

TERRORISM: TWO YEARS AFTER
9/11, CONNECTING THE DOTS

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HEARING

before the

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY
AND HOMELAND SECURITY

of the

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

SEPTEMBER 10, 2003

Serial No. J-108-39

Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON DC: 2008

93-083 PDF

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WEDNESDAY, SEPTEMBER 10, 2003

United States Senate,
Subcommittee on Terrorism, Technology and Homeland
Security, of the Committee on the Judiciary,
Washington, DC.

The Subcommittee met, pursuant to notice, at 11:33 a.m., in room SD-226, Dirksen Office Building, Hon. Jon Kyl, Chairman of the Subcommittee, presiding.

Present: Senators Kyl, Feinstein, Schumer, and Durbin.

OPENING STATEMENT OF HON. JON KYL, A U.S. SENATOR FROM THE
STATE OF ARIZONA

Chairman Kyl. I apologize to those of you who have been waiting and who will be inconvenienced by our delay. The Senate is in the middle of six votes. We are in the fifth vote right now.

I think what I will do is proceed with my opening statement. I have checked with the ranking member's staff and that is acceptable to them, and then the Ranking Member will provide her opening statement when she is able to come back. At that time, I will also make some unanimous consent requests for inclusion in the record of various statements.

Tomorrow, of course, marks the second anniversary of the worst, most cold-blooded attack on the United States since its founding, and the Subcommittee has set this hearing today to do its part to ensure that Americans are not attacked again. The defense of our people and our way of life at home requires that law enforcement agencies, Members of Congress, and government at large take an offensive approach to trace the roots of

terror and terrorist financiers overseas and here in the U.S. homeland.

As this Subcommittee heard in June from one expert witness, Al-Qaeda, murderous as it is, is but a symptom of an underlying malignancy which is Islamic extremism. To defeat this threat, we must improve our ability to connect the dots between terrorists and their supporters and sympathizers. We must understand their goals, their resources, their methods, just as well as they understand our system of freedoms and how to exploit them for their terrible purposes.

Despite the commendable accomplishments of our law enforcement community and our intelligence services and the men and women in our military, our Government still has a great deal of work to do to secure our country from real and pressing terrorist threats.

In earlier testimony and again this weekend from the New York FBI director, we have been told of the presence of active Al-Qaeda cells in 40 States, from cities like our Capital to the plains of the heartland. Increasingly, we are told how worried our officials are about what they continue to learn and what they have not yet uncovered.

Today's hearing is the second in a series of hearings to investigate the roots of terrorist ideology, terrorist support networks and state sponsorship, especially the continued financial support from Saudi Arabia, estimated at billions of dollars per year for nearly 40 years, and what the U.S. Government can do to counter these terrorists and their supports.

Members of this Subcommittee heard testimony earlier this summer by David Aufhauser, General Counsel to the Treasury Department, who called the Saudi regime the epicenter of terrorist financing. Special Agent John Pistole, Acting Assistant Director for Counterterrorism for the FBI who testified before Congress in late July, declared that the jury was still out on Saudi Arabia's promises to combat terrorist financing.

Saudi Arabia, of course, has a deep historical and symbiotic relationship with the radical Islamic ideology of Wahhabism. The Saudis continue aggressively to export this intolerant and virulent form of Islam to Muslims across the globe, and to inculcate it in the major institutions of Islam worldwide.

The New York Times, the Washington Post and others have recently reported on Wahhabi influence around the world, including in Iraq, where terrorists are carrying out ruthless attacks against U.S. forces attempting to rebuild that country and killing countless other innocent men and women.

Equally disturbing is the presence of radical Islamist groups and cells here in the United States that often have the support financially, ideologically, and even diplomatically of the Saudi regime. Contrary to popular opinion, the voice of moderate Muslims is not often heard here in Washington and across America. Instead, a small group of organizations based in the U.S. with Saudi backing and support is well advanced in its four-decade effort to control Islam in America.

From mosques, universities, community, even to our prisons, and even within our own military, moderate Muslims who love America and who want to be part of our great country are being forced out of these institutions. The Wahhabi-backed extremists then denounce critics of Wahhabism and other forms of Islamist extremism as being racists and bigots. This will not stand.

Let us be very clear. We are not suggesting that Islam as a religion or its faithful believers are enemies of the United States, the West, or modernity. However, a growing body of accepted evidence and expert research demonstrates that the Wahhabi ideology that dominates, finances and animates many groups here in the United States indeed is antithetical to the values of tolerance, individualism, and freedom as we conceive these things.

That ideology presents a clear and present danger to our Constitution and the principles of freedom enshrined by our Founding Fathers. Hence, it is a threat to the security of secular, liberal democracies such as the United States, and indeed is engaged on many levels in a violent struggle against them, from Manila to Morocco, from India to Iraq, from Jerusalem to Jakarta.

Today's hearing will bring these and other important issues facing the United States in the war on terror to light. Our first witness today is Simon Henderson, a veteran journalist and respected expert on the Saudi royal family and related Middle East issues. He is currently with Saudi Strategies, in

London. Mr. Henderson will expose a history of activity in the kingdom that has culminated in its current role in financing terror. He will outline a number of Saudi entities, some run by the government, that are involved in financing terror around the world.

Next, we will hear from Matthew Epstein, a terrorism expert and lawyer specializing in terror finance and an assistant director with The Investigative Project here in Washington. Mr. Epstein will provide testimony on the network of American Muslim organizations, the majority of which are recipients of the very Saudi largess Mr. Henderson will outline. Mr. Epstein will highlight their long history of sympathy, coordination, and support for terrorist groups.

As an example, he will focus on a group that we here on the Hill are very familiar with, namely the Council on American-Islamic Relations, or CAIR. Members of the Council on American-Islamic Relations were invited to testify today on this important anniversary, an important opportunity that this Subcommittee offered so that the organization could have its say about the serious allegations concerning its funding, ideology, leadership, and foreign and domestic networks. CAIR declined the Subcommittee's invitation. It will submit a statement for the record and I will ask unanimous consent that that statement will be received.

I will reintroduce our witnesses when we call upon them to testify after opening statements by the ranking member, or allow the Ranking Member or other members of the Committee to present their statements when they would prefer to do so, and ask, as I said, for unanimous consent for various matters at that time.

I think at this moment, what I will do is recess the Subcommittee and suggest to you that in about 10 or 12 minutes we should be able to resume and proceed with the conduct of the hearing. I thank you all again for your indulgence.

[The Subcommittee stood adjourned from 11:40 a.m. to 11:54 a.m.]

Chairman Kyl. The Subcommittee will come back to order.

Let me begin by asking unanimous consent for certain statements to be included in the record; first of all, a letter and testimony of Mr. Nihad Awad, the Executive Director of CAIR; second, the testimony of Matthew Levitt, a senior terrorism analyst at the Washington Institute for Near East Policy, and also a former FBI analyst; also, for the record, some additional materials submitted by the Muslim Public Affairs Council; and, finally, a statement by Senator Leahy. Without objection, those items will be included in the record.

[The prepared statement of Senator Kyl appears as a submission for the record.]

Senator Feinstein.

STATEMENT OF HON. DIANNE FEINSTEIN, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator Feinstein. Thanks very much, Mr. Chairman, and to our witnesses and the people in the audience, let me add my apologies to yours. What I was saying when I said hello to Mr. Henderson and Mr. Epstein is one of the things we learn here is that we can't control our schedules. It has taken me almost 10 years to learn how to relax and just kind of go with the flow because there is nothing you really can do about it. So our apologies.

Both Senator Kyl and I have held a number of hearings; either he was the Chairman of the Subcommittee, as he is now, and I am ranking, or vice versa. We have seen firsthand how ill-prepared our Nation was for this kind of asymmetrical warfare. We had our visa people in, I think, at our first hearing, where 15 hijackers received visas, and remember the testimony of the State Department in that regard.

In our Intelligence Committee--and it has subsequently been released--we have learned a lot about two hijackers that could have been picked up in Malaysia, but weren't. We have learned enough to connect the dots to know that 9/11 was no anomaly and that there are thousands of other terrorists, just like the 19 hijackers, poised to strike at the United States and at American interests.

The CIA Counterterrorism Center estimates that 70 to 120,000 people trained in Afghanistan terrorist training camps between 1979 and 2001. Between 15 to 20,000 are believed to have been trained by Osama bin Laden. These people are now spread out all over the world and many are in this country now. The number of terrorist cells in this country is classified, so

I can't share this with you, but if I did, you would be surprised. There is no question that the danger is real. Unless we find out who the enemy is and stop them before they strike, they will cause more suffering and death.

We have passed a number of pieces of legislation--the USA PATRIOT that was aimed at solving some of the problems that led to missed opportunities with 9/11; the absence of interoperability of our databases, which was brought home both to Senator Kyl and me in our hearings; as well as providing the law enforcement and intelligence communities with strong investigative and prosecutorial powers.

The PATRIOT Act is controversial. Certain elements of it will sunset after 5 years. It was drafted and negotiated quickly. Only six weeks elapsed between proposal and passage, and it was passed with the expectation that the executive branch would limit its new powers to the intended purpose of fighting terrorism.

Secondly, we learned in this Subcommittee that security controls for anthrax, smallpox virus, ebola, and 33 other deadly biological agents were virtually non-existent, and where they were, they were very lax. No one, not the FBI, nor the Centers for Disease Control, knew how many people were working with these deadly agents in our own country. They didn't know how much they possessed or where these dangerous agents were being used and stored. Moreover, labs conducted no background screenings of workers who handled these dangerous agents.

As a result, Senator Kyl and I introduced legislation to heighten security over and restrict possession of these pathogens. Ultimately, Congress incorporated many of these provisions into the comprehensive bioterrorism bill passed in June of 2002.

Thirdly, Senator Kyl and I also coauthored the Enhanced Border Security and Visa Entry Reform Act of 2002, which sought to plug loopholes in our border security. It did many things, but a month ago two Pakistani nationals at Seattle-Tacoma International Airport paid cash for one-way tickets to John F. Kennedy International Airport. The customer agent at the desk checked a terrorist-related no-fly list and found both men's names on it. Local police then detained the two men and handed them over to the FBI.

The new border security law requires the Federal Government to take concrete steps to restore integrity to the immigration and visa process. The law also requires all foreign nationals to be fingerprinted and, when appropriate, submit other biometric data to the State Department when applying for a visa.

Finally, the border security law tightened two programs that were unregulated and ripe for abuse--the visa waiver program and the foreign student visa program. Additionally, the Government has decided to take 5,000 Customs agents and put them aboard commercial airliners, and the transit without visa program has been suspended. Of the 200,000 people that have used that program, it is my understanding that 2,000--their whereabouts are unknown at the present time. In other words, when they landed in a transit capacity somewhere in the United States, their ticket was to take them to another country and they disappeared in our country.

We know that a terrorist could easily put a dirty bomb in a container. ``ABC Primetime'' on Thursday night will have a segment announcing that as a test, they shipped a suitcase with 15 pounds of depleted uranium from Jakarta, to Singapore, to Hong Kong, to mainland China, and then finally into the port of Los Angeles, all without being detected. The suitcase was in a 20-foot container filled with teak furniture.

To solve this problem, last March Senator Kyl and I introduced the Antiterrorism and Port Security Act. My distinguished colleague, Senator Schumer, who is here, is a cosponsor of this bill and we are grateful for his support. I won't go into the bill. I will put the rest of my statement in the record, but I would like to just make a couple of comments.

I have drawn some conclusions from connecting the dots. The first is that you cannot walk both sides of the street in the war on terror. The second is you can't fund schools that teach hate, you can't fund clerics who preach hate, and you can't support or give money to causes that support the culture or the individuals involved in terror.

I also have come to the conclusion--and this is just personal with me--that jihad has taken a very ominous turn not only of killing any infidel, but with the ultimate goal of creating a union of fanatic Islamic states, ranging from the Philippines through Indonesia, through the subcontinent of

Asia, into the Middle East. So I think we are going to be at this for a very long time indeed.

I am just delighted to also join you, Senator, in welcoming our two witnesses today and look forward to their remarks.

[The prepared statement of Senator Feinstein appears as a submission for the record.]

Chairman Kyl. Thank you, Senator Feinstein, and I did note that other witnesses had been invited, but had declined the invitation to testify, witnesses from CAIR.

Ordinarily, the Chairman and Ranking Member would give their opening statements and we would turn to the witness panel, but there is one member of this panel who has been extraordinarily involved in all of our efforts. We have cosponsored legislation together and he has made great contributions to our effort here, and therefore I want to give Senator Schumer an opportunity also to make an opening statement.

STATEMENT OF HON. CHARLES E. SCHUMER, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator Schumer. Thank you, Senator Kyl. First, I want to thank you. I have so much to say here, I will cut it short and ask unanimous consent that my statement be read into the record.

Chairman Kyl. It will be, and I might note that I cut my statement in half.

Senator Schumer. Second, I just want to thank you for your great leadership on this issue. I think that, in fact, the three of us here are probably the three Senators who have most cared about the issue of the spreading Wahhabi danger in the world and America, the complicity or the--it is not even complicity--the explicit cooperation of the Saudi regime with Wahhabi and the--

Chairman Kyl. Excuse me. Could I also add Senator Specter to that list? He would want to be noted as one of us on this.

Senator Schumer. Great. Let's say the four of us--Senator Specter is on the floor--and anyone else who wants to be added to the list. We need as much company as we can get in this fight. I thank you for your leadership in having this hearing.

Before I begin my statement, I want to make one point crystal clear, and it can't be reiterated enough. Mainstream Islam is a peaceful religion that deserves the respect of all Americans. My family and I visited Spain just a month ago and we visited some of the mosques and some of the architecture from the Moorish culture, and it is amazing what a beautiful, peaceful culture it is, with the fountains and the tranquility and the place for contemplation. When you think about how a small group has tried to hijack this religion and make it into something that propagates terror and war and hatred, it is really a shame.

Islam has a proud history. Many people who follow its beliefs here in the United States are hard-working citizens. But unfortunately, Mr. Chairman, there is mounting evidence that Saudi-sponsored groups are trying to hijack mainstream Islam here in the United States and in the world and replace it with an extremist form of Islam, referred to as Wahhabism.

Wahhabism is known throughout the Muslim world for its puritanical and severe approach to the teachings of the Muslim prophet Mohammed. It preaches violence against non-believers or infidels, and those include not just Christians, Jews, Hindus, but also Muslims who don't adhere to the strict Wahhabi faith. It serves as the religious basis for Osama bin Laden and Al-Qaeda.

Experts agree that Saudi Arabia is the epicenter of Wahhabist belief and its extreme teachings, and Saudi Arabia has made every effort to export Wahhabism all over the world. But unfortunately there is mounting evidence that Saudi-sponsored groups are doing that here in the United States, as well, in mosques, in schools, and even in prisons and the military, to sort of supplant, replace, and elbow aside mainstream Islam and replace it with an extremist form, Wahhabism.

As we will hear today, in the 1960's and 1970's the Saudi royal family made a deal with the devil and offered to sponsor the teaching of Wahhabist clerics in exchange for their support of the royal family's rule. Wahhabi teachings include examples of Allah cursing Jews and Christians and turning some of them into apes and pigs, and warnings that Muslims must consider non-Muslims or infidels their enemy.

One of the terms of the dirty deal between the Saudi royal

family and its Wahhabi partners has been the export of Wahhabist beliefs as part of Saudi foreign policy, and prominent members of the Saudi royal family, including Prince Naif, Saudi Arabia's Interior Minister and anti-terror czar, have set up charities that funnel money toward the Wahhabi madras schools throughout the Middle East and Pakistan which teach and export the hate, making these areas hotbeds of anti-American sentiment and extremism.

Now, just remember, the man in charge of fighting terror in Saudi Arabia is a man who, number one, funds and exports Wahhabism in the schools that preach hatred. He said about 9/11 that Zionists were responsible and that Saudi citizens could not have been involved in the attack, even though we know that 15 of the 19 were Saudi citizens.

After the bombing of Khobar Towers in 1998 that killed 19 Americans, Naif single-handedly prevented the trial of 13 Saudis indicted for the crime. This is the man who is the Interior Minister. This is not just, you know, some fellow on the street who might say something. This is the Interior Minister of Saudi Arabia.

Even as I speak, he appears to be up to his old tricks, as reports indicate that Saudi officials for months have denied American agents access to a Saudi with knowledge of extensive plans to release poison gas into the New York City subway system.

It is well known among American fighters of terrorism that once someone is in Saudi Arabia, particularly a Saudi citizen, you cannot question them. Our law enforcement is blocked. That is the government of Saudi Arabia, not some citizens who have gone awry, the government of Saudi Arabia.

I wrote to Saudi Arabian Ambassador Prince Bandar in July calling for Naif's dismissal. Sadly, I was rudely dismissed. Earlier this week, I wrote to Secretary Powell asking him to make Naif's removal part of U.S. policy toward Saudi Arabia, and I eagerly await the Secretary's response.

He is not the only one involved. There are indications, less direct proof, that Prince Sultan, the Saudi Defense Minister, may also be involved in activities similar to Naif's, since he has said of charities that send money abroad--now, it is said these are for humanitarian purposes, but in too many cases the humanitarian purposes are a cloak for terrorism, and so we have to be careful here.

The money we are talking about, Mr. Chairman, is not small potatoes. Between 1975 and 1987, Saudi Arabia sent \$48 billion overseas in development aid, second to the United States. And now what makes this even more alarming, and no doubt contributed to the events of 9/11, is the most disturbing news that the Wahhabism--I believe if there was no Wahhabism and no Saudi government, you could make a very good argument that 9/11 wouldn't have happened. There might not even be an Al-Qaeda.

What is now even more disturbing is that this Wahhabism is making inroads in the United States. Saudi Arabia boasts of directly supporting 18 mosques and schools across our country, including the Islamic Centers in Washington and New York. If Wahhabism is the state religion of Saudi Arabia and no other form of Islam is tolerated there, when they fund mosques here what do we think is going on?

Experts whom we heard from at the previous hearing suggest the real number is higher, reaching into the hundreds, as intermediate organizations like the Saudi-sponsored World Assembly of Muslim Youth provide financial support to American mosques and schools. In exchange, there is a demand that these mosques and schools tow the Wahhabi line. Saudi textbooks, the ones that preach violence against infidels, can be found in some of these schools.

And that is not all. Grass-roots political organizations that claim to act as the official voice of the American Muslim community here in Washington are also recipients of Saudi money.

You, Mr. Chairman, invited people from the most famous of these groups, the Council on American-Islamic Relations. They have reportedly received financial support from Saudi organizations to build their \$3.5 million headquarters. They say that in 2001 they released a survey saying that 69 percent of Muslims in America say it is, quote, ``absolutely fundamental or very important to have Wahhabi teachings at their mosques.''

I don't believe that survey. They don't reflect the true feeling of the American Muslim community. I am close to many of the Muslim community in New York, so I can't believe those statistics, but it shows you what they want people to believe.

So we have a problem here, and to make matters worse the prominent members of the council's current leadership whom you, Mr. Chairman, invited to the hearing today and who declined to testify also have intimate connections with Hamas. That is another terrorist group that has received funding from Saudi Arabia and supports in many ways the tenets of Wahhabism. I would like them to come here and explain. Maybe all of this is wrong, and we would like to hear their side of the story, but they said, no, they won't come.

We have talked in previous hearings about how these Wahhabi groups have been given almost exclusive rights to hire clerics in the Federal Bureau of Prisons and in the U.S. military to select imams. I think our last hearing has helped start a movement against that happening. In the prisons in New York State where this happened, Muslims who wanted to practice Sunni or Shiite Muslim were not allowed to get their own preacher and some of them were actually physically assaulted for not wanting to be part of Wahhabism. That is not pluralism, that is not the American way. We should have people in the prisons doing that.

So, Mr. Chairman, we have an important road to go in these hearings. I know this is not the final hearing. We are going to keep doing it, and I salute you. We have to do more, and I hope Secretary Powell and others will make it clear to the Saudi royal family that if it does not end its awful deal with the extreme Wahhabi clerics, it is going to end up ending its relationship with the United States. I pray we all act before it is too late.

Chairman Kyl. Thank you very much, Senator Schumer.

Senator Feinstein has another item.

Audience Participant. Mr. Chairman--

Chairman Kyl. Excuse me. We will recess the hearing until the police have restored order.

Audience Participant. I would like to know why the Judiciary Committee doesn't investigate the judges, why the judges that Senator Feinstein has appointed--

Chairman Kyl. If you do not take your seat and resume silence, then you will have to be removed from the room.

Audience Participant. Mr. Chairman, my question is why don't you investigate the judges in this country, the corruption, and all around the world the Jewish mafia.

Senator Feinstein. Mr. Chairman?

Chairman Kyl. Senator Feinstein.

Senator Feinstein. I would ask unanimous consent to put a statement in the record submitted by the American-Arab Anti-Discrimination Committee, which has some concerns about the written testimony.

Chairman Kyl. Without objection.

Senator Feinstein. I would also like to state that we invited former Senator and Ambassador to Saudi Arabia, Wyche Fowler, to testify. He couldn't make it, given the short notice, but I know you would join me in requesting that he submit any testimony for the record he deems appropriate.

Chairman Kyl. Absolutely. Thank you.

Senator Feinstein. And may I ask that we hold the record open for one week so we could receive additional testimony?

Chairman Kyl. Without objection.

Well, let us get to our panel. We do have two prominent witnesses on our panel. Let me reintroduce them.

Simon Henderson lives in London and he gets the prize for traveling the farthest distance today. I don't know what that is, but welcome, Mr. Henderson. He is an analyst of Saudi Arabia, operating through his consultancy, Saudi Strategies. Mr. Henderson is a former veteran journalist with the London Financial Times. He covered Tehran, the 1978 Iranian revolution, and the 1979 U.S. hostage crisis. In 1978, he was a correspondent for the BBC, in Pakistan, and also covered Afghanistan.

Mr. Henderson has written a biography of Saddam Hussein, Instant Empire: Saddam Hussein's Ambition for Iraq. He also has written a widely-praised study of the Saudi royal family, After King Fahd: Succession in Saudi Arabia. He remains an associate of the Washington Institute for Near East Policy, and he has recently completed a 3-year term as a member of what we here would call a prestigious think tank, the Council of Chatham House, the Royal Institute of International Affairs. He also served on the executive committee and the finance committee of that organization.

Mr. Matthew Epstein is the Assistant Director of Research for The Investigative Project, a counterterrorism research center with one of the largest non-governmental archives on militant Islamic activity. Mr. Epstein is an attorney and an

expert on the sources and methods of terrorist financing, including Al-Qaeda, Hamas, and the Palestinian Islamic Jihad. He frequently serves as a terrorism expert for Fox News. Mr. Epstein last testified in March of 2003 before the House Committee on Financial Services' Subcommittee on Oversight and Investigations on Saudi financial sponsorship of Al-Qaeda via U.S. banks, corporations, and charities.

Thank you, gentlemen, for being with us.
Mr. Henderson.

STATEMENT OF SIMON HENDERSON, SAUDI STRATEGIES, LONDON, UNITED KINGDOM

Mr. Henderson. Thank you, Mr. Chairman, distinguished members of the Subcommittee.

The United States and other Western countries have usually looked to Saudi Arabia in terms of its role as an oil supplier. It has the largest oil reserves in the world and is the largest oil exporter in the world. Oil also gives the government of Saudi Arabia incredible wealth. This is important, but it is only half the story. Saudi Arabia is also a leader of the Muslim world, perhaps the leader, because of the fact that the pilgrimage cities of Mecca and Medina lie within its borders.

Saudi Arabia's interests in the Islamic world contradict, to my mind, its long relationship with the United States. In order to maintain its leadership in the Islamic world, Saudi Arabia sends aid and builds mosques that spread its Wahhabi variant of Islam around the world. The money involved amounts to billions of dollars each year.

Some of this money goes via official Saudi channels, some goes via what are claimed to be non-official channels, and some goes via Islamic charities linked to the Saudi government. Each of these has in the past been linked to Al-Qaeda and Islamic terrorism.

In my written testimony, I describe the system. It stretches from pan-Islamic organizations such as the Islamic Development Bank, which Saudi Arabia effectively controls, to Saudi embassies across the world. Other organizations set up by the Saudi government include the Muslim World League and the World Association of Muslim Youth, and there are also charities such as the International Islamic Relief Organization and Al-Haramain which receive money from individuals, as well as the Saudi government, supposedly for good works.

Coincidentally, the Wall Street Journal this morning has a long investigative piece on page 1, column 1, about these activities telling the story of a Saudi diplomat in Berlin with links to 9/11 who has since returned home. The Saudi government denies the activities of this diplomat. The Wall Street Journal sought comment and was instead called by a PR consultant for the Saudis working here in Washington. Who knows? The man or one of his colleagues might be here today, as well.

His comments, carried by the Wall Street Journal, were given on condition that neither the individual nor the company he worked for were identified. This type of denial is frankly unbelievable. The chief spokesman of Saudi Arabia--the chief denier, to my mind--is Adel al-Jubeir. I attached to the end of my testimony the transcript of an interview he gave to the BBC in mid-August.

You might be interested to know, sir, that in this transcript he refers to the charges against Saudi Arabia as ``a lot of these is trying to connect the dots that don't exist.'' He had anticipated the name you gave to this hearing today.

What is significant, to my mind, about the interview is that he even denies that six recently released British expatriates held on fabricated charges of causing explosions were tortured. I know they were tortured. British officials told me a long time ago that they had been tortured. The British officials also told me the bomb explosions for which these men had been charged were caused by Al-Qaeda or Al-Qaeda sympathizers in Saudi Arabia.

Adel al-Jubeir doesn't try in this interview to try to spin his way out of this problem, but instead just issues a blanket denial, saying the men were really guilty and were simply pardoned. Mr. al-Jubeir's comments on these issues are, to my mind, unbelievable. He is either ignorant or telling lies. This fatally flaws the protestations of innocence on the other charges he is asked about--Saudi cooperation with the U.S. and Saudi funding of terrorism.

While Al-Qaeda also represents a threat to the Saudi royal family, the Saudi government prefers to use compromise and co-option to confrontation in dealing with this threat. This has

the effect, perhaps even the intention, of redirecting Islamic terrorism against the United States and other countries.

The links between the Saudi government and charities and terror groups were known as long ago as 1996, according to a CIA-produced intelligence document which the Wall Street Journal in another report on May 9 this year referred to. I have also personally written about being told by British officials that Osama bin Laden was being paid off by senior Saudi princes from 1995 or 1996 until indeed after 9/11.

In recent days in London, from where I flew for this hearing, the top police official has recently warned of the high likelihood of suicide bombers, and rescue squads have trained to evacuate an underground train--what you would call a metro--that might have been attacked with biological or chemical weapons.

As the example of Richard Reed, the shoe bomber, the British convert to Islam now in a U.S. prison, shows, Al-Qaeda can plan single attacks as well as the multiple attacks of 9/11. Richard Reed was also a mercifully failed example of the shared threat that the U.S., Britain, and other democratic countries face. But none of us can afford to lower our guard, nor be blind to continued links between Saudi Arabia and Islamic terrorism.

Thank you.

[The prepared statement of Mr. Henderson appears as a submission for the record.]

Chairman Kyl. Thank you, Mr. Henderson.

Mr. Epstein.

STATEMENT OF MATTHEW EPSTEIN, ASSISTANT DIRECTOR, THE
INVESTIGATIVE PROJECT, WASHINGTON, D.C.

Mr. Epstein. Mr. Chairman, Senator Feinstein, Senator Schumer, I would like to thank you for this opportunity to testify.

Nearly 2 years to the day from the horrifying attacks of September 11, we must take a closer look at the organizations that claim to speak for the Muslim community in America and how they reached such positions of influence. Despite administration outreach, large sections of the institutional Islamic leadership in America do not support U.S. counterterrorism policy, denouncing virtually every terrorism indictment, detention, deportation, and investigation as politically or religiously motivated attacks on Islam.

To give two quick examples, just recently a man named Abdul Halim Alashkar, who has been identified as a senior Hamas activist in the United States and is currently in detention for refusing to cooperate with a grand jury investigation into Hamas, has been put into custody, and this is the second time he has been put into custody. A press release by CAIR has described the investigation and detention of Alashkar, the first time in 1998, as "politically-motivated investigation prompted by and in the service of a foreign government."

As a second example, there was a man arrested in south Florida, Sami al-Arian, who was identified as a senior Palestinian Islamic Jihad leader in the United States. A quote from the CAIR board chairman, Omar Ahmed, in response to the arrest: "We are concerned that the government would bring charges after investigating an individual for many years without offering any evidence of criminal activity. This action could leave the impression that al-Arian's arrest is based on political considerations, not legitimate national security concerns." I would like to note there was a 122-page indictment for Sami al-Arian detailing the evidence against his activities.

To be clear, I would like to state that militant Islamic fundamentalism is not synonymous with Islam the religion. The overwhelming majority of the world's more than 1 billion Muslims do not support violence or militancy. The radicalization of the Islamic political leadership in the United States has developed parallel to the radicalization of the Islamic leadership worldwide. This leadership promotes a conspiratorial view that Muslims in the United States are being persecuted on the basis of their religion and political beliefs and an acceptance that violence in the name of Islam is justified.

While such leaders protest that they have condemned terrorism, and they have in the abstract, they refuse to specifically condemn Islamist terrorist groups and leaders by name or acknowledge responsibility for their acts of terror.

On that brief note, regarding the submission of the

American-Arab Anti-Discrimination Committee, I would like to note that in my testimony I point out that one of their spokesmen, a man named Hussein Ibish, as I quoted in my testimony, stated during an interview with Geraldo Rivera-- Geraldo asked, "How do you stand in Hizbollah and Hamas? Do you condemn them?" His response was, "It is not up to me to condemn people." Geraldo replies, "But I want to know. How do you feel about them?" And the response is, "No. I think Hizbollah fought a very good war against the Israelis." Noticeably absent is any sort of condemnation against Hizbollah.

In response to my quoting of Mr. Ibish, the ADC has put out a statement saying "Although Mr. Epstein disingenuously frames the quotation he cites from Ibish's interview with Geraldo in terms of killing 241 Americans, the subject was, in fact, never raised in that broadcast." Noticeably absent from the ADC's press release is a condemnation of Hizbollah.

Although the high visibility of such individuals and organizations suggests broad leadership and significant followings in the United States, by many accounts they draw support from far fewer American Muslims than they claim fall under their leadership.

Unfortunately, however, militant Islamists command a disproportionate share of media and political attention in the United States as a result of substantial funding received from wealthy Persian Gulf benefactors, led by Saudi Arabia and their Wahhabi brand of Islam.

With deep pocketbooks and religious conviction, the Saudi Wahhabists have bankrolled a series of Islamic institutions in the United States that actively seek to undermine U.S. counterterrorism policy at home and abroad. In the United States, the Saudi Wahhabis regularly subsidize the organizations and individuals adhering to military ideology espoused by the Muslim Brotherhood and its murderous offshoots Hamas, the Palestinian Islamic Jihad, and Al-Qaeda, all designated terrorist organizations.

As my colleague Matthew Levitt pointed out in his testimony which was submitted for the record, several of these U.S.-based organizations have recently been shuttered and many of their leaders indicted, including the Holy Land Foundation, Benevolence International Foundation, and the Islamic Concern Project run by Sami al-Arian.

Saudi largess has similarly been bestowed upon the Council on American-Islamic Relations, or CAIR, a U.S.-based organization purporting to promote a positive image of Islam and Muslims in America and empower the Muslim community in America.

However, in supporting claims of religious discrimination, CAIR and its leadership has managed to disguise its true agenda of supporting militant Islam and protecting the operations of radical groups supporting terrorism.

A careful review reveals that CAIR was a creation of the Hamas group in the United States. CAIR leaders have been heard expressing their support for Hamas both in public and on FBI surveillance taps. On that note, I would like to point out that in 1993 the FBI surveilled Hamas meetings in the United States.

Quoting one of the leaders from the tapes, as the FBI notes, Omar Ahmed, who is one of the heads of CAIR, stated at that meeting that was recorded by the FBI, "We, the Islamic Association of Palestine, cannot as an American organization say we represent Samah," which is Hamas backwards. "Can we go to Congressmen and tell them I am Omar Yayha, Chairman of the union, Islamic Association of Palestine. Yasser Arafat does not represent me, but Ahmed Yasin does?" That is Sheikh Ahmad Yassin, the head of Hamas, in his own words.

CAIR officers and employees have been recently indicted on terrorism-related charges across the country. CAIR routinely questions the motives behind U.S. counterterrorism policy and law enforcement, as pointed out earlier. CAIR has received hundreds of thousands of dollars from Saudi individuals and organizations, including the World Assembly of Muslim Youth; Prince Alwaleed bin Talal; the International Islamic Relief Organization, which was based in the United States, a Saudi organization; and the Islamic Development Bank.

Several other U.S.-based organizations also share CAIR's militant ideology and Persian Gulf support. Organizations such as the Islamic Society of North America, the American Muslim Council, the International Institute of Islamic Thought, and Mercy International share overlapping agendas and financial sponsors.

The rise of militant Islamic leadership in the United

States requires particular attention if we are to succeed in the war on terror. While the attacks of September 11 were executed by Al-Qaeda, it is the bastions of militant Islam that provide the recruits for tomorrow's Mohammed Attas and political cover to conceal their operations.

In this battle, we must distinguish between the militant Islamic leaders and the vast majority of Muslims in the United States and around the world who do not support their violent agenda. In preventing future attacks on American soil, we must actively drain the pools from which Islamist terrorist organizations recruit and confront the financial sponsors that create them.

Thank you.

[The prepared statement of Mr. Epstein appears as a submission for the record.]

Chairman Kyl. Thank you, Mr. Epstein, for that testimony.

Let me begin by asking each of you a couple of questions and then we will proceed in turn.

Senator Durbin, if you would like to make any kind of comments in connection with your questions, feel free to take the time to do that.

Let me ask you, Mr. Henderson, since you have a great deal of expertise with respect to Saudi Arabia--and reference has been made to the walking of both sides of the street, in effect, by leaders of Saudi Arabia--how would you describe the tensions in the royal family which hamper cooperation between the Saudi government and the United States?

Mr. Henderson. Sir, my understanding of that is that the principal obstacle these days is Prince Naif, the man whom your colleague referred to in his comments. Prince Naif is the Interior Minister. He is the chief antiterrorism man. He is in charge of security. He is a full brother of King Fahd. He is an immensely powerful man.

Immediately after 9/11, I understand, or I have learned that the Saudi Arabian monetary agency was prepared to hand over to the United States authorities financial information about Saudi individuals, but Naif stopped that. Naif is also, I suspect, also an obstacle to the agreement which was recently announced about a joint task force whereby FBI and other U.S. Federal agents would be able to be in Riyadh to investigate what was going on there amongst information seized during recent raids against Al-Qaeda cells.

The trouble with that agreement is that I understand it was based on a telephone conversation between President Bush and Crown Prince Abdullah--because of King Fahd's ill health, the de facto leader of Saudi Arabia. Frankly, that agreement isn't worth anything unless Prince Naif signs into it. The past record would be that he will sign into it slowly and partially, at best.

The background to that is that Prince Naif, along with some of his other full brothers, don't want Crown Prince Abdullah to become king and are prepared to be obstacles against him becoming king. So such power games within Saudi Arabia actually handicap U.S.-Saudi investigations of terrorism.

Chairman Kyl. Can you also provide us with information about the kind of compromises that the Saudi royal family has made with Al-Qaeda, if, in fact, such compromises have been made?

Mr. Henderson. I was at first astonished when I learned that compromises had been made. I think the first report that I saw was in U.S. News and World Report here in this country, which referred to payoffs by senior Saudi princes to Osama bin Laden following the 1995 bombing in Riyadh of a Saudi national guard facility in which several American advisors were killed.

I followed that story up in London with British officials and they confirmed it to me. They confirmed the identify of the senior Saudi princes involved, and it was pact with the devil that the Saudis had decided that they would pay off bin Laden so that he caused trouble elsewhere. The elsewhere was Tanzania, Kenya, the USS Cole, and finally 9/11, New York City and Washington.

Chairman Kyl. Mr. Epstein, the Saudi groups that you identified frequently say that they are anti-terrorist. You acknowledge that point. Do you know how CAIR and other groups that you discussed, like the AMC and ISNA, reacted to the freezing of the Islamic charities here in the United States, like Holy Land Foundation, Benevolence International, and Global Relief?

Mr. Epstein. Without exception, the organizations that you have named have never applauded a single freezing of assets, including Holy Land Foundation, Benevolence International, or

Global Relief, or afforded any form of legitimacy on the government action substantiating what the government has put forth as significant evidence.

For example, CAIR Director Nihad Awad, speaking at an event at Johns Hopkins recently, spoke about a charity that was shut down, Benevolence International. The government had put forth thousands of pages of evidence demonstrating how Benevolence International was an Al-Qaeda front.

Nihad Awad--his exact statement is in my testimony--likened it to the American Red Cross, that you can't expect that every organization will know where every dollar goes, and so on and so forth. But we have never seen support from these organizations saying, yes, this organization supports terrorism; it supports Islamic terrorism, Al-Qaeda, Hamas, Hizbollah, Islamic Jihad. We either see silence or forms of questioning saying, you know, it is suspicious, politically-motivated attacks.

Chairman Kyl. Thank you.

Senator Feinstein.

Senator Feinstein. Thank you, Mr. Chairman.

One question for Mr. Henderson and one for you, Mr. Epstein. While Al-Qaeda leaders had access to operatives from more than 80 nationalities in recruiting the 9/11 hijackers, they chose to recruit 15 Saudis. Yesterday, a New York Times story offered one explanation and that paper reported that, according to a Saudi official, Osama bin Laden told a top Al-Qaeda operative to recruit Saudis for 9/11 in an effort to further strain relations between the United States and the kingdom. The Saudi official says he obtained this information from U.S. intelligence sources.

Under this theory, Osama bin Laden shrewdly sought to weaken the Saudi-American alliance by deliberately choosing Saudis to be the foot soldiers of a hijacking operation, even though their teams were led by an Egyptian, Mohammed Atta, and other key leaders were from Lebanon and the United Arab Emirates.

What do you think of this theory?

Mr. Henderson. I think it is just that; I think it is a theory rather than fact. I read the story in the New York Times yesterday. As a journalist, I was frankly incredulous that the Saudi official was not identified in any way, whether he was senior, junior, resident or non-resident.

I frankly believe the explanation which was given later in the story that the principal reason that Saudis were chosen by Osama bin Laden was that it was easier for Saudis to get visas to the United States. This is a subject which you are already familiar with, I know, and there have been accounts in the media of people who weren't able to get visas to the United States, so didn't have the opportunity of learning to fly and kill themselves.

I think a second reason was that Osama bin Laden felt more confident with other Saudis. Al-Qaeda is essentially a Saudi and Egyptian organization, but led by Osama bin Laden, and I find it more credible that he went for Saudis because he could understand Saudis better than other nationalities.

Senator Feinstein. Thank you. Now, both you and Senator Schumer have spoken about the Interior Minister for Saudi Arabia, and there is a lot of open-source information about him, as you know. The belief is that he is the person that prevented the trial of the 13 Saudis indicted for killing 19 Americans in the Khobar Towers bombing. He has refused to turn them over to the United States.

He is also the person last November who told a Saudi newspaper that Zionists were responsible for the 9/11 attacks, which to me seems to be a very irresponsible statement. I gather when the former Director of the FBI went to Saudi Arabia, according to recent articles, he wouldn't meet with him, but had a very low-level individual meet with him on the Khobar Towers bombing.

I am puzzled as to why the Saudi government would keep him Interior Minister with the record that has been popping all over a lot of open-source documents and, to the best of my knowledge, have never really been refuted.

Mr. Henderson. It is a good question, and some of the information in the public record about Prince Naif is there because I wrote it. Prince Naif was also the character who was responsible for arresting the six British expatriates to which I referred in my testimony to charging them on false charges that they had caused bomb explosions, and it was his men who tortured these people. Prince Naif was also the person who delayed any diplomatic deal on these men so that they could be

released. He is an awkward character.

It is not, though, within the power of Crown Prince Abdullah to get rid of Prince Naif. Prince Naif is one of the most important and strong people in Saudi Arabia. The usual nomenclature for the Saudi elite is that King Fahd is number one. Unfortunately, he is in bad health, so it is not a really accurate reflection of his current power. Number two is Crown Prince Abdullah. Number three is Prince Sultan, the Defense Minister, and indeed the father of Prince Bandar, the ambassador here. And number four is Prince Naif.

Prince Naif controls not only the police, but also the coast guard, the customs officials, the security officials at the airport. He also controls the mutawah, the religious police. He has been Interior Minister for many, many years. He is just too powerful. He cannot be gotten rid of.

Senator Feinstein. Well, I think that is very interesting because I don't know how you can have a credible interior minister and have him be allied with a country when they are making claims as he made about the 9/11 incident.

Mr. Epstein, I would like to ask you about a man, Yassin Qadi, Q-a-d-i. He is a Saudi citizen who was named a specially designated global terrorist by the Secretary of the Treasury on October 12, 2001. He was also a trustee of a charity called Mufawa.

According to a government statement, accompanying the designation, Mufawa--and I am quoting--'is an Al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief,' end quote.

Then, according to a New York Times article on October 13, 2001, this same gentleman was said to be a major investor and director of Global Diamond Resources, a diamond exploration company based in San Diego. Last September, Valentin Roschacher, the Attorney General of Switzerland, was reported as saying that the consensus of officials in all major banking states was that Al-Qaeda had protected most of its assets by shifting from cash to diamonds and gold before the September 11 attacks. Roschacher said that this enabled them to still have enough money to carry out other attacks.

Can you provide any insight into this, whether that has credibility that assets were transferred, anything about Mr. Qadi that might be useful?

Mr. Epstein. I can tell you that Mr. Qadi by many accounts has substantial business and financial holdings in the United States--the diamond company in San Diego, as you mentioned. A little under a year ago, there was a software company in Boston named PTech that was raided by JTTD because Qadi was a major investor. That was a software company selling software to the U.S. Government.

Most recently, there was a bank in New Jersey called BMI which in government documents shows that Qadi was one of the financiers of this entity. There is actually a hearing tomorrow here in Virginia for the former president of BMI. His name is Soliman Biheiri. He has been indicted most recently, and in the affidavit to the indictment it explains how they are looking at Qadi and BMI as a major source of funding for Al-Qaeda and Hamas.

One of the most disturbing elements along the lines of these hearings today is in other government documents we have seen that one of the biggest funders for BMI which is currently under investigation by these documents is the International Islamic Relief Organization, the Saudi charity based here in Virginia. We have also seen that large amounts of money, to the order of at least \$400,000 for the International Islamic Relief Organization, came through the Saudi embassy.

This was an investigation that was started by the FBI in 1997 and continues today. IIRO's offices were raided originally in 1997 and most recently again in March of 2002, and they are currently involved in an Al-Qaeda and Hamas investigation here in the United States.

On the issue of diamonds, Douglas Farah, a Washington Post report, has an outcoming book on the use of diamonds by Al-Qaeda, also, and we have seen a lot of evidence that it is the international diamond trade that has allowed Al-Qaeda to reconstitute their financial operations.

So although I have not seen any specific information on this company in San Diego connecting them in any way to terrorism financing, except for the fact that Qadi, a designated financier, was one of their investors and owners, I haven't seen that they were involved in that trade or Al-Qaeda

financing.

Senator Feinstein. Thank you. Thank you, Mr. Chairman.

Chairman Kyl. Senator Schumer.

Senator Schumer. Thank you, Mr. Chairman. I want to thank both of our witnesses for their testimony. I have some specific questions. The first is to Mr. Henderson.

In your testimony, you point out that the Islamic Development Bank has given large sums of money to CAIR, which we know has ties to terrorism. You also say that the IDB even funded the Al-Noor school in my home borough of Brooklyn, where students were interviewed after 9/11 and expressed their support for the fighters of Islam and said they wanted to follow in their footsteps.

Is the IDB still supporting the Al-Noor school, and do you have any more information on its activities and support for Wahhabism or terrorism?

Mr. Henderson. Sir, the information that I put in my testimony regarding the school in New York City was by virtue of reading the New York Times. The IDB is a body which is headquartered in Saudi Arabia. Saudi Arabia has the largest shareholding in it. There are, I believe, 54 Islamic nations which are all shareholders of it. The Saudi share-holding is 27.33 percent. The next largest share-holding, I believe, is just over 10 percent. Most of the share-holdings, therefore, are of trivial amounts of 1 percent and less. It is essentially a Saudi-controlled organization.

I think the attitude of many of the countries which are member states of the Islamic Development Bank is that this is a convenient way of being given aid from Saudi Arabia. Kazakhstan has recently played host to an IDB meeting and its president referred to a loan they had just received from the IDB. I suspect Kazakhstan would make sure that there is no Wahhabi conditioning to such a loan. I am less certain that smaller countries with less strong leaders can make the same sort of conditioning.

Senator Schumer. How about the school?

Mr. Henderson. I have no knowledge whether there is more money going into the school or any other schools, but I will look into it.

Senator Schumer. Next question for both Mr. Henderson and Mr. Epstein: There was a report, in fact, on NBC's ``Today Show'' just this morning about a gentleman named Gerald Posner, who has written a book about September 11 called Why America Slept. Mr. Posner says that Prince Turki al-Faisal, the Saudi Ambassador to Britain, has given up to \$2 billion to Osama bin Laden to keep him in Afghanistan and from coming to Saudi Arabia. Posner also indicated that a high-level Al-Qaeda operative recently interviewed by American agents named several high-level Saudi officials, not citizens, officials, as supporters of Al-Qaeda.

What can you tell us about Prince Turki al-Faisal, his support for bin Laden and Al-Qaeda, and do you have any knowledge of others whom the high-level Al-Qaeda operative might be referring to in terms of other high-level Saudi officials?

Mr. Henderson. Sir, I have seen the report about Mr. Posner's book. I haven't seen the book itself. I rely on what I read about it in Time magazine.

Turki al-Faisal, currently the ambassador in Britain, was previously, until ten days before 9/11, the Saudi intelligence chief, that is the head of the Foreign Intelligence Service of Saudi Arabia. He was summarily sacked at the end of August 2001. There are various theories on why he was sacked. There is no clear information on why he was sacked.

It has always been my working assumption that as a liaison, as Prince Turki was, between Saudi Arabia and the Taliban in Afghanistan, his relations with Osama bin Laden were close, even though the Saudis didn't like Osama bin Laden. I have always assumed that a money flow was an element of that relationship. I am told by foreign intelligence officials that that is the primary function of the Saudi Foreign Intelligence Service, to pay off problems. Prince Turki al-Faisal, who incidentally is a brother of the Saudi Foreign Minister, Saud al-Faisal, denies these allegations.

On the question of other officials, I am aware of the three princes whom Mr. Posner mentions. They inconveniently for anybody following this up, all happen to be dead. I had not previously heard their names in relation to any payoffs of bin Laden or of Al-Qaeda. The names that I had heard were more senior. None of these three officials, to my understanding, had an official government job.

Senator Feinstein. Is he talking about the three that were killed.

Mr. Henderson. Yes.

Senator Schumer. That were killed?

Mr. Henderson. No, no, no, the three which are dead.

Senator Feinstein. They are dead. Excuse me.

Mr. Henderson. To the best of my knowledge, the way it was reported one died of a heart attack. The second one died when he was driving to the funeral of the first because he was driving too fast. Both of those stories I find credible. The third story is the prince died of thirst in the desert. In the Saudi press agency account of it--

Senator Schumer. Put out there with no water, that might have happened.

Mr. Henderson. No explanation was given, but when you are dealing with Saudi Arabia, lack of explanation doesn't necessarily mean mystery. It just might mean that they can't be bothered to give you more information.

Senator Schumer. Who are the higher-level officials you referred to?

Mr. Henderson. Well, I understand you are probably protected as a Senator by all sorts of privilege. I as an individual based in London am not protected by privilege, and since I don't have documentary evidence against these officials, I would prefer not to mention it in public. For your own purposes, I am prepared to tell you afterwards, sir.

Senator Schumer. Thank you. Thank you, Mr. Chairman.

Chairman Kyl. I might say that when I pre-interviewed Mr. Henderson, he was perfectly willing to share the information. I confess that I wasn't familiar enough with our own libel laws to know whether witnesses would be protected from libel in that circumstance, and therefore perhaps it was better that the names not be mentioned publicly.

Senator Schumer. Thank you, Mr. Chairman.

Chairman Kyl. Senator Durbin.

Senator Durbin. Senator Kyl, first, thank you for inviting me. I am not a formally a member of your Subcommittee, but you were kind enough to invite me to attend.

Chairman Kyl. And I might say that one reason for that is the great interest that you had expressed in this subject in previous situations. Of course, you are always welcome.

Senator Durbin. Allow me to commend you, as well, for broaching a subject which is controversial involving the Saudis and terrorism.

I would like to also commend Mr. Epstein because I heard his remarks. I am sorry, Mr. Henderson, I wasn't here for your own.

Mr. Epstein, I think you made a very important comment that I hope is shared by all who follow this record that President Bush is right. Our war on terrorism is not a war against Islam. I don't want to mischaracterize your position, but I believe you have said that the majority of people who follow this religion are peace-loving people, and I think it is important for us to keep that front and center in this conversation.

There are others who have said things which I think are inflammatory, and I think they don't really serve our cause here. We need to focus on those who are responsible for the terrorism, regardless of their religious belief. But it is a very serious mistake for us to generalize about people who are of the Islamic faith, and thank you for that comment.

You did say in your statement, though--in your written statement, you said ``The radicalization of the Islamic political leadership in the United States has developed parallel to the radicalization of Islamic leadership worldwide. The institutional Muslim leadership in the U.S. mirroring the rise of militant Islam has grown increasingly anti-Western and anti-U.S.''

I would hope that if there is a future hearing involving this, Mr. Chairman, that other than the CAIR organization, which apparently from what I have read is unusual in its extreme rhetoric and its association with groups that are suspect, there are many mainstream groups of Muslim Americans who fully support this war against terrorism and I would hope that they would be invited to speak to their heart-felt beliefs about this effort so that our characterization is fair across the board.

Mr. Epstein. I think that would be an important hearing, too. I agree.

Senator Durbin. Thank you very much.

I am going to ask each of you if you have read the Vanity Fair piece that recently was published relative to allowing

Saudis, including members of the bin Laden family, to leave the United States at a time when virtually all air flights had been shut down after September 11, 2001.

Are either of you familiar with that piece, and could you comment, Mr. Henderson or Mr. Epstein, on that? I don't know if you have any personal knowledge as to whether it occurred. It appears that we can't find anyone to verify within our Government that permission was given, though there are eyewitnesses to these planes being loaded with Saudi nationals and members of the bin Laden family and allowed to leave without any investigation or interrogation.

Are either of you familiar with this episode?

Mr. Henderson. I am familiar with the Vanity Fair piece, which I read with great interest. I was aware that Saudis were leaving the United States and I tackled a friend who is an official in the administration on how this was able to happen. He said on actually leaving the United States, if you want to leave the United States, it is easy enough to leave the United States, but he shrugged with a mixture of, I think, less ignorance but more desperation that these planes were able to fly around the United States, picking up people, and then fly out of the United States.

I am personally shocked and horrified that there appears to be no--I am not even sure the people who know or should know have a list of who was on those planes, and there was no attempt made as far as I can make out to ask the relatives of Osama bin Laden ``when did you last hear from your brother, cousin, or whoever it was?''

Senator Durbin. This article also went into Prince Bandar's relationship with our Government and the relationship of the Carlyle Group, which as I understand it represents the Saudi government on Capitol Hill.

Can either of you comment on the Carlyle Group and what role they have played involving Saudi relations with our Government in light of our concern about terrorism?

Mr. Henderson. I think you might be confused between Carlyle and Corvis. Carlyle is an investment group to which the bin Ladens were investors before--after 9/11, Carlyle got rid of its bin Laden investment.

Senator Durbin. No. The Carlyle Group is a firm which involves many highly-elected former officials of our Government who are now representing, as I understand it, the Saudis in many instances involving issues.

Mr. Henderson. I didn't realize they were representing--

Senator Durbin. Are you familiar with this, Mr. Epstein?

Mr. Epstein. I have seen reports. I am not intimately familiar with the Carlyle Group and its activities. I think in recent reports I saw, they were also--one troubling thing I read was the involvement of the bin Mafoos family. I think that what we have seen and it is hard to distinguish between is several months ago a letter came out called the Golden Chain, which was a list of Al-Qaeda's original financiers. On there was a list of names, such as bin Mafoos and al-Raghi and Kamel, the largest Saudi families.

It is also those names that have substantial investments and holdings in the United States, and particularly in companies that are connected with our Government in one way or another, indirectly or directly. So the question is where is it known that terrorism financing is taking place? Is it Halid bin Mafoos, the head of the family, who is controlling investments, or is it someone down the chain? How did the name end up on the Golden Chain letter and other instances of terrorism financing?

Senator Durbin. I won't take any more time of the Subcommittee other than to say, as I look into this, as the Subcommittee looks into this, what a strange relationship we have with Saudi Arabia. Our dependence on their oil has led us to, I think, reach conclusions in relation to this Nation we wouldn't reach in relation to any other nation when you look at the fact that 2 years ago, so many Saudis were involved in this attack of 9/11.

It is also amazing to me the political power of the Saudis on Capitol Hill. It is overwhelming in terms of their allies and what they are able to accomplish. I think many times our Government has greeted suspicious conduct by the Saudis with a wink and a nod because of our oil dependence and their strong political connections on Capitol Hill, and I think that is an element which we cannot ignore if we are truly seeking to get to the root causes of terrorism.

Thank you very much, Mr. Chairman.

Chairman Kyl. I would like to comment directly on what Senator Durbin just said because it is a very profound

statement, I think, and important for us to take into account as we continue our examination and as our Government continues to determine how it proceeds in dealing with Saudi Arabia. Relations with important foreign countries are frequently very complex. They frequently involve a mix of help and hindrance, and certainly the Saudi relationship is Exhibit A in that regard.

We have problems in dealing with powerful countries. Our old nemesis, Russia, which has been very helpful to us in certain respects, continues to be somewhat problematic in other respects. But in many ways, the relationship we have now with Saudi Arabia is the most perplexing of all.

I have made this comment before and I want to make it again. Saudi Arabia as a country, as a government, has done some very important things for and with the United States over the years. But because of the factors that we have discussed here today, it has also been very--some of its actions have been detrimental to our ability to properly fight the war on terror.

It is difficult for our Government to candidly discuss all of these things, but I am determined as the Chairman of this Subcommittee, and have very much appreciated the very bipartisan way in which other members of the Judiciary Committee have joined in, to try to, in the same way that we make it very clear that we are not in any way questioning the Muslim faith or Islam, unveil problems with the Saudi government with rich Saudis and problems with some of the leadership of the Wahhabi sect here in the United States or people who support the Wahhabi sect and the problems that that is causing us.

I think what the Senator from Illinois said is very, very important. We have to be sophisticated enough to be able to differentiate, to draw these distinctions, to do so fairly, but to use our powers here to follow the leads where they take us and try to take the action that we need to in order to get the most out of the Saudi government in terms of supporting our effort in the war on terror, and not be afraid to go into these areas even though there may be powerful people on the other side and even though some of these distinctions we may have to draw very, very carefully because they can result in charges of bigotry or cowboyism or however you might want to describe it.

So I really appreciate the comments the Senator from Illinois made, and I want Senator Feinstein to respond and also anybody on the panel.

Senator Feinstein. Mr. Chairman, we called the FBI about the Vanity Fair story and about some knowledge about flights leaving this country after 9/11. On an unclassified basis, I would like to read in the record this statement from the FBI.

During the early days after September 11, the FBI was aware that flights containing Saudis were leaving the United States to return to Saudi Arabia. Further, with the INS, the FBI took appropriate steps to ascertain the identities of individuals on the flights that we were aware of,' end quote. Any more than that they would like to have in a classified setting, which hopefully we will have shortly.

Chairman Kyl. Mr. Epstein, you had a comment

Mr. Epstein. I would like to add to your comment that what is very important to isolate and understand where Saudi Arabia is funding the extremism in this country and the organizations that are attempting to undermine our counterterrorism policy.

One of the groups which was discussed in my testimony most recently has had three of their members and officials arrested on terrorism or bank fraud-related charges. One of the individuals, Ismail Royer, had traveled to Pakistan and trained with a terrorist organization, Lashkar E-Tayyiba, which is considered a jihad organization that targets Indians, but it is an Al-Qaeda-associated international jihad organization. Another one had passed hundreds of thousands of dollars to Marzook, Hassan Al-Ashi. Marzook is a Hamas leader and also a designated terrorist.

So in separating out the issues where you have raised that Saudi Arabia has helped, it is also important to isolate what is going on in the important, where is this money going, who are they funding. Are they funding organizations where their members and officials are engaged in terrorist-related and terrorist support-related activity?

Chairman Kyl. I also associate myself with the remarks of Senator Feinstein, who said that people cannot be on both sides of this issue, paraphrasing what the President said that countries have to choose which side they are on in this war on terror.

Mr. Henderson, a final comment?

Mr. Henderson. I would just like to make a clarification and an addition to some information on Prince Naif just to make the point of how serious not only the implications of your question were, but also the answer I gave.

Prince Naif is number four. Without going into the mechanisms of succession in Saudi Arabia too much, he is essentially fourth in line to be king. King Fahd is 82 and already ailing. Crown Prince Abdullah is 80. Prince Sultan, number three, is 79. Prince Naif is a comparatively youthful 70.

I think the United States should be aware that within a few years, if nothing else happens, Prince Naif might be king. Not only will he be king, but he will be king for some time. Given the difficulties that we are facing today apparently with Prince Naif, I think that is quite an implication.

Chairman Kyl. I would like to continue this hearing. Unfortunately, we all have conflicting schedules that are going to require that we adjourn the hearing, but the record is going to be kept open for one week. Members will have until 5:00 p.m. on Wednesday, September 17, to submit questions, and I have two pages of questions that I am going to submit to both of you. The first one I will simply tell you and then will appreciate your answer on the record, since we do have to adjourn the hearing now.

When the Saudis, including the Saudi princes, make contributions to Islamic charities, or even paying off bin Laden, I am curious about whose money they are using. Is it their own? Is it their family money? Is it government money in any way? These are the kinds of things that I think we want to complete our record with and I will be very interested in the answers that you provide.

First of all, let me thank both of you again. I very much appreciate your traveling from Great Britain, Mr. Henderson, and, Mr. Epstein, for your tireless work in this regard. I know you put in a great deal of work.

I thank Senator Feinstein again for all of the work that she has provided over the years.

We will have more hearings on this same subject matter, and I appreciate all of you in the audience for your indulgence with respect to our schedule here today. Thank you very much.

This hearing is adjourned.

[Whereupon, at 1:12 p.m., the Subcommittee was adjourned.]

[Questions and answers and submissions for the record follow.]

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