



**HEARING OF THE SENATE HOMELAND SECURITY AND GOVERNMENTAL
AFFAIRS COMMITTEE**

**SUBJECT: "NINE YEARS AFTER 9/11: CONFRONTING THE TERRORIST THREAT
TO THE HOMELAND"**

CHAired BY: SENATOR JOE LIEBERMAN (ID-CT)

**WITNESSES: HOMELAND SECURITY SECRETARY JANET NAPOLITANO; FBI
DIRECTOR ROBERT MUELLER; NATIONAL COUNTERTERRORISM CENTER (NCTC)
DIRECTOR MICHAEL LEITER**

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SEN. LIEBERMAN: The hearing will come to order. Good morning. And I put together thanks to Secretary Napolitano and Director Mueller and -- are you a director, Mr. Leiter? -- Director Leiter as well. Thank you, the three of you, for being here.

This is an important hearing in the year of this Homeland Security Committee. It's our third annual hearing at which we invite in the three leaders of the three most involved and important agencies of our federal government in protecting -- to discuss where we are in the terrorist threat on our homeland, how has it evolved, and how have our defenses evolved against it.

And it gives us a kind of annual report, a snapshot picture of where we are and what the facts of past year say to us about what we can do together to continue to improve the security of the American people post-9/11.

Last week, we marked the ninth anniversary of the 9/11 attacks, and we paid homage to the 3,000 people who were murdered that day by Islamist extremist terrorists. I was struck yesterday by reading a Gallup poll in one of the newspapers that showed a significant decrease in concern about terrorism among the American people.

Now, this is understandable particularly because of the stress that the current economic conditions have put so many American families under. But as the three witnesses know very well, the threat is still all too real. Our committee knows that as well. It's our job and yours to be focused on protecting our homeland and our people from violent extremists and terrorists no matter what the state of public opinion is about it at the moment. And that's why, of course, we're so happy and grateful that you're here today.

The tragedy of 9/11 is a daily reality for the three of you and the men and women -- the thousands -- tens of thousands of men and women who work with you every single day to ensure that such an attack never happens again. In some sense, the three of you oversee a mighty force of literally hundreds of thousands of people that have been reorganized, augmented in the aftermath of 9/11 when the Islamist extremist terrorists declared war on us and we responded, taking us into two active fields of combat, of course, first in Afghanistan and then Iraq, but involving us on unconventional battlefields all across the world and quite significantly, which is the focus of our attention today, our homeland and the extent to which this enemy, unlike any we've ever faced, threatens our security, our way of life, our freedom and is prepared to do so in extraordinarily inhumane ways right here at home.

Let me just share three observations about what I see over the last year. And I know that you will respond to this and other things in your opening statements.

Since our last threat assessment hearing a year ago, it's clear that there has been a marked increase in Islamist terrorist attacks against us here at home. Most incidents, thank God and thanks to you and all the work, have been thwarted, some really with extraordinary, almost miraculous work taking a shred of evidence, building on it, developing it and finding the people who were planning the attack and stopping them, capturing them before they did.

But the fact that I know you know very well is that three of the attempted attacks in the last year by terrorists managed to break through our defenses. Very different kinds of attacks. First, the Fort Hood shooting last November, the Christmas Day attack, and the Times Square bombing attempt.

And, of course, in the Fort Hood case, 13 people died at the hands of Nidal Hasan. Fortunately, in the Christmas Day attempt and Times Square, the explosives failed in both cases and no one was hurt.

These attacks and others show the full range of threats we now face from lone wolves, if you will, freely operating terrorists like Hasan who -- nonetheless, who was motivated by terrorist agitators from abroad, to home-grown terror cells such as the so-called "Raleigh seven" or the Fort Dix plotters to inexperienced but potentially deadly operatives, including American citizens directly trained by al Qaeda or its affiliates around the world as were Faisal Shahzad, the Times Square bomber and Umar Farouk Abdulmutallab, the Christmas Day bomber.

So the first fact that comes out at me is that there's an increased pace of attacks against our homeland in this war in which we're involved, most thwarted, but three broke through. Second, since 2009, at least 63 American citizens have been charged or convicted for terrorism or related crimes.

Now, to me, just stepping back and accumulating that number, that's an astoundingly high number of American citizens who have attacked or planned to attack their own country, our country. In addition to this number, an increasing number of Americans are now actually in leadership positions in international terrorist groups. Most notable is Anwar al-Awlaki, who, through his writings and audio tapes, has inspired several plots against the West over the last five years, and in the case of the Christmas Day attack, apparently, played a direct operational role.

Adam Gadahn, who continues to serve as a chief propagandist for al Qaeda, these are all Americans with citizenship status. Omar Hammami, from Alabama, a convert to Islam, featured prominently in al-Shabab recruiting videos and identified as an operational commander. Adnan el Shukrijumah, who grew up in the U.S. and has legal permanent resident status, now, a senior al Qaeda objective, apparently, responsible for the planned attack last year or involved in it by Najibullah Zazi on the New York subway system.

So this is quite significant to me that we've got this number of Americans playing an active role. I know it's an infinitesimal proportion of the American public, but it's still a growing number of Americans and something to be concerned about in terms of home-grown terrorism and self-radicalization.

The third fact is the growing role of the Internet in self-radicalization and home-grown terrorism which raises the question of what we can do to combat the use of the Internet for these purposes.

Many of those arrested in the last year have been radicalized online, influenced by al Qaeda's core narrative that the U.S. is at war against Islam, which has been tailored to a Western English-speaking audience by Awlaki and other online violent extremists.

The fact is that al Qaeda and other terrorist organizations have adapted their online media strategies to mainstream Web sites and social networking tools. That's made it easier for people to access extremist material and has significantly raised the challenge to our counterterrorism agencies who we count on to discover and disrupt these terrorist plots.

So those are three changing, evolving factors that jump out at me, and I look forward to your response to them. The bottom-line fact is that the fight against Islamist extremism and terrorism sure looks like it's going to go on for a long time to come. It is the great security challenge of our time. We must confront it with, in Lincoln's words, "energy and sleepless vigilance until it is defeated."

And, again, I thank the three of you and all who work with you for the extraordinary work that you're doing, really, 24-7, 365 days a year to make sure that we do succeed in this fight. Thank you very much.

SEN. COLLINS: Thank you, Mr. Chairman.

Nine years after the attacks of September 11, 2001, our government is challenged today by the evolving nature of the terrorist threat. We know that terrorists revise their tactics to adapt to these security measures that we put in place.

As we have made it more difficult for terrorists to come in from abroad, we are seeing the escalation of a significant new threat that takes advantage of radicalized violent Islamic extremists within our borders. Foreign terrorist organizations are aggressively targeting these home-grown terrorists to carry out attacks.

These home-based terrorists could decide to act independently as lone wolves motivated by terrorist propaganda but acting on their own. Others appear to be acting under the direction of foreign terrorist groups.

To be sure, overall, the United States is far better prepared to confront the terrorist threat than we were nine years ago. Since 9/11, we have created new security and intelligence systems to detect, deter and defend against terrorism, most notably, through the Intelligence Reform and Terrorism Prevention Act that Senator Lieberman and I co-authored.

We've expanded our intelligence-gathering and information-sharing systems. We've erased bureaucratic barriers and dismantled silos. We've learned to fight an enemy that wears no official uniform, that has no borders, and that represents no state in the traditional sense of the word.

The results have been significant. Terrorist plots, both at home and abroad, have been thwarted. But the threat has not been neutralized. Indeed, it is evolving and ever-changing and, in some ways, more dangerous than ever. It is a chameleon by design.

Al Qaeda has extended its tentacles into regional terrorist organizations causing threats to emanate from new locations like Yemen through the activities of al Qaeda in the Arabian Peninsula.

AQAP and the radicalized American who has ties to that terrorist organization were behind the attempt to detonate a bomb on a flight last Christmas Day and, apparently, were the inspiration for U.S. Army psychiatrist, Major Hasan's, murderous attack at Fort Hood.

This committee has been sounding the alarm regarding home-grown terrorism since 2006 when we held our first hearing on the threat of violent radicalization within our prison system. In all Senator Lieberman and I have held 11 hearings on this issue. Our investigation has predicted a potential wave of future terrorists activity in this country. We warned that individuals within the U.S. could be inspired by al Qaeda's violent ideology to plan and execute attacks even if they do not receive direct orders from al Qaeda.

Unfortunately, our warnings have proven to be prescient. In the past two years, our nation has seen an escalation in the number of terrorists attacks with roots based in our own country. In fact, the Congressional Research Service found that since just May of last year, arrests have been made in 19 plots by U.S. citizens and residents compared to 21 plots during the seven and half years from 9/11/01 to last May. That is an alarming, significant increase.

On the eve of our nation's 9/11 commemoration, the National Security prepared this group, led by Lee Hamilton and Tom Kean issued a timely report entitled Assessing the Terrorist Threat. The report said that America continues to face serious threats from al Qaeda affiliates around the world and from home-based terrorists. It warned of an increasingly wide range of U.S.-based jihadist militants, who do not fit any particular ethnic, economic, educational or social profile.

It also sounded this grave warning. The American melting pot has not provided a firewall against the radicalization and recruitment of American citizens and residents, though it has arguably lulled us into a sense of complacency that home-grown terrorism couldn't happen in the United States.

Initially, I remember we thought this was a problem that Western Europe would have, but that we would not have because of the differences in our culture.

The Kean-Hamilton report called 2009 a watershed year in terrorist plots in the United States. As the chairman has been pointing out, the statistics are a call for alarm. In 2009 alone, at least 43 American citizens or residents aligned with violent Islamic extremists, were charged or convicted of terrorism crimes in the United States or elsewhere. And this year, to date, 20 have been similarly charged or convicted.

We also are seeing the terrorist threat morph into another stage of development. While we must still remain focused on the catastrophic or spectacular attack on the scale of 9/11, I am convinced that terrorists are beginning to focus their efforts on smaller-scale attacks with small arms and explosives, such as we saw at Fort Hood, in Arkansas, and in India.

We must see the disparate attacks and the changing tactics for what they are, separate parts of a more dangerous pattern. The past two years have taught us through harsh lessons that we simply must increase our efforts. As the Kean-Hamilton report observed, it is fundamentally troubling that there remains no federal government agency or department specifically charged with identifying radicalization and interdicting the recruitment of U.S. citizens or residents for terrorism.

We must redouble our efforts to better anticipate, analyze and prepare. We must address what is quickly becoming a daunting and highly-challenging crisis. This dangerous reality must be met with better security measures, innovative community outreach, and an enhanced information sharing. Most of all, we cannot risk another failure of imagination.

Thank you Mr. Chairman.

SEN. LIEBERMAN: Thank you very much Senator Collins for that excellent statement.

Secretary Napolitano welcome, and let's begin with you.

SEC. NAPOLITANO: Well thank you Mr. Chairman, Senator Collins, members of the committee for the opportunity to be here today to testify on the terrorist threat to the United States, and what DHS is doing to combat it. I'm very pleased to be here as well with my colleagues -- the director of the FBI, the director of the NCTC. We do a lot of this work together.

As has been alluded to in your opening comments, the threat of terrorism is constantly evolving. And over the past years, it has become more and more diverse. It is diversifying in terms of sources. It is diversifying in terms of tactics. It is diversifying in terms of the targets being considered.

Now in terms of sources, the threat of terrorism is now emerging from more places than it was on 9/11. While al Qaeda itself continues to threaten the United States, al Qaeda also inspires an array of affiliated terrorist groups. Some of these like al-Shabaab in Somalia have not tried to attack the United States. They have carried out attacks elsewhere. But they have leaders that espouse violent, anti- American ideology.

Others like Tehrik-e-Taliban and al Qaeda in the Arabian Peninsula have attempted to attack the United States in the Times Square and Christmas Day bombing attempts respectively. In addition, a new and changing facet of the terrorist threat comes from home-grown terrorists. And by which I mean, U.S. persons who are radicalized here and receive terrorist training either here or elsewhere, and bring knowledge of the United States and the West to terrorist organizations.

A clear trend in recent attacks has been the role of English language and online propaganda from operatives like al-Awlaki, a United States citizen, based in Yemen. We are also seeing more diversity in terms of tactics. Recent events in intelligence show a trend toward -- as you mentioned Senator Collins, smaller, faster developing plots rather than larger, longer-term plots like 9/11.

These plots may include the use of IEDs or teams who use small arms and explosives -- both forms of attack that have been used abroad. The results of these changing tactics are fewer opportunities to detect and disrupt plots. Now, we're also seeing greater diversity in the sense of targets. While some targets like commercial aviation remain constant, others like mass transit systems and chemical facilities are among critical infrastructure that terrorist could seek to strike.

These elements which make the terrorist threat more diffuse also make it more difficult for law enforcement and the intelligence community to detect and disrupt. Accordingly, we are moving forward in a variety of ways to counteract these evolving threats. The steps we are taking are not a panacea, they're substantially however strengthening our defenses against terrorism here at home.

One step we are taking is getting information where it should be, when it should be there, and in the most useful format. In this threat environment, it could very well be a local police officer who detects or disrupts a threat rather than an intelligence analyst here in Washington, D.C. That's why one of the top priorities for the department is to get information, tools and resources out of Washington and into the hands of the men and women on the frontlines.

Our fusion centers, which connect federal, state and local law enforcement to first responders on the ground, play a major role in identifying, preventing and disrupting threats. We support these centers through DHS personnel who work side-by-side with state and local law enforcement.

We're also working with the Justice Department on the nationwide Suspicious Activity Reporting System, otherwise known as SARS, which standardizes ways for police to identify and report suspicious activities and report it back to federal intelligence so that they can be analyzed against current threat information to identify broader trends.

We are supporting state and local law enforcement through Homeland Security grants, eliminating red tape so these grants can be used to sustain current programs, rather than being forced to buy new equipment or technology each year, and also making it easier to use these funds to rehire and retain experienced first-responder personnel.

We're also working to raise public awareness through a campaign with the slogan "If you see something, say something," which was originally used by the MTA in New York with Homeland Security grant funds. As we all remember, it was a New York City street vendor who tipped off the

police about the bombing attempt in Times Square, and the passengers themselves who thwarted the attack on Flight 253.

Now, we're also working with police and communities to counter violent extremism in cities and towns across our country. Homeland security, in fact, begins with hometown security. So we're working with a variety of recommendations made by a working group of our Homeland Security Advisory Council to aid local law enforcement in this effort.

Specifically, DHS is using proven community-oriented policing techniques to develop training, hold regional summits for law enforcement -- to give them the tools they need to work with communities to combat sources of violence and detect threats when they arise.

We're also working to strengthen security in several specific sectors. For example -- and this is not an exhaustive list; it's just examples. But in terms of aviation security, this next week we expect the International Civil Aviation Organization, ICAO, which is part of the U.N., to issue a historic international agreement on aviation security, strengthening security measures and standards around the globe.

And we continue to move forward to enhance surface transportation security, working closely with Amtrak and mass transit agencies around the country to integrate our information sharing efforts.

Now, the initiatives that I have just listed are only a small part of the ongoing work at the Department of Homeland Security and with the FBI and the NCTC. We are conducting initiatives every day to help secure the country. We are, and will continue to do, everything in our power to prevent attacks. But I want to emphasize that it is impossible to guarantee that there will never be another attack. We can't simply put the country under a glass dome.

What we can do is take every possible step to provide those on the front lines with the information, the tools and resources they need to better secure our country. This is the homeland security architecture that we are building, and this is what the hard-working men and women of the Department of Homeland Security are devoted to every day.

Thank you again for the opportunity to be here. I look forward to answering the committee's questions.

SEN. LIEBERMAN: Thank you very much, Secretary Napolitano. It's a really -- a good statement to begin our discussion with.

Director Mueller, thanks for being here once again and thanks for all the good work that you and everybody who works with you do every day.

MR. MUELLER: Thank you, Mr. Chairman. Senator Collins, members of the committee, as you know, the FBI's highest priority continues to be the prevention of terrorist attacks against the homeland. And since 9/11, the threat from terrorism has evolved, as you pointed out, in ways that present new challenges for us and for our partners.

This morning, let me focus on the most serious of these threats and give you some idea of how we're moving to counter them.

Despite the significant counterterrorism pressure abroad, al Qaeda continues to be committed to high-profile attacks directed at the West, including plans against Europe as well as the homeland.

Recent investigations have revealed some shift in their strategy for these attacks. In the immediate aftermath of 9/11, al Qaeda plots and plans focused on using individuals from the Middle East or South Asia for their attacks. Since 2006, al Qaeda has looked to recruit Americans or Westerners who are able to remain undetected by heightened security measures.

For example, last year for the first time since September 11, al Qaeda successfully trained and deployed an operative to the United States to carry out such an attack. That operative was Najibullah Azazi, a lawful U.S. permanent resident who was plotting to attack the New York subways.

The threat from al Qaeda affiliates has also evolved, as other terror groups have developed greater intent and capability to strike at the homeland. We are increasingly concerned about the threats from these groups operating from Afghanistan, Pakistan, Yemen, Somalia, Iraq. Their threats focus more on homeland attacks now, as we saw with the Christmas Day and Times Square attempted bombings.

Of course, these groups are also seeking to recruit extremists from the West. Cooperation between al Qaeda and other terrorist groups has changed in the past year, suggesting that this threat may increase. Sharing financial resources, training and recruits, these groups have been able to withstand significant counterterrorism pressure from the U.S., coalition and local government forces.

As both of you have pointed out, threats from homeland -- homegrown violent extremists also poses a significant concern to the United States. These individuals may be inspired by the global jihadist movement or use the Internet to connect with other extremists, even if they don't receive direct guidance or training from a terrorist group.

Often they have diverse backgrounds and life experiences, as well as differing motivations. Based on cases from the past year, homegrown extremists are more sophisticated, harder to detect and better able to connect with other extremists. In certain cases, they are more operationally capable than what we have previously seen.

Moreover, the Internet has expanded as a platform for spreading extremist propaganda, a tool for on-line recruiting and a medium for social networking with like-minded extremists. And this has contributed to the threat from homegrown radicalization in the United States. We also face a continuing threat from U.S. persons traveling overseas -- traveling overseas to conflict zones seeking terrorist training or combat experience.

While the motivations and backgrounds of these individuals vary, once Americans travel overseas and make connections with extremists on the ground, they become targets for use in plots to attack the homeland, as we saw with the Times Square attempted bombing.

And in particular Somalia has drawn the attention of American extremists, as more than two dozen Americans have made it there to train or to fight in the past few years. Recent disruptions inside the United States show that some Americans still desire to travel to Somalia for extremist purposes.

To counter these threats, the FBI has joined with our federal partners and with state and local law enforcement in more than 100 joint terrorism task forces. Those task forces operate nationwide to prevent and dismantle terrorist plots.

Our partnerships are critical to our understanding of the threat environment and to protect our nation and its citizens. And the FBI, along with the Department of Homeland Security, NCTC, is also committed to a nationwide approach for participating in state and local fusion centers.

The FBI, the National Counterterrorism Center, and DHS have also joined together on initiatives to enhance our understanding of homegrown violent extremism. And we also continue to work with DHS to issue joint intelligence products on radicalization for our federal, state, and our local partners.

Since the 9/11 attacks, the FBI has developed an extensive outreach program to the Muslim, South Asian, and Sikh communities in order to develop trust, address concerns, and dispel myths about the FBI and our government.

In 2009 we established specialized community outreach teams composed of special agents, analysts, community outreach specialists, to assist our field offices, establish new contacts with key communities, and work with DHS to address these concerns.

Let me conclude by thanking this committee for its service and its support, and on behalf of the men and women of the FBI, I look forward to working with you to continue to improve the FBI and help to keep America safe.

I of course will be happy to answer any questions you might have, sir.

SEN. LIEBERMAN: Thank you, Director Mueller. Just -- I want to come back to -- at the beginning of your statement you said something that is significant, which is that the FBI's number-one priority continues to be the prevention of terrorist attacks against the United States.

And I think you're -- I know that's the truth, and your statement reminds us of how much our government has reorganized, refocused, expanded in response to 9/11 to prevent terrorist attacks against our homeland. We've got two agencies here who didn't exist on 9/11 -- Homeland Security and NCTC.

And in the case of the FBI, an agency that, obviously, was somewhat involved in counterterrorism but has greatly increased its role involved with not only a law enforcement but prevention.

But I hope that's something that's noticed not only by the American people but by those who would think of attacking us.

Michael Leiter is the director of the National Counterterrorism Center which was one of the most significant results of the 9/11 Commission report and the intelligence reform act that began in this committee in a past Congress signed by President Bush.

Thanks for being here, Mr. Leiter.

MR. LEITER: It's my pleasure. Thank you, Chairman Lieberman, Senator Collins, distinguished members. It's always good to be here, especially with Director Mueller and Secretary Napolitano. I can tell you that there's virtually no terrorist event or issue that comes up that the three of us do not work in a very close partnership.

Chairman Lieberman, Senator Collins, as you have already noted, the past year has noted the most significant developments in terrorism since 9/11. The three attempted homeland attacks during the past year from overseas-based groups and the two lone-wolf attacks here in the United States -- Carlos Bledsoe in Arkansas and Nidal Hasan -- surpassed the number and pace of attacks during any year since 9/11.

The range of al Qaeda core affiliates and allies plotting against the homeland during the past year suggests the threat has, in fact, grown far more complex and underscores the challenges of identifying and countering a more diverse array of threats to the homeland.

Al Qaeda's affiliates and allies' increasing ability to provide training, guidance and support for attacks against the U.S. makes it very difficult to anticipate the precise nature of the next attack and from where it might come. The regional affiliates that have grown and allies have been able to compensate to some extent for the decreased willingness of al Qaeda in Pakistan to accept and train new recruits.

And additional attempts by al Qaeda affiliates and allies to attack the U.S., particularly attempts in the homeland, could attract the attention of even more Western recruits, thereby, increasing those groups' threat to the homeland. And even failed attacks, such as AQAP's and TTP's attempts this past year, due to some extent, further al Qaeda's goal of fomenting terrorist attacks against the West and demonstrate that some affiliates and allies and home-grown terrorists are embracing their vision.

Now, today, al Qaeda in Pakistan is at one of its weakest points organizationally, but I would stress a significant however that the group has, time and time again, proven its resilience and remains a very capable and determined enemy.

The threat to the homeland is, as you have noted, compounded significantly by operationally distinct plotting against the U.S. by its allies, affiliates and sympathizers.

Now, with respect to regional affiliates, I think it's worth highlighting four of particular concern. First and most notably is al Qaeda in the Arabian Peninsula, AQAP, and Yemen. And we assess that it continues to pose significant threats to U.S. interests in Yemen and that it continues to plot against the homeland.

And of additional note, as both Senator Lieberman and Senator Collins noted, dual U.S.-Yemeni citizen, Anwar al-Awlaki, who played a significant role in the attempted airliner attack over Detroit, continues to be a key concern given his familiarity with the West and his participation in AQAP external operations.

In addition, East Africa remains a key locale for al Qaeda associates and Somali-based terrorists associated with the insurgent group Al Shabaab. Some Al Shabaab leaders share al Qaeda's ideology and publicly have praised Osama bin Laden and asked for further guidance from the group.

And as Director Mueller noted, more than two dozen Americans, most ethnic Somali but not all, have travelled to fight in Somalia since 2006. Now, of course, the potential for those trainees to return to the United States or elsewhere in the West remains a very significant concern.

And I think it is also worth noting that Al Shabaab has vividly illustrated its commitment to attacking outside Somalia, most tragically in the waning days of Africa's first-ever World Cup with a deadly attack, a series of coordinated deadly attacks, in Kampala.

In North Africa, al Qaeda in the Islamic Maghreb remains a persistent threat to the U.S. and Western interests primarily in the form of kidnapping and ransoms, but we are, of course, concerned with their potential to reach beyond North Africa.

And, finally, in Iraq, although the CT successes have greatly diminished al Qaeda in Iraq's effectiveness, we continue to see them as a key al Qaeda affiliate and having continued interest in attacking beyond Iraq.

Now, as this committee has very effectively noted, the spike in home-grown violent extremism is indicative of a common cause that has undoubtedly rallied some individuals within the United States to al Qaeda's banner. And plots disrupted in New York, North Carolina, Arkansas, Alaska, Texas, all of these were operationally distinct but are indicative, again, of a collective subculture and common cause that has rallied these independent extremists and, undoubtedly, the Internet, as you noted, has been a significant factor in many of these attacks or plots.

Now, although we are focusing on al Qaeda today, I do believe that it's important to note we continue to try to keep our eye on groups like Lashkar-e-Taiba, Hamas and Hezbollah that threaten U.S. interests abroad and potentially within the United States.

Now, given this very diverse landscape and especially the failed attack over Detroit on Christmas Day, at your instruction and at the president's direction, we have implemented several changes to try to address the diversity of this threat.

As you know, NCTC led the director of national intelligence master action plan to make sure that analytic resources were appropriately aligned with this new threat and to appropriately allocate additional resources that the Congress generously gave the counterterrorism community.

Second, we created pursuit groups which focus at a very granular level on those issues which might not immediately appear to be threats to the homeland but can, as in cases like Christmas Day, manifest themselves in tragic ways. In addition, we have worked with the entire interagency, especially DHS and FBI, to review watchlisting protocols and improve our watchlisting effort.

And, finally, we have spent significant time and effort and leadership on developing an improved information technology infrastructure to better meet the demands of increased information sharing with this diverse threat.

Now, finally, as this committee knows, NCTC has both an intelligence and a policy responsibility for coordinating across the U.S. government. And in that front, although I don't want to speak about all of those areas, I would like to briefly speak to our efforts to coordinate combating violent extremism especially here in the homeland.

And, Senator Collins, you noted the quote from the Kean and Hamilton Group that we were somehow lulled into a sense of complacency about home-grown extremism. I will take the liberty of speaking for everyone at this table and tell you that none of us, nor anyone in our organizations, were lulled into any sense of complacency. To the extent there was complacency, I think it occurred outside, not inside, the counterterrorism community.

But I would note that there is some truth to the idea that no one single organization is responsible for countering radicalization. But from my perspective, that is actually a good thing. In fact, there is centralized policy oversight of combating violent extremism at the National Security Council. There is, in fact, centralized coordination of those efforts at NCTC.

And there is also a centralized assessment of the effectiveness of those programs at NCTC providing that to the White House.

What is there is, though, is decentralized execution of programs related to countering violent extremism in the homeland. And from my perspective, I think that is particularly important because the issue is so complex that no one organization -- FBI, Department of Justice, or DHS -- is in a position to address all of the factors of violent extremism.

So I think it can be somewhat misleading to suggest that no one is in charge. I think, in fact, there is centralized coordination and decentralized execution of the programs which have to be very varied to combat a varied threat. And, of course, I'm very happy to discuss this more in your questions.

In conclusion, I, again, want to thank this committee. This committee was instrumental in the creation of NCTC and the Department of Homeland Security. This committee has helped us keep our eye on the ball for violent extremism both domestically and abroad. And I look forward to continuing to work with this committee as the challenges do change and we hope we get on top of this threat.

Thank you.

SEN. LIEBERMAN: Thank you very much, Director Leiter.

We'll do seven-minute rounds of questioning.

Let me begin with a current situation and ask you to respond to the extent that you can. And I'm going from public sources here. There have been public statements over the last month by Homeland Security officials in Europe, particularly France, England and Germany, about heightened threat levels. And I wonder if you'd care to comment at all, particularly whether the statements and actions taken in Europe suggest the same -- that is to say, a heightened threat level for the U.S. homeland as well.

Secretary Napolitano?

SEC. NAPOLITANO: Mr. Chairman, thank you. There have been a number of activities in Europe. We are in constant contact with our colleagues abroad. Indeed, I'll be at a meeting next week on this topic. I think in an open setting suffice it to say that we are all seeing increased activity by a more diverse set of groups and a more diverse set of threats. That activity, much of which is Islamist in nature, is directed at the West generally.

SEN. LIEBERMAN: Director Mueller, Leiter, do you want to add anything to that?

MR. LEITER: Mr. Chairman, I would largely echo what the secretary said. One thing I would note is these levels, although they are only apparent to the public sometimes, are constantly up and down for us. We track a lot of things that never become public and we don't want them to become public because that would undermine our ability to disrupt those threats.

September 11th and the period around that is always a time of elevated threat, and I think we have worked quite closely with our European counterparts on some specific issues because we don't see anything particular. We focus on the homeland, but we have to assume that any threat against the West can also implicate the homeland.

SEN. LIEBERMAN: Okay. I appreciate that response, and the fact that the three of you are on top of it. Let me go to one of the conclusions that we've all drawn, which is that the pace of Islamist terrorist attacks, or attempted attacks against the U.S. in the last year has gone up. The number is greater. I hear at least two causes that I think explain that from your testimony.

One is the increase in attempted attacks by global terrorist organizations, or by foreign terrorist organizations other than al Qaeda, who were created for more local foreign purposes -- al Shabab in Somalia, other groups related to problems in Kashmir and Pakistan, so that's one. The second is the increase in homegrown radicalization.

Are those the two that explain this increase that we're seeing in attacks against the U.S. homeland, or is there something more? Has there been a judgment made at the top of al Qaeda, for instance, that it's time to -- build back in attacking the U.S. homeland?

Maybe, Director Mueller, you should start first.

MR. MUELLER: Let me start, if I could, then, and say the third factor quite probably is the examples of Mumbai and Hasan in Ft. Hood, and the ability to undertake terrorist attacks with very few people, but launched pursuant to the ideology and the desire to expand jihadist extremism. And understanding that, launching a larger attack, perhaps more devastating attack is not worth the additional effort when you can get substantial coverage and impact with smaller attacks.

SEN. LIEBERMAN: Okay. Understood. So not that a large, sophisticated 9/11 attack is not possible again. Of course it's always possible, but that for now the direction of the enemy is on smaller-scale, more individual attacks. As they've seen, nonetheless, even when they fail, as they did on Christmas Day and Times Square, unsettle our country and receive a lot of attention.

What about the question of why there are more Americans involved. Is this just the obvious, that the process of homegrown radicalization -- we've talked about this, homegrown radicalization, the use of the Internet is growing greater, or is there something else happening here? Secretary Napolitano?

SEC. NAPOLITANO: Mr. Chairman, I think that we do not yet have a complete understanding of what would cause a United States person to become radicalized to the extent of violence, the extent of traveling to the FATA to train and then return to the United States, for example. But as Director Leiter said, we are looking at what is the continuum of activity, where is the best place that we could possibly intervene.

What we are doing at the Department of Homeland Security is really working with a community policing strategy, and that is to say really educating local police departments, arming them with intel products that we jointly develop so they can watch for tactics and trends to prevent one of those persons from being actually able to carry out an attack.

So we are really focused on acknowledging the phenomenon exists, what do we do from a law enforcement perspective, to minimize the risk that they can commit something of violence and do it successfully.

SEN. LIEBERMAN: Okay. Director Leiter, you responded in your opening statement to Senator Collins' reference to the Kean-Hamilton report. They said in their report, "There remains no federal agency or department specifically charged with identifying radicalization and interdicting the recruitment of U.S. citizens or residents for terrorism."

But I heard you to say in your opening statement that the National Counterterrorism Center is that agency. Am I right?

MR. LEITER: We are the organization responsible, in conjunction with the National Security Council, for helping to coordinate what different departments and agencies are doing. I think in terms of identifying people who are radicalized and the factors that go into that radicalization, our closest partners in that are FBI and DHS.

Director Mueller can address what they do, but the basic idea is FBI is the investigative piece. DHS is working with state, local and tribal officials, private sector and awareness and working with the

communities. And NCTC is trying to piece together the foreign perspective and the domestic perspective into one cohesive picture of where we see that radicalization.

SEN. LIEBERMAN: My time is running out. Let me ask you just this follow-up question. We have heard from leaders in the Muslim- American community that different federal government agencies have their own outreach efforts to the community, which at times don't appear to be closely coordinated. Obviously this community -- state for the record; we all know it -- overwhelmingly patriotic, law- abiding Americans, but the problem is coming from a small group of people in that community who can cause our country terrible damage. And so in some sense they are, within the community, the first line of defense in noticing potential trouble.

Any of you, give me your response to that. Are we adequately coordinating our outreach to the Muslim-American community and their cooperation with us in this counter-terrorism effort?

MR. MUELLER: Let me start off, if I could, by saying since September 11th we have 56 field offices, 400 resident agencies in the FBI. Since September 11th every one of those entities in the United States has been engaged in outreach effort to the Muslim community, from the bottom all the way to the top. My message to the Muslim community is the worst thing that could happen to the Muslim community is another attack. We need your help. Law enforcement can't do it itself.

We, through a variety of mechanisms, whether it be citizens' academies or other mechanisms we have to bring the community in so that they understand the FBI have been doing this since September 11th. There are additional areas of activity that have grown over a period of time, and I do believe that the coordination is successful with the NCTC. Inevitably there will be particular areas where the coordination doesn't go as well as you would look -- as well as you would like, but I think generally it's good.

The other thing to remember is that we also have the responsibility for investigating civil rights offenses. We want to make certain that the Muslim community understands that whenever there is an offense that falls within that purview that we are out there investigating that and making certain the persons responsible are brought to justice.

I do believe we have a substantial outreach, have had it for a number of years.

Doesn't mean that it can't be improved, but that it's moving in the right -- hate to say moving in the right direction, but it is contributing -- contributing substantially and in coordination with the other partners.

SEN. LIEBERMAN: Okay. I think I should leave it at that because I'm over my time.

Senator Collins. Thank you.

MR. MUELLER: I think if --

SEN. LIEBERMAN: Do you want to --

SEC. NAPOLITANO: I was just going to add, Mr. Chairman, that it's -- a comment is there's too much outreach, not too little. That's -- it seems to me we can't do enough outreach in this setting.

SEN. LIEBERMAN: Yeah, I agree. I mean, the comment was that it's not coordinated and maybe I'll come back to you, Director Leiter, on that on the next round. Thank you.

Senator Collins.

SEN. COLLINS: Thank you, Mr. Chairman.

I want to ask each of you a basic question. We have seen a dramatic spike in the number of attempted and successful attacks during the past year and a half. Do you believe this is an aberration or is this likely to continue? Madame Secretary, we'll start with you.

SEC. NAPOLITANO: I think that caution would dictate that we assume it is not an aberration -- that we're going to see increased diversification of groups of tactics of targets and that means we have to continue to work on keeping state and locals prepared and informed. That means information sharing is at a premium. It means we need to involve the entire United States citizenry -- that's why we have campaigns like "See Something, Say Something" -- and it means that we have to be very resilient should one of the attacks actually succeed.

SEN. COLLINS: Director Mueller.

MR. MUELLER: As the secretary says, we have to assume it is not an aberration. I do think it is in part contingent on what happens overseas, whether it be in Yemen or Somalia or Pakistan, and that the seriousness and effectiveness of the threat will grow or be reduced in some part with our success overseas. Most of the individuals who've been radicalized in the United States have been radicalized by influences outside the United States as opposed to being radicalized by influence in the United States and to the extent that we can address those radicalizing influences whether it be in Yemen or Somalia or Pakistan or Afghanistan or elsewhere to that extent I also think is important to reducing the level of the threat.

SEN. COLLINS: Director Leiter.

MR. LEITER: I would agree with Director Mueller that the outside influences are very, very important here. Right now we don't see any great likelihood of those diminishing anytime in the future nor do we see any indicators within the United States of a significant drop-off in radicalization. What I would say is a silver lining, I hope, is that through greater awareness and engagement with these communities of the risks to their children of traveling overseas to Somalia or Yemen that the community engagement will over time reduce the likelihood of radicalization.

SEN. COLLINS: Director Mueller, several years ago I held hearings on terrorism financing and I recognize that the Department of Treasury as well as the FBI play the critical lead role in trying to block money from flowing from this country to terrorist groups overseas. A means of funneling that money is often the hawalas and indeed there was a recent indictment which indicated that there was some money transferred to the Times Square attempted attacker. How big a problem do you believe

it is with funds from groups such as Somalian immigrants in this country going to terrorist groups like al- Shabab?

MR. MUELLER: I would say it's a significant problem and it's a difficult problem to know fully how extensive it is principally because while we can often track funds from United States many of those funds are going overseas for legitimate purposes to support families and the countries -- the home countries of the individuals sending the funds and the inability of us to -- of our investigations to identify the funding stream all the way to the pocket of the terrorists. Substantial problem, difficult to address. We have a number of ways of doing that whether it be through the -- looking at -- looking at it through technology -- the money transfers -- or most particularly, the use of sources. But substantial problem with challenges to being successful and turning it off.

SEN. COLLINS: Should there be greater regulation of hawalas?

MR. MUELLER: I would have to look at exactly what that regulation might be but yes, that might be -- always additional record keeping that enables us, gives us an insight into the purpose of the transfers is beneficial to our abilities to stop that stream of funding.

SEN. COLLINS: Mr. Leiter, in the wake of the Christmas Day attempted bombing we held hearings at which your deputy, Mr. Travers, talked about the problems with linking databases and he testified that had information been linked with the cable from the embassy in Nigeria with information in other databases, it would have supported a watchlisting nomination that would have stopped Abdulmutallab from flying into the United States.

He went on to say that the government needs to improve its ability to piece together this partial information that is in various databases. What was disturbing to me, however, is Mr. Travers went on to say that there were policy limitations and legal limitations that must be addressed to enable effective information sharing.

We have asked over and over and over again what are those policy and legal limitations because we want to address them. We want this information sharing which is so vital to be improved so that the vital information can be linked while protecting, obviously, privacy and civil liberty rights. And we have heard from technology experts that a federated search capability across multiple agencies and platforms is possible -- that this is not a technical problem. So what is the problem? What are the legal and policy constraints?

MR. LEITER: Well, Senator Collins, I'm happy to come up and spend time with the committee and walk through them in great detail. I will tell you that given the multitude of databases that exist, hundreds of databases that might be relevant to some of these challenges, there are a multitude of challenges. I'll give you some specific examples.

There are some issues that I have written a letter to the Senate Intelligence Committee about regarding FOIA and ways in which FOIA as currently structured reduce the incentive for CIA to provide NCTC certain data. As Senator (sic) Napolitano well knows, there are significant policy issues with the European Union and their provision passenger name record information to the U.S.

government and retention periods which can inhibit effective use of this data in counter terrorism operations and investigations.

Similarly, as I know you're well aware, the complexities of the FISA act and the various amendments to the FISA act have significant limitations on how U.S. person -- and I need to stress some very, very appropriate limitations on how U.S. persons' information can be handled. Each of these are examples as to how, although we can have a federated search, it is sometimes difficult to fully integrate databases in a way that the computers connect information prior to an individual having to dive into a specific database and find that information.

SEN. COLLINS: Thank you, Mr. Chairman. I think this is an issue that we do need to work further on. We have talked about it for months but we've never received the specifics from the administration.

SEN. LIEBERMAN: I absolutely agree with you, Senator Collins, and we will do that. I just want to pick up on one comment -- a response to Senator Collins -- questions about the threat to our homeland. And you said that the extent of the threat really depends a lot on what's happening in places far away like Yemen and Somalia or Pakistan and it reminds us of the -- I suppose this is obvious to you all which is that this war with Islamist extremism is really a world war so that what happens far away really affects our security here at home and therefore the ongoing U.S. and allied efforts in countries like Yemen, Somalia, and Pakistan against extremist groups is critically important to the work that you're doing here at home.

In order of appearance among the senators present, Senator McCain is next.

SEN. MCCAIN: Thank you very much, Mr. Chairman.

Mr. Leiter, in the United States captures terrorists tomorrow outside the United States, Iraq or Afghanistan, where would we detain that person for purposes of interrogation?

MR. LEITER: Senator, I think it would obviously depend, in part, on the circumstances of the capture. But I believe that he can be detained by U.S. military forces or potentially detained by the country in which he was captured.

SEN. MCCAIN: He would be detained where?

MR. LEITER: Or potentially he could be turned over to the country in which he was captured or his home country.

SEN. MCCAIN: A terrorist that is intent on -- that is apprehended in attempting to inflict an act against the United States of America would be turned over to the host country?

MR. LEITER: Senator, as I said, it depends on many, many factors. He could be detained -- I'm not an expert on law of war and DOD authorities, but, obviously, if he were captured by the U.S. military, there's an ability to detain there, or, in some circumstances, host nations or the individual's host country if they were a willing partner with the United States.

SEN. MCCAIN: Well, maybe you can look into it and give us a better answer. That's not a good answer.

Mr. Leiter, recently, Secretary Clinton said that the situation and violence in Mexico is now comparable to that of Colombia in the 1980s. Do you agree with that assessment?

MR. LEITER: Senator, I would actually have to defer to both Director Mueller and Secretary Napolitano who are much closer to the Mexico issue --

SEN. LIEBERMAN: Let me ask then both of them.

Mr. Mueller?

MR. MUELLER: Senator, I am in no position to equate what happened in Colombia five or six years ago to what is happening in Mexico now.

SEN. MCCAIN: You have no ability to do that?

MR. MUELLER: Well, I am somewhat familiar with what happened in Colombia and what has changed in Colombia since then. But the structure of the different feuding factions in Colombia is different than the types of feuding factions that you have in Mexico today.

You had the FARC that was involved in narcotics trafficking with an infrastructure that is somewhat -- and I would say -- is far different from the colliding cartels today. So I'm not certain how you would compare what happened five, six, seven years ago in Colombia with what is happening in Mexico, although I do believe that some of the success of what we've seen in Colombia should be -- some of the mechanisms that contributed to the successes in Colombia should be adopted by Mexico.

SEN. MCCAIN: You do agree that there's been a dramatic increase in violence in Mexico in all areas ranging from assassination and kidnapping of journalists to assassination -- a murder of 72 immigrants from other countries, including 14 women. Would you agree that the violence in Mexico is dramatically escalated in, say, the last three or four years?

MR. MUELLER: Yes.

SEN. MCCAIN: You would say that?

MR. MUELLER: Yes.

SEN. MCCAIN: And would you say that that, then, increases the threat -- national security threat on the other side of our border?

MR. MUELLER: Yes.

SEN. MCCAIN: Secretary Napolitano?

SEC. NAPOLITANO: I think that's right and, particularly, in some of the statements of Northern Mexico -- Chihuahua, Tamaulipas, for example. Homicide rates are up dramatically. Attacks on government and, of course, we saw the paper in Juarez just a few days ago on a front-page editorial saying what do we need to do.

SEN. MCCAIN: So wouldn't that lead one to the concern that, with still hundreds of thousands of people crossing our border illegally, that a terrorist act would be committed on the United States of America?

SEC. NAPOLITANO: Senator, I think that --

SEN. MCCAIN: Since there have been threats by the cartels alone to do so?

SEC. NAPOLITANO: That goes to all of the efforts that are going on with Mexico, in Mexico and along the southwest border. But to the extent, yes, we see groups in Mexico -- the large drug cartels.

Now, the plain fact of the matter is is that illegal immigration, while still too high, is down significantly. It is the plain fact that drug seizures, cash seizures and gun seizures are up significantly. It is the plain fact that there's more manpower, more technology at the border than ever before, and more is going today border.

But it is also true that the situation in Mexico is very, very serious, and we've seen it escalate in the past several years.

SEN. MCCAIN: And does that mean that the situation in Mexico has worsened over the last couple of years or improved?

SEC. NAPOLITANO: I think in terms of the violent crime in Mexico, it has worsened.

SEN. MCCAIN: You know, Secretary Napolitano, there's an old saying about, in your duties, it's not -- on a policy, it's not where you stand, it's where you sit. In 2008, you sent a letter to Secretary Chertoff saying -- and I quote -- arguing for more help on the border. You said then, "Human and drug smuggling rings continue to thrive in Arizona, crossing our border and using our elite cities as major hubs to transport crossers throughout the country. We wait for real progress on the virtual fence, and we know there has not been progress on the virtual fence. Border communities in Arizona will continue to be strained by the millions of dollars in costs they must absorb to the state of border security."

Then, of course, just last week, you said the federal government -- Secretary Napolitano said he's a governor, he always has the ability and a way to bring up National Guard if he's willing to pay for them. That's always an option available to a governor. At the same time, suing the state of Arizona for trying to get its border secure by enacting legislation to try to address the issue of illegal immigrants in our state which is a federal responsibility.

All that in the backdrop of, apparently, that there will be new policy or ICE -- according to Fox News report, ICE proposes new policy that would let illegal immigrants go free.

According to the new report and other news reports, proposed ICE changes in ICE policy state, quote, "immigration officers should not issue detainers against an alien charged only with a traffic-related misdemeanor unless or until the alien is convicted. The ICE proposal would prevent law enforcement officers from reporting illegal immigrants identified during the course of a traffic-related stop or arrest to federal authorities unless they are a convicted felon, they're wanted for a felony, they're part of an existing investigation, they were involved in an accident involving drugs or alcohol, or they fled the scene.

Apparently, the draft proposal was posted on ICE's website last month. Could you testify as to what in the world is going on here?

SEC. NAPOLITANO: Yeah, I sure can.

SEN. MCCAIN: Good.

SEC. NAPOLITANO: And I'd be happy to.

First of all, where I sit has been changed my position.

SEN. MCCAIN: Clearly, you have.

SEC. NAPOLITANO: No.

SEN. MCCAIN: Yeah.

SEC. NAPOLITANO: I disagree, Senator.

But what we have done in the past two years is put more resources at the southwest border than ever before both in terms of federal and providing resources to the states. I'm not going to get into the tit-for-tat with Governor Perry. I think that is not worthy of this committee.

I do think there was -- ICE has put out guidance that we are going to focus on criminal aliens. And, in fact, we have removed and will be removed more criminal aliens from this country than ever before.

And I think that's the right policy -- criminal aliens, felony fugitives, those in our country illegally, also endangering public safety. However, ICE has not said in any formal policy that others will not be detained.

So I'd be happy to respond in writing to, I think, the ICE comments that you have. I think they are misconstrued, misinterpreted and just wrong. And I'd also be happy to put in the hearing record the entire record of DHS on the border.

SEN. MCCAIN: So it is not true that the ICE has proposed that it would prevent -- it would enact a policy that would prevent law enforcement officers from reporting illegal immigrants identified

during the course of a traffic-related stop or arrest to federal authorities also they are a convicted felon, wanted for a felony, et cetera? That is not true?

SEC. NAPOLITANO: What it has -- no. What it has issued guidance on is to prioritize those who are convicted felons, those who have committed violent crimes, those who are felony fugitives, those who are gang members. And our removals of those individuals are at record numbers.

SEN. MCCAIN: The question is, would the -- would that prevent law enforcement officers from reporting illegal immigrants identified during the course of a traffic-related stop?

SEC. NAPOLITANO: No.

SEN. MCCAIN: It would not.

SEC. NAPOLITANO: No.

SEN. MCCAIN: That is, that proposal, as posted on the website of ICE's, is not true?

SEC. NAPOLITANO: That is not the policy of ICE.

SEN. MCCAIN: I thank you.

I know that you're very busy, but from my visits to the southern part of our state, they don't see this dramatic improvement, Madame Secretary. In fact, they're more worried than they've ever been. They see continued home invasions. They see continued requirement for our government to put up signs that say "Warning" to our citizens, that they are in a, quote, "drug smuggling area and human smuggling area." They don't have the same security that people do in other parts of our country.

Our wildlife refuges continue to be trashed. The treatment and horrible abuses that are committed by these coyotes and human and drug smugglers -- who are basically the same now, or at least in the view of my citizens, the ones I represent -- they have seen actually not any improvement; they have seen conditions worse, and they live there.

SEC. NAPOLITANO: Senator, may I -- may I? Again, I'll be happy to come and brief you personally, because we are in constant contact with those very citizens, at least in law enforcement. And --

SEN. MCCAIN: Well, that's --

SEC. NAPOLITANO: -- all I can do is say, look, I measure what we're doing by the results and by the numbers, and what should be going up is going up; what should be going down is going down. However, the situation in Mexico is very, very serious and it does demand our utmost attention. You're correct about that.

SEN. MCCAIN: Well --

SEN. LIEBERMAN: (Inaudible.)

SEN. MCCAIN: Could I just finally respond?

Well, let's get Sheriff Larry Dever, and the sheriffs in -- that Secretary Napolitano says she's in contact with, and they'll tell you. They are the law enforcement people. They're down there on the front line, and they'll tell you they have not seen improvement.

SEC. NAPOLITANO: Well, let's --

SEN. MCCAIN: So, I'll be glad --

SEC. NAPOLITANO: -- we'll add Sheriff Estrada, and Sheriff Ogden, and some of the other sheriffs as well. I mean --

SEN. MCCAIN: We'd be more than happy to.

SEC. NAPOLITANO: They are --

SEN. MCCAIN: They're on the front lines --

SEC. NAPOLITANO: -- let's get them all up here.

SEN. MCCAIN: -- and they're -- and they (have ?) the citizens that are --

SEC. NAPOLITANO: Let's get them all up here.

SEN. LIEBERMAN: Yeah, all right.

SEN. MCCAIN: -- saying things are not --

SEN. LIEBERMAN: And thank you both.

SEN. MCCAIN: -- improving at all, Secretary Napolitano.

SEC. NAPOLITANO: Let's get them all up here.

SEN. LIEBERMAN: Let's -- let's go to Senator Brown. He can bring some sheriffs from Massachusetts. (Laughter.)

SEN. BROWN: Okay. Thank you, Mr. Chairman.

Just as a follow-up to Senator McCain, what is the -- do you consider people who cross our border without proper authority or paperwork to be here illegally?

SEC. NAPOLITANO: Yes.

SEN. BROWN: And if that's the case, especially in Arizona and the surrounding area, what is your policy and the administration's policy with regard to when you, in fact, stop somebody, whether it's through a traffic stop or some other means, what actually happens to those individuals? What's your policy and recommendation, and the administration's?

SEC. NAPOLITANO: Well, it depends on the circumstances of the stop and it depends on the --

SEN. BROWN: Well, assuming the stop is legal and they're --

SEC. NAPOLITANO: Correct.

SEN. BROWN: -- stopped properly, all that, you know, law stuff, which we all know. But what happens? What's the position? Are they then, you know, subjected to being deported, or does it depend on whether they're a violent offender?

SEC. NAPOLITANO: No. They will be recorded. They will be put into the immigration system. They may or may not be detained, which is --

SEN. BROWN: Well, that's kind of why I'm a little confused, may or may not. They're either here legally or they're not. If they're here illegally, are they supposed to be detained or are they not? I mean, what's -- what is, what are the --

SEC. NAPOLITANO: Well, it depends on the availability -- quite frankly, the seriousness of the offender and the availability of bed space. And this is a real problem along the border. We don't have enough beds, as senators who are from the border recognize and we've testified before.

There are not enough beds to detain everybody who crosses the border. And so what happens is some of them who are here illegally -- and that's, that is their offense, they've crossed illegally but they've committed no other crime -- they will be put into an administrative procedure.

If, however, it's somebody who has crossed illegally and they have a felony record, or they're a gang member, they're somebody who's a fugitive, then we will be able to seek detention and removal.

SEN. BROWN: And is there a plan to ultimately secure the border, as Senator McCain and others have tried -- Senator Kyl and others?

I mean, I remember when I was down there visiting I was surprised. You have one -- almost one section of the country that has a double fence and that's secure, another part -- of the state, I'm sorry -- is somewhat porous. Is there a plan? Do you have a plan? I know when you were the governor you had the very same concerns.

SEC. NAPOLITANO: Well, and those concerns have been the concerns that I've been acting on as a secretary. And we have built a fence -- I think the Congress has appropriated enough money for 700 miles of fence, roughly, and we have built all but a few; and that's up.

But you can't just rely on a fence. You've got to have technology. You've got to have manpower. And as I told Senator McCain, there's more of that at the border than ever before, and more is on the way.

SEN. BROWN: Great. Thank you.

And further, let me start out by just saying that I appreciate all the efforts of all of you, and all of our law enforcement and other officials trying to battle daily to try to keep our country safe. And that I think is, aside from our economic problems that we're having, you know, our national security and international security is the number one threat that faces us. And quite frankly, if we don't get our economy squared away, we're going to have some difficulty, I feel, dealing with a lot of the national security obligations we have not only locally but throughout the world in helping our international friends.

And Director Leiter, just a -- eight months ago you indicated that after the Christmas Day bombing you announced the creation of pursuit teams who are charged with chasing leads and connecting the dots, freeing up -- by freeing up some of your analysts.

Have you seen any benefits? Are these teams in place? Are there any benefits, in fact, because of that that you've seen? And have we caught any intelligence links that we might otherwise have missed?

MR. LEITER: Senator, they are in place. There are more than 50 analysts working on them.

I would also note that -- something we added since that last testimony, some of them are merged components with FBI investigative groups to further increase the information sharing. We have seen a benefit. We have FBI cases that have been opened because of pursuit group leads that otherwise would not have been uncovered. We have enhanced numerous watchlisting records that otherwise would not have been enhanced.

So I think we have done a better job since Christmas Day of identifying new cases, domestically and overseas, and enhancing our understanding of individuals who may pose a threat to the United States.

SEN. BROWN: Would you suggest that DHS and FBI would benefit from adopting that model as well, or are they, or -- what's --

MR. LEITER: I think, for the FBI, again, the jointness of the groups -- from my perspective, that is the FBI doing it with us, and I think that's the optimal way to do it.

We are also co-locating members from DHS operational intelligence components to enhance the transfer of information, as we uncover something, immediately into Secretary Napolitano's area of responsibility, setting screening standards, and the like.

SEN. BROWN: And could you give me an assessment of what you feel Hezbollah's terrorist capabilities are, and as to how they affect the United States?

MR. LEITER: Hezbollah remains a highly-effective terrorist organization and political organization with quite incredible capability, both within the Levant but also elsewhere -- they have a global network of individuals. And within the Levant they have highly-sophisticated weaponry that they have, in the past, used against Israel.

The big question mark for us has always been not their capability but their intent. Currently, we do not assess there to be a clear intent to attack the United States, but should that intent change, they undoubtedly have the capability to launch attacks against the U.S. and the West on a relatively global scale.

SEN. BROWN: Now, I know Iran is obviously the chief sponsor of their -- of their money and weaponry.

MR. LEITER: Yes.

SEN. BROWN: That's still the case?

MR. LEITER: That's still the case.

SEN. BROWN: Do you think if there's an escalation between Iran and Israel that we will see more of a threat here in the United States?

MR. LEITER: Yes.

SEN. BROWN: And then to shift gears a little bit, how have you noticed that the coordination between the state and local intel shops -- how closely does the NCTC work with, for example, the Boston police department, NYPD, and those local authorities? Because I know the Secretary said, you know, it needs to be kind of a local effort, almost like a neighborhood watch on a state-wide basis. What have your experiences been?

MR. LEITER: First and foremost, everything we do with state and locals is really done in conjunction, or through, DHS and FBI. We think that's critical, because, honestly, what we've heard from state and locals is they don't want more places to connect in the U.S. government. They want to understand who's doing what, and having another organization deal with them directly is not what they seek.

What we try to do is take that national-level intelligence and work with DHS and FBI to get it down to a level where it is actually useful to state and local officials, either through JTTFs or through the fusion centers.

I would simply note, though, Boston and New York are two organizations that we've always had a very close relationship with. I have a New York City detective who is an analyst in our organization, and I also have a Boston Police Department lieutenant who leads an organization that works with -- that is led by DHS, but is within NCTC, to provide information back to state and local organizations.

And in fact, in conjunction with the FBI and DHS, several months back we ran an exercise on information sharing and terrorist threats with the City of Boston.

SEN. BROWN: And if I could just -- Mr. Chairman, just follow up with the remaining two folks that are testifying, that same question, how are you noticing the relationship between the state and local?

And also I would just like to convey, you know, when we do know of a issue that's happening in our state, it's important, I think, to let us know. We've -- you know, the senators or congressmen that are dealing with it, so we can work with you in concert, with the public relations somewhat or just getting the word out in a respectful, responsible manner.

So if you two could comment on that same question, which is between the state and local intel shops, how do they work with you all?

And then I would be done, Mr. Chairman. Thank you.

MR. LEITER: We have a very successful joint terrorist task force in Massachusetts. We also have branches in the states to the north in which the Boston Police Department, state police, other police departments and organizations contribute.

The persons who work on the Joint Terrorism Task Forces are given top-secret clearances. They have access to everything we have, and whenever there is a threat, it is -- the information relating to the threat is distributed to those who will be responsible for that threat. And if it aims at the secret or top-secret level, we get it out so that it can be more widely disseminated.

But I ask you to go and sit down and talk with the Joint Terrorism Task Force and perhaps be briefed by what -- not only what the composition of the task force is, but what they're currently looking at in that area.

SEN. BROWN: I have, and I will again. Thank you.

Ma'am?

SEC. NAPOLITANO: Likewise, Senator. Fusion centers are somewhat different than JTTS. They have a different function. They complement each other, and we'd be happy to get you briefed up on what's happening in Massachusetts.

SEN. BROWN: Good. That'd be wonderful. Thank you.

Thank you, sir.

SEN. LIEBERMAN: Thank you, Senator Brown.

Senator Levin.

SEN. CARL LEVIN (D-MI): Thank you very much, Mr. Chairman, and thank you for holding these hearings, as you have so consistently.

During a similar hearing last year I asked the question whether or not someone who's in local law enforcement who arrests somebody for suspicion of commission of a crime could call a single place or find out from a single location whether or not there's any information that this person may be engaged in terrorist activities.

And Secretary Napolitano, I think at that time you testified that the ability to fuse that information and get it available to the officer on the street was a work in progress. And I'm wondering whether or not progress has been made on that in the last year.

SEC. NAPOLITANO: Yes. I think significant progress has been made, and if there were arrests on that basis and the person were to run a name and any other identifiers through either the JTTF or the fusion center, there would be the ability to cross-check against a number of databases.

SEN. LEVIN: And how many databases are not included in that information, and how many are? Is the majority of sources of information -- two-thirds, three-quarters -- and are we improving that number?

SEC. NAPOLITANO: We are definitely improving that number. There are a lot of databases, and I think the search engines have been improved as well.

I know at DHS, for example, there are at least 47 different databases against which such information could be run. It's easier to say how many, as opposed to what's out there in other agencies that we don't yet have.

SEN. LEVIN: Well, how many are you seeking that you haven't yet gotten?

SEC. NAPOLITANO: Let me provide you with that information after this hearing, Senator.

SEN. LEVIN: Would you do that for the record?

SEC. NAPOLITANO: Absolutely.

SEN. LEVIN: The 50 states now form nearly 2 million new corporations and limited liability companies each year, without knowing who actually owns them. The failure to collect ownership information invites wrongdoers to misuse U.S. companies for terrorism, money laundering, tax evasion, or other crimes. It's a subject which this committee's been examining for a number of years now.

Just one example how our corporations are being misused by terrorists: A man named Viktor Bout, I think it's pronounced, is a Russian arms dealer who's been indicted in the United States for the following: conspiracy to kill U.S. nationals, acquire and use anti-aircraft missiles, provide material support to terrorist organizations.

He carried out his activities in part by using shell companies, including a number of them, about 10, right here in the United States. We're trying to extradite Mr. Bout right now from Thailand.

In a GAO report four years ago, the FBI was quoted as saying that U.S. shell companies with hidden owners had been used to launder as much as \$36 billion from the Soviet -- former Soviet Union and were involved in most of over 100 stock market manipulation cases. And many other reports have followed since then.

Corporations have been misused for drug trafficking, financial crime and more, yet we continue to have a corporation formation regime in this country that does not require people forming corporations to provide information about the real owners. I believe every other country does make that requirement.

You have to provide more information to a state in order to get a driver's license in this country than to form a new corporation. And we properly criticize tax havens who create these shell corporations as mechanisms which frustrate law enforcement, and yet we ourselves have not taken the action that is so important to law enforcement -- as law enforcement has testified here consistently.

Your predecessor, Secretary Napolitano, Michael Chertoff, testified to this committee about law enforcement problems caused by U.S. companies with hidden owners. Here's what he said:

"In countless investigations where the criminal targets utilized shell corporations, the lack of law enforcement's ability to gain access to true beneficial ownership information slows, confuses, or impedes the efforts of investigators to follow criminal proceeds. This is the case in financial fraud, terrorist financing and money laundering investigations," he said. And he went on, "It is imperative that states maintain beneficial ownership information while the company is active and to have a set time frame for preserving those records."

By maintaining records, not only of the initial beneficial owner, but of the subsequent beneficial owners, the state will provide -- states will provide law enforcement the tools necessary to clearly identify the individuals who utilize the company at any given period of time during the company's history.

So let me start with you, Director Mueller. Do you agree with Mr. Chertoff's assessment that it is imperative that states obtain beneficial ownership information?

MR. MUELLER: (Off mike.) I certainly agree with Mr. Chertoff's assessment of the problem.

SEN. LEVIN: And you believe that the lack of beneficial ownership information for corporations is a -- creates a problem for law enforcement?

MR. MUELLER: Yes.

SEN. LEVIN: Secretary Napolitano, would you give your answer to those same two questions?

SEC. NAPOLITANO: I would concur on both, yes.

SEN. LEVIN: Now, we have a bill, as I think both you know, Senate Bill 569 that's -- that I introduced with Senators Grassley, McCaskill and I believe others. It's a bipartisan bill to give law enforcement access to beneficial ownership information and to require states to obtain and maintain that information.

We've been working with the administration, with law enforcement, to improve and strengthen that bill. Let me ask you both, do your agencies support enacting legislation to require states to obtain beneficial ownership information for U.S. corporations?

Secretary Napolitano?

SEC. NAPOLITANO: Yeah, I think we -- Senator Levin, I think we may have actually seen some draft language on that bill, but we -- yes, we support that concept.

MR. MUELLER: And I'd have to defer to the Department of Justice and to whatever views letter is being put together on that particular legislation.

SEN. LEVIN: And do you know what views they've expressed on it?

MR. MUELLER: I do not. I do not.

SEN. LEVIN: Could you check it out? I think it's important.

MR. MUELLER: Yes, sir.

SEN. LEVIN: Well, I know that they've expressed support, and frankly, I'm surprised you don't know that they've expressed support.

But in any event, you're the FBI and you're the law enforcement agency that would be helped by this information. And I would hope you would weigh in with the Department of Justice. They have indicated support, but to translate that support into real action so that we can get this done is something else. And your help would be very much valued, and I hope you would take a look at that.

MR. MUELLER: Understand, Senator.

SEN. LEVIN: Will you do that?

MR. MUELLER: Yes, sir.

SEN. LEVIN: I think my time's up.

SEN. LIEBERMAN: Thanks, Senator Levin.

Senator Akaka.

SEN. DANIEL AKAKA (D-HI): Thank you very much, Mr. Chairman, for holding this hearing. I would also like to thank our witnesses for being here today.

In the nine years since September 11th, 2001, the United States became better prepared to confront a wide variety of terrorist threats.

However, the Times Square bombing and also the airliner traveling to Detroit remind us that we must stay vigilant. In particular, the United States must confront the threat of home-grown -- home-grown terrorist attacks.

An ongoing concern of mine to the panel has been about how well the United States communicates about its core values and national identity and policies to people around the world. My question for you -- to the panel is, how are your agencies working with the Department of State and other agencies to ensure that our public diplomacy offers a compelling narrative and an array of programs that challenge the messages offered by al Qaeda and its affiliates?

MS. NAPOLITANO: We work very closely, Senator with -- across the interagency and internationally. I think one of the things that has surprised me most as the secretary of Homeland Security is how much international reach there needs to be, to really make the job -- to give full effectiveness to the job. And so we work, as I mentioned earlier, with ICAO on international aviation standards.

We work with the G-6, we work with the EU on the exchange of information. We work very closely with Canada and Mexico, our two neighbors. And so there's a huge amount of interaction at the international level, but all designed to minimize the risks that a terrorist could either enter the United States or be plotting somewhere else to injure U.S. interests.

SEN. AKAKA: Senator (sic) Mueller.

MR. MUELLER: The -- Senator, we've realized for any number of years, certainly before my time, that our success is in large part dependent on working with our counterparts overseas. We have over 60 legal attache offices now in the embassies around the world, which we use as liaison bridges to our counterparts. We have had since the 1970s a national academy, in which we bring in state and local law enforcement for a 10-week period for training.

We have for many years included our foreign counterparts, whether they be from Iraq or Pakistan or Afghanistan, as part of those classes in an effort to educate persons as to what the FBI does, but also how the FBI does it, and what we do not do. And in those relatively small ways, but I think important ways, we develop persons that provide the relationships that are necessary to operate in a global environment.

SEN. AKAKA: Director Leiter.

MR. LEITER: Senator, one of our closest partners is the undersecretary for public diplomacy at the State Department, Judith McHale. We work quite closely with her and also of course the White

House to ensure that U.S. messaging and outreach that occurs overseas is consistent with the same message we're also trying to convey to our Muslim-American communities.

We really don't think all that much of a foreign audience and domestic audience. In many cases, these audiences are one. In the age of the Internet, that information is moving across boundaries far faster than we can sometimes keep up. So we have worked closely with the White House. We are working with them on follow-up from the president's speech in Cairo and also Istanbul to make sure that the programs follow up from those pledges that the president made.

And again, we work quite closely with the State Department to ensure that our diaspora communities are well connected with their communities in their home countries, to convey American values in the experience of American Muslims, which are often skewed by al Qaeda's propaganda.

SEN. AKAKA: Thank you. Now another one to the panel. At this committee's hearing on the failed plot to bring down an airliner traveling to Detroit, former Director of National Intelligence Dennis Blair testified that the Privacy and Civil Liberties Oversight Board would provide a valuable service. To date, it is not -- it is not in place. As you know, this board was created by the 2004 Intelligence Reform Act, to protect Americans' privacy and civil liberties.

My question to the panel is, what is the status of this board being formed? And how do government-wide counterterrorism efforts currently incorporate privacy and civil liberty protections?

Secretary?

SEC. NAPOLITANO: Senator Akaka, I think the membership of that board is currently being looked at by the White House. But I would share with you that we have within the Department of Homeland Security an office of privacy. It is fully staffed, and they are fully incorporated in our policy decision-making at the outset, not as an afterthought, but at the outset, to make sure that we are taking those values into account.

SEN. AKAKA: Director Mueller.

MR. MUELLER: We have both internally, but also through the Department of Justice individuals that look at the -- our undertakings from the perspective of assuring our sanctity of privacy and civil liberties.

SEN. AKAKA; Director Leiter.

MR. LEITER: Senator, we have a similar structure. We have a civil liberties protection officer, who is involved not after the fact, but during the construction of policies and operations. In addition, we have an inspector general within the director of national intelligence. And finally, the president's intelligence advisory board also does reviews of our work often relating to civil liberties.

SEN. AKAKA: If I may, Mr. Chairman, just ask this final question. I've always been interested in language skills. So to the panel my question is, how are your agencies coordinating to ensure that

our language skills for homeland security and intelligence meet the needs of our counterterrorism mission?

SEC. NAPOLITANO: Senator, we are constantly looking to hire individuals with a variety of language skills. It is a high-demand area. And I would hope that over time our universities will produce even more. But we do that primarily in the hiring process, is identify those areas where we need more language expertise, particularly for intel and analysis. And we go and recruit.

SEN. AKAKA: Thank you.

Director Mueller.

MR. MUELLER: To a certain extent, we recruit from the same cadre of individuals. There are too few with the particular languages that we need. I know in the wake of -- well, in the 1950s and the like, and the -- during the Cold War, there were governmental efforts to encourage development of language capabilities.

I have seen, I think, in the last two or three years emphasis in universities and around the country on -- languages are important whether it be Arabic or Chinese or -- or just to name two off the top of my head. And so I think that the universe is growing but not growing as fast as we need it.

SEN. AKAKA: Thank you.

Director Leiter.

MR. LEITER: I would echo my colleagues points, and simply add that it remains a challenge especially in hard-to-find languages. I think we've done a better job over the past several years of being more flexible and providing resources from one government entity to another during times of crises to cover critical areas. That being said, we absolutely need -- not just from the language, but for the cultural literacy which is often associated with understanding a foreign language.

SEN. AKAKA: Thank you. Thank you Mr. Chairman.

SEN. LIEBERMAN: Thank you Senator Akaka.

We'll do another round, and then move as quickly as we can.

Director Leiter and others have responded in testifying on what lessons we learned from the Christmas Day bombing attempt and what we're doing to implement those lessons. I'm -- I want to focus the three of you on the Times Square bombing and ask you to do a similar sort of post-event analysis of how did Shahzad break through? And what lessons did we learn? What have we changed -- to the extent you can in open session, since that attempt?

Madame Secretary, do you want to begin?

SEC. NAPOLITANO: Yes, Mr. Chairman. And we had a belt and suspenders approach really to finding Shahzad. It involved both TSA and CBP. CBP ultimately was able to pull him off the plane -- to prevent him from getting on the plane, however, we have now made sure that we have converted all the watch list vetting from the airlines themselves. We have accelerated the cut-over so that TSA actually does that vetting.

SEN. LIEBERMAN: Okay. How about before? In other words -- I mean, obviously you can build on that.

But is there anything that we think we should have done or could have done to have stopped them from actually gutting -- put that car in Times Square with the bombs in it?

MR. MUELLER: I think there are areas that we subsequently learned about in the debriefing of Shahzad and others that have made -- enabled us to look at certain investigative techniques and tools and the like, but they are better discussed in closed session.

SEN. LIEBERMAN: Okay. Director Leiter?

MR. LEITER: Senator, I go very broad level for the same reasons as Director Mueller noted. I'll just give you two areas, successes and challenges. On the success front, as Senator Brown asked before, pursuit worked. Pursuit in conjunction with DHS and FBI I believe helped accelerate the investigation, so that sort of activity. And not just that investigation but making sure we didn't have other things going on, so pursuit worked in that context.

Second, and can't talk about these in open session, but much of what DHS and FBI does on a preventative side I think increased the likelihood that his bomb-making skills would lead to failure. There were things in place that made it less likely that the IED would be effective. On the challenges --

SEN. LIEBERMAN: That's very interesting and encouraging to hear.

MR. LEITER: On the challenges, the challenges of even when we know someone is there and traveling back and forth to Pakistan, how far can investigations go on so many individuals who have similar profiles. That's an ongoing challenge.

SEN. LIEBERMAN: The profile of just going back and forth from the U.S. to Pakistan?

MR. LEITER: Exactly.

SEN. LIEBERMAN: We have a lot of Pakistani-Americans who are going back to see their families.

MR. LEITER: And respecting individuals' civil liberties, what kind of investigative steps do you want to take in that scenario, and I think that continues to be a challenge for us, and one that obviously you're well aware of.

SEN. LIEBERMAN: Okay. Good. Let me go back to the coordination of what I'd call the counter-homegrown-radicalization effort. I just want to be clear about this because this is really important now based on the statistics we see, with more and more Americans being radicalized over the Internet and through other influences, still personal influences on them.

Do you feel that you've got enough authority and resources at NCTC to effectively coordinate across the federal government the counter-radicalization effort, Mr. Leiter?

MR. LEITER: I think as a government bureaucrat my answer to those are always supposed to be no. But I don't want to go down that easy path.

SEN. LIEBERMAN: But you think -- it's clear to you that your authority is recognized in that across the government. I know everybody would always like more resources. I want to just be clear that in the federal government, people -- when they ask, hey, who's in charge of trying to run a counteroffensive to homegrown radicalization, that they say, it's the director of the NCTC.

MR. LEITER: I think saying in charge would probably be too strong a word. Who's responsible for coordinating across multiple departments in conjunction with the National Security Council? NCTC. I do think your prior question to Secretary Napolitano and Director Mueller about are there ways to improve outreach coordination, you know, I think there undoubtedly are. It's one of the reasons that we've had discussions at the deputies' committee at the White House, to institute some sort of improved coordination function that would still be inter-agency led.

That sort of coordination can be done better, but the important thing is Washington having a light hand of coordination, and then enabling a coordinated face among the federal, state and local officials in the field so they can adjust their strategies for outreach and engagement at a local level, because local circumstances differ very significantly.

SEN. LIEBERMAN: So now let me focus in in the counter-homegrown- radicalization effort on the reality that the war against terrorism, Islamist terrorism is a war of ideas, of values. Because underneath all these brutal acts there is an ideology, an extreme theology that's totally inconsistent with our values. And as we've said here before, we assumed at the outset of this that -- and I like to think for most -- really most, with a big capital M -- Muslim-Americans it still is true that they're much more accepted, integrated, free, successful here than in other countries of their own diaspora.

And yet there clearly is a group, particularly younger people, younger males, but not exclusively males, who are vulnerable to the jihadist approach that -- about ideas that they get, particularly on the Internet but also from individuals they run into. So how do we coordinate? I know what we're doing with public diplomacy abroad. It's very different in its way. How do we figure out how to target and get that message out to what is a relatively small group of Americans who can nonetheless cause very large damage and pain and death in our country?

MR. LEITER: Mr. Chairman, I think you've clearly identified the challenge, and I would say it's a different challenge than what we've seen overseas because, unlike the population of the United Kingdom, it's not easily isolated to a single demographic group. It's quite varied here. But I think

the key point I would make is, the federal government will be able to do some of this. The state and local governments will be able to do a lot of this.

SEN. LIEBERMAN: Who does it? Is it the Department of Education? I mean, I was surprised, as I said before at these hearings, that when we asked leaders in the Muslim-American community, who do you have most contact with in the federal government -- this was two or three years ago -- FBI.

MR. LEITER: Well, my last point there, and then I'm coming to your question specifically. Communities, Muslim-American communities are key in this, and I think we have seen since 9/11 Muslim-American mainstream communities condemn terrorism and al Qaeda. I think over the past year, with the growth of radicalization, we've seen a corresponding growth in mainstream Muslim communities condemning this. We have to as a federal government help enable that and amplify that.

Now your point about who in the federal government should be the face of this, my answer is lots of people, including ones who aren't sitting at this table. We helped coordinate, about a month ago now, a roundtable effort in Minneapolis through the Department of Education, with various educators from communities that have significant Somali- American populations, to talk to them about the radicalization issues and get their input.

Health and Human Services, Citizenship and Immigration Services. All of these are critical partners because Director Muller's folks do a great job, but every once in a while people react in a way you don't want them to when the FBI shows up.

SEN. LIEBERMAN: Well, sure. That was what was surprising about the answer. I mean, it was a positive answer, they had the most constructive interaction with the FBI.

Do either of you want to add to that, about the counter- homegrown-radicalization effort?

SEC. NAPOLITANO: Yeah. First of all, I think there's no one way of counter-messaging. Secondly, I think that we're learning a lot about counter-messaging. Thirdly, as I mentioned earlier, Mr. Chairman, our focus has been on sharing information and empowering local first responders, be they police, be they others, to be first preventers, and to empower them on kind of a community policing theory to be working with specific communities, building those strong relationships, recognizing that they will be more effective locally than anything we can do from Washington.

That being said, both our civil rights and civil liberties groups and others have been actively out around the country, having town halls and sessions similar to what Director Leiter mentioned. Some of them are co-scheduled, by the way. I mean, they're done together. Citizenship and Immigration Services is part of the Department of Homeland Security. They have a lot of outreach into communities. So there's a lot of that that goes on.

But I think our key strategy here is to really work through the local first responders.

SEN. LIEBERMAN: Want to say anything, director, in defense of the FBI? (Laughter.)

MR. MUELLER: No, not in defense. I would say, however, success, whether it be law enforcement or intelligence, is generally dependent upon relationships.

SEN. LIEBERMAN: Right.

MR. MUELLER: And we at -- the agencies have better coverage around the United States. We've got the 400 resident agencies in many of the communities and our 56 field offices. And it is the development of relationships, and from those relationships comes the trust and understanding and the ability to see things together. And what we strive to do is build up those relationships in a variety of ways.

We are a piece of it but there are other aspects. The war of ideas versus identifying radicalization and moving to prevent persons from being radicalized to the point that they're willing to undertake extremist events. But it's very important for us, and I think we play a strong role in it.

SEN. LIEBERMAN: Good. I agree, of course, it's very important to be proactive, and to the extent that you can, to coordinate those efforts. Thank you.

Senator Collins.

SEN. COLLINS: Mr. Chairman, when I hear the witnesses describe the outreach efforts, I can't help but think that we have a lot of good people, a lot of good agencies, a lot of activity, but there still doesn't seem to be an overall strategy nor accountability built in, nor a means of assessing the success. And I think that is what the Kean-Hamilton report was trying to say. It's not that there aren't great efforts going on in various cities by all of your people, but how are we assessing the success and who's accountable for determining if this approach works versus that works, whether there are best practices that should be shared?

Director Mueller, you and I had an interesting conversation about the British approach, the Prevent strategy, which has been criticized in some ways and may not work well in our country for constitutional and cultural reasons. But I'm concerned that this is too diffuse. That it's too nebulous. And I don't know to whom to direct this. Mr. Leiter, since you responded to me in your opening statement, if you'd like to start and maybe I'll ask all the three of you to comment.

MR. LEITER: Well, Senator, I'd offer you kind of six prongs of activity that I think do encompass the overall approach to the strategy and the effort here. And I want to stress that, again, NCTC is not in charge of this. NCTC has a coordinating function in this. First --

SEN. COLLINS: Excuse me. But that's my point. It's who is in charge.

MR. LEITER: I understand Senator. And what I tried to stress at the opening was I think there is a coordinated policy, which comes from the White House. There's a coordination of efforts in conjunction with the White House through NCTC. And then there is an assessment role that NCTC has to provide those assessments back to the White House. And that final prong is that the White House is requiring monthly updates, not just on domestic countering violent extremism, but global countering violent extremism to measure the effectiveness of programs.

SEN. COLLINS: Director Mueller, do you have anything to add to that?

MR. MUELLER: The problem itself is multifaceted with a radicalization occurring from persons overseas to -- there are a number of areas in the Federal Government where I would like to say okay, who's in charge? Put somebody in charge. Often the national -- it takes an individual representative of the White House who has a coordinating activity, whether it be in foreign policy or sometimes a military policy and the like in which there are a number of entities in these institutions play a particular role. I'm not sure this isn't one of those areas in which National Security Council through NCTC is able to coordinate and direct and identify whatever gaps they may be as opposed to identifying one person in that hierarchy and saying okay, you're in charge. I throw that out as sort of a reflection on the challenge and the issue that we have in something like this that is so complex.

SEN. COLLINS: Mr. Leiter, let me go back to you for a moment. Do you think it would be helpful to have a strategy?

MR. LEITER: I think it is helpful to ensure that the entire interagency's on the page of what needs to get done. I think that could be done through a written strategy. I think there are additional disadvantages of a strategy, though. Sometimes people can get wrapped around the axle trying to write that strategy rather than to do the work that we know has to be done.

SEN. COLLINS: Secretary Napolitano.

SEC. NAPOLITANO: I think I would concur with both directors Leiter and Mueller. I believe that we know and have had a number of meetings and discussions on CVE, Countering Violent Extremism. We know that each of our departments and others are all doing important work. We know there is communication that is occurring between those departments. We know that NCTC has some coordinating role that's a very important one. And perhaps the only thing that is missing out of that is an overarching written strategy, and it may be that at some point we want to invest in that. But I don't think the lack of a single document on CVE should be mistaken for the -- for a lack of activity in that area. There's been a tremendous amount.

SEN. COLLINS: Madam Secretary, I want to go back to an answer that you gave to the chairman because I felt it was incomplete. And it had to do with the actions that we had taken to catch the Times Square would-be bomber on the airplane. You said that TSA now vets the list. But in fact, isn't TSA doing that vetting only for U.S. carriers?

SEC. NAPOLITANO: Senator, actually they have moved and cut over a large number of international carriers as well, including -- and have prioritized carriers or flagged carriers from countries of particular interest. And I'd be happy to give you that list.

SEN. COLLINS: So are they doing -- let me pin you down on this. Is TSA doing the vetting for all carriers whether domestic or foreign?

SEC. NAPOLITANO: They are -- I want to give -- they will complete the cutover for international carriers, I believe by the end of the calendar year. I will get you that. But they have completed it for

domestic and international -- all domestic and international carriers that carry the great majority of passengers. So there's a -- but there are a few airlines left that have not yet cut over.

SEN. COLLINS: Let me switch to another issue. Our country has welcomed many people from Somalia. Somalia's been a failed state. We've had many people come into our country and seek status as refugees. Given that we very generously welcome people from failed states like Somalia, how do we ensure that a Somali who presents himself at our borders is not a member of al Shabab seeking entrance into our country through our refugee system?

SEC. NAPOLITANO: Senator, we run names and identities of those seeking refugee status across a number of databases when applications are made. We are working on a system to be able to apply after acquired derogatory information if someone, for example, has lied on their refugee application. To be able to go backwards as well as looking at what we have at the time of application. That is a project that is under way. It is not complete.

SEN. COLLINS: I think it's a real problem and something that we need to take a closer look at.

SEC. NAPOLITANO: Indeed.

SEN. COLLINS: Thank you, Mr. Chairman.

SEN. LIEBERMAN: Thank you, Senator Collins.

Senator Levin.

SEN. LEVIN: Thank you, Mr. Chairman.

Director Mueller, there's a loophole in the federal law that prevents the federal government from stopping the sale of firearms or explosives to a person who is on the terrorist watch list. Unless that individual falls into some other category like having a criminal record, but being on the terrorist watch list in and of itself is not sufficient to prevent the sale.

According to a May 2010 GAO report, individuals on the terrorist watch list were able to purchase firearms and explosives from licensed dealers about 1120 times between 2004 and 2010. To close that loophole Senator Lautenberg has introduced legislation, which I cosponsored, that would give the attorney general the authority to deny the transfer of a firearm when an FBI background check reveals that the prospective purchaser is a known or suspected terrorists, and the attorney general has a reasonable belief that the purchaser may use the firearm in connection with terrorism. Do you believe that the Department of Justice should have the authority to block guns and explosive sales to suspected terrorists and do you believe they should be able to block the sale of guns to persons who are on the terrorist watch list?

MR. MUELLER: I defer to the department on -- in responding on the policy questions inherent in what you're asking, sir. With regard to that legislation, I can say -- needless to say, we share a common interest in keeping guns out of the hands of terrorists.

In the meantime, what we do do is when a person's name shows up on the Terrorist Screening Center watch list, we take what time is necessary to do an immediate investigation as to why that person was on the watch list and what the impact of selling a gun would be to that individual. And we'll take what steps are necessary to protect the American public in the meantime.

SEN. LEVIN: And you have a certain number of hours -- I believe 72 hours, is that right -- to react?

MR. MUELLER: I believe it is, I'd have to check on that.

SEN. LEVIN: And have you been asked by the Department of Justice for your opinion as to whether or not persons on the terrorist watch list should be able to buy guns and explosives?

MR. MUELLER: I -- this particular issue, and versions of the legislation have been batted around for a couple of years. I may have been, but I'd have to go back and check and get back to you, sir.

SEN. LEVIN: Well, do you have an opinion? I know that it's -- the Department of Justice makes the policy decisions, but do you have an opinion on the subject?

MR. MUELLER: As I have said before, I think all of us would want to keep weapons out of the hands of terrorists.

SEN. LEVIN: Or -- and/or persons on the terrorists watch list?

MR. MUELLER: And all persons -- and/or persons on the terrorist watch list, yes.

SEN. LEVIN: And what about maintaining the records now? The FBI is required to destroy the national instant criminal background check system, generated approved firearm transfer records after 90 days for those persons who are on the terrorist watch list. Would you like to be able to keep those records for longer than 90 days for persons on the terrorist watch list?

MR. MUELLER: I am generally in favor of records retention whether it comes to the communications carriers records, or records relating to the person's sales of guns, because retention of records gives us an ability to go back when we identify some person and determine whether or not there is additional information we would have in those records that would enable us to conduct a more efficient investigation.

SEN. LEVIN: And does your general view in that matter apply specifically to transfers to persons who are on the terrorist watch --

MR. MUELLER: It applies generally to records retention across the board.

SEN. LEVIN: Does that include those persons?

MR. MUELLER: I would generally be in favor of records retention, yes.

SEN. LEVIN: Have you determined how many firearm transactions by suspected terrorists or persons on the terrorist watch list between 2004 and 2010 involved purchasers who were subsequently charged with a crime?

MR. MUELLER: I do not know that. I don't dispute the GAO figures that you listed, but I do not know the breakdown of those figures. And I do not know -- I would have to get back to you as to how many of those were subsequently convicted of a crime.

SEN. LEVIN: Okay. Would you see if you can determine -- that's a very specific number of cases. And could you tell us how many were subsequently prosecuted -- charged with crimes?

MR. MUELLER: Probably much easier to find out how many were arrested, but to follow it through the court system would --

SEN. LEVIN: That's okay. That's okay, arrested will be fine.

MR. MUELLER: Okay.

SEN. LEVIN: And finally, there was a question which we asked for the record. We had a hearing in this committee on May 5th, entitled "Terrorists and Guns: The Nature of the Threat and Proposed Reforms," that looked at the issue you and I have just been discussing. Mr. Roberts, the assistant director of the FBI Criminal Justice Information Services Division testified. At that hearing, I submitted questions for the record.

Following the hearing, they were supposed to -- the answers to those questions were supposed to be received a long time ago. They would have helped a great deal, frankly, in preparing for this hearing. Can you check out the reasons why those answers have not been forthcoming?

MR. MUELLER: Yes, I believe we completed those some time ago. I'll see where they are in the process.

SEN. LEVIN: Thank you so much. Thank you all.

SEN. LIEBERMAN: Thanks, Senator Levin.

Thanks very much to the three of you. This has been a very informative, constructive and of course, as always, unsettling hearing. But I appreciate very much your testimony, and what you're doing.

The obvious fact is that the -- the war that began on 9/11, although it was actually being conducted by Islamic extremists against us before, but it certainly began. And our response after 9/11 that it goes on across the world on many battlefields. And increasingly, we can see from your testimony today and what we know that our enemy -- enemies in the war with Islamist extremism are bringing the fight to the homeland of the United States with greater frequency.

And they are -- while this started clearly as a war of foreign nationals against us, and it is still primarily that, they're working increasingly to build alliances or essentially recruit soldiers for their

army against us from within the United States. So the threat is evolving in some sense to the homeland increasing. But so is our defense evolving and increasing.

And it certainly gives me -- and I hope will give the American people in the midst of this unconventional conflict that has come home within the continental United States in an unprecedented way -- some sense of confidence. I was thinking as I was listening -- in the most simplistic terms, we are in a fight that we did not start. But now that we're in it, we're damn sure not going to lose it.

And I'm confident based on everything that you and all the people working with you are doing, that we will be successful in that regard. It's not going to happen tomorrow. It's going to go on for a period of years. But in the end, we're going to triumph.

Senator Collins.

SEN. COLLINS: Thank you, Mr. Chairman.

I just want to echo your thanks to our witnesses and also to the thousands of federal employees who work for them and with them each and every day to try to detect, deter and defend our country against terrorist attacks. The focus tends always to be on the failures. And we all know from our classified briefings that there are so many successes that the public never hears about.

And I just want to acknowledge that publicly here today. I am going to for the record follow up on some issues that we did not get into today. For example, in the Washington Post today there is a story about Bob Woodward's new book that says that a classified exercise in May showed that the government was, quote, "woefully unprepared to deal with a nuclear terrorists attack in the United States."

I chose not to go into this today because I have a feeling this is something we would need deal with in a classified setting, in any event. But obviously, that's very troubling. We have had on this committee repeated hearings on our ability to deal with a nuclear attack, whether it's a full-scaled weapon or a dirty bomb, as well as looking at chemical and biological attacks.

We know the warning from the Talent-Graham commission of an attack somewhere in the world by the year 2013, using a nuclear, chemical or biological weapon still rings in my ears. And so I do believe this is an issue that we need to pursue as well.

And finally, in my private meeting with Director Mueller, I asked him what do you need from us? And I would invite all of you for the record to tell us what changes in laws, what different allocation in resources. What do you need from Congress in order to more effectively carry out the counterterrorism mission with which you've been charged and which is so critical to our nation's security?

But again, I thank you very much for your hard work and dedication and commitment.

SEN. LIEBERMAN: Thanks, Senator Collins. Very well done.

Do any of you want to say a final word?

Madame Secretary.

SEC. NAPOLITANO: No, except I really appreciate the -- thanking the men and women who work in our departments. There has been -- to go back to a comment you made at your opening, Mr. Chairman, a lot of them work very -- and don't get a lot of sleep sometimes. So I really want to express my appreciation to them. And I'll try to get some additional information to Senator McCain.

SEN. LEVIN: I'm sure you would want to add, as we all feel, that they do this at great risk, frequently to their own wellbeing and to their families well being. And that's true in all of your cases.

SEC. NAPOLITANO: Indeed.

SEN. LIEBERMAN: Right.

SEC. NAPOLITANO: Indeed.

SEN. LEVIN: We're doubly grateful for that risk that they take.

MR. MUELLER: Nothing to add, thank you.

SEN. LIEBERMAN: Thank you.

So that phrase was from Lincoln, who's always a great source of wisdom. Said it obviously at a different time of conflict in our country, at home too, of course. But that we would fight with energy and sleepless vigilance. And I thank all of you for doing exactly that.

The hearing is adjourned.

Oh, and the record will stay open for 15 days for the submission of additional statements or questions.

The hearing is adjourned. (Sounds gavel.)

END.