

Statement of Chairwoman Sue Kelly
Subcommittee on Oversight and Investigations
March 11, 2003

In 1993, when terrorists set off a bomb in the garage of the World Trade Center with the intention of killing thousands of innocent people and disrupting the international financial system, Americans saw for the first time the planning and organizational capabilities of the worldwide Islamic terrorist network.

Since then, and throughout the 1990s, terrorist forces continued their agenda of senseless killing by bombing the U.S. Marines' Khobar Towers barracks in Saudi Arabia, U.S. embassies in two African countries, and the U.S.S. Cole, resulting in hundreds of deaths.

Sadly, policymakers at that time underestimated the enemy's strength, skill, and fervor and failed to treat these events as interconnected parts of a war for which the enemy had been preparing since the mid- to late-1980s.

And then, on September 11, 2001, the enemy's attacks had horrifying results with the loss of close to 3000 Americans with the attacks on New York and Washington.

September 11th also exposed the vulnerabilities of our nation's financial system and how our free and open American way of life is used by terrorists to further their war against America.

None of these attacks would have been possible without money. And we now are just learning the extent of how and where terrorists get the money they need to attack our country.

The terrorists have developed a powerful fund-raising machine right here in America, cynically using charities and religious institutions to murderous effect.

The terrorists' efforts have yielded an immoral harvest of blood money, aimed not at helping the needy, but used instead to fuel deadly violence against Americans.

Although we are making progress in the war against terrorist financing here and throughout the world, the enemy is smart, resourceful, numerous, and changes tactics frequently.

When there is a weakness in our system, terrorists will find it and exploit it.

One day they use phony charities, the next, businesses as fronts for smuggling bulk cash, another day, coupon fraud.

Efforts since September 11, including the passage and enforcement of the USA Patriot Act, have resulted in numerous arrests in this area.

From New York to Michigan to Florida to Texas, federal authorities have disrupted this network, slowing the flow of money to America's enemies.

I am sure I speak on behalf of all Members of the Committee when I congratulate the law enforcement team represented on our first panel for their role in the March 1st capture of Khalid Shaikh Mohammed, the financial mastermind of al-Qaeda and planner of the September 11 attacks.

It is my hope that this significant development will allow law enforcement to piece together a money trail to help us tighten the noose on Osama Bin Laden and break-up the al-Qaeda network.

Our principal focus today will be the activities of various groups and charities in the U.S. which have been raising money on behalf of terrorist groups such as al-Qaeda, the Palestinian Islamic Jihad, Hamas, Hezbollah, and other members of the global terrorist network.

The charities have warm, caring names such as "Benevolence Foundation," "the Holy Land Foundation," and the "Global Relief Foundation," but their intentions are anything but benevolent.

Federal agents and prosecutors continue to ferret out illegal transfers of funds from these groups allegedly aimed to support terrorist activities.

Just last week it was discovered that a Brooklyn mosque may have helped funnel millions of dollars to al-Qaeda. The leader of the effort, a Yemeni cleric, boasted that he had personally delivered \$20 million to Osama bin Laden.

On February 28, five men were sentenced for providing material support to Hezbollah through a cigarette smuggling scheme.

On February 26, five men were indicted in New York and Idaho for conspiring to illegally raise and send \$2.7 million to Iraq through the "Help the Needy" charity.

Also on February 26, 16 men were arrested for fraudulently redeeming more than \$4.5 million in coupons in five states. The funds were laundered through a Yonkers, N.Y. check-cashing business and sent to the West Bank.

On February 20, four members of the Palestinian Islamic Jihad terrorist group were indicted, and four others arrested, on a total of 50 counts, including fraudulently raising money and illegal material support and wire transfers.

Among the four arrested was Sami Al-Arian, a professor at the University of South Florida. The indictment alleges that the defendants used U.S. locations as the North American base of the Islamic Jihad.

On December 18, a senior member of Hamas, his wife, and five brothers working at a Texas computer company were indicted for money laundering.

One of the brothers, Ghassan Elassi, was also vice president of the Holy Land Foundation, which the Treasury Department closed in December 2001 for serving as a Hamas front.

It is clear terrorists have learned to use our wealth and good-will against us.

My fear is, despite the fact that we have made these important arrests, this is only the tip of the iceberg.

And then there is Saddam Hussein.

There is plenty of evidence linking terrorists such as Hamas, Hezbollah and al-Qaeda to Saddam Hussein.

Hamas opened an office in Baghdad in 1999 and Iraq has hosted conferences attended by Palestinian Islamic Jihad.

Published reports cite U.S. intelligence officials as sources for recent reports that Saddam Hussein might subcontract to Hezbollah and Hamas a terrorist strike here in the U.S. or abroad.

And recently before Congress, CIA Director George Tenet testified that Hezbollah has been casing and surveilling American facilities.

According to Secretary of State Colin Powell, a senior al-Qaeda associate, Abu Musab al-Zarqawi, moved his poison and explosives operation from Afghanistan to northeastern Iraq after U.S. forces liberated Afghanistan.

This information is disturbing on its own. It is even more disturbing to know that millions of dollars may have been raised through a mosque in Brooklyn and schemes in Detroit or North Carolina or elsewhere in the United States to advance these efforts to help al-Qaeda, Hamas and others wage war against America.

At today's hearing, we will review the charities and schemes that have allegedly been used by groups to aid terrorists and the countermeasures that law enforcement has employed to smoke out and prosecute the enemy's allies.

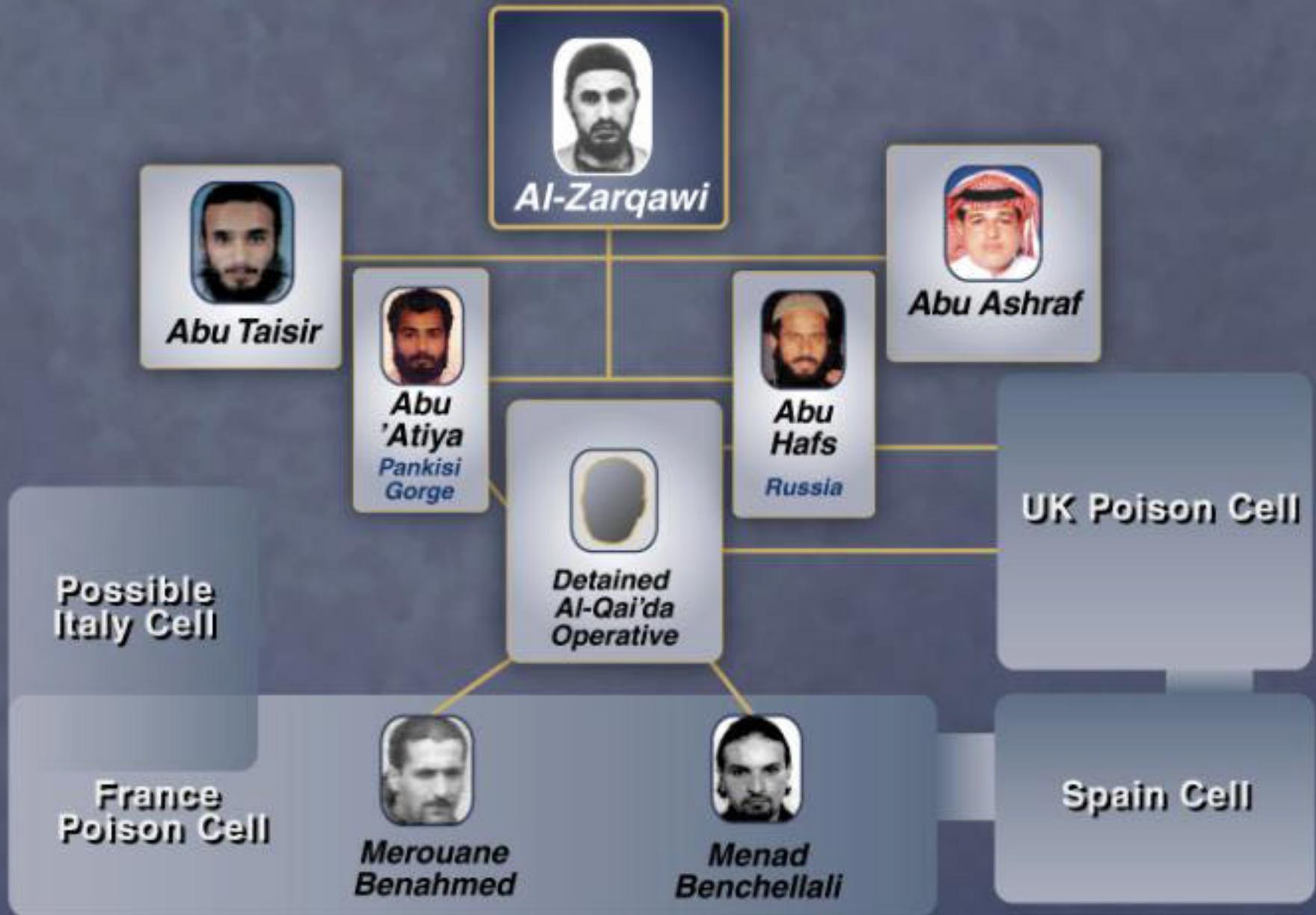
The experts on our second panel work with law enforcement and can further tie together for us the domestic groups, the schemes, and the terrorists they help.

Both panels, I hope, will provide some important lessons from these cases for the financial community, and for this committee, as we consider potential amendments to the USA Patriot Act.

If another attack on American occurs, it will have been funded, at least in part, right here on American shores. We need to know how the enemy funds its operations here and how to stop it, and that is the focus of today's hearing.

**Two Slides Depicting
Iraq's Links to al-Qaeda Leader
Abu Musab al-Zarqawi,
Presented by
Secretary Colin Powell
to the United Nations,
February 5, 2003**

Al-Zarqawi's Iraq-Linked Terrorist Network



Terrorist Poison and Explosives Factory, Khurmal

Feb 2002

