

Testimony of

Mr. Steve McCraw

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Good morning Mr. Chairman and members of the Judiciary Committee. On behalf of the Federal Bureau of Investigation, I would like to express my gratitude for affording us the opportunity to speak with you on the important issue of international drug trafficking and terrorism, which you have appropriately labeled as "a dangerous mix."

Worldwide economic, political, social, and technological changes have resulted in a more dispersed, complex, asymmetric threat to our nation. Terrorists, criminals, and foreign intelligence collectors have significantly benefitted from these rapid changes, which have permanently shrunk the world. The result is a world that is more integrated with activities that are significantly less discrete. Terrorist acts, crime, and foreign intelligence activities are no longer distinct activities, but rather profound fluid enterprises that through their very existence have a reverberating impact on our national security. Terrorism and crime respect no borders and threaten civilized countries throughout the world.

Terrorism and crime are inextricably linked. International and Domestic Terrorism Organizations and their supporters engage in a myriad of crimes to fund and facilitate terrorist activities. These crimes include extortion, kidnaping, robbery, corruption, alien smuggling, document fraud, arms trafficking, cyber crime, white collar crime, smuggling of contraband, money laundering and certainly drug trafficking.

In framing the issue, the Committee astutely recognizes these links and the threat they present to the American people. That is why all aspects of the terrorist enterprise including funding and support must be attacked. The criminal nexus to terrorism including drug trafficking is why our local, state, and federal law enforcement partners throughout the U.S. and the world are essential to combating global terrorism. They constitute an army of dedicated professionals who bring tremendous resources and capabilities to the war on terrorism. In fact, the successes of the Joint Terrorism Task Forces are in large part to their unwavering commitment to the safety of our nation and its citizens.

Today's Committee meeting focuses on the ties of drug trafficking and international terrorism which is clearly a problem. Drug trafficking is a highly lucrative enterprise generating billions of dollars in profit that terrorist organizations can easily tap into. The ties between international terrorist organizations and drug trafficking varies greatly from organization to organization. For example, the Fuerzas Armadas Revolucionarias de Colombia (FARC), aka the Revolutionary Armed Forces of Colombia, is strongly tied to drug trafficking in Colombia. The objective of the FARC is to overthrow the established order in Colombia and replace it with a socialist dictatorship. In its attempts to destabilize the Government of Colombia, the FARC conducts bombings, extortions, selective assassinations, kidnapings, and armed confrontations with Colombian police and military forces. In an effort to finance its agenda, the FARC has conducted countless kidnapings for ransom of Colombian and foreign nationals, including the most recent kidnaping/capture of American citizens in Colombia. They have also forced businesses to pay "war taxes" in exchange for FARC protection. However, drug trafficking profits are the FARC's principal source of funding. Moreover, it appears much of their agenda is based upon protecting and exploiting drug trafficking operations in Colombia and the region.

Historically, Afghanistan has been a major source of heroin throughout the world. Recently, al-Qa'ida and Sunni extremists have been associated through a number of investigations with drug trafficking. We have observed elements of the Taliban shipping and selling illegal drugs into the US. A recent joint FBI and DEA investigation resulted in the arrests of 16 Afghan and Pakistani subjects for involvement in a drug ring that was possibly linked to Al-Qa'ida and the Taliban. The investigation determined that heroin, grown and processed in Afghanistan and Pakistan, was being shipped to the U.S. Profits from the sale of the heroin were laundered through Afghan and Pakistani owned businesses and then sent back to associates of terrorist organizations. Criminal and financial links to the Taliban regime and their involvement with Al-Qa'ida were established. The subjects were also involved in a

number of other criminal activities including document/mail fraud, operating an illegal money transmitting business, and other white collar crimes.

Historically, Hizballah's direct involvement in narcotics trafficking has been limited, and the group's leaders have condemned the drug trade on religious grounds. However, we have seen individuals with suspected Hizballah ties involved in drug related activities and we believe that funds from these activities eventually make their way to Hizballah coffers in Lebanon. The FBI has investigated and continues to investigate, efforts by individuals and entities associated with Hizballah to traffic illegal drugs in the U.S. Acts of terrorism attributed to Hizballah have little or no connection to narcotic issues. Rather, these acts were intended to further their political and terrorist agendas. Hizballah utilizes funds from drug trafficking as one of many methods to fund these agendas.

By way of example, the FBI conducted an investigation which employed an undercover operation to target Hizballah cells in the U.S.

The investigation has focused on distinct, but related, criminal enterprises which have participated in a host of criminal activity from fraud schemes to drug trafficking to fund their activities and provide funds to the overall Hizballah organization. A number of the subjects have been indicted and the investigation is continuing.

The Al-Ittihad al-Islami, or AIAI, Somalia's largest militant Islamic organization, is suspected of smuggling an illegal narcotic leaf known as Khat ("cot") into the United States. Arrests and shipment seizures indicate a sharp increase in demand for the drug. Proceeds from East African Khat sales are likely remitted to Middle Eastern banks via Hawala network and wire services. It is likely that these funds pass through the hands of suspected AIAI members and other persons with possible ties to terrorist groups.

The bottom line is that terrorists and terrorist groups will resort to any method or means to fund and facilitate their terrorist agendas. As state sponsorship of terrorism has come under greater international condemnation, the tremendous profit potential associated with drug trafficking make it an attractive from the perspective of terrorist groups. This is further evidence that the prospect of terrorist-related drug trafficking represents a continuing and significant threat to our national security.

Thank you for affording me the opportunity to speak to you today on this important topic, and I look forward to any questions that you may have. However, I would like to take this opportunity to thank you Mr. Chairman and all members of the committee, for the tremendous support you have provided to the FBI to effectively combat terrorism. I would also like to publicly thank the Drug Enforcement Administration and the thousands of local and state law enforcement agencies for their outstanding support to the FBI since the attacks on 9/11/2001.