

Statement of
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Former FBI Director,
before the
Joint Intelligence Committees
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INTRODUCTION

I want to begin by expressing my prayers and condolences for the victims, and to the Families and loved ones who have been devastated by terrorism, in all of its destructive forms. I spent 26 years in public service as an FBI Agent, prosecutor, Army Officer, judge and FBI Director, striving every day, as did my colleagues, to protect both people and the Rule of Law.

All who serve in law enforcement and public safety go to work every day committed to the possibility of laying down their lives to prevent harm to our fellow citizens. On September 11th, dozens of law enforcement officers, firefighters, and other brave people willingly did so. Special Agent Lenny Hatton and retired Special Agent John O'Neill unselfishly sacrificed their lives that day. John and Lenny represent the very finest of the FBI – men and women who I am immensely proud of and whose courage, skill, sacrifices and dedication in combating crime and terrorism, both here in this country and on the ground in far away dangerous places, deserve the nation's praise and enduring respect. It was a great and unique privilege to serve with these extraordinary Americans. We are sincerely thankful for Director Mueller's able leadership and for an FBI so dedicated to the people it serves.

I often had the occasion to work with John O'Neill. He was the FBI's counter-terrorism chief who helped forge what became the excellent and unprecedented FBI-CIA relationship in counter-terrorism. John and I stood together on the deck of the USS Cole in Aden harbor shortly after the October 2000 attack against our warship. We watched silently and reverently as young FBI Agents and technicians worked in the 110

degree hold of the devastated ship to carefully recover the remains of the 17 sailors killed in that brutal act of war against the United States. In June of 1996, John and I stood together in front of Khobar Towers in Saudi Arabia as hundreds of FBI men and women – again working in 120 degree temperatures – sifted through tons of debris removing human remains and evidence, intent on doing that which law enforcement can do when there is a terrorist act of war against America. In Dar es Salaam and Nairobi in August 1998 again I watched hundreds of FBI men and women sifting through the shattered ruins of our American embassies recovering human remains and evidence, all of us determined to bring to justice those who committed these atrocious acts against the United States of America.

In February 1993, I was sitting in my courtroom at Foley Square in downtown Manhattan when the World Trade Center was attacked by foreign, Al-Qaeda-trained terrorists. I walked from the courthouse and when I got to Chambers Street, I saw dozens of FBI Agents running down the street towards the smoke-filled building. My images and memories of these painful events are both horrific and heroic. The horror and suffering of the victims, balanced in a small but vital way, by the heroism, absolute focus and sacrifices of the rescuers and responders – and always, the incredible bravery and selflessness of the FBI employees, people who, like their colleagues, respond out of duty to their country.

It was amazing to me that this part of the scene was always the same. FBI men and women – whether it was New York City, Dhahran, Aden, Nairobi, Dar es Salaam – exhausted, many sick and dehydrated, working until they literally dropped in some

cases, down on their knees digging with their hands and fingers, working in harms' way. In Yemen and East Africa, our Agents not only worked in extremely hazardous conditions, but had to be and were guarded round-the-clock by FAST teams of United States Marines to protect their lives as they pursued justice under the Rule of Law.

Another thing that has been a constant was the FBI's concern and support for the survivors of these horrendous acts. Their testimony in these cases speaks eloquently about the superb professionalism and dedication of the FBI's counter-terrorism people. The FBI men and women who have cared for and spent hundreds of hours comforting, informing and caring for these survivors are incredible. On numerous occasions, I visited with the surviving Families of the Americans killed in East Africa, on board the USS Cole and at Khobar Towers. We tried never to be too busy elsewhere that we stop pursuing the killers of their loved ones.

One of the most moving events in my years of public service was in June of 2001, days before I left the FBI, when all nineteen Families of the Khobar Towers victims came to my office and thanked me and the FBI for not forgetting about them – and for keeping our promise that the FBI would never stop its efforts to bring to justice the terrorists who killed their loved ones. I will treasure that moment forever.

As I said, it was an honor to work with men like John O'Neill, and the thousands of others, people like Dale Watson and Cofer Black – dedicated Americans for whose bravery, skill and absolute integrity America will always be thankful.

I would also like to commend President Bush and the Congress for their immediate responses in kind to the acts of those who are responsible for the events of September 11th. Even after my 26 years of public service, I was awestruck to see a united America exercise the will and might to carry out an all-inclusive, far-reaching and total war against terrorists who, from far away places, have threatened and attacked America for decades.

I would like to take a few minutes this morning to provide a broad overview of the terrorism threat and the FBI's role and history in fighting this evil. I would also like to focus on both the successes and the limitations of that mission prior to September 11th, important because the threats and needs for resources and authorities were the same on September 10th as they were on September 12th. I would also offer some ideas on strengthening and improving America's national security without weakening the foundation upon which our country has been built – governance under the Rule of Law.

OVERVIEW

EVERY ACT OF TERRORISM AROUND THE WORLD CANNOT BE PREVENTED

Terrorism has been waged against domestic, civil authority and invading armies for centuries. Its motivation and execution has unlimited variations over time and place. For that very reason and as a freedom loving people, we have to be careful about how we let terrorism be defined. It is inevitable that every act of terrorism cannot be prevented even under the best of circumstances. If reality was otherwise, some

government or regime, using unlimited resources and unrestrained power, would have come up with a 100 percent preventive formula. America and other countries are fully capable of carrying out skillful, covert, highly compartmentalized and effective strikes against terrorists on the other side of the world. Our enemies from time-to-time are equally capable of such an attack against us, especially when they are anxious to die in the endeavor. No agency or country – particularly in a democracy where the Rule of Law is sacred – can be expected to foil and prevent every planned attack. Such a standard will never be met. Nevertheless, our law enforcement, our intelligence agencies, our political, economic, military and our diplomatic policies and efforts must strive to get as close to that 100 percent goal as humanly possible.

THE INTELLIGENCE COMMUNITY AND THE FBI DOES NOT APPEAR TO HAVE HAD SUFFICIENT INFORMATION TO PREVENT THE SEPTEMBER 11TH ATTACKS

What has been stated recently to this Committee by FBI Director Robert S. Mueller III includes the following:

“The plans for the September 11th attacks “were hatched and financed overseas over a several year period.

“Each of the hijackers, apparently purposely selected to avoid notice, came easily and lawfully from abroad ...

“While here, the hijackers effectively operated without suspicion, triggering nothing that alerted law enforcement and doing nothing that exposed them to domestic coverage. As far as we know, they contacted no known terrorist sympathizers in the United States. 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 came into different cities, moved around a lot and did not hold jobs. When three got speeding tickets in the days leading up to September 11, they remained calm and aroused no suspicion. One of the suicide hijackers, Nawaf al-Hazmi, even reported an attempted street robbery on May 1, 2001, to Fairfax, Virginia Police – he later declined to press charges.

“None of the nineteen suicide hijackers are 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 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.

“Meetings and communications between the hijackers were done without detection, apparent surveillance flights were taken, and nothing illegal was detected through airport security screening.

“In short, the terrorists had managed very effectively to exploit loopholes and vulnerabilities in our systems. To this day we have found no one in the United States except the actual hijackers who knew of the plot and we have found nothing they did while in the United States that triggered a specific response about them.”

We have read and heard much about the July 2001 memo by a Phoenix Special Agent, the Minnesota arrest and investigation of Moussaoui in August, and the information which the CIA obtained regarding two of the nineteen hijackers relating to a Kuala Lumpur meeting in 2000.

It is very important in hindsight to segregate this relevant information and put it into a dedicated timeline. However, the predictive value of these diverse facts at the time that they were being received must be evaluated. Analyzing intelligence information can be like trying to take a sip of water coming out of a fire hydrant. The several bits of information clearly connected and predictive after the fact need to be viewed in real time. The reality is that these unquestionably important bits have been plucked from a sea of thousands and thousands of such bits at the time. Additionally, as this Committee well knows, the difference between strategic and tactical intelligence is critically important to keep in mind.

Although not privy to all the relevant information known to this Committee, I am aware of nothing that to me demonstrates that the FBI and the intelligence community had the type of information or tactical intelligence which could have prevented September 11th. In terms of the FBI's capability to identify, investigate and prevent the nineteen hijackers from carrying out their attacks, the facts so far on the public record do not support the conclusion that these tragic events could have been prevented by the FBI and intelligence community acting by themselves. That is not to say things could not have been done better or that more resources or authorities would not have helped. It is only to say I have not seen a reporting of facts that leads to that conclusion, with one important caveat, however. Because of the narrow focus of this inquiry I leave aside any view of the larger but very relevant issues like foreign policy, military might, airline safety, national commitment, etc.

IDENTIFICATION, INVESTIGATION AND ARREST OF DANGEROUS TERRORISTS
AND THOSE WHO SUPPORT THEM IS PREVENTION

For instance, the FBI's criminal investigation of the 1993 World Trade Center bombing led directly to the discovery and prosecution of a terrorist plot to blow up New York City tunnels, buildings, and infrastructure which would have killed thousands of innocent people. The FBI's investigation led to evidence and witnesses whose cooperation directly prevented a major terrorist attack. In my experience, the identification, pursuit and arrest of terrorists are the primary means of preventing

terrorism. The FBI and CIA have jointly been doing this successfully for many years. Our investigation and pursuit of Ramzi Yousef after the World Trade Center bombing in 1993, let to the Philippines and helped to prevent his plot to blow up eleven United States airliners in the western Pacific. His arrest in Pakistan by FBI Agents certainly prevented him from carrying out further acts of terrorism against America. Bringing Yousef and the East Africa Embassy bombers back to the United States and convicting them in New York City without a doubt prevented them from carrying out more terrorism against America. As these Committees have known for several years, the FBI and the CIA have carried out joint operations around the world to disrupt, exploit and recover evidence on Al-Qaeda operatives who have targeted the United States. These operations, in part designed to obtain admissible evidence, also had the critical objectives of destroying the operational capability of terrorist organizations, collecting valuable intelligence and being able to support our military, should such a response be unleashed.

LAW ENFORCEMENT'S ABILITY TO ACT AGAINST ENTRENCHED TERRORISTS
IN OVERSEAS SANTUARIES IS VERY LIMITED

The FBI and CIA can devise and implement a very effective counter-terrorism strategy both inside the United States and overseas. However, often a greater involvement of national resources is required. For example, General Noriega was investigated and indicted by the Department of Justice in 1988 operating out of what he thought was a safe, foreign haven. Noriega and his military-like organization were sending tons of deadly drugs into the United States, causing the deaths and

devastation of countless Americans. The FBI and DEA built the case and executed the arrest warrant on Noriega in Panama only because our military can and did do what law enforcement and intelligence cannot. Usama Bin Laden was indicted in 1998, prior to Al-Qaeda's bombings of our two embassies in East Africa. Like Noriega, Usama Bin Laden remained secure and operational in his foreign, safe haven. Once the collective will to go in and get him was summoned, it happened with striking speed. The Pan Am 103 bombing is another such example of an FBI case where the Libyan intelligence service was the target of our investigation.

I certainly don't equate Noriega and Usama Bin Laden in terms of their destructiveness and evil. However, the comparison makes an obvious but often overlooked point that our response to terrorism must be expansive, unmistakable, and unwavering across all levels of the United States Government

And I particularly want to commend George Tenet and the courageous men and women of the CIA for fighting bravely on the front lines of this war for many years. Under Mr. Tenet's sound leadership, dedication and vision, the CIA has achieved great successes in rolling-up major terrorist plots in Albania, Jordan, South East Asia and many other places. Importantly, the CIA and FBI have been fully cooperating and jointly carrying out America's counter-terrorism war for many years – forming the first joint FBI-CIA group dedicated to Al-Qaeda/Usama Bin Laden a year prior to the August 1998 East African embassy attacks.

But the fact is that working at their best and highest levels of efficiency and cooperation, the FBI and CIA together will still fall short of war a total war against terrorism.

As these Committees well know, total war – as we have recently done it – requires bold leadership supported by the will of Congress and the American people. Its success is ultimately dependent upon the united and unrelenting efforts of foreign policy, military assets, vast resources, legal authorities and international alliances and cooperation.

I realize that your Committees' efforts have publicly focused for the most part on the intelligence community and the FBI. And I'm confident that the upcoming Commission, should there be one, will more fully examine these broader issues with a global view. It should be obvious, for instance, that the FBI with about 3.5 percent of the country's counter-terrorism budget and the CIA with their share comprise but pieces of a mosaic of a total government commitment to the war on terrorism.

U.S. AIRLINES AND AVIATION HAVE LONG BEEN KNOWN AS A MAJOR TARGET FOR TERRORIST ATTACKS

Aviation and airplanes have long been known to be preferred targets of terrorist hijackers. Protecting civil aviation from a terrorist attack has for years been an urgent national issue. A September 1996 GAO Report concluded that "nearly every major aspect of the system ranging from the screening of passengers, checked and carry-on

baggage, mail and cargo as well as access to secured areas within airports and aircraft – has weaknesses that terrorists could exploit.”

In the aftermath of the tragedy of TWA Flight 800 in New York City, the White House Commission on Aviation Safety and Security was formed. I along with New York City Police Department Commissioner Ray Kelly, Bill Coleman, Franklin Raines, Jim Hall, and other distinguished Americans served as commissioners appointed by President Clinton. The Chairman of the Commission was Vice President Al Gore, who did an excellent job leading the effort and making much needed recommendations. Known as the Gore Commission, the panel made its final report and recommendations on February 12, 1997. For example, Recommendation 3.19, entitled “Complement Technology with Automated Passenger Profiling”, contemplated the development of a passenger profiling system wherein law enforcement and intelligence information on known or suspected terrorists would be used in passenger profiling.

The critical issue of terrorism directed against our aviation security was well known for many years prior to September 11th. As this Committee knows, the FBI conveyed repeated warnings to the FAA and the airline industry regarding terrorism, right up to September 11, 2001. Efforts by the government and the airline industry to implement these and other recommendations deserve intensive and careful study, and, most likely, massive resources.

This is not to criticize the FAA, which does a difficult job very well. Rather, the point is that while the CIA and the FBI should be intensely examined regarding

September 11 – they should not be examined in a vacuum. The Executive and the Congress, the various government agencies with primary responsibility for public safety and national security, foreign policy, technologies, as well as the private sector and the international community are all components in whether or not terrorism is addressed with the vigor it so deserves.

RESOURCES

You have asked me to talk about resource allocation and whether sufficient resources were allocated to and within the FBI for fighting terrorism. The short answer is that the allocations were insufficient to maintain the critical growth and priority of the FBI's counter-terrorism program. The Gore Commission agreed when it recommended we "significantly increase the number of FBI Agents assigned to counter-terrorism investigations, to improve intelligence, and to crisis response."

In 1993, the FBI had under 600 Special Agents and 500 support positions funded for its entire counter-terrorism program, domestic and international alike. By 1999, that allocation had increased to around 1,300 Agents and a like amount of support positions. While at first blush that may sound like a lot, the FBI had requested significantly more counter-terrorism resources during this period. This was done because I had made the prevention, disruption and defeat of terrorism one of the FBI's highest priorities. We knew that many areas, like analysis and technology, needed huge influxes of new resources.

Let me read from the FBI's May 8, 1998 Strategic Plan, "The FBI has identified three general, functional areas that describe the threats which it must address to realize the goal of enhanced national and individual security:

- "TIER ONE: National and Economic Security – Foreign intelligence, terrorist and criminal activities that directly threaten the national or economic security of the United States. " (emphasis added)

* * * *

"These offenses fall almost exclusively within the jurisdiction of the FBI. Issues arising in this area are of such importance to U.S. national interests that they must receive priority attention. To succeed, we must develop and implement a proactive, nationally directed program."

- "Strategic Goal: Prevent, disrupt, and defeat terrorist operations before they occur.

"Terrorism, is both international and domestic, poses arguably the most complex and difficult threat of any of the threats for which the FBI has a major responsibility. State-sponsored terrorism, though still of concern, is no longer the only terrorist problem. New perpetrators – loosely organized groups and ad

hoc coalitions of foreigners motivated by perceived injustices, along with domestic groups and disgruntled individual American citizens – have attacked United States interests at home and abroad. They have chosen nontraditional targets and increasingly have employed nonconventional weapons. The dilemma, of course, is that the new perpetrators, targets, and weapons exist in almost unlimited numbers, while the law enforcement resources arrayed against them are finite.” (emphasis added)

In my report to the American people on the work of the FBI 1993-1998, entitled “Ensuring Public Safety and National Security Under the Rule of Law”, I wrote:

“One of my major priorities has been to seek increased funding for the FBI’s counter-terrorism programs. The Congress has shown great foresight in strengthening this vital work. For example, the counter-terrorism budget for Fiscal Year 1996 was \$97 million. The FY 1999 budget contains \$301 million for counter-terrorism efforts.”

* * * *

“Some terrorism now comes from abroad. Some terrorism is home-grown. But whatever its origin, terrorism is deadly and the FBI has

no higher priority than to combat terrorism; to prevent it where possible;
and where prevention fails, to apprehend the terrorists and to do
everything within the law to work for conviction and the most severe
sentences. Our goal is to prevent, detect and deter.”

* * * *

“Foreign Terrorists in U.S.:”

“Terrorism can be carried out by U.S. citizens or by persons from
other countries. At one time, with these crimes erupting in much of the
world, many Americans felt we were immune from terrorism with foreign
links. All of that ended in 1993.” (emphasis added)

“The type of terrorism which had previously occurred far from our
shores was brought home in a shocking manner when in February a
massive explosion occurred in the parking garage at the World Trade
Center complex in New York City.”

The 1998-2000 period was critical and unprecedented regarding both the
changes in and the demands on the FBI’s Counter-Terrorism program and its domestic
and international responsibilities.

As examples, we indicted Usama Bin Laden in June 1998 and again in November 1998. We put Bin Laden and Al-Qaeda on the FBI's Top Ten list, in April 1999, making them our number one Counter-Terrorism priority. Also in 1999, we set up a dedicated Usama Bin Laden Unit at FBI Headquarters.

We stood up for overseas deployment five Rapid Deployment Teams to respond to terrorist threats against America around the globe.

With help from Congress, we began to position ourselves around the globe in places that matter in the fight against terrorism. Without those FBI Legats, the post-September 11th advances could never had been made with such speed and surety.

We doubled and tripled the number of Joint Terrorism Task Forces (JTTFs) around the United States so we could multiply our forces and coordinate intelligence and Counter-Terrorism operations with the FBI's federal, state and local law enforcement partners. Thirty-four of these JTTF's were in operation by 2001.

The FBI was given national responsibility for coordinating the protection of the Nation's critical infrastructure. As a result, we created the National Infrastructure Protection Center (NIPC) at FBI Headquarters which had critical responsibilities regarding terrorist threats and cyberattacks.

The FBI was also tasked to set up the National Domestic Preparedness Office to counter terrorist threats and to enhance homeland security.

We began making preparations for the 2000 Olympics, the Millennium, United Nations and NATO meetings in New York City, World Cup, IMF-World Bank events, presidential conventions and other major special events which absorbed vast numbers of FBI Counter-Terrorism resources.

At the same time, we were conducting major terrorism investigations leading up to the successful prosecution in New York City of the Al-Qaeda members who attacked our embassies in Africa.

We stood up the massive Strategic Information Operations Center (SIOC) at FBI Headquarters whose main purpose was to give us the capability to work several major and simultaneous terrorist matters at the same time.

We established the FBI's Counter-Terrorism Center at FBI Headquarters which was coordinated with the CIA's Center by communications, information exchange, and personnel staffing.

We instituted MAX CAP O5 in July 2000 to enable each of the FBI's 56 Field Offices and their Special Agents in Charge (SAC) to improve our counter-terrorism efforts, analyze threats and develop capabilities and strategies throughout the United

States. Regional SAC Conferences were held during the summer of 2000 to roll out the MAX CAP O5 strategy.

We set up a national threat warning system in order to disseminate terrorism-related information to state and local authorities around the country.

We organized and carried out a significant number of national, regional and local practical exercises to help the country prepare for terrorist attacks.

The Attorney General and I conducted regular meetings with the National Security Advisor and the Secretary of State dedicated to terrorism issues, cases and threats.

I met with dozens of Presidents, Prime Ministers, Kings, Emirs, law enforcement, intelligence and security chiefs around the world. The primary reason for these contacts was to pursue and enhance the FBI's counter-terrorism program by forging an international network of cooperation. We were not an island. It had to be done.

We proposed and briefly received from Congress the authority to hire critical scientists, linguists and computer specialists without the salary restrictions of Title V. This flexibility is critical to fighting terrorism.

The DOJ and the FBI prepared hundreds of FISA Court applications in counter-terrorism matters where electronic surveillance or legal assistance was required from the Court.

I regularly met and discussed counter-terrorism issues, intelligence and force protection issues with the Attorney General, the National Security Advisor, United States Attorneys, the Secretaries of State and Defense, our Ambassadors and the Joint Chiefs of Staff.

Perhaps, most significantly as to the issue of the FBI's focus on the terrorist threat, in November 1999, I created a new FBI Counter-Terrorism Division. Nobody in the Executive or the Congress suggested that this step be taken. I took it because I firmly believed that it was necessary to expand and enhance the FBI's counter-terrorism capability. Dale Watson was elevated to run this new Division and develop our new strategies. We enhanced and reorganized the entire FBI Counter-Terrorism Program.

At the same time, I proposed the creation of a new, Investigative Services Division to support the new Counter-Terrorism Division as well as the Criminal and National Security Divisions. My purpose in doing so was to put together all of the FBI's analytical and support assets in order to better prevent terrorism and enhance our intelligence bases with the resources that we had available.

Nine months later, this reorganization was approved and the FBI for the first time consolidated its counter-terrorism program assets with the support of a greater analytical engine. Ultimately, history has shown that more was needed on every front, ours included.

In February 2001, we held a National Counter-Terrorism Conference to roll out details of the MAX CAP 05 strategy to counter the terrorist threat.

The 2000, 2001 and 2002 (pre September 11, 2001) budgets fell far short of the counter-terrorism resources we knew were necessary to do the best job. This is not meant as a criticism but a reminder for the record that total war against terrorists was not the same priority before September 11th as it is today.

Here are the numbers:

For FYs 2000, 2001 and 2002 FBI counter-terrorism budgets, I asked for a total of 1,895 Special Agents, analysts, linguists and others. The final, enacted allocation I received was 76 people over those three years. For example, in FY 2000 I requested 864 additional counter-terrorism people at a cost of \$380.8 million. I received 5 people funded for \$7.4 million.

Thus, at the most critical time, the available resources for counter-terrorism did not address the known critical needs.

By contrast, in response to the FBI's FY 2002 Emergency Supplemental request for additional counter-terrorism-related resources, Congress enacted 823 positions for \$745 million, all things which we needed prior to September 11th.

A final note on FBI resources to carry out its critical mission, including waging war against terrorists. To win a war it takes soldiers. Front line troops, as you know, each require several more soldiers to support them. I don't know if the Joint Staff has advised you, but even after September 11th, the FBI has less FBI Agents today – 11, 516 Special Agents – than it had in 1999 – when the number was 11,681. By way of comparison, in 1992, before I became Director, the FBI had 10,479 – that's only 1,037 less than today – an average, annual growth of about 103 Special Agents per year over the last decade. We also must keep in mind that these 11,516 Special Agents have responsibility for other immensely important and resource-consuming programs including new jobs regularly imposed by Congress without additional resources.

With less FBI Agents than the Chicago Police Department has sworn officers, the immensely important responsibilities of the FBI are not proportionally represented in its most basic resource – soldiers.

I would urge you to significantly increase the personnel of the FBI and to favorably consider pending legislation that would more fairly compensate them for the life-saving work they do every day.

Further, it is critical that we fully support and protect our FBI Agents and CIA Officers. One example how we could do this better can be found in a recommendation by the National Commission on Terrorism. It noted:

“The risk of personal liability arising from actions taken in an official capacity discourages law enforcement and intelligence personnel from taking bold actions to combat terrorism.”

“FBI Special Agents and CIA Officers are buying personal liability insurance, which provides for private representation in such suits. By recent statute, federal agencies must reimburse up to one half of the cost of personal liability insurance to law enforcement officers and managers or supervisors.”

We need to support the brave men and women whom we ask to take great risks for our nation’s safety.

THE FBI WAS FOCUSED BOTH ON PREVENTING DOMESTIC AND FOREIGN TERRORIST ATTACKS

As I stated earlier and as reflected in the FBI’s 1998 Strategic Plan and Five-Year Report, the 1993 bombing of the World Trade Center by foreign terrorists clearly demonstrated the effort to target America and Americans. Usama Bin Laden’s fatwah calling for the deaths of Americans anywhere left no doubt that terrorist attacks

within the United States were as likely as those in Saudi Arabia, East Africa, Yemen and elsewhere.

More convincingly, the failed efforts by Ressam and his New York City-based co-conspirators to carry out a major terrorist attack within the United States at the end of 1999 made the FBI focus intently on protecting homeland security. Indeed, the FBI investigation of the USS Cole attack and CIA efforts overseas led to our conclusion that the millennium attacks by Ressam on the West Coast were planned to coincide with other Al-Qaeda sponsored terrorism in Jordan and in Yemen. The Jordanian attack was prevented by the CIA acting together with the Jordanian General Intelligence Service (GIS) to stop it. The Al-Qaeda suicide bombers of the USS Cole had previously planned to attack another United States warship – The USS Sullivans – which was docked at the same fuel pod the USS Cole used in October 2000. The earlier attack was postponed because the bomb-laden attack boat sunk when it was launched.

So before the end of 1999, the FBI and the intelligence community clearly understood the foreign-based Al-Qaeda threat regarding targets within the United States. Congress and the Executive were fully briefed as to this threat analysis.

In several appearances before this Committee, I used a chart to depict the locations around the United States where radical fundamentalists cells were active. The FBI fought unsuccessfully to continue fingerprinting and photographing visiting

nationals from key state-sponsors of terrorism states because of our concern that intelligence agents were being sent here to support these radical elements.

The notion that the FBI, other law enforcement agencies and the intelligence community were not focused on homeland threats is not accurate and belied by many factors. For example, as we prepared for and conducted the several, major trials of Al-Qaeda members – Usama Bin Laden was charged as a defendant in those indictments – in New York City, during 1999-2000, extraordinary security steps were taken to prevent an Al-Qaeda attack. If any of you saw Foley Square, the federal courthouse and the area around City Hall, 26 Federal Plaza and the New York Police Department Headquarters during this time, it was totally fortified. The closed streets, cement trucks, barricades, checkpoints and hundreds of heavily armed officers and agents were not set up to prevent the Al-Qaeda subjects from escaping. These unprecedented security measures – enhanced after September 11 – were designed to stop Al-Qaeda attacking the court which found their own members guilty of blowing up our embassies in Africa.

Similarly, Pennsylvania Avenue was ordered closed by the National Security Advisor and the White House after the United States Secret Service Director and I made a presentation which showed that a terrorist vehicle bomb could destroy the West Wing.

Prior to September 11, an incredible number of innovative and costly measures were regularly implemented by the FBI and the law enforcement community

around the country – at special events, conventions, inaugurations, public gatherings – to prevent, among other threats, foreign based terrorists like Ressam and Yousef from attacking targets here. The radical fundamentalist threat posed a clear and present danger here and everyone knew it and understood it to be the case.

At the same time, the FBI was critically active in focusing on the terrorist threat to Americans overseas. Much of that activity I have recounted above. Beginning in 1993, shortly after I became Director, I determined that to protect America at home, the FBI needed to significantly increase its international role and liaison with our foreign law enforcement and security counterparts. I determined that to have an effective counter-terrorism program that protected Americans in their homes and offices, the FBI had to have its Agents in Cairo, Islamabad, Tel Aviv, Ankara, Riyadh, and other critical locations around the world. We opened FBI Legat Offices in those countries to strengthen our counter-terrorism program. The critical alliances and partnerships with the law enforcement and security services in those countries has paid enormous benefits and has protected this nation and our people from acts of terrorism.

We later were able to open FBI Legat offices in Amman, Almaty, New Delhi and when I left the FBI in June 2001, I had pending requests to establish FBI offices in thirteen additional countries, having already more than doubled the FBI presence overseas from 19 to 44. I was pleased recently to learn that my prior requests to open offices in Tunis, Kuala Lumpur, Tbilisi, Sana and Abu Dhabi had been approved. The FBI must have this foreign presence and capability to carry out an effective counter-terrorism policy, especially when it comes to prevention.

When I left the FBI, I had proposed that we establish an FBI training facility in Central Asia, as we had done in Budapest in 1996, and had begun in Dubai, to enhance our ability to establish liaison and critical points of contact in those important regions. There is absolutely no substitute for these liaisons and relationships. Without them we risk being blind.

Many FBI personnel and I spent an enormous amount of time traveling overseas in order to establish an international counter-terrorism capability. Because of that, in 1998, I was able to negotiate the return of two Al-Qaeda bombers from Kenya so they could be tried and convicted for the embassy bombings.

In 2000 I met with President Musharraf in Pakistan and negotiated the availability of a critical witness in one of our major terrorist prosecutions in New York. I briefed him on the indictment against Bin Laden on the 1998 embassy bombings and asked for his assistance in capturing him. FBI Agents and a prosecutor from the United States Attorney's Office-Southern District of New York later returned to Pakistan to continue these efforts.

In 1996, I met with Presidents Nazarbayev and Karimov of Kazakhstan and Uzbekistan, respectively, and discussed radical fundamentalist terrorism directed against the United States from Afghanistan and Iran. I asked for their help in fighting these threats to America as well as to them.

I traveled extensively – as did scores of FBI men and women – throughout the Mideast, Central Asia, Africa, Asia, the Persian Gulf and South America with the objective of strengthening the FBI's counter-terrorism program so we could better protect America.

Dozens of FBI Special Agents went to places like the Triborder Area in South America, South East Asia, Africa, Greece, Georgia, Russia and many other places to carry out the FBI's counter-terrorism mission.

History and experience have shown that the FBI's expansion overseas has paid immense dividends in terms of enhanced capability, prevention and enforcement.

For example, our examination of the forensic evidence from the USS Cole case, we discovered that the explosive used was possibly manufactured in Russia. Because the FBI had been working in Russia since 1994, I was able to call the FSB Director and ask for assistance. His response was immediate. Russian explosive experts provided the FBI with all the necessary forensic and expert information requested, helping the case immensely. I could provide dozens of other examples of how the FBI's expanded Legat Program has directly supported our efforts to protect America from terrorists.

THE 1996 KHOBAR BOMBING INVESTIGATION DEMONSTRATES THE FBI'S
SUCCESSSES AND LIMITATIONS IN COMBATING FOREIGN-BASED TERRORISTS
WHO WAGE WAR AGAINST THE UNITED STATES

The FBI's 1996 Khobar bombing investigation is a prime example of the FBI's success in combating terrorism because of solid relationships with our foreign partners. It also points to the limitations in dealing with these acts strictly as criminal cases. After that devastating terrorist attack on June 25, 1996, which killed 19 United States Airmen and wounded hundreds more, the FBI was instructed to mount a full-scale criminal investigation. We immediately dispatched several hundred FBI personnel to Dhahran, Saudi Arabia, and, supported by the armed forces, established a crime scene, interviewed available witnesses, obtained evidence and set out leads and an investigative plan.

Working in close cooperation with the White House, State Department, CIA and Department of Defense, I made a series of trips to Saudi Arabia in order to further the FBI's investigation. Because the FBI's prior contacts with the Saudi police service, the Mabaheth, and Interior Ministry had been carried on from offices Rome and, later, Cairo, the FBI lacked any effective liaison or relationship with its counterpart agencies in Riyadh.

Fortunately, the FBI was able to forge an effective working relationship with the Saudi police and Interior Ministry. After several trips and meetings with the Saudi leadership and particularly, Prince Nayef, the Interior Minister, the FBI was

granted permission to expand its presence and joint, operational capability within the Kingdom. I was particularly fortunate to gain the trust and cooperation of Prince Bandar bin Sultan, the Saudi Ambassador to the United States who was critical in achieving the FBI's investigative objectives in the Khobar case. Due to Prince Bandar's forthcoming support and personal efforts, the FBI was able to establish an FBI office in Riyadh. Our Arabic-speaking Special Agent who became the first FBI Agent to be assigned to Saudi Arabia quickly made critical liaison and relationships of trust were established between the FBI and the Mabaheth. Evidence and access to important witnesses were obtained and excellent investigative support was furnished to various teams of FBI Agents who worked in Saudi Arabia to pursue the case. In one instance, Canadian authorities, acting on Saudi information, arrested a Khobar subject who was brought to the United States and thereafter sent by the Attorney General to Saudi Arabia for prosecution.

The cooperation the FBI received as a result of Princes Bandar and Nayef's personal intervention and support was unprecedented and invaluable. From time-to-time a roadblock or legal obstacle would occur which was expected given the marked differences between our legal and procedural systems. Despite these challenges, the problems were always solved by the personal intervention of Prince Bandar and his consistent support for the FBI.

The case almost faltered on the issue of the FBI's critical request for direct access to six Saudi nationals who were being detained in the Kingdom and who had admitted participation in the Khobar bombing. One of these subjects, who had been returned to Saudi Arabia from another country, had key information which would

later implicate senior Iranian government officials as responsible for the planning, funding and execution of this attack. We needed direct access to these subjects because their admissions and testimony were critical to support our prosecution. Yet no FBI Agent had ever been given such unprecedented access to a detained Saudi national, which access could potentially taint their prosecution under Islamic law. Moreover, by making these witnesses directly available to the FBI, the Saudis understood that they would be helping to provide evidence that senior officials of the government of Iran were responsible for the Khobar attack.

Despite these extremely sensitive and complex issues, the Saudis put their own interests aside to aid the FBI and the United States. Supported by Prince Bandar, Prince Nayef and the Saudi Mabaheth, Crown Prince Abdullah decided to grant the FBI's request to interview the detainees. Ambassador Wyche Fowler worked closely with me in this endeavor and finally we succeeded. Teams of FBI investigators then were able to have access to these critical detainees and full debriefings were conducted in Saudi Arabia. As a direct result of these and later direct interviews, the Department of Justice was able to return a criminal indictment in June 2001, charging thirteen defendants with the murders of our nineteen servicemen. The indictment was returned just days before the statute of limitations would have run on some of the criminal charges. This case could not have been made without the critical support and active assistance of Saudi Arabia and the State Department through Ambassador Fowler.

The direct evidence obtained strongly indicated that the 1996 bombing was sanctioned, funded and directed by senior officials of the government of Iran. The Ministry of Intelligence and Security (MOIS) and Iranian Revolutionary Guard Corps (IRGC) were shown to be culpable for carrying out the operation. The bombers were trained by Iranians in the Bakka Valley. Unfortunately, the indicted subjects who are not in custody remain fugitives, some of whom are believed to be in Iran.

Khobar represented a national security threat far beyond the capability or authority of the FBI or Department of Justice to address. Neither the FBI Director nor the Attorney General could or should decide America's response to such a grave threat. While on the one hand, Khobar demonstrated the capability of the FBI, acting in cooperation with its foreign counterparts overseas, to work successfully under extremely complex conditions to pursue criminal cases; it also demonstrated that an act of war against the United States – whether committed by a terrorist organization or by a foreign state – can receive only a limited response by the FBI making a criminal case against those harbored beyond the reach of law enforcement.

Mr. Watson recounted a meeting that he and I had with you, Senator Shelby, and Senator Bob Kerry. We came up to brief you on the Khobar attack and how the FBI's investigation was proceeding. You both very correctly told me that while it was necessary for the FBI to go to Yemen and collect the facts, an attack upon our warship was an act of war, much graver than merely a horrific crime.

I never lost sight of that fact and its truth is even more apparent after September 11th. The FBI always viewed these investigations as secondary to any national security action and severely limited in their overall impact on a far away enemy such as Al-Qaeda. I always stressed that the FBI investigations were completely secondary to the needs of our national security.

The National Commission on Terrorism made this point convincingly by using the pursuit of the Pan Am 103 case – investigated by the FBI – as an example of the more aggressive, national strategy needed against this scale of terrorism:

“Law enforcement is designed to put individuals behind bars, but is not a particularly useful tool for addressing actions by states. The Pan Am 103 case demonstrates the advantages and limitations of the law enforcement approach to achieve national security objectives. The effort to seek extradition of the two intelligence operatives implicated most directly in the bombing gained international support for economic sanctions that a more political approach may have failed to achieve. The sanctions and the resulting isolation of Libya may have contributed to the reduction of Libya’s terrorist activities. On the other hand, prosecuting and punishing two low-level operatives for an act almost certainly directed by Qaddafi is a hollow victory, particularly if the trial results in his implicit exoneration.”

The Commission concluded that “Iran remains the most active state supporter of terrorism ... the IRGC and MOIS have continued to be involved in the planning and execution of terrorist acts. They also provide funding, training, weapons, logistical resources, and guidance to a variety of terrorist groups ... including Lebanese Hizballah ... Hamas ... PIJ ... and PFLP-GC.” The Commission noted that “In October 1999, President Clinton officially requested cooperation from Iran in the investigation [of the Khobar bombing]. Thus far, Iran has not responded. International pressure in the Pan Am 103 case ultimately succeeded in getting some degree of cooperation from Libya. The United States Government has not sought similar multilateral action to bring pressure on Iran to cooperate in the Khobar Towers bombing investigation.”

We must always recognize the limitations inherent in a law enforcement response. As we see at this very moment in history, others, to include Congress, must decide if our national will dictates a fuller response.

MODERN INFORMATION TECHNOLOGY IS NECESSARY TO COMBAT TERRORISM

When I left office in June 2001, the FBI was just beginning to get back on track in upgrading its information technology. In fact, just one month prior to my departure, the FBI was finally able to award the first contract for the Trilogy initiative, a three-year program to upgrade the FBI’s aging information technology infrastructure.

I can't underscore how important IT is to the ability of the FBI to combat terrorism, in particular, and in performing all aspects of its national security, criminal investigative, and law enforcement assistance missions. The FBI's problem with acquiring necessary information technology has a long history. We didn't just wake up one day and realize that our IT systems were unable to perform even basic functions, such as e-mail and electronic files that were available in other government agencies and the private sector. Indeed, upgrading FBI IT was one of the three areas – along with training and analytical capacities – identified in the FBI Strategic Plan issued in March 1998 as being most critical to the success of the FBI.

To address our IT shortfalls, the FBI proposed a five-year IT technology upgrade plan, called the Information Sharing Initiative (ISI). That initiative would have allowed the FBI to replace outdated desktop computers, upgrade network capacity to permit the exchange of images and other large files, provide improved analytical capabilities, and permit information sharing with other law enforcement, prosecutorial, and intelligence agencies. The initial planning behind the ISI project began as early as 1992. The FBI estimated the cost of the ISI project to be approximately \$432 million. Through the budget process, we began requesting the additional funding needed to proceed with ISI; at the same time, we pursued a parallel contract competition so that we would be in a position to award a contract when funding became available.

The project consisted of three phases: internal information sharing, analytical tools and intelligence processing, and external information sharing. Most of the initial effort was aimed at replacing existing, outdated and obsolete equipment with

up-to-date desktop computers, higher capacity servers and mainframe computers; acquiring standardized off-the-shelf office automation software for word processing and spreadsheets; acquiring more robust telecommunication circuits and networks that could handle larger image, text, and audio files; and, implementing commercially available analytical tools to improve our intelligence capabilities.

There was some development work involved, primarily in the later stages of the project where existing FBI databases would migrate from older databases applications to a new enterprise relational database that would permit word and phrase searching not possible under the existing ACS platform. Some development would also have been required for building external information sharing capabilities. The risk in this latter area involved developing necessary layered security protocols and “trusted guards” so authorized non-FBI personnel could access those parts of our databases they were cleared to, while at the same time preventing unauthorized access to sensitive FBI information.

Our first budget proposal to the Congress for ISI was in 1998 as part of the Fiscal Year 1999 appropriations request. We sought a total of \$70 million for ISI, consisting of \$20 million from base IT funding and an increase of \$50 million in new budget authority for ISI. Congress appropriated \$2 million of the requested increase, to be used for additional personnel to support ISI, and directed the Attorney General to make available \$40 million from the Department’s Working Capital Fund. However, Congress prohibited the FBI from spending any of these funds, including the \$20 million

from the FBI's base IT budget, until a comprehensive implementation plan was submitted to the Congress.

During the FY 2000 appropriations cycle, we proposed a total of \$58.8 million for ISI, consisting of \$20 million from base IT funding and an increase of \$38.8 million in new budget authority. The FY 2000 appropriation for the FBI provided no new budget authority and again prohibited the FBI from obligating any available funds for ISI until the Congress approved the ISI plan.

After receiving Administration clearance, the FBI submitted the ISI plan to the Congress in March 1999; however, the plan was not accepted. A revised plan was submitted in August 1999. Still, this plan was not approved. We continued to talk with the Congress and we presented alternate funding scenarios, but we could not reach agreement. There was universal agreement that the FBI needed the IT upgrade requested; however, there was disagreement on the type of contract vehicle being proposed, how much the FBI could or should do using in-house capabilities versus contractors, deployment to field offices, staging of the capabilities within each phase, and cost.

While awaiting approval of the ISI plans, the FBI had extended the bids submitted for the ISI contract. However, it became necessary to cancel the procurement in November 1999 due to our inability to reach agreement and release of funding for ISI.

Due to the restrictions on spending any funds for ISI, the FBI was precluded for a two year period from replacing or upgrading many elements of its IT infrastructure since these items were encompassed by the ISI plan. This was particularly damaging since \$40 million of the embargoed funds were funds from our base IT budget that were normally used for basic refreshment and upgrades of existing equipment and systems. Desktop computers grew older and more obsolete; network switches, servers, and other equipment become more fragile and more prone to breakdown.

We came back to the Congress in the FY 2001 budget with a request for a total of \$60 million in funding for FBI information technology infrastructure upgrades, consisting of \$20 million from base IT funds and \$40 million in new budget authority. In March 2000, we also submitted yet another plan, entitled, e-FBI: Three Year Implementation Plan, Architecture, Schedule, Cost, and Program Management Details. This plan was built around a Congressionally suggested funding stream of \$200 million, or half the amount initially proposed by the FBI for ISI.

In early 2000, I recruited Bob Dies, who had recently retired from IBM, to come in and rework our proposal in an effort to break the impasse that developed between the FBI and the Congress modernizing the FBI's IT infrastructure. Subsequently, in September 2000, Mr. Dies submitted to the Congress a revised investment plan, entitled, FBI Technology Upgrade Plan, Reprioritized Three-Year Implementation Plan. That plan called for spending a total of \$380 million to upgrade

the FBI's information technology infrastructure, or some \$52 million less than the original ISI proposal.

The new plan was built around three components: information presentation, transportation network, and user applications. Congressional clearance for the new plan came in September 2000 and the FBI was allowed to spend \$100.7 million for first year costs of the plan. That \$100.7 million consisted of the \$80 million that was banked from FYs 1999 and 2000, plus \$20.7 million from base IT funding. Contracts for the Trilogy program, as the revised plan became known, were finally awarded in May and June 2001.

The last FBI budget proposal that I presented to the Congress – for FY 2002 -- included a request for \$67.7 million for the second year costs of the Trilogy program. I am pleased that the Congress provided the full amount needed for year two Trilogy costs and, in subsequent supplemental appropriations, provided even more funding for Trilogy and other FBI IT investments.

CRITICAL TECHNOLOGY ASSISTANCE IS REQUIRED TO FIGHT THE WAR
AGAINST TERRORISM

In addition to IT, other critical technology assistance is required for the FBI to continue an effective war against terrorism.

In 1994, as a result of the FBI's own initiative, Congress passed the Communications Assistance to Law Enforcement Act (CALEA). This critical statute was vital to ensuring that law enforcement could maintain the technical ability to conduct court-authorized electronic surveillance. Against tremendous opposition, the FBI persuaded Congress that this selectively-utilized technique was essential to working its most complex criminal and national security cases. Support from Chairman Leahy, Senator Hatch and many other members was critical in this legislation. The law simply allows the FBI to continue its court-controlled use of this capacity as the telecommunications world changes from an analog to digital network. It has taken most of the last eight years to fund and to implement CALEA and faster progress needs to be made.

But CALEA simply permits the FBI to maintain court-approved access to digital communications and stored data. Another technical challenge called encryption then and now threatens to make court-authorized interception orders a nullity. Robust and commercially available encryption products are proliferating and no legal means has been provided to law enforcement to deal with this problem, as was recently done by Parliament in the United Kingdom. Terrorists, drug traffickers and criminals have been able to exploit this huge vulnerability in our public safety matrix.

Many of you have heard me and others testify before you about this problem for many years. The International Association of Chiefs of Police (IACP), the fifty State Attorneys General, and National Association of District Attorneys have all identified this problem as the most critical technology issue facing law enforcement.

Many of you, Chairman Goss, Representative Norm Dicks, Senators Kyl and Feinstein have provided outstanding leadership and gone to great lengths to address this problem. In 1998, HPSCI adopted a substitute bill to S.909 which effectively addressed all of law enforcement's public safety and terrorism-related concerns regarding encryption products. Unfortunately, this needed counter-terrorism assistance was not enacted. As we know from Ramzi Yousef's encrypted computer files found in Manila, terrorists are exploring this technology to defeat our most sophisticated methods to prevent their attacks. I have long said that this unaddressed problem creates a huge vulnerability in our nation's counter-terrorism program. Neither the Patriot Act nor any other likely-to-be-enacted statute even attempts to close this gap. Resolving this issue is critical to homeland security.

In 1995, Congress authorized the FBI to establish a Technical Support Center. The purpose of this facility was to provide federal and local law enforcement with the technical tools to improve court-authorized telecommunication interceptions and signal access for investigative purposes. I was pleased to see that this critical center was fully funded subsequent to September 11th.

Many other critical technology needs must be addressed both with legal authorization – such as the once-proposed Cyberspace Electronic Security Act (CESA) bill – and significant new resources for counterterrorism, cyberterrorism and dealing with weapons of mass destruction and proliferation threats.

The convergence of technology and globalization now enable an individual terrorist or a small group of terrorists, operating from the other side of the world in a protected sanctuary, to threaten our nation in devastating ways.

WE NEED TO ACKNOWLEDGE THAT THE RULES GOVERNING THE FBI'S COUNTERTERRORISM EFFORTS CHANGED AS A RESULT OF SEPTEMBER 11TH

We must acknowledge that the rules are changed beginning with certain provisions of the USA Patriot Act. The Department of Justice and the intelligence agencies have been given new tools to combat a dangerous enemy who follows no rules. Some of these new authorities have been granted by the Congress with a sunset provision. Some asserted by the government are being challenged in the courts, where they will ultimately be decided.

It must always be understood that prior to September 11th, the FBI – as it always must – followed the rules as they were given to us by the Attorney General and the Congress. For example, FBI Agents were not permitted without special circumstances to visit a suspect group's web site or to attend its public meetings. Counterintelligence, Domestic Terrorism and Informant Guidelines promulgated years ago and updated with new restrictions curtailed our ability to collect information in national security cases. Those guidelines are now being changed. "Primary purpose" requirements for FISA applications and information separation structures limited the sharing of criminal and intelligence information. Grand jury and Title III secrecy

provisions severely restricted the dissemination of criminal terrorist information obtained during those processes.

I repeatedly testified before Congress that FBI Agents were statutorily barred from obtaining portions of credit reports on certain national security subjects which used car dealers could order and read.

Before we interviewed detained foreign national Al-Qaeda members in East Africa in connection with the embassy bombings, FBI Agents gave them their Miranda rights.

And when I left the FBI in June 2001, we were being criticized in some quarters because a valuable new electronic tool necessary to read a terrorist's e-mail pursuant to a court order had the hypothetical potential to be abused – as any law enforcement tool could be.

Everyone understands why and how some of the rules changed after September 11th. But it is important to understand that the rules were changed by changed circumstances and that those circumstances changed the standards and expectations of both the FBI and CIA.

THE FBI AND CIA HAVE FULLY COOPERATED AND WORKED SIDE-BY-SIDE
FIGHTING TERRORISM

During my tenure as FBI Director, I was immensely proud of the cooperation and integration of FBI and CIA efforts to combat terrorism. Myself and recent DCIs, particularly George Tenet, have taken bold and unprecedented steps to work together and forge an effective FBI-CIA partnership to combat terrorism. Exchanging senior officers, standing up the joint Usama Bin Laden/Al-Qaeda operations and intelligence center, fully coordinating our Legat and Station Chiefs, cross-training and many additional measures were taken to integrate our counter-terrorism resources and capabilities. Our joint efforts in the East Africa bombings is a template for how successful we were in working together. Some of these efforts cannot be described in this session.

This historical and successful integration does not mean that on every possible point of intersection, a lapse did not occur. But to focus on those isolated instances while ignoring the huge successes of this top-down directed integration, is misplaced. I personally credit George Tenet with making this happen and winning the trust and respect of the entire FBI in the process.

The best confirmation of this fully integrated FBI-CIA counterterrorism effort is the fact that during my tenure no chairman or member of these Committees raised with me – or the DCI to my knowledge – the issue of our agencies being uncooperative or adverse to working together. Conversely, it was repeatedly pointed out to me by your Committees that the FBI and CIA were working together in an exemplary manner.

SOME RECOMMENDATIONS

1. Provide legal authority and significant new funding enabling the FBI to manage encryption technology.
2. Significantly increase the number of FBI Special Agent and Support positions with sufficient compensation required to recruit and retain the best men and women to combat terrorism.
3. Significantly increase the FBI's technical support program and facilitate the FBI's access to emerging technologies and research and development by the private sector.
4. Significantly increase the number and staffing of FBI Legat Offices overseas.
5. Exempt the FBI from the compensation restrictions of Title V.
6. Change the FBI's procurement procedures to facilitate the efficient design and acquisition of equipment and technology.
7. Provide new funding for the FBI's international training programs and put the FBI in charge of all international law enforcement training.

8. Fund whatever it takes to achieve interoperability between all the agencies engaged in the war against terrorism.
9. Restructure the budget to give more flexibility to the DCI, Attorney General and the FBI Director to better allocate program funding and resources as missions evolve and new threats emerge.
10. Consider establishing a domestic public safety office in the Executive with responsibility for coordinating and supporting national law enforcement issues.
11. Enhance the legal, technical and funding resources of the FBI rather than consider creating an intelligence agency to share its domestic, public safety responsibilities.

CONCLUSION

The FBI and CIA working together have accomplished much in fighting terrorism at home and abroad but it is a constant and continuing battle. These agencies should remain the primary counterterrorism agencies for this mission. The DCI's authority for coordinating and implementing government-wide efforts in this regard should be expanded. The war against terrorism must be waged relentlessly. It will require that significantly more resources be allocated to the FBI and CIA. These fine agencies and the brave men and women who fight this war cannot defeat some forms of terrorism without total government intervention no matter how great and heroic

their efforts. Al-Qaeda-type organizations, state sponsors of terrorism like Iran, and the threats they pose to America are beyond the competence of the FBI and the CIA to address. America must maintain the will in some cases to use its political, military and economic power in response when acts of war are threatened or committed against our nation by terrorists or their state sponsors.

Finally, however treacherous the enemy, the FBI must fight this war as a law enforcement agency of the Department of Justice governed by the Rule of Law and the Constitution. The rules, statutes and guidelines which establish the legal authorities of the FBI may change – as they did after September 11th – as long as those changes are clearly defined and understood. Its adherence to the Constitution and the Rule of Law must not change. We do not have sacrifice our freedom to protect it.