

FINAL REPORT
PART 1
December 10, 2002
THE JOINT INQUIRY
THE CONTEXT
PART I

FINDINGS AND CONCLUSIONS

Factual Findings

1. Finding: While the Intelligence Community had amassed a great deal of valuable intelligence regarding Usama Bin Ladin and his terrorist activities, none of it identified the time, place, and specific nature of the attacks that were planned for September 11, 2001. Nonetheless, the Community did have information that was clearly relevant to the September 11 attacks, particularly when considered for its collective significance.

2. Finding: During the spring and summer of 2001, the Intelligence Community experienced a significant increase in information indicating that Bin Ladin and al-Qa'ida intended to strike against U.S. interests in the very near future.

3. Finding: Beginning in 1998 and continuing into the summer of 2001, the Intelligence Community received a modest, but relatively steady, stream of intelligence reporting that indicated the possibility of terrorist attacks within the United States. Nonetheless, testimony and interviews confirm that it was the general view of the Intelligence Community, in the spring and summer of 2001, that the threatened Bin Ladin attacks would most likely occur against U.S. interests overseas, despite indications of plans and intentions to attack in the domestic United States.

4. Finding: From at least 1994, and continuing into the summer of 2001, the Intelligence Community received information indicating that terrorists were contemplating, among other means of attack, the use of aircraft as weapons. This information did not stimulate any specific Intelligence Community assessment of, or collective U.S. Government reaction to, this form of threat.

5. Finding: Although relevant information that is significant in retrospect regarding the attacks was available to the Intelligence Community prior to September 11, 2001, the Community too often failed to focus on that information and consider and appreciate its collective significance in terms of a probable terrorist attack. Neither did the Intelligence Community demonstrate sufficient initiative in coming to grips with the new transnational threats. Some significant pieces of information in the vast stream of data being collected were overlooked, some were not recognized as potentially significant at the time and therefore not disseminated, and some required additional action on the part of foreign governments before a direct connection to the hijackers could have been established. For all those reasons, the Intelligence Community failed to fully capitalize on available, and potentially important, information. The sub-findings below identify each category of this information.

Terrorist Communications in 1999

5.a. During 1999, the National Security Agency obtained a number of communications – none of which included specific detail regarding the time, place or nature of the September 11 attacks -- connecting individuals to terrorism who were identified, after September 11, 2001, as participants in the attacks that occurred on that day.

Malaysia Meeting and Travel of al-Qa'ida Operatives to the United States

5.b. The Intelligence Community acquired additional, and highly significant, information regarding Khalid al-Mihdhar and Nawaf al-Hazmi in early 2000. Critical parts of the information concerning al-Mihdhar and al-Hazmi lay dormant within the Intelligence Community for as long as eighteen months, at the very time when plans for the September 11 attacks were proceeding. The CIA missed repeated opportunities to act based on information in its possession that these two Bin Ladin-associated terrorists were traveling to the United States, and to add their names to watchlists.

Terrorist Communications in Spring 2000

5.c. In January 2000, after the meeting of al-Qa'ida operatives in Malaysia, Khalid al-Mihdhar and Nawaf al-Hazmi entered the United States. Thereafter, the Intelligence Community obtained information indicating that an individual named "Khaled" at an unknown location had contacted a suspected terrorist facility in the Middle East. The Intelligence Community reported some of this information

but did not report all of it. Some of it was not reported because it was deemed not terrorist-related. It was not until after September 11, 2001 that the Intelligence Community determined that these contacts had been made by future hijacker Khalid al-Mihdhar while he was living within the domestic United States.

5.d. [Redacted for national security reasons]

The Phoenix Electronic Communication

5.e. On July 10, 2001, a Phoenix FBI field office agent sent an “Electronic Communication” to 4 individuals in the Radical Fundamentalist Unit (RFU) and two people in the Usama Bin Ladin Unit (UBLU) at FBI headquarters, and to two agents on International Terrorism squads in the New York Field Office. In the communication, the agent expressed his concerns, based on his first-hand knowledge, that there was a coordinated effort underway by Bin Ladin to send students to the United States for civil aviation-related training. He noted that there was an “inordinate number of individuals of investigative interest” participating in this type of training in Arizona and expressed his suspicion that this was an effort to establish a cadre of individuals in civil aviation who would conduct future terrorist activity. The Phoenix EC requested that FBI Headquarters consider implementing four recommendations:

- accumulate a list of civil aviation university/colleges around the country;
- establish liaison with these schools;
- discuss the theories contained in the Phoenix EC with the Intelligence Community; and
- consider seeking authority to obtain visa information concerning individuals seeking to attend flight schools.

However, the FBI headquarters personnel did not take the action requested by the Phoenix agent prior to September 11, 2001. The communication generated little or no interest at either FBI Headquarters or the FBI’s New York field office.

The FBI Investigation of Zacarias Moussaoui

5.f. In August 2001, the FBI’s Minneapolis field office, in conjunction with the INS, detained Zacarias Moussaoui, a French national who had enrolled in flight training in Minnesota because FBI agents there suspected that Moussaoui was involved in a hijacking plot. FBI Headquarters attorneys determined that there was not probable cause

to obtain a court order to search Moussaoui's belongings under the Foreign Intelligence Surveillance Act (FISA). However, personnel at FBI Headquarters, including the Radical Fundamentalist Unit and the National Security Law Unit, as well as agents in the Minneapolis field office, misunderstood the legal standard for obtaining an order under FISA. Therefore FBI Minneapolis field office personnel wasted valuable investigative resources trying to connect the Chechen rebels to al-Qa'ida. Finally, no one at the FBI apparently connected the Moussaoui investigation with the heightened threat environment in the summer of 2001, the Phoenix communication, or the entry of al-Mihdhar and al-Hazmi into the United States.

Hijackers In Contact With Persons of FBI Investigative Interest in the United States

5.g. The Joint Inquiry confirmed that at least some of the hijackers were not as isolated during their time in the United States as has been previously suggested. Rather, they maintained a number of contacts both in the United States and abroad during this time period. Some of those contacts were with individuals who were known to the FBI, through either past or, at the time, ongoing FBI inquiries and investigations. Although it is not known to what extent any of these contacts in the United States were aware of the plot, it is now clear that they did provide at least some of the hijackers with substantial assistance while they were living in this country.

Hijackers' Associates in Germany

5.h. Since 1995, the CIA had been aware of a radical Islamic presence in Germany, including individuals with connections to Usama Bin Ladin. Prior to September 11, 2001, the CIA had unsuccessfully sought additional information on individuals who have now been identified as associates of some of the hijackers.

Khalid Shaykh Mohammad

5.i. Prior to September 11, the Intelligence Community had information linking Khalid Shaykh Mohammed (KSM), now recognized by the Intelligence Community as the mastermind of the attacks, to Bin Ladin, to terrorist plans to use aircraft as weapons, and to terrorist activity in the United States. The Intelligence Community, however, relegated Khalid Shaykh Mohammed (KSM) to rendition target status following his 1996 indictment in connection with the Bojinka Plot and, as a result, focused primarily on his location, rather than his activities and place in the al-Qa'ida hierarchy. The Community also did not recognize the significance of reporting in June 2001 concerning KSM's active role in sending terrorists to the United States, or the facilitation of their activities upon arriving in the United States. Collection efforts were not targeted on information about KSM that might have helped better understand al-Qa'ida's plans and intentions, and KSM's role in the September 11 attacks was a surprise to the Intelligence Community.

Terrorist Communications in September 2001

5.j. In the period from September 8 to September 10, 2001 NSA intercepted, but did not translate or disseminate until after September 11, some communications that indicated possible impending terrorist activity.

CONCLUSION – FACTUAL FINDINGS

In short, for a variety of reasons, the Intelligence Community failed to capitalize on both the individual and collective significance of available information that appears relevant to the events of September 11. As a result, the Community missed opportunities to disrupt the September 11th plot by denying entry to or detaining would-be hijackers; to at least try to unravel the plot through surveillance and other investigative work within the United States; and, finally, to generate a heightened state of alert and thus harden the homeland against attack.

No one will ever know what might have happened had more connections been drawn between these disparate pieces of information. We will never definitively know to what extent the Community would have been able and willing to exploit fully all the opportunities that may have emerged. The important point is that the Intelligence Community, for a variety of reasons, did not bring together and fully appreciate a range of information that could have greatly enhanced its chances of uncovering and preventing Usama Bin Ladin's plan to attack these United States on September 11th, 2001.

SYSTEMIC FINDINGS

Our review of the events surrounding September 11 has revealed a number of systemic weaknesses that hindered the Intelligence Community's counterterrorism efforts before September 11. If not addressed, these weaknesses will continue to undercut U.S. counterterrorist efforts. In order to minimize the possibility of attacks like September 11 in the future, effective solutions to those problems need to be developed and fully implemented as soon as possible.

1. Finding: Prior to September 11, the Intelligence Community was neither well organized nor equipped, and did not adequately adapt, to meet the challenge posed by global terrorists focused on targets within the domestic United States. Serious gaps existed between the collection coverage provided by U.S. foreign and U.S. domestic intelligence capabilities. The U.S. foreign intelligence agencies paid inadequate attention to the potential for a domestic attack. The CIA's failure to watchlist suspected terrorists aggressively reflected a lack of emphasis on a process designed to protect the homeland from the terrorist threat. As a result, CIA employees failed to watchlist al-Mihdhar and al-Hazmi. At home, the counterterrorism effort suffered from the lack of an effective domestic intelligence capability. The FBI was unable to identify and monitor effectively the extent of activity by al-Qa'ida and other international terrorist groups operating in the United States. Taken together, these problems greatly exacerbated the nation's vulnerability to an increasingly dangerous and immediate international terrorist threat inside the United States.

2. Finding: Prior to September 11, 2001, neither the U.S. Government as a whole nor the Intelligence Community had a comprehensive counterterrorist strategy for combating the threat posed by Usama Bin Ladin. Furthermore, the Director of Central Intelligence (DCI) was either unwilling or unable to marshal the full range of Intelligence Community resources necessary to combat the growing threat to the United States.

3. Finding: Between the end of the Cold War and September 11, 2001, overall Intelligence Community funding fell or remained even in constant dollars, while funding for the Community's counterterrorism efforts increased considerably. Despite those increases, the accumulation of intelligence priorities, a burdensome requirements process, the overall decline in Intelligence Community funding, and reliance on supplemental appropriations made it difficult to allocate Community resources effectively against an evolving terrorist threat. Inefficiencies in the resource and requirements process were compounded by problems in Intelligence Community budgeting practices and procedures.

4. Finding: While technology remains one of this nation's greatest advantages, it has not been fully and most effectively applied in support of U.S. counterterrorism

efforts. Persistent problems in this area included a lack of collaboration between Intelligence Community agencies, a reluctance to develop and implement new technical capabilities aggressively, the FBI's reliance on outdated and insufficient technical systems, and the absence of a central counterterrorism database.

5. Finding: Prior to September 11, the Intelligence Community's understanding of al-Qa'ida was hampered by insufficient analytic focus and quality, particularly in terms of strategic analysis. Analysis and analysts were not always used effectively because of the perception in some quarters of the Intelligence Community that they were less important to agency counterterrorism missions than were operations personnel. The quality of counterterrorism analysis was inconsistent, and many analysts were inexperienced, unqualified, under-trained, and without access to critical information. As a result, there was a dearth of creative, aggressive analysis targeting Bin Ladin and a persistent inability to comprehend the collective significance of individual pieces of intelligence. These analytic deficiencies seriously undercut the ability of U.S. policymakers to understand the full nature of the threat, and to make fully informed decisions.

6. Finding: Prior to September 11, the Intelligence Community was not prepared to handle the challenge it faced in translating the volumes of foreign language counterterrorism intelligence it collected. Agencies within the Intelligence Community experienced backlogs in material awaiting translation, a shortage of language specialists and language-qualified field officers, and a readiness level of only 30% in the most critical terrorism-related languages.

7. Finding: Prior to September 11, the Intelligence Community's ability to produce significant and timely signals intelligence on counterterrorism was limited by NSA's failure to address modern communications technology aggressively, continuing conflict between Intelligence Community agencies, NSA's cautious approach to any collection of intelligence relating to activities in the United States, and insufficient collaboration between NSA and the FBI regarding the potential for terrorist attacks within the United States.

8. Finding: The continuing erosion of NSA's program management expertise and experience has hindered its contribution to the fight against terrorism. NSA continues to have mixed results in providing timely technical solutions to modern intelligence collection, analysis, and information sharing problems.

9. Finding: The U.S. Government does not presently bring together in one place all terrorism-related information from all sources. While the CTC does manage overseas operations and has access to most Intelligence Community information, it does not collect terrorism-related information from all sources, domestic and

foreign. Within the Intelligence Community, agencies did not adequately share relevant counterterrorism information, prior to September 11. This breakdown in communications was the result of a number of factors, including differences in the agencies' missions, legal authorities and cultures. Information was not sufficiently shared, not only between different Intelligence Community agencies, but also within individual agencies, and between the intelligence and the law enforcement agencies.

10. **Finding:** Serious problems in information sharing also persisted, prior to September 11, between the Intelligence Community and relevant non-Intelligence Community agencies. This included other federal agencies as well as state and local authorities. This lack of communication and collaboration deprived those other entities, as well as the Intelligence Community, of access to potentially valuable information in the "war" against Bin Ladin. The Inquiry's focus on the Intelligence Community limited the extent to which it explored these issues, and this is an area that should be reviewed further.

11. **Finding:** Prior to September 11, 2001, the Intelligence Community did not effectively develop and use human sources to penetrate the al-Qa'ida inner circle. This lack of reliable and knowledgeable human sources significantly limited the Community's ability to acquire intelligence that could be acted upon before the September 11 attacks. In part, at least, the lack of unilateral (i.e., U.S.-recruited) counterterrorism sources was a product of an excessive reliance on foreign liaison services.

12. **Finding:** During the summer of 2001, when the Intelligence Community was bracing for an imminent al-Qa'ida attack, difficulties with FBI applications for Foreign Intelligence Surveillance Act (FISA) surveillance and the FISA process led to a diminished level of coverage of suspected al-Qa'ida operatives in the United States. The effect of these difficulties was compounded by the perception that spread among FBI personnel at Headquarters and the field offices that the FISA process was lengthy and fraught with peril.

13. [Redacted for national security reasons]

14. [Redacted for national security reasons]

15. Finding: The Intelligence Community depended heavily on foreign intelligence and law enforcement services for the collection of counterterrorism intelligence and the conduct of other counterterrorism activities. The results were mixed in terms of productive intelligence, reflecting vast differences in the ability and willingness of the various foreign services to target the Bin Ladin and al-Qa'ida network. Intelligence Community agencies sometimes failed to coordinate their relationships with foreign services adequately, either within the Intelligence Community or with broader U.S. Government liaison and foreign policy efforts. This reliance on foreign liaison services also resulted in a lack of focus on the development of unilateral human sources.

16. Finding: The activities of the September 11 hijackers in the United States appear to have been financed, in large part, from monies sent to them from abroad. Prior to September 11, there was no coordinated U.S. Government-wide strategy, and reluctance in some parts of the U.S. Government, to track terrorist funding and close down their financial support networks. As a result, the U.S. Government was unable to disrupt financial support for Usama Bin Ladin's terrorist activities effectively.

RELATED FINDINGS

17. Finding: Despite intelligence reporting from 1998 through the summer of 2001 indicating that Usama Bin Ladin's terrorist network intended to strike inside the United States, the United States Government did not undertake a comprehensive effort to implement defensive measures in the United States.

18. Finding: Between 1996 and September 2001, the counterterrorism strategy adopted by the U. S. Government did not succeed in eliminating Afghanistan as a sanctuary and training ground for Usama Bin Ladin's terrorist network. A range of instruments was used to counter al-Qa'ida, with law enforcement often emerging as a leading tool because other means were deemed not to be feasible or failed to produce results. While generating numerous successful prosecutions, law enforcement efforts were not adequate by themselves to target or eliminate Bin Ladin's sanctuary. While the United States persisted in observing the rule of law and accepted norms of international behavior, Bin Ladin and al-Qa'ida recognized no rules and thrived in the safehaven provided by Afghanistan.

19. Finding: Prior to September 11, the Intelligence Community and the U.S. Government labored to prevent attacks by Usama Bin Ladin and his terrorist network against the United States, but largely without the benefit of an alert, mobilized and committed American public. Despite intelligence information on the

immediacy of the threat level in the spring and summer of 2001, the assumption prevailed in the U.S. Government that attacks of the magnitude of September 11 could not happen here. As a result, there was insufficient effort to alert the American public to the reality and gravity of the threat.

RECOMMENDATIONS

December 10, 2002

Since the National Security Act's establishment of the Director of Central Intelligence and the Central Intelligence Agency in 1947, numerous independent commissions,¹ experts, and legislative initiatives have examined the growth and performance of the U.S. Intelligence Community. While those efforts generated numerous proposals for reform over the years, some of the most significant proposals have not been implemented, particularly in the areas of organization and structure. These Committees believe that the cataclysmic events of September 11, 2001 provide a unique and compelling mandate for strong leadership and constructive change throughout the Intelligence Community. With that in mind, and based on the work of this Joint Inquiry, the Committees recommend the following:

1. Congress should amend the National Security Act of 1947 to create and sufficiently staff a statutory Director of National Intelligence² who shall be the President's principal advisor on intelligence and shall have the full range of management, budgetary and personnel responsibilities needed to make the entire U.S. Intelligence Community operate as a coherent whole. These responsibilities should include:
 - establishment and enforcement of consistent priorities for the collection, analysis, and dissemination of intelligence throughout the Intelligence Community;
 - setting of policy and the ability to move personnel between elements of the Intelligence Community;
 - review, approval, modification, and primary management and oversight of the execution of Intelligence Community budgets;

¹ List of previous commissions that addressed intelligence organizational issues, 1990-present (Appendix A).

² All references to the Director of National Intelligence in other recommendations assume recommendation # 1 is adopted. In the event there is no Director of National Intelligence created, the Director of Central Intelligence should be substituted for the Director of National Intelligence.

- review, approval, modification, and primary management and oversight of the execution of Intelligence Community personnel and resource allocations;
- review, approval, modification, and primary management and oversight of the execution of Intelligence Community research and development efforts;
- review, approval, and coordination of relationships between the Intelligence Community agencies and foreign intelligence and law enforcement services; and
- exercise of statutory authority to insure that Intelligence Community agencies and components fully comply with Community-wide policy, management, spending, and administrative guidance and priorities.

The Director of National Intelligence should be a Cabinet level position, appointed by the President and subject to Senate confirmation. Congress and the President should also work to insure that the Director of National Intelligence effectively exercises these authorities.

To insure focused and consistent Intelligence Community leadership, Congress should require that no person may simultaneously serve as both the Director of National Intelligence and the Director of the Central Intelligence Agency, or as the director of any other specific intelligence agency.

2. Current efforts by the National Security Council to examine and revamp existing intelligence priorities should be expedited, given the immediate need for clear guidance in intelligence and counterterrorism efforts. The President should take action to ensure that clear, consistent, and current priorities are established and enforced throughout the Intelligence Community. Once established, these priorities should be reviewed and updated on at least an annual basis to ensure that the allocation of Intelligence Community resources reflects and effectively addresses the continually evolving threat environment. Finally, the establishment of Intelligence Community priorities, and the

justification for such priorities, should be reported to both the House and Senate Intelligence Committees on an annual basis.

3. The National Security Council, in conjunction with the Director of National Intelligence, and in consultation with the Secretary of the Department of Homeland Security, the Secretary of State and Secretary of Defense, should prepare, for the President's approval, a U.S. government-wide strategy for combating terrorism, both at home and abroad, including the growing terrorism threat posed by the proliferation of weapons of mass destruction and associated technologies. This strategy should identify and fully engage those foreign policy, economic, military, intelligence, and law enforcement elements that are critical to a comprehensive blueprint for success in the war against terrorism.

As part of that effort, the Director of National Intelligence shall develop the Intelligence Community component of the strategy, identifying specific programs and budgets and including plans to address the threats posed by Usama Bin Ladin and al Qa'ida, Hezbollah, Hamas, and other significant terrorist groups. Consistent with applicable law, the strategy should effectively employ and integrate all capabilities available to the Intelligence Community against those threats and should encompass specific efforts to:

- develop human sources to penetrate terrorist organizations and networks both overseas and within the United States;
- fully utilize existing and future technologies to better exploit terrorist communications; to improve and expand the use of data mining and other cutting edge analytical tools; and to develop a multi-level security capability to facilitate the timely and complete sharing of relevant intelligence information both within the Intelligence Community and with other appropriate federal, state, and local authorities;
- enhance the depth and quality of domestic intelligence collection and analysis by, for example, modernizing current intelligence reporting formats through the use

of existing information technology to emphasize the existence and the significance of links between new and previously acquired information;

- maximize the effective use of covert action in counterterrorist efforts;
 - develop programs to deal with financial support for international terrorism; and
 - facilitate the ability of CIA paramilitary units and military special operations forces to conduct joint operations against terrorist targets.
4. The position of National Intelligence Officer for Terrorism should be created on the National Intelligence Council and a highly qualified individual appointed to prepare intelligence estimates on terrorism for the use of Congress and policymakers in the Executive Branch and to assist the Intelligence Community in developing a program for strategic analysis and assessments.
5. Congress and the Administration should ensure the full development within the Department of Homeland Security of an effective all-source terrorism information fusion center that will dramatically improve the focus and quality of counterterrorism analysis and facilitate the timely dissemination of relevant intelligence information, both within and beyond the boundaries of the Intelligence Community. Congress and the Administration should ensure that this fusion center has all the authority and the resources needed to:
- have full and timely access to all counterterrorism-related intelligence information, including “raw” supporting data as needed;
 - have the ability to participate fully in the existing requirements process for tasking the Intelligence Community to gather information on foreign individuals, entities and threats;

- integrate such information in order to identify and assess the nature and scope of terrorist threats to the United States in light of actual and potential vulnerabilities;
 - implement and fully utilize data mining and other advanced analytical tools, consistent with applicable law;
 - retain a permanent staff of experienced and highly skilled analysts, supplemented on a regular basis by personnel on “joint tours” from the various Intelligence Community agencies;
 - institute a reporting mechanism that enables analysts at all the intelligence and law enforcement agencies to post lead information for use by analysts at other agencies without waiting for dissemination of a formal report;
 - maintain excellence and creativity in staff analytic skills through regular use of analysis and language training programs; and
 - establish and sustain effective channels for the exchange of counterterrorism-related information with federal agencies outside the Intelligence Community as well as with state and local authorities.
6. Given the FBI’s history of repeated shortcomings within its current responsibility for domestic intelligence, and in the face of grave and immediate threats to our homeland, the FBI should strengthen and improve its domestic capability as fully and expeditiously as possible by immediately instituting measures to:
- strengthen counterterrorism as a national FBI program by clearly designating national counterterrorism priorities and enforcing field office adherence to those priorities;

- establish and sustain independent career tracks within the FBI that recognize and provide incentives for demonstrated skills and performance of counterterrorism agents and analysts;
- significantly improve strategic analytical capabilities by assuring the qualification, training, and independence of analysts, coupled with sufficient access to necessary information and resources;
- establish a strong reports officer cadre at FBI Headquarters and field offices to facilitate timely dissemination of intelligence from agents to analysts within the FBI and other agencies within the Intelligence Community;
- implement training for agents in the effective use of analysts and analysis in their work;
- expand and sustain the recruitment of agents and analysts with the linguistic skills needed in counterterrorism efforts;
- increase substantially efforts to penetrate terrorist organizations operating in the United States through all available means of collection;
- improve the national security law training of FBI personnel;
- implement mechanisms to maximize the exchange of counterterrorism- related information between the FBI and other federal, state and local agencies; and
- finally solve the FBI's persistent and incapacitating information technology problems.

7. Congress and the Administration should carefully consider how best to structure and manage U.S. domestic intelligence responsibilities. Congress should review the scope of domestic intelligence authorities to determine their adequacy in pursuing counterterrorism at home and ensuring the protection of privacy and other rights guaranteed under the Constitution. This review should include, for example, such questions as whether the range of persons subject to searches and surveillances authorized under the Foreign Intelligence Surveillance Act (FISA) should be expanded.

Based on their oversight responsibilities, the Intelligence and Judiciary Committees of the Congress, as appropriate, should consider promptly, in consultation with the Administration, whether the FBI should continue to perform the domestic intelligence functions of the United States Government or whether legislation is necessary to remedy this problem, including the possibility of creating a new agency to perform those functions.

Congress should require that the new Director of National Intelligence, the Attorney General, and the Secretary of the Department of Homeland Security report to the President and the Congress on a date certain concerning:

- the FBI's progress since September 11, 2001 in implementing the reforms required to conduct an effective domestic intelligence program, including the measures recommended above;
- the experience of other democratic nations in organizing the conduct of domestic intelligence;
- the specific manner in which a new domestic intelligence service could be established in the United States, recognizing the need to enhance national security while fully protecting civil liberties; and

- their recommendations on how to best fulfill the nation's need for an effective domestic intelligence capability, including necessary legislation.
8. The Attorney General and the Director of the FBI should take action necessary to ensure that:
- the Office of Intelligence Policy and Review and other Department of Justice components provide in-depth training to the FBI and other members of the Intelligence Community regarding the use of the Foreign Intelligence Surveillance Act (FISA) to address terrorist threats to the United States;
 - the FBI disseminates results of searches and surveillances authorized under FISA to appropriate personnel within the FBI and the Intelligence Community on a timely basis so they may be used for analysis and operations that address terrorist threats to the United States; and
 - the FBI develops and implements a plan to use authorities provided by FISA to assess the threat of international terrorist groups within the United States fully, including the extent to which such groups are funded or otherwise supported by foreign governments.
9. The House and Senate Intelligence and Judiciary Committees should continue to examine the Foreign Intelligence Surveillance Act and its implementation thoroughly, particularly with respect to changes made as a result of the USA PATRIOT Act and the subsequent decision of the United States Foreign Intelligence Court of Review, to determine whether its provisions adequately address present and emerging terrorist threats to the United States. Legislation should be proposed by those Committees to remedy any deficiencies identified as a result of that review.

10. The Director of the National Security Agency should present to the Director of National Intelligence and the Secretary of Defense by June 30, 2003, and report to the House and Senate Intelligence Committees, a detailed plan that:

- describes solutions for the technological challenges for signals intelligence;
- requires a review, on a quarterly basis, of the goals, products to be delivered, funding levels and schedules for every technology development program;
- ensures strict accounting for program expenditures;
- within their jurisdiction as established by current law, makes NSA a full collaborating partner with the Central Intelligence Agency and the Federal Bureau of Investigation in the war on terrorism, including fully integrating the collection and analytic capabilities of NSA, CIA, and the FBI; and
- makes recommendations for legislation needed to facilitate these goals.

In evaluating the plan, the Committees should also consider issues pertaining to whether civilians should be appointed to the position of Director of the National Security Agency and whether the term of service for the position should be longer than it has been in the recent past.

11. Recognizing that the Intelligence Community's employees remain its greatest resource, the Director of National Intelligence should require that measures be implemented to greatly enhance the recruitment and development of a workforce with the intelligence skills and expertise needed for success in counterterrorist efforts, including:

- the agencies of the Intelligence Community should act promptly to expand and improve counterterrorism training programs within the Community, insuring coverage of such critical areas as information sharing among law enforcement

and intelligence personnel; language capabilities; the use of the Foreign Intelligence Surveillance Act; and watchlisting;

- the Intelligence Community should build on the provisions of the Intelligence Authorization Act for Fiscal Year 2003 regarding the development of language capabilities, including the Act's requirement for a report on the feasibility of establishing a Civilian Linguist Reserve Corps, and implement expeditiously measures to identify and recruit linguists outside the Community whose abilities are relevant to the needs of counterterrorism;
- the existing Intelligence Community Reserve Corps should be expanded to ensure the use of relevant personnel and expertise from outside the Community as special needs arise;
- Congress should consider enacting legislation, modeled on the Goldwater-Nichols Act of 1986, to instill the concept of "jointness" throughout the Intelligence Community. By emphasizing such things as joint education, a joint career specialty, increased authority for regional commanders, and joint exercises, that Act greatly enhanced the joint warfighting capabilities of the individual military services. Legislation to instill similar concepts throughout the Intelligence Community could help improve management of Community resources and priorities and insure a far more effective "team" effort by all the intelligence agencies. The Director of National Intelligence should require more extensive use of "joint tours" for intelligence and appropriate law enforcement personnel to broaden their experience and help bridge existing organizational and cultural divides through service in other agencies. These joint tours should include not only service at Intelligence Community agencies, but also service in those agencies that are users or consumers of intelligence products. Serious incentives for joint service should be established throughout the Intelligence Community and personnel should be rewarded for joint service with career advancement

credit at individual agencies. The Director of National Intelligence should also require Intelligence Community agencies to participate in joint exercises;

- Congress should expand and improve existing educational grant programs focused on intelligence-related fields, similar to military scholarship programs and others that provide financial assistance in return for a commitment to serve in the Intelligence Community; and
- the Intelligence Community should enhance recruitment of a more ethnically and culturally diverse workforce and devise a strategy to capitalize upon the unique cultural and linguistic capabilities of first-generation Americans, a strategy designed to utilize their skills to the greatest practical effect while recognizing the potential counterintelligence challenges such hiring decisions might pose.

12. Steps should be taken to increase and ensure the greatest return on this nation's substantial investment in intelligence, including:

- the President should submit budget recommendations, and Congress should enact budget authority, for sustained, long-term investment in counterterrorism capabilities that avoid dependence on repeated stop-gap supplemental appropriations;
- in making such budget recommendations, the President should provide for the consideration of a separate classified Intelligence Community budget;
- long-term counterterrorism investment should be accompanied by sufficient flexibility, subject to congressional oversight, to enable the Intelligence Community to rapidly respond to altered or unanticipated needs;

- the Director of National Intelligence should insure that Intelligence Community budgeting practices and procedures are revised to better identify the levels and nature of counterterrorism funding within the Community;
- counterterrorism funding should be allocated in accordance with the program requirements of the national counterterrorism strategy; and
- due consideration should be given to directing an outside agency or entity to conduct a thorough and rigorous cost-benefit analysis of the resources spent on intelligence.

13. The State Department, in consultation with the Department of Justice, should review and report to the President and the Congress by June 30, 2003 on the extent to which revisions in bilateral and multilateral agreements, including extradition and mutual assistance treaties, would strengthen U.S. counterterrorism efforts. The review should address the degree to which current categories of extraditable offenses should be expanded to cover offenses, such as visa and immigration fraud, which may be particularly useful against terrorists and those who support them.

14. Recognizing the importance of intelligence in this nation's struggle against terrorism, Congress should maintain vigorous, informed, and constructive oversight of the Intelligence Community. To best achieve that goal, the National Commission on Terrorist Attacks Upon the United States should study and make recommendations concerning how Congress may improve its oversight of the Intelligence Community, including consideration of such areas as:

- changes in the budgetary process;
- changes in the rules regarding membership on the oversight committees;

- whether oversight responsibility should be vested in a joint House-Senate Committee or, as currently exists, in separate Committees in each house;
- the extent to which classification decisions impair congressional oversight; and
- how Congressional oversight can best contribute to the continuing need of the Intelligence Community to evolve and adapt to changes in the subject matter of intelligence and the needs of policy makers.

15. The President should review and consider amendments to the Executive Orders, policies and procedures that govern the national security classification of intelligence information, in an effort to expand access to relevant information for federal agencies outside the Intelligence Community, for state and local authorities, which are critical to the fight against terrorism, and for the American public. In addition, the President and the heads of federal agencies should ensure that the policies and procedures to protect against the unauthorized disclosure of classified intelligence information are well understood, fully implemented and vigorously enforced.

Congress should also review the statutes, policies and procedures that govern the national security classification of intelligence information and its protection from unauthorized disclosure. Among other matters, Congress should consider the degree to which excessive classification has been used in the past and the extent to which the emerging threat environment has greatly increased the need for real-time sharing of sensitive information. The Director of National Intelligence, in consultation with the Secretary of Defense, the Secretary of State, the Secretary of Homeland Security, and the Attorney General, should review and report to the House and Senate Intelligence Committees on proposals for a new and more realistic approach to the processes and structures that have governed the designation of sensitive and classified information. The report should include proposals to protect against the use of the classification process as a shield to protect agency self-interest.

16. Assured standards of accountability are critical to developing the personal responsibility, urgency, and diligence which our counterterrorism responsibility requires. Given the absence of any substantial efforts within the Intelligence Community to impose accountability in relation to the events of September 11, 2001, the Director of Central Intelligence and the heads of Intelligence Community agencies should require that measures designed to ensure accountability are implemented throughout the Community.

To underscore the need for accountability:

- The Director of Central Intelligence should report to the House and Senate Intelligence Committees no later than June 30, 2003 as to the steps taken to implement a system of accountability throughout the Intelligence Community, to include processes for identifying poor performance and affixing responsibility for it, and for recognizing and rewarding excellence in performance;
- as part of the confirmation process for Intelligence Community officials, Congress should require from those officials an affirmative commitment to the implementation and use of strong accountability mechanisms throughout the Intelligence Community; and
- the Inspectors General at the Central Intelligence Agency, the Department of Defense, the Department of Justice, and the Department of State should review the factual findings and the record of this Inquiry and conduct investigations and reviews as necessary to determine whether and to what extent personnel at all levels should be held accountable for any omission, commission, or failure to meet professional standards in regard to the identification, prevention, or disruption of terrorist attacks, including the events of September 11, 2001. These reviews should also address those individuals who performed in a stellar or exceptional manner, and the degree to which the quality of their performance was rewarded or otherwise impacted their careers. Based on those investigations and reviews, agency heads should take

appropriate disciplinary and other action and the President and the House and Senate Intelligence Committees should be advised of such action.

17. The Administration should review and report to the House and Senate Intelligence Committees by June 30, 2003 regarding what progress has been made in reducing the inappropriate and obsolete barriers among intelligence and law enforcement agencies engaged in counterterrorism, what remains to be done to reduce those barriers, and what legislative actions may be advisable in that regard. In particular, this report should address what steps are being taken to insure that perceptions within the Intelligence Community about the scope and limits of current law and policy with respect to restrictions on collection and information sharing are, in fact, accurate and well-founded.

18. Congress and the Administration should ensure the full development of a national watchlist center that will be responsible for coordinating and integrating all terrorist-related watchlist systems; promoting awareness and use of the center by all relevant government agencies and elements of the private sector; and ensuring a consistent and comprehensive flow of terrorist names into the center from all relevant points of collection.

19. The Intelligence Community, and particularly the FBI and the CIA, should aggressively address the possibility that foreign governments are providing support to or are involved in terrorist activity targeting the United States and U.S. interests. State-sponsored terrorism substantially increases the likelihood of successful and more lethal attacks within the United States. This issue must be addressed from a national standpoint and should not be limited in focus by the geographical and factual boundaries of individual cases. The FBI and CIA should aggressively and thoroughly

pursue related matters developed through this Joint Inquiry that have been referred to them for further investigation by these Committees.

The Intelligence Community should fully inform the House and Senate Intelligence Committees of significant developments in these efforts, through regular reports and additional communications as necessary, and the Committees should, in turn, exercise vigorous and continuing oversight of the Community's work in this critically important area.