STATEMENT OF
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(U) In 2006, successes in the war on terrorism and the arrests of many key al-Qa'ida leaders and operatives have diminished the ability of the group to attack the United States Homeland. At the same time, the growing Sunni extremist movement that al-Qa'ida successfully spearheaded has evolved from being directly led by al-Qa'ida, to a global jihadi movement that is able to conduct attacks independently.

(U) As a result, the United States Homeland faces two very different threats from international terrorism – the attack planning that continues to emanate from core al-Qa'ida overseas and the threat posed by homegrown, self radicalizing groups and individuals – inspired, but not led by al-Qa'ida – who are already living in the US. While they share a similar ideology, these two groups pose vastly different threats due to their differences in intent and attack capability.

(U) Al-Qa'ida

(U) The United States has made significant headway in countering al-Qa'ida's ability to execute attacks worldwide, including the US Homeland, but the group continues to pose the most serious international terrorism threat we face.

(U) Despite the successes this year in depleting al-Qa'ida's senior ranks and disrupting ongoing attack planning, the group has been able to rebuild itself and remain viable – finding new staging grounds for attacks, promoting from within, and using the skills and abilities of its seasoned veterans to continue its worldwide attack planning.

(U) We assess al-Qa'ida's strategy for conducting an attack inside the United States continues to include proven tactics and tradecraft with adaptations designed to address its losses and our enhanced security measures.

For example, we believe:

- (U) Al-Qa'ida is still seeking to infiltrate operatives into the US from overseas who have no known nexus to terrorism using both legal and possibly illegal methods of entry.

- (U) We also believe, if it can, al-Qa'ida will obtain and use some form of chemical, biological, radiological or nuclear (CBRN) material.

- (U) Al-Qa'ida's choice of targets and attack methods will most likely continue to focus on economic targets, such as aviation, the energy sector and mass transit; soft targets such as large public gatherings and symbolic targets, such as monuments and Government buildings.

(U) Throughout 2006, al-Qa'ida made efforts to align itself with established regional terrorist groups, such as the **Salafist Group for Preaching and Combat or GSPC** that may expand the scope of the threat to the Homeland. In addition, al-Qa'ida is also finding it easy to attract individual members of these groups who align closer to Bin Ladin's ideology and crave a more global agenda. This strategy has been particularly successful in recruiting individuals from Pakistani and Kashmiri militant groups operating overseas as was evident in the recently disrupted al-Qa'ida related airline plot out of the United Kingdom.

(U) In a recent and rare public statement by the director of the British Security Service, Director Manningham-Buller outlined the terrorist threat the United Kingdom is currently facing and cited some sobering statistics that highlighted the continuing threat to US and its Allies.

- According to the BSS Director, the United Kingdom is tracking 1600 individuals who are part of at least 200 networks that are actively plotting terrorist attacks against British targets, as well as Western targets overseas. She added the United Kingdom is following at least 30 plots as of November 2006, many of which are linked to al-Qa'ida in Pakistan and using British born foot soldiers living in the United Kingdom in its attack planning.

(U) Due to the stark differences in the history, the population, and the immigrant assimilation in our two countries, it is difficult to directly compare our terrorism threat to theirs. While in general, the number of subjects we are monitoring is proportional to the number of subjects BSS is monitoring – based on gross national population – we see relatively fewer active "plots" involving physical

attacks within the United States, less defined networks of extremists, and less developed attack planning compared to those described by the BSS Director.

(U) It is also possible, however, that al-Qa'ida's strategy for attacking the US Homeland includes using the UK as a stepping stone for al-Qa'ida operatives to enter the United States. We are working closely with our partners in the United Kingdom to counter this possible threat and to identify any US connections to the UK networks currently being monitored.

(U) Homegrown Threat

(U) As I stated earlier, we face two different threats from international terrorism and when we look at the homegrown threat, in contrast to the threat from al-Qa'ida, it is critical to be aware of the differences in intent and capability in order to understand and counter the threat. This year, we disrupted several unsophisticated, small scale attack plans that reflect the broader problem homegrown extremists pose.

- (U) Last year, we disrupted a homegrown Sunni Islamic extremist group in California known as the **JIS, a.k.a. "Assembly of Authentic Islam,"** operating primarily in state prisons, without apparent connections or direction from outside the United States and no identifiable foreign nexus. Members of the JIS committed armed robberies in Los Angeles with the goal of financing terrorist attacks against the enemies of Islam, including the US Government and supporters of Israel.

- (U) This past summer, we arrested Narseal Batiste, the leader of a group with intentions to wage Jihad against the United States who were seeking to create their own army and government. Batiste also recognized his resource limitations, and sought to obtain material support or take direction from al-Qa'ida. The group was composed mostly of US Persons, many of them born in the United States, and their intentions were to attack inside this country.

- (U) Also in 2006, the FBI, along with other federal agencies and foreign partners, dismantled a global network of extremists operating primarily on the Internet and independently of any known terrorist organization. Associates of this group, who were from Georgia, had long term goals of creating a large network of extremists in preparation for conducting attacks, possibly inside US.

(U) The diversity of homegrown extremists and the direct knowledge they have of the United States makes the threat they pose potentially very serious. The radicalization of US Muslim converts is of particular concern. While conversion to Islam, in itself, does not directly lead to radicalization, converts appear to be

more vulnerable and likely to be placed in situations that put them in a position to be influenced by Islamic extremists.

(U) Radicalization

(U) In 2006, al-Qa'ida and its sympathizers continued their attempts to make global jihad accessible to English-speaking Western Muslims by disseminating large amounts of violent Islamic extremist propaganda in English via media outlets and the Internet. Multiple Internet sites that are dedicated to the spread of radical Islamic propaganda, deftly exploited any and all terrorist and political events, including the war in Iraq.

(U) Al-Sahab, al-Qa'ida's official media component, released 48 videos last year, the most al-Qa'ida ever released in one year. This acceleration in production is likely intended to mobilize the global jihad movement and demonstrate that al-Qa'ida remains relevant and its main ideological driver.

(U) The Internet has facilitated the radicalization process, particularly in the United States, by providing access to a broad and constant stream of extremist Islamic propaganda, as well as experienced and possibly well connected operators via web forums and chat rooms.

(U) The Threat from other Terrorist Groups

(U) While al-Qa'ida, its affiliates and independent Islamic jihadist groups inspired by the global jihad remain the primary threat to the US Homeland, other groups, such as Iranian-supported Lebanese Hizballah, warrant attention due to their ongoing fundraising, recruitment, procurement, and capability to launch terrorist attacks inside the US.

(U) Shia Extremists

(U) As seen in the summer 2006 conflict with Israel, Hizballah has a well trained guerilla force that is proficient in military tactics and weaponry capable of striking US interests. To date, Hizballah has not conducted an attack within the US homeland. Rather, US Hizballah associates and sympathizers primarily engage in a wide range of fundraising avenues in order to provide support to Hizballah to include criminal activities such as money laundering, credit card, immigration, food stamp, and bank fraud, as well as narcotics trafficking.

- (U) Our efforts to stem the flow of material and monetary support to Hizballah over the past few years has led to numerous Federal indictments, including material support to a terrorist organization and federal racketeering charges, resulting in the arrest of suspected Hizballah supporters and approximately 5 million dollars in property seizure and court ordered restitution.

(U) Iran continues to present a particular concern due to its continued role as a state-sponsor of terrorism, its development of a nuclear program and commitment to promoting an Iranian-inspired extreme version of Shia Islam within the United States. Iran is known to support Iraqi Shia militia groups and terrorist groups such as Hizballah and non-Shia Palestinian terrorist organizations.

(U) Palestinian Terrorist Groups

(U) Despite calls from al-Qa'ida's Ayman Zawahiri to Palestinian terrorist groups to don the mantle of the global jihad, most Palestinian groups have maintained their longstanding policy of focusing their attacks on Israel. Additionally, the ongoing factional in-fighting between HAMAS and Fatah elements in the Palestinian territories has consumed the attention of most of the Palestinian organizations. The primary focus of US-based Palestinian groups remains fundraising, propaganda for the Palestinian cause and proselytizing.

(U) The FBI continues to make inroads into dismantling the US financial infrastructures of these Palestinian terrorist organizations.

- On April 14, 2006, Sami al-Arian pled guilty to one count of conspiracy to support a designated foreign terrorist organization in violation of International Emergency Economic Powers Act and as part of the plea, admitted to material support of Palestine Islamic Jihad or PIJ.

(U) The Threat Posed by Domestic Terrorist Groups

(U) While much of the national attention is focused on the substantial threat posed by international terrorists to the Homeland, we must also contend with an ongoing threat posed by domestic terrorists based and operating strictly within the United States. Domestic terrorists, motivated by a number of political or social issues, continue to use violence and criminal activity to further their agendas.

(U) Despite the fragmentation of white supremacist groups resulting from the deaths or the arrests of prominent leaders, violence from this element remains an ongoing threat to government targets, Jewish individuals and establishments, and non-white ethnic groups.

(U) The militia/sovereign citizen movement similarly continues to present a threat to law enforcement and members of the judiciary. Members of these groups will continue to intimidate and sometimes threaten judges, prosecutors, and other officers of the court. Sporadic incidents resulting in direct clashes with law enforcement are possible and will most likely involve state and local law enforcement personnel, such as highway patrol officers and sheriff's deputies.

(U) Some US-based black separatist groups follow radical variants of Islam, and in some cases express solidarity with international terrorist groups. These groups could utilize black separatists to collect intelligence on US targets or to identify radical elements within the African-American community who could act as surrogates on their behalf.

(U) Animal rights extremism and eco-terrorism continue to pose a threat. Extremists within these movements generally operate in small, autonomous cells and employ strict operational security tactics making detection and infiltration difficult. These extremists utilize a variety of tactics including arson, vandalism, animal theft, and the use of explosive devices.

(U) WMD Acquisition and Use by Terrorist Groups

(U) Transnational and domestic terrorists and state sponsors of terrorism continue to demonstrate an interest in acquiring and using chemical, biological, radiological, and nuclear weapons or CBRN. CBRN weapons are advantageous for terrorists to use to cause mass casualties, mass panic, economic disruption, and summon US government responses.

(U) Few if any terrorist groups are likely to have the capability to produce complex biological or chemical agents needed for a mass casualty attack, but their capability will improve as they pursue enhancing their scientific knowledge base by recruiting scientists as some groups are doing. Currently, terrorist groups have access to simple chemical and biological agent recipes passed on at training camps or through the Internet and anarchist cookbook publications. Although a nuclear terrorist attack is the least likely to occur due to the required technical expertise and challenges associated with acquiring weapons usable material, the intent of terrorists to obtain this material is a continuing concern. The ability of a terrorist group to build and use a Radiological Dispersal Device (RDD) is well within the capability of extremists who already understand explosives if they are able to acquire radiological material.

(U) To counter this threat, the FBI established the WMD Directorate in July 2006 to consolidate the FBI's WMD components. The Directorate integrates and links all the necessary intelligence, scientific, and operational components to detect and disrupt the acquisition of WMD capabilities and technologies for use against the US Homeland by terrorists and other adversaries.

(U) WMD Proliferation and other Foreign Intelligence Threats

(U) The US government has identified 21 countries, of which Iran, North Korea, and China are of greatest concern, with the capability to either develop WMD systems or acquire export-controlled WMD and dual-use items and sensitive technologies. The FBI has leveraged its statutory authority in export matters with

nexus for foreign counterintelligence activities and enhanced interagency cooperation and coordination to address this threat to US national security.

(U) From an operational perspective, FBI Headquarters, field agents, and their counterparts at DHS and the Department of Commerce have successfully conducted joint investigations that have led to arrests of individuals for violations of US export laws and have produced intelligence in support of national intelligence collection requirements. The resulting intelligence has enabled the intelligence community to better understand the threat to national security from foreign government exploitation of international commerce in foreign targeting of WMD and other sensitive US technologies and information.

(U) While preventing another terrorist act on US soil is the FBI's primary mission, protecting the United States from espionage and foreign intelligence operations is also of vital importance. Recent investigative successes highlight the fact that foreign governments continue to target the United States for sensitive and classified information and technology.

(U) In 2006, the FBI arrested 20 individuals on espionage-related charges and disrupted foreign intelligence operations through *persona non grata* and other removal actions, and by objecting to visas for intelligence officers seeking entry into the United States.

- (U) Espionage arrests include that of a Cuban-American university professor for acting as an agent of the Cuban Government. Though the professor had no direct access to classified US information, one of his tasks was to spot and assess American students who may pursue a career in the US Government.

(U) Similarly, the arrests of a US defense contractor and his co-conspirators for passing sensitive weapons technology to the People's Republic of China (PRC), confirm that foreign states are using non-traditional actors and methods to collect classified, sensitive, and commercially valuable proprietary information and technology. Other FBI investigations revealed trusted insiders compromising classified or sensitive information to a wide range of US allies.

(U) In 2006, the FBI identified a core group of top country threats demonstrating the intent, capability, and opportunity to target and collect information and technology in the United States using both traditional and non-traditional means.

(U) Within this core group, two countries' targeting was both broad and deep—aimed at the United States' most sensitive technologies, such as those related to weapons of mass destruction (WMD), as well as others deemed critical to the US national defense, and at the US Government itself, in an attempt to penetrate organizations that set policy, collect intelligence, or protect against foreign adversaries.

(U) While not posing as broad a threat as these two countries, the remaining top country threats engaged in activities inimical to US interests, such as attempts to penetrate the US Government or repeated efforts to collect sensitive or critical technologies, to include WMD. Given the United States' continuing dominance in world affairs, there is every expectation that we will continue to be targeted, by these and other countries. In response, the FBI must continue to refine and improve its foreign counterintelligence (FCI) program.

(U) Since implementing its first National Counterintelligence Strategy in 2002, the FBI has improved its understanding of the threat. Through partnerships with other government agencies and the private and academic sectors, the FBI has not only corroborated long-standing assumptions concerning high-level foreign intelligence activities in the United States, but has detected far greater levels of activity than originally projected; stealing and compromising of classified and non-classified technologies are occurring at levels previously unknown. As a result, this year the FBI is updating its National Counterintelligence Strategy to reflect more advanced objectives and priorities. The focus of the 2007 Strategy will continue the shift from investigating activities after the fact to preventing foreign intelligence collectors from stealing our most sensitive and vital information and technologies in the first place.

(U) Cyber Security Threats

(U) Finally, the FBI is concerned by cyber security threats, which may come from a vast array of groups and individuals with different skills, motives, and targets. The nation's security, economy, and emergency services rely on the uninterrupted use of the Internet and telecommunications infrastructure to ensure continuity of government and military operations, financial services, transportation, and Supervisory Control and Data Acquisition (SCADA) systems such as water, power and fuel refinement, storage, and transportation.

(U) Terrorists increasingly use the Internet to communicate, conduct operational planning, propagandize, recruit, train, store information, and obtain logistical and financial support. Foreign governments have the technical and financial resources to support advanced network exploitation, and to launch attacks on the information infrastructure and physical infrastructure. Criminal hackers can also pose a national security threat if recruited, knowingly or unknowingly, by foreign intelligence or terrorist organizations. In addition, cyber fraud activities pose a growing threat to our economy, a fundamental underpinning of our national security.

(U) Computer networks may be targeted for a variety of reasons. In addition to the national security implications of stealing or altering military or intelligence data, a cyber attack might be launched to facilitate or amplify a physical attack, for example by disrupting critical emergency response services or denying access to health records. Finally, it is worth noting that computer networks – and

our reliance upon them to enhance our national security – also remain vulnerable to physical damage by way of intentional attack or natural disaster.

(U) Conclusion

(U) Mr. Chairman, working closely with our partners in intelligence, law enforcement, military and diplomatic circles, the FBI's primary responsibility is to neutralize terrorist cells and operatives here in the United States and help dismantle terrorist networks worldwide. Although protecting the United States from terrorist attacks is our first priority, we remain committed to the defense of America against foreign intelligence threats as well as the enforcement of federal criminal laws, all while respecting and defending the Constitution.

(U) Mr. Chairman, thank you for the opportunity to join my colleagues today to provide an update on our efforts to combat all threats against this nation. I look forward to working with this Committee as we continue these crucial efforts. I am happy to take any questions you might have.