members of this group conspired to levy war against the U.S., to provide material support to foreign terrorist organizations, and to contribute services to Al Qaeda and the Taliban.
- Last month, the Buffalo, New York Joint Terrorism Task Force executed search warrants on properties located in Lackawanna, New York and arrested individuals who had traveled overseas in the Summer of 2001 to attend the al-Farooq terrorist training camp located near Kandahar, Afghanistan. During their stay at the camp, these individuals received terrorism training and a speech from Usama bin Laden.
- In May, the FBI served a material witness warrant on a U.S. citizen, Abdullah Al Muhajir, also known as Jose Padilla, as he entered the United States from Pakistan at Chicago's O'Hare International Airport. Soon thereafter, Padilla was transferred to the custody of the Defense Department where he is being detained as an "enemy combatant."
- Last week in Chicago, the Executive Director of Benevolence International Foundation (BIF), a purportedly charitable organization, was charged in a

racketeering conspiracy to fraudulently raise funds for Al Qaeda and other violent groups, as part of a multi-national criminal enterprise over a 10-year period. The FBI's Terrorist Financial Operations Section conducted the financial investigation of BIF, in addition to 40 other major counterterrorism cases. Although the details of these investigations remain classified, they have denied Al Qaeda millions of dollars in financing.

- As a result of U.S. military and intelligence community action in Afghanistan, Pakistan and other foreign lands, a large volume of paper documents, electronic media, videotapes, audiotapes and electronic equipment has been seized. The FBI, CIA, DIA and NSA have established a coordinated effort to exploit these seized materials. The Document Exploitation project identifies and disseminates pieces of intelligence gleaned from its review of these materials.

These are just a sampling of the investigative and preventive efforts that have born fruit over the last year. There are others, but those operations remain classified and have been described in closed sessions with the Members of this Committee.

IV. FBI's POST-9/11 REFORMS

The 13 months since the September 11th attacks have been a time of great change for the Federal Bureau of Investigation. Starting immediately after the planes hit, when over half of our 11,500 agents suddenly found themselves working terrorism matters, it became clear that our mission and our priorities had to change. Today, the FBI has twice the number of Agents permanently assigned to counterterrorism as were assigned prior to 9/11. Other permanent changes have been carefully considered and implemented.

Virtually every morning since September 11th, Director Tenet and I have briefed the President, updating him on the investigation and our response to the various threats we are receiving worldwide. The President wants to know what the FBI is doing -- along with the CIA and our other partners -- to protect Americans against terrorism. That is his bottom line, and it is the touchstone of our efforts to refocus the FBI.

We have been addressing the shortcomings of the Bureau and the Intelligence Community that were highlighted by the September 11th attacks. We have heard, and we acknowledge, the valid criticisms, many of which have been reiterated by this Committee. For example, the Phoenix memo should have been disseminated to all field offices and to our sister agencies; and the 26-page request from Minneapolis for a FISA warrant should have been reviewed by attorneys handling the request. These incidents have informed us on needed changes, particularly the need to improve accountability, analytic capacity and resources, information sharing, and technology, to name a few. We have taken steps to address those shortcomings, some of which I would like to highlight today.

Reorganization of the Counterterrorism Division

In November of last year, Congress approved my proposal for a reorganization of FBI Headquarters. Under this reorganization, the Assistant Director for Counterterrorism is responsible for management of the national terrorism program and for select cases and operations which require national-level management due to special circumstances, situations, or sensitivity. This management structure is a recognition that counterterrorism has national and international dimensions that transcend field office territorial borders and require centralized coordination to ensure that the individual pieces of an investigation can be assembled into a coherent picture.

This ensures accountability for the program. Under the prior system -- whereby field offices, and particularly the New York Field Office, would have primary responsibility for terrorism cases -- responsibility was diffused and Bureau leadership could not easily be held accountable for the program. Under the reorganization, the Assistant Director for Counterterrorism is accountable for taking all steps necessary to maximize our counterterrorism capacity.

One of the ways in which Headquarters supports the field in maximizing their counterterrorism capabilities is through the newly created "flying squads." These squads augment local field investigative capabilities with specialized personnel and support FBI Rapid Deployment Teams, thereby providing a surge capacity for quickly responding to fast-breaking situations in locations where there is no FBI presence.

Analytical Enhancements

This Committee is familiar with the FBI's analytical shortcomings, as demonstrated by the limited dissemination and analysis afforded the Phoenix memo. Over the last year, we have undertaken the following measures to enhance our analytical capacity:

- We have created the Office of Intelligence, which is the component of the FBI that will oversee development of the analyst position and career track, and will ensure that intelligence is shared as appropriate within the FBI and the rest of the United States Government. I am grateful to Director Tenet for his willingness to detail experienced CIA managers from the Directorate of Intelligence to the FBI to set up and manage our Office of Intelligence.
- We have significantly increased the resources allocated to analysis. With regard to Intelligence Operations Specialists (IOSs), who provide direct support to investigations, we are proposing a total staffing level of 205, with 89 currently on board and 44 in various stages of the background investigation process. With regard to Intelligence Research Specialists (IRSs), who provide strategic analysis, we are proposing a total staffing level of 155, with 70 currently on board and 73 in the background investigation process.

The FBI has requested an additional 28 IOSs and 114 IRSs in its 2003 budget. I am concerned that until the 2003 budget is approved, the FBI will be held to current spending levels. A long term Continuing Resolution could have a **significant impact on our analytical program.**

- We have created a College of Analytical Studies (CAS) to provide training for all FBI analytical support personnel. The CAS is intended to become a featured component of training at the FBI Academy, along with New Agents Training and the FBI National Academy.
- Through the efforts of our expanded Terrorist Financial Review Group and the interagency teams conducting document exploitation, we have augmented FBI capabilities to perform financial and communications analyses of terrorist groups and networks.

Information Sharing Enhancements

Much has been made of the reportedly hostile relationship and turf battles between the FBI and the CIA. As you have heard from Director Tenet, the relationship between the FBI and the CIA has never been stronger or more productive. While we concede that there were isolated failings in the information flow between the two agencies prior to 9/11, we must not overlook the fact that a successful, systematic effort has been underway for years to develop and build upon our agencies' relationship.

Starting with Dale Watson's detail to the CIA's Counterterrorism Center in 1996, we have had a regular exchange of employees. At this time, we have 11 employees assigned to the CIA's Counterterrorism Center and the CIA has eight managers and dozens of analysts assigned to the FBI's Counterterrorism Division. Each of these employees has unfettered access to the computer databases and communications systems of the other agency. Every morning, a CIA official detailed to the FBI joins other FBI executives in my office for the twice daily briefing sessions. I rely on his counsel as much as I rely on my own executives. Also, I meet with George Tenet every morning when we brief the President, and I have nothing but the greatest respect for him and his agency.

This Committee has presented select testimony that is critical of the FBI's historical unwillingness and technological inability to share information with not only the CIA but with other federal agencies, and with our state and local law enforcement colleagues. Since 9/11, I have instituted several changes which have resulted in significant improvements in communication and coordination of many aspects of information sharing. I would like to summarize some of the initiatives the FBI has adopted in this regard since 9/11.

- We established Joint Terrorism Task Forces in each of our 56 field offices. Prior to 9/11, only 35 offices had JTTFs. The partnering of FBI personnel with investigators from various local, state and federal agencies on these task forces

encourages the timely sharing of intelligence that is absolutely critical to our counterterrorism mission

- We established a new National Joint Terrorism Task Force at FBI Headquarters to complement task forces established in each of the FBI's 56 field offices and to improve collaboration and information sharing with other agencies. We currently have representation of 26 federal agencies and two state and local law enforcement officials who report to the FBI's Command Center as part of this initiative.
- We have undertaken the Joint Terrorism Task Force Information Sharing Initiative (JTTF ISI) involving the St. Louis, San Diego, Seattle, Portland, Norfolk and Baltimore field offices. 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. 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 cooperative and substantive relationships with all of our state and local law enforcement counterparts. The OLEC, which is run by a former Police Chief, 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.

As a result of these initiatives, the FBI has received numerous letters of support and gratitude from state and local officials and from the International Association of Chiefs of Police. I would like to submit some of those letters to the Committee and ask that they be included as part of the official record of this inquiry.

These initiatives represent the priority and emphasis that the FBI leadership and I have put on our commitment to share information and data with other federal agencies, with our state and local law enforcement partners, and amongst ourselves. The institutional change reflected by these initiatives has produced -- and will continue to produce -- measurable progress in the coordination and integration of law enforcement efforts at all levels of government.

Technology

We are also addressing the shortcomings of the Bureau's information technology. Over the years, we have failed to develop a sufficient capacity to collect, store, search, retrieve, analyze and share information. Prior testimony before this Committee has described the problems the FBI is experiencing because of outdated technology. Thanks to support from Congress, the FBI has embarked on a comprehensive overhaul and revitalization of our information technology infrastructure. That process is well under way, but I want to caution you that these problems will not be fixed overnight. Our technological problems are complex, and they will be remedied only through careful and methodical planning and implementation. We have made progress in the past year, and we have laid the groundwork for significant progress in the months and years ahead.

The first major step in the right direction is our Trilogy Program. The Trilogy Program was designed as a 36-month effort to enhance our effectiveness through technologies that facilitate better organization, access and analysis of information. The overall direction of the Trilogy Program is to provide all FBI offices with improved network communications, a common and current set of office automation tools, and easy-to-use, re-engineered, web-based applications.

Under the FBI's old legacy investigative information system, the Automated Case Support (ACS), users navigate with the function keys instead of the point and click method common to web based applications. Simple tasks, such as storing an electronic version of a document today, require a user to perform twelve separate functions, in a "green screen" environment. That will soon change with Trilogy. Automated workflow will allow for a streamlined process to complete tasking. Storing a document for the record will occur with a click of the mouse button. This will make investigative and intelligence information immediately available to all personnel with appropriate security.

Multimedia functionality will allow for the storage of information in its original form. Under the old system, agents cannot store non-compatible forms of digital evidence in an electronic format, and instead have to describe the evidence and indicate where the evidence is stored in a control room. Multimedia functionality will facilitate electronic storage of digital evidence and media to the investigative case file, allowing access to the information from the desktop.

The original plan for Trilogy was development and deployment over 36 months from the date of the contract awards for the infrastructure and applications development, May and June 2001, respectively. The events of September 11, 2001 impacted many aspects of the FBI, including the Trilogy Program. Recognizing the urgent need for improved information technologies, I ordered that Trilogy implementation be accelerated, with emphasis on those capabilities most urgently needed to support the FBI's priority cases. In response, Congress provided additional funding, and Trilogy's network and desktop infrastructure improvements were accelerated. The resulting improvements are significant.

Infrastructure enhancements are being deployed in two phases. The first phase, called "Fast Track", entails installation of Trilogy architecture at our 56 Field Office locations and as many of our Resident Agencies as can be completed before the second phase begins. This architecture includes new network printers, color scanners, local area network upgrades, desktop workstations, and Microsoft Office applications. By the end of April 2002, deployment at all 56 FBI Field Offices and two Information Technology Centers (ITCs) was completed. Fast Track is continuing to deploy this infrastructure to our Resident Agencies.

The second phase of infrastructure deployment is called "Full Site Capability," representing the complete infrastructure upgrade. The full upgrade will provide wide area network connectivity, new encryption devices to protect our data, new operating systems and servers, and new and improved e-mail capability. Completion of this phase was moved from the accelerated date of July 2002 to March 2003 to allow additional time to test and deploy a secure, operational system.

We also recognize that we have a critical need to share Top Secret and Sensitive Compartmented Information (TS/SCI) data internally, primarily among analysts. We are planning a phased implementation at FBI Headquarters followed by deployment within the Intelligence Community of a system that will markedly increase our ability to conduct strategic analysis.

Once we catch up to a standard PC environment, the future looks very positive. We are planning for a technology refreshment program (TRP) which will incorporate our technology as it becomes available and will replace Trilogy network and workstation hardware, network data storage, server hardware, and embedded software on a periodic basis to prevent system performance degradation. A viable infrastructure technology refreshment plan is essential to maintain the benefits of the Trilogy investment and the efficiency and capabilities of FBI investigative support systems and to better plan and budget for our year expenditures.

IV. CONCLUSION

In the aftermath of the September 11th attacks, the FBI quickly recognized that the organization needed to change in order to address the terrorist threat facing this nation. As I have indicated, the FBI has faced many challenges over the past 13 months and has made significant progress in addressing these challenges. I am proud of the flexibility and the willingness of the FBI workforce to do whatever it takes -- to change whatever needs changing -- to prevent another terrorist attack.

Despite our accomplishments and the success of the FBI reorganization in addressing our shortcomings, however, our transformation must continue. We cannot grow complacent. The FBI must develop a workforce that possesses specialized skills and backgrounds, that is equipped with the proper investigative, technical, and analytical tools, and possesses the managerial and administrative competencies necessary to deal with a complex and volatile environment. To

assist in these efforts, the FBI is in the midst of an internal re-engineering review to examine virtually every aspect of FBI operations, administration, policy and procedure. As a result of this review, we anticipate additional changes to FBI programs that will enable us to most effectively **and efficiently utilize the tools and the resources Congress has provided.**

Mr. Chairman, I am confident that we will ultimately prevail in our fight against terrorism, but we will do so only if we work together. Our agents must work closely with our local and state law enforcement partners -- our field offices must work with our Headquarters -- the Bureau must work with the CIA and our law enforcement and intelligence counterparts around the world -- **and the counterterrorism components of the Executive Branch must have a meaningful and constructive relationship with our colleagues in Congress.** These relationships are the lifeblood of our campaign against terror, and we must do everything in our power to sustain and nurture them.