

Testimony
United States Senate Committee on the Judiciary
Oversight Hearing on Counterterrorism.
June 6, 2002

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Good morning Chairman Leahy, Senator Hatch, and members of the Committee. I appreciate this opportunity to appear before the Committee today and discuss the recently announced FBI reorganization plan that was submitted to the Congress.

When I appeared before the Committee in early May, I was able to discuss in only the most general terms some of the ideas, concepts, and proposals that were being considered for refocusing the FBI's mission and priorities and restructuring the Bureau. I am pleased that the second phase of my on-going reorganization has been cleared by the Attorney General and the Administration and transmitted to the Congress for review.

A New FBI Focus

Since becoming Director, I have been able to observe firsthand the volatile environment in which the FBI is called to operate. I have become increasingly convinced that success in the post-9/11 environment depends upon the FBI becoming more flexible, agile, and mobile in its capacity to respond to the array of difficult and challenging national security and criminal threats facing the United States. The FBI must become better at shaping its workforce, collaborating with its partners, applying technology to support investigations, operations, and analyses protecting our information, and developing core competencies.

I am equally convinced that success demands that the FBI become more proactive in its approaches to dealing with the threats and crime problems facing the United States, especially in the areas of counterterrorism, counterintelligence, and cyber-crime/infrastructure protection. And, I believe it will become even more important for the FBI to continue to develop and maintain close working relationships with international law enforcement partners if we are to prevent terrorist groups from gaining footholds and bases of operation for launching attacks against the United States. Protecting America in this new environment requires the FBI undertake a series of management actions built upon three key inter-related elements: (1) refocusing FBI mission and priorities; (2) realigning the FBI workforce to address these priorities; and (3) shifting FBI management and operational cultures to enhance flexibility, agility, effectiveness, and accountability. This new focus and the accompanying organizational changes being proposed are intended to strengthen and guide the Bureau through these uncertain and challenging times and are in direct response to the shortcomings and issues that have been identified over the last several months. More importantly, they are in direct response to the tragic events of 9/11 and the clearly charted new course for the FBI mandated by the paramount mission of prevention.

1. Refocusing Mission and Priorities

Even though the external environment in which the FBI operates is volatile and uncertain, the basic mission of the FBI remains constant. First, and foremost, the FBI must protect and defend the United States against terrorism and foreign intelligence threats. Second, the FBI must uphold and enforce the criminal laws of the United States. And third, the FBI must provide and enhance assistance to its federal, state, municipal, and international partners.

While the FBI's core missions remain constant, its priorities have shifted since the previous FBI Strategic Plan was issued in 1998 and the terrorist acts of September 11, 2001. Under the new alignment, the FBI's focus is to:

1. Protect the United States from terrorist attack.
2. Protect the United States against foreign intelligence operations and espionage.
3. Protect the United States against cyber-based attacks and high-technology crimes.
4. Combat public corruption at all levels.
5. Protect civil rights.
6. Combat transnational and national criminal organizations and enterprises.
7. Combat major white-collar crime.
8. Combat significant violent crime.
9. Support federal, state, municipal, and international partners.
10. Upgrade technology to successfully perform the FBI's mission.

These are the FBI's priorities, not only for the Bureau in its role as a national agency, but also for each local FBI field office. The first eight priorities reflect the core of the FBI's national security and criminal investigative responsibilities. The last two, while not investigative in nature, are equally critical to enabling the FBI to successfully achieve its goals and objectives.

In pursuing these priorities, I expect the FBI and its employees to be true to, and exemplify, certain core values. These core values are:

- adherence to the rule of law and the rights conferred to all under the United States Constitution;
- integrity through everyday ethical behavior;
- accountability by accepting responsibility for our actions and decisions and the consequences of our actions and decisions;
- fairness in dealing with people; and
- leadership through example, both at work and in our communities.

These missions and priorities are consistent with the existing authorities conferred and jurisdictions established by law and executive order for the FBI. I believe these missions and priorities represent the expectations that the American people, the law enforcement community, the Congress, and the Administration hold for the FBI.

2. Realigning the Workforce to Address Priorities

In recognition of the continuing terrorist threat facing the United States from the Al-Qaeda network and of the urgent need to continue building the FBI's capacity to prevent future terrorist acts through improved analytical and intelligence information sharing capabilities, I am proposing a permanent shift of 518 field agents from criminal investigations to augment our counterterrorism investigations and activities (480 agents), implement critical security improvements (13 agents), and support the training of new Special Agents at the FBI Academy (25 agents). The FBI will need to sustain its present level of commitment to combating and preventing terrorism for the foreseeable future and be sufficiently flexible to quickly shift whatever additional resources are necessary to meet any counterterrorism investigative demand that materializes. These 518 agents will be taken primarily from FBI drug investigations (400), although there will be some shift from white-collar (59) and violent crimes (59 agents).

The decision to propose reducing the FBI's level of involvement in drug investigations came after careful

consultation with FBI Special Agents in Charge (SACs), United States Attorneys, state and municipal law enforcement, Members of Congress, and others - including DEA Administrator Hutchinson who also sits on the Department of Justice Strategic Management Council. The FBI will still participate in Organized Crime Drug Enforcement Task Forces (OCDETF) with other federal, state, and municipal law enforcement. Our resources for OCDETF cases are not affected by the realignment of drug resources. Even after the proposed reduction of 400 agents, the FBI will still be devoting nearly 1,000 agents to drug-related cases.

What I am asking our SACs to do is reevaluate the level of FBI involvement in other drug cases and, where possible and without jeopardizing current investigations, reduce FBI resources. Where in the past we might have contributed 10 to 12 agents for day-to-day involvement in a task force or investigation, we might contribute 5 to 6. SACs may augment that day-to-day commitment with additional resources to meet special needs, such as the execution of search warrants or coordination of multiple arrests. We will also be more deliberate in opening cases involving drug cartels and drug trafficking organizations and making sure our efforts do not overlap or duplicate those of the DEA. As a result of the realignment of 400 FBI Special Agents, I believe the FBI and the DEA working together can ensure that federal resources are appropriately applied so that the critically important war on drugs is not impaired in any way and that support to state and local agencies is not diminished.

Similarly, in the areas of White-Collar Crime and Violent Crime, I am proposing relatively modest reductions of agent personnel B roughly 2.5 percent in White-Collar and 3 percent in Violent Crime. Again, I will expect SACs to evaluate day-to-day levels of commitment to Safe Streets Task Forces and make adjustments. In the area of white-collar crime, we may adjust some of the thresholds used for determining whether to proceed with an investigation and defer other cases to agency inspector generals who possess the necessary expertise to handle criminal investigations. But, I expect the impact on our state and municipal partners in these two areas to be relatively minor. Let me assure you of one thing: if a state and municipal law enforcement agency does not possess a needed expertise, the FBI will provide the assistance and expertise needed.

This reallocation of field agent staffing should enable each SAC to satisfy both the near-term investigative requirements and the national programmatic objectives for the top three priorities - counterterrorism, counterintelligence/espionage, and cyber-crime/infrastructure protection. Our foremost mission is to protect the United States from terrorist attacks, foreign intelligence operations, and cyber attacks. These are dynamic challenges that threaten the very security of the Nation and the safety of the American public. Consequently, I consider the Agents provided to each field office for these three priorities to be the minimum level of investigative effort for these programs for the foreseeable future. Moreover, it is my expectation that in addition to these resources, each SAC will, on an ongoing basis and in consultation with national Counterterrorism, Counterintelligence, and Cyber executive management at FBIHQ, be prepared to devote whatever additional resources are necessary to fully address and resolve every emerging threat and every situation that may arise in these three critical areas.

3. Shifting FBI Management and Operating Culture to Enhance Flexibility, Agility, and Accountability
Implementing the revised FBI priorities outlined above and redirecting the FBI workforce toward these priorities requires a concurrent shift in how the FBI manages these cases from a national perspective. These changes will also require changes in how we operate within our offices and perform our work. In support of our top three priorities, I am directing a series of changes to strengthen the FBI's national management and oversight of counterterrorism, counterintelligence, and cyber-crime investigations and programs. These cases and investigations are critical to the very foundation of the FBI's ability to protect national security. These cases often involve parallel efforts in multiple locations within the United States and foreign countries and require extensive coordination and collaboration with other Intelligence

Community, state, municipal and international partners. These cases also are complex in terms of inter-relationships among groups and individuals, a complexity that requires continuity and specialized expertise and tradecraft. Most importantly, these cases require an organizational capacity to quickly respond and deploy personnel and technology to emerging and developing situations.

These changes are also intended to create a centralized body of subject matter experts and historical case knowledge that, in the past, has been largely resident in a few FBI field offices. While this field-based concentration of such expertise and knowledge often worked well in terms of contributing to successful prosecutions of terrorists and spies, such expertise and knowledge was often not available or easily shared with other FBI Field Offices and our partners. The FBI's shift toward terrorism prevention necessitates the building of a national level expertise and body of knowledge that can be accessed by and deployed to all field offices and that can be readily shared with our Intelligence Community and law enforcement partners. Counterterrorism Division. A significant restructuring and expansion of the Counterterrorism Division at FBI Headquarters is being proposed for three basic reasons. First, the more direct role envisioned for the Counterterrorism Division in managing investigations, providing operational support to field offices, and collaborating with law enforcement and Intelligence Community partners requires additional staff at Headquarters. Second, implementing a more proactive approach to preventing terrorist acts and denying terrorist groups the ability to operate and raise funds requires a centralized and robust analytical capacity that does not exist in the present Counterterrorism Division. Third, processing and exploiting the information gathered domestically and from abroad during the course of the PENTTBOM and related investigations requires an enhanced analytical and data mining capacity that is not presently available.

Among the significant features and capabilities of the enhanced Counterterrorism Division will be:

- establishment of a new, expansive multi-agency National Joint Terrorism Task Force at FBI Headquarters to complement task forces established in local FBI field offices and to improve collaboration and information sharing with other agencies;
- establishment of "flying squads" at Headquarters and specialized regional assets to better support field investigative operations, deployments of FBI Rapid Deployment Teams, and provide a surge capacity for quickly responding to and resolving unfolding situations and developments in locations where there is not an FBI presence or there is a need to augment local FBI resources with specialized personnel;
- augmentation of FBI capabilities to perform financial, communications, and strategic analyses of terrorist groups and networks; and
- support for the Department of Justice's Foreign Terrorist Tracking Task Force and terrorism prevention outreach efforts.

Many of you had the opportunity to visit the FBI Strategic Information Operations Center after the terrorist acts of September 11 and were able to witness firsthand a true inter-agency, collaborative environment where information flowed quickly between agencies. Others of you saw a similar environment created at the field office level in Salt Lake City to coordinate security and intelligence for the Winter Olympic Games.

What we must do in our new Counterterrorism Division is create a similar collaborative and information sharing environment. Preventing future terrorist acts necessitates that the Counterterrorism Division operate at a near-SIOC like capacity for the foreseeable future. Any less of an effort is not acceptable. Maintaining such an operating capacity, however, is extremely labor intensive and well beyond the

pre-9/11 resource levels, capacity and structure of the Counterterrorism Division. The proposed Counterterrorism Division reorganization is my commitment to establishing the necessary organizational environment and framework where such a level of commitment can be sustained and where necessary cultural and behavioral changes can become institutionalized over time. Equally important to the success of the Counterterrorism Division reorganization is changing the underlying operations of the division to emphasize the importance and necessity of sharing information on a timely basis, creating an intelligence awareness among employees B FBI and other agency B so that we look at not only the case-related value of information, but also its relevance to the larger, strategic view of a group or organization, and developing and sustaining bodies of knowledge and expertise that can be made available at a moments notice to any FBI Field Office and our partners. Finally, with respect to Counterterrorism, I cannot overstate the importance of building and maintaining effective international partnerships to combating terrorism. Our Legal Attaches played an extremely valuable role in the PENTTBOM investigation and continue to be critical to our ongoing efforts to deny Al-Qaeda the ability to mount future attacks. These partnerships will only grow more important in the future. Consequently, I believe it may be necessary for the FBI to consider additional Legal Attache offices in key locations, especially in Africa.

Counterintelligence Division. Within our Counterintelligence Division, the FBI is proposing a new espionage section that will focus on the so-called "811" referrals and investigations of espionage. This will allow our operational counterintelligence sections to concentrate solely on detecting and countering foreign intelligence operations, focus on emerging strategic threats, and protecting United States secrets from compromise. Additionally, the management of our Counterintelligence Division is reorienting the focus of the FBI counterintelligence program to work more closely with other government agencies, sensitive facilities, and the private sector to identify and protect United States secrets from being compromised by foreign agents and spies. As with Counterterrorism, success in the counterintelligence area will depend upon the ability of the FBI in acquiring agents, analysts, translators, and others with specialized skills and backgrounds and training existing counterintelligence personnel. The FBI is also establishing a career path for counterintelligence agents to encourage retention of personnel in this highly specialized field. In the end, we will have a new structure operating pursuant to a new, differently focused strategy that recognizes the critically important CI-21 approach.

Office of Intelligence. The December 2001 reorganization created a new Office of Intelligence to support our counterterrorism and counterintelligence programs. Building a strategic and tactical intelligence analytical capacity is critical if the FBI is to be successful at pulling together bits and pieces of information that often come from separate sources and providing analytic products to policy makers and investigators that will allow us to prevent terrorist acts. This Congress is all too familiar with the FBI's analytical shortcomings. These shortcomings have been documented by the FBI and others, discussed in prior hearings and briefings and need not be restated again. Fixing these shortcomings is going to require investments in additional personnel, basic and advanced training, technology, and, perhaps most importantly, time. Building subject area expertise or developing an awareness of the potential value of an isolated piece of information does not occur overnight; it is developed over time. That is why I am grateful to DCI Tenet for his willingness to detail experienced CIA analysts to the FBI to work at both the field and Headquarters level, and to set up and manage our Office of Intelligence. These personnel, expected to arrive over the next several weeks, are needed to provide the FBI with a critical near-term analytical capacity while we recruit, hire, train, and build our analytic cadre.

Cyber Division. Last December, the Administration and Congress approved the establishment of a Cyber Division at FBI Headquarters. The Cyber Division will coordinate, oversee, and facilitate FBI investigations in which the Internet, on-line services, and computer systems and networks are the principal instruments or targets of foreign intelligence or terrorists and for criminal violations where the use of such systems is essential to the illegal activity. The FBI will consolidate under a single national program manager headquarters and field resources associated with the National Infrastructure Protection Center (NIPC), the Internet Fraud Complaint Center, and cyber-related criminal investigations delegated to the FBI for investigation, such as intellectual property rights-related investigations involving theft of trade secrets and signals; copyright infringement investigations involving computer software; and Innocent Images National Initiative investigations and training. The new division will continue a direct connection between NIPC and the Counterterrorism and Counterintelligence Divisions regarding national security cases. Additionally, the division will work closely with the proposed Investigative Technologies Division regarding support for the Computer Analysis Response Team program and deployment of Regional Computer Forensic Laboratories.

Dealing with the problem of cyber-crime requires skills and understanding of technology that the FBI does not possess in great numbers. Consequently, the FBI will develop new and expand existing alliances with other federal, state, and municipal agencies, academia, and the private sector.

At the field level, the approach the Cyber Division is considering is inter-agency Cyber Task Forces. In large FBI Field Offices, I envision the FBI maintaining existing stand-alone National Infrastructure Protection Center (NIPC) squads to handle computer intrusions, critical infrastructure protection issues, and the INFRAGARD program. Complementary Cyber Crime Squads will be established to consolidate management and investigation of cyber-related violations currently handled under the White-Collar and Violent Crime programs, as well as investigate non-terrorist and non-intelligence computer hacking and intrusion cases. In small or medium FBI Field Offices, the FBI will either use the above model or create hybrid cyber squads that consolidate NIPC and criminal resources into a single squad. Regardless of the size of office, the FBI will reach out to invite participation from other federal, state, and municipal agencies on Cyber Crime Squads to reduce duplication of effort and maximize resources. FBI Cyber Crime Squads and task forces will be allied with Department of Justice Computer Hacking and Intellectual Property (CHiP) units in those 13 United States cities where CHiP units are being established. The FBI will continue its partnership with the National White-Collar Crime Center to operate the Internet Fraud Complaint Center.

Investigative Technologies Division. I am proposing to split the current Laboratory Division into two divisions: Laboratory and Investigative Technologies. Recent growth in the mission, staffing, and funding of the programs encompassed by the Laboratory Division presents potential problems in the areas of management span of control and effective project management. The technical nature of many of the multi-year projects being carried out by division project leaders requires a degree of management oversight and involvement that can be best achieved by splitting the current division.

The Laboratory Division will continue to focus upon the collection, processing and analysis of evidence, training, and forensic research and development. The proposed Investigative Technologies Division will concentrate on providing technical and tactical services in support of investigators and the Intelligence Community, such as electronic surveillance, physical surveillance, cyber technology, and wireless and radio communications, as well as the development of new investigative technologies and techniques and the training of technical agents and personnel.

Criminal Investigations. The American people look to the FBI for leadership in investigating the most serious national and international crimes and criminal enterprises and for cooperating and assisting other

federal, state, municipal and foreign law enforcement authorities. As a national law enforcement agency, FBI Field Offices should draw upon national criminal investigative priorities to develop local crime-fighting strategies. The national priorities I have identified will serve the FBI as a critical common denominator that links criminal investigative activities across field offices.

In developing local criminal priorities and resource allocation plans, each SAC should also take into account the ability of state, municipal, and other federal law enforcement to handle the full range of criminal violations which may vary widely among jurisdictions and agencies. This requires the FBI to be more flexible and collaborative in its approaches to its criminal investigative mission. At the same time, SACs should, in consultation with the United States Attorney and appropriate state and municipal authorities, develop and implement appropriate strategies and resource allocations for addressing the FBI's other criminal investigative priorities. These five areas are: public corruption, civil rights, transnational and national criminal organizations, major white-collar crime, and significant violent crime.

Given the near-term requirement to ensure the resource needs of our top three priorities are satisfied, SACs must be more focused and deliberate in his/her management of resources allocated to criminal priorities. Consequently, it is imperative that SACs avoid duplicating the efforts of other agencies or direct resources against crime problems that can be more appropriately handled by other agencies. We must be prepared, for the time being, to defer criminal cases to others, even in significant cases, if other agencies possess the expertise to handle the matter adequately. In situations where other federal, state, and municipal capabilities are not sufficient to handle a case or situation, SACs should be prepared to step in and provide FBI resources as needed. However, once the immediate situation is under control or resolved I expect SACs to reevaluate the level of FBI commitment and make necessary adjustments.

Within the conduct of our criminal investigative mission and in our day-to-day interactions with state and municipal law enforcement partners, all FBI personnel must remain alert for indications of criminal or suspicious activities that might be precursors of possible terrorist operational and logistical activities. The PENTTBOM investigation has demonstrated how a group of terrorists were able to infiltrate our country and carry out extensive planning, operational, and logistical activities without apprehension by law enforcement. Other terrorist investigations have revealed patterns of low-level criminal activity by terrorists. It is the duty of every FBI employee to remain vigilant for suspicious activity or informant information that could be a tip-off to a future terrorist attack.

Closing

Mr. Chairman, the unpredictable and unconventional threats to our national security and the serious crime problems that often reach beyond our borders necessitate changes in the FBI, changes in our priorities, changes in our workforce, and changes in our approach to performing our mission. Critics often characterize the FBI as being resistant to change, citing an "insular" culture. I have had the opportunity to work closely with the fine men and women of the FBI under the extreme circumstances of the last nine months. I am confident of their recognition of the importance of this critical moment in our history and I am confident that change is being embraced. I will not pretend it will be easy but I also do not doubt that a different FBI is emerging post-9/11.

What I am proposing is an evolving road map for moving the FBI forward through this time of uncertainty and unpredictability. As an evolving strategy, it will be adjusted to meet changes in the world in which we must operate. Our adversaries, whether they are terrorists, foreign intelligence agents, or criminals, are not static or complacent and we must not be either. The challenges facing the FBI requires a workforce that possess specialized skills and backgrounds, that is equipped with the proper investigative, technical, and analytical tools, and possesses the managerial and administrative competencies necessary to deal with a complex and volatile environment. Beyond the changes and proposals I have outlined today are changing

and revitalizing internal processes are also necessary to eliminate internal stove-pipes and barriers that prevent us from being more collaborative among ourselves and with our external partners.

I welcome your comments and suggestions relative to the management and organizational changes that I have submitted to the Congress. I appreciate the support that this Committee has given to what we are trying to accomplish and I particularly appreciate the recognition of the urgency with which I believe these issues must be addressed.