

[Home](#)
[John's Bio](#)
[Current Projects](#)
[Video Clips](#)
[Intelligence Files](#)
[Lecture Bookings](#)
[Donations](#)
[Volunteer](#)
[Recent Awards/Tributes](#)
[Contact John](#)
[Search Site](#)

What Congress Does Not Know about Enron and 9/11

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About the author: *As a former federal prosecutor, John Loftus had an insider's knowledge of high level intelligence operations, including obstruction of Congressional investigations. Loftus resigned from the Justice Department in 1981 to expose how the intelligence community had recruited Nazi war criminals and then concealed the files from Congressional subpoena. After appearing on an Emmy Award winning segment of 60 Minutes, Loftus has spent the next two decades writing histories of intelligence cover-ups, and serving as an unpaid lawyer helping other whistleblowers inside US intelligence.*

A captured Al Qaida document reveals that US energy companies were secretly negotiating with the Taliban to build a pipeline. The document was obtained by the FBI but was not allowed to be shared with other agencies in order to protect Enron. Multiple sources confirm that American law enforcement agencies were deliberately kept in the dark and systematically prevented from connecting the dots before 9/11 in order to aid Enron's secret and immoral Taliban negotiations.

The suppressed Al Qaida document tends to support recent claims of a cover-up made by several mid-level intelligence and law enforcement figures. Their ongoing terrorist investigations appear to have been hindered during the same sensitive time period while the Enron Corporation was still negotiating with the Taliban. An inadvertent result of the Taliban pipeline cover-up was that the Taliban's friends in Al Qaida were able to complete their last eight months of preparations for 9/11 while the Enron secrecy block was still in force.

Although the latest order to block investigations allegedly resulted from Enron's January 2002 appeal to Vice President Dick Cheney, it appears that there were at least three previous block orders, each building upon the other, stretching back for decades and involving both Republican and Democratic administrations.

The first block came in the 1970's, as a result of Congressional reaction to domestic espionage against the anti-Vietnam war movement. In a case of blatant over-reaction, the FBI placed all houses of worship and religious charities off-limits for any surveillance whatsoever unless there was independent probable cause. This meant that all Mosques and other Muslim meeting places for terrorist groups were effectively off limits until after a crime had been committed. The block order was not lifted until last week by Atty. General Ashcroft.

The second block order, in force since the 1980's, was against any investigation that would embarrass the Saudi Royal family. Originally, it was designed to conceal Saudi support for Muslim extremists fighting against the Soviets in Afghanistan and Chechnya, but it went too far. Oliver North noted in his autobiography, that every time he tried to do something about terrorism links in the Middle East, he was told to stop because it might embarrass the Saudis. This block remains in place.

As the combined result of these two blocks, the Saudis were able to fund middle eastern terrorists in complete secrecy during the 1990's through a network of Muslim charities in Virginia, Tampa and Florida. The Saudi funding network was targeted at the destruction of the State of Israel and the obstruction of the Palestinian peace process.

The Saudi funding conduit has now been exposed and shut down by means of a private lawsuit, [Loftus vs. Sami Al Arian](#), which is currently pending in Hillsborough County, Florida. The lawsuit, filed on March 20, 2002, influenced the government into raiding the Saudi charities in Herndon, Virginia, a few hours later.

After filing the Al-Arian lawsuit, Attorney Loftus began to receive very detailed documents and information about a third block: a prohibition on investigations concerning the Taliban. In the early 1990's, a consortium of American oil companies (lead by Unocal) had hired Enron to determine the profitability of building an oil and gas pipeline across Afghanistan so that America could have access to the Caspian Sea Basin, holding 1/8th of the worlds energy supplies.

There is no doubt that these secret negotiations existed, and that they were known to Al Qaida. Loftus recently received an FBI translation of a highly classified and encrypted Al Qaida document, circa 1997-1998, which was retrieved and decrypted from a computer laptop following the Embassy bombing in Africa. The document was written by Osama Bin Laden's military commander, Mohammed Atef, under his nom de guerre, Abu Haf, and reveals extensive knowledge of the supposedly secret pipeline negotiations, and their potential economic worth to the Taliban, Pakistan and the U.S.

Former Afghanistan CIA agent Robert Baer has recently published a book charging that the cover-up of the 1990's pipeline negotiations revealed extensive financial corruption inside the Clinton administration, and contributed to the lack of intelligence before 9/11. The Taliban negotiations temporarily collapsed in 1999 after Clinton reversed his NSC advisor's policy, and ordered a missile strike against terrorists in Afghanistan.

However, in January 2001, Vice President Cheney allegedly reinstated the intelligence block and expanded it to effectively preclude any investigations whatsoever of Saudi-Taliban-Afghan oil connections. Former FBI counter-terrorism chief John O'Neill resigned from the FBI in disgust, stating that he was ordered not to investigate Saudi-Al Qaida connections because of the Enron pipeline deal. Loftus has confirmed that it was O'Neill who originally discovered the AL Qaida pipeline memo after the Embassy bombings in Africa.

O'Neill gave an overview of the Enron block to two French authors who will soon be publishing in the United States. The FBI is currently investigating Loftus' links to John O'Neill, and is also refusing FBI agent Robert Wright permission to publish his own findings about the Enron block.

Loftus asserts that the Enron block, which remained in force from January 2001 until August 2001 when the pipeline deal collapsed, is the reason that none of FBI agent Rowley's requests for investigations were ever approved. As numerous British and French authors have concluded, the information provided by European intelligence sources prior to 9/11 was so extensive, that it is no longer possible for either CIA or the FBI to assert a defense of incompetence.

It is time for Congress to face the truth: In order to give Enron one last desperate chance to complete the Taliban pipeline and save itself from bankruptcy, senior levels of US intelligence were ordered to keep their eyes shut and their subordinates ignorant.

The Enron cover-up confirms that 9/11 was not an intelligence failure or a law enforcement failure (at least not entirely). Instead, it was a foreign policy failure of the highest order. If Congress ever combines its Enron investigation with 9/11, Cheney's whole house of cards will collapse.

The Enron pipeline connection to 9/11

This is a privileged and confidential work-product document restricted to my legal researchers and not to be released without my express written consent.

A highly reliable confidential client source who wishes to remain anonymous has promised to send me an FBI copy of a high-level Al Qaida report dating back to the embassy bombings in Africa several years ago. The email report was captured in Africa from the computer file of a senior aid to Osama Bin Laden. My client has obtained this document through lawful means,

The email report, written by Al Qaida's head of military operations, Mohammed Atef, describes Al Qaida's view of ongoing secret pipeline negotiations between the US oil companies and the Taliban to build a pipeline through Afghanistan.

This Atef report was almost certainly reviewed by the late John O'Neill at the time of the Embassy bombing, shortly after the Al Qaida report was written. At the time, O'Neill was the FBI agent in charge of the Embassy bombing investigation. The shocking pipeline information may explain why O'Neill became fixated about the Saudi-Taliban-Al Qaida relationship for the few remaining years of his life.

After O'Neill's investigations were repeatedly shut down by his superiors, O'Neill allegedly began making discreet inquiries to French intelligence using two reporters as cut-outs. Both reporters were known consultants for French intelligence and are specialists on both the oil industry and terrorism.

It is plausible that the French Government was upset at being shut out of the Caspian Basin deal, and may have been helping O'Neill behind the backs of his superior's in Washington. It does seem that the more that O'Neill learned, the less he was allowed to do with it.

The last straw was Cheney's refusal to follow up on O'Neill's request to pursue the leads in the Phoenix memo in April 2001. After resigning from the FBI in disgust, John O'Neil spoke candidly to several people, including the two French authors, whom he met again in July.

They have now written about the pipeline deal in "The Forbidden Truth." The book, not yet translated into English, quotes O'Neill as saying that his Al Qaida investigations were blocked to protect the Saudis. The Caspian Basin pipeline issue is discussed at length as the motive for the coverup.

I do not think that the French authors have the Atef document or they would have released it in their book. The Atef memo may indeed be a smoking gun, but I need to see the exact text to be sure before I release it to Congress.

This Al Qaida document may be the first hard evidence to break the Enron pipeline cover-up apart. I need your advice and confidential assistance in making a discreet collection of all Afghan pipeline research for a memo to present to Congress.

Here is my investigative hypothesis which needs to be greatly fleshed out and footnoted before I go to Congress. I have presented my thoughts by topic, rather than in chronological order.

Back in the 1970's and 80's, Saudi intelligence (not the CIA as has been reported) funded the early Taliban faction and later Al Qaida as part of the insurgency to throw the Russians out of Afghanistan. A few years afterwards, US energy companies (Enron, as the Afghan pipeline consultant for UNOCAL) used the Saudi intelligence connection to the Taliban to begin negotiations for a pipeline across Afghanistan.

Prince Turki, chief of Saudi intelligence, has publicly admitted making several trips into Afghanistan to negotiate a peace mission with the Taliban. My sources say he was the pipeline mediator for Enron. Prince Turki was fired as head of Saudi intelligence immediately after the pipeline discussions collapsed in August 2001.

Prince Turki is allegedly close to the Bin Laden family which was allegedly promised the construction contract in return for a percentage to the Saudi Royal family. This is a common business practice initiated by the Carlyle Group's contracts in Saudi Arabia.

As the Republican IPO magazine, Red Herring, confirms, President Bush' father was business partners in the Carlyle Group with the Bin Laden family during this period. This company is a Who's Who of former Democratic and Republican intelligence and political officials, whose specialty is acting as super-lobbyists at the highest levels of government. They are also suspected of arranging construction kickbacks to the Saudi royal family in return for discount oil sales.

Red Herring alleges that during a visit to Kennebunkport, Bush senior lectured his son on placating the Saudis, especially with regard to Israel, and even called the Saudis in his son's presence to reassure them that he had told his son their point of view.

Apparently, the deeply angered President Bush mentioned the private meeting with his father to a close friend, who leaked it to Red Herring. Shortly afterward, another Republican newspaper, the Boston Herald, ran a scathing expose on the number of White House officials with investments in Saudi oil, calling it an "obscene conflict of interest."

It should be noted that President Bush at first seemed to reject his father's advice about Israel quite strongly, and secretly ordered all American troops to begin a total withdrawal from Saudi Arabia. White House sources began a steady drumbeat of leaks about Saudi involvement with terrorism, and even authorized long-delayed raids on the Saudi charities in Virginia that served as a money laundry for terrorist operations against Israel.

Suddenly, President Bush made a sudden and startling switch to adopt a more pro-Saudi view. The documents seized in the Virginia raids are barely being translated, let alone investigated.

Nevertheless, the Israelis have been privately informed that criminal cases against the Saudi-financed terrorists in the US like Sami Al Arian, are being dropped for "lack of evidence" before the evidence has even been collated.

The State Department's recent report on Global Terrorism is being denounced as a blatant white-wash by Republicans and Democrats alike.

A plausible explanation for the dramatic policy reversal is that someone (allegedly Cheney) told President Bush to call off the dogs at CIA and FBI, because if the Saudis went down, they would take his father down with them. I think our President has a good heart, but is completely boxed in and does not know how to get out from under his father's legacy.

The Israeli government is angered and bewildered over the sudden switch, and has begun to release documents showing prior US knowledge of Al Qaida operations as well as Saudi support for terrorism. As Crown Prince Abdullah's visit to both Bushes in Texas showed, a modus vivendi has been reached.

The simplest explanation is that both Crown Prince Abdullah and President Bush can blackmail each other over the Taliban pipeline. Both sides have agreed to pretend that they have always been allies in the war against terrorism, and that Iraq is the real enemy.

Mutual blackmail makes a bit of sense. The Saudi intelligence connection was the key to get the Taliban pipeline negotiations going without the CIA or FBI finding out. The Enron political connection to the Bush and Clinton administrations was key to keeping the CIA and FBI off of the Saudis' backs while the negotiations were underway. Messy little details about terrorism were swept under the rug for the sake of the big picture.

The truth is already starting to leak out. It has just been discovered that Enron had purchased huge tracts of land in the Caspian basin, especially in Turkmenistan, which property is allegedly still on their books. The acreage is enormous, and worthless.

But, if the Taliban pipeline had been built, Enron might have owned some of the most valuable oil exploration sites in the world, and rescued itself from insolvency. Any White House insider who helped Enron would have gotten rich, filthy rich.

When Bush's son came into office, Enron allegedly approached Cheney in late January and told him vaguely about the secret Saudi-Taliban pipeline negotiations, and how important it was to America's energy policy for generations to come.

Like an idiot, Cheney agreed to keep the lid on any Saudi-Taliban investigations for a while. For the sake of the Caspian Basin pipeline, Cheney passed the word inside the beltway not to allow anyone in the Government to connect the dots.

All across America, ongoing Saudi-Taliban investigations were hindered, obstructed, or closed down, just as the Clinton administration had done before them.

What no one did was check Enron's accounting. The pipeline deal made little economic sense in view of Russian cooperation. To Enron's horror, the pipeline deal collapsed in August. Then came 9/11. Then came the Enron collapse. Then came the Cheney coverup.

Cheney's biggest problem is the two fairly senior intelligence officials who rebelled and became whistleblowers: Robert Baer of CIA and John O'Neill of FBI. The rest of the FBI and CIA higher ups have kept their mouths shut, although a lot of lower level people are now coming forward to question their superior's strange behavior. The two rebels, Baer of CIA and O'Neill of FBI, were of course, driven into retirement.

Much of the Saudi information was blacked out of Baer's book by CIA censors, but enough remains to thoroughly document the brazen avarice of senior Clinton NSC officials for a Caspian Basin pipeline.

Baer names a few names, but he was driven into retirement before he could learn too much. Still, he learned that both Republican and Democratic officials were involved with the pipeline coverup to the great detriment of American intelligence.

The worst condemnation ever written of the financial corruption in the Clinton administration can be found in the last chapters of Robert Baer's recent book, "See No Evil", where he blames the pipeline coverup for substantially contributing to 9/11.

Baer's book makes a strong case, as do O'Neills friends in France with their book. The explanation is raw and blunt. No partisan politics, just greed. A crooked handful of high level officials in the Clinton and Bush administration were clearly obsessed with the Caspian pipeline plan.

Cheney was not the first to block the investigations, but he is probably the last to be involved with the coverup. That could explain why he is resisting Congress on both the Enron and pre-9/11 intelligence documents. If Congress ever connects the two investigations, the whole house of cards will collapse.

Most of my sources say that Bush and Rice may have been deliberately kept out of the loop by Cheney. For example, it was Cheney, not Rice, who saw the Phoenix memo before 9/11.

It is, however, theoretically possible that the President may have known about the pipeline deal from his own sources.

President Bush's father was the leading lobbyist for the Saudis and may have been told everything by his Carlyle Group partners, the Bin Laden family, who were supposedly in line to get the Taliban pipeline construction contract. But it is doubtful we will ever know what Bush senior told his son while the pipeline negotiations were underway.

In terms of the upcoming Congressional investigation, the Al Qaida document is the first direct written evidence to confirm the existence of secret pipeline negotiations with the Taliban. Moreover, it confirms that Al Qaida was informed of these negotiations from the earliest stages.

This raises an interesting question. The Al Qaida author, Mohammed Atef, must have known that his report had fallen into American hands when his operative's computer was captured by the FBI. Atef may have been surprised that his pipeline report was never made public to embarrass the Taliban.

Atef may have suspected merely from the surprising silence that the CIA and FBI were not being allowed to pursue or reveal their Afghanistan investigations while the pipeline negotiations were under way. The Saudis could certainly have tipped off the Taliban that the fix was in. It is hard to believe that the Bin Laden construction company did not learn anything from their Carlyle group partners about the pipeline.

Whatever the source, the early date of the Atef report shows that the highest levels of Al Qaida certainly knew about the pipeline secret from the beginning. The pipeline coverup could have convinced Atef that Al Qaida could exploit the lack of coordinated intelligence against them.

In addition to the usual inter-agency bungling, the Enron cover-up was the real reason for the black hole in US intel about events in Afghanistan, and plausibly explains why no US agency was allowed to connect the dots. Moreover it explains why honest officials like Baer and O'Neill were driven into retirement.

Bottom line: Baer and O'Neill were right. There was a pipeline coverup and it very likely contributed to 9/11. The Atef report raises the founded suspicion, based on specific articulable facts, that Al Qaida might have piggy-backed on the Enron secrecy blackout to launch their surprise attack, confident in their knowledge that US intelligence had been deliberately blinded by Enron's cronies in Washington.

[return to table of contents](#)

The Press on the BCCI-bin Mahfouz-bin Laden Intelligence Nexus

Boston Herald, December 11, 2001

A powerful Washington, D.C., law firm with unusually close ties to the White House has earned hefty fees representing controversial Saudi billionaires as well as a Texas-based Islamic charity fingered last week as a terrorist front.

The influential law firm of Akin, Gump, Strauss, Hauer & Feld has represented three wealthy Saudi businessmen - Khalid bin Mahfouz, Mohammed Hussein Al-Amoudi and Salah Idris - who have been scrutinized by U.S. authorities for possible involvement in financing Osama bin Laden and his terrorist network.

In addition, Akin, Gump currently represents the largest Islamic charity in the United States, Holy Land Foundation for Relief and Development in Richmond, Texas.

Holy Land's assets were frozen by the Treasury Department last week as government investigators probe its ties to Hamas, the militant Palestinian group blamed for suicide attacks against Israelis. Partners at Akin, Gump include one of President Bush's closest Texas friends, James C. Langdon, and George R. Salem, a Bush fund-raiser who chaired his 2000 campaign's outreach to Arab-Americans.

In addition to the royal family, the firm's Saudi clients have included bin Mahfouz, who hired Akin, Gump when he was indicted in the BCCI banking scandal in the early

1990s. In 1999, the Saudi's placed bin Mahfouz under house arrest after reportedly discovering that the bank he controlled, National Commercial Bank in Saudi Arabia, funneled millions to charities believed to be serving as bin Laden fronts.

A bin Mahfouz business partner, Al-Amoudi, was also represented by Akin, Gump. When it was reported in 1999 that U.S. authorities were also investigating Al-Amoudi's Capitol Trust Bank, Akin, Gump released a statement on behalf of their client denying any connections to terrorism. One year earlier, the firm had co-sponsored an investment conference in Ethiopia with Al-Amoudi.

Akin, Gump partner and Bush fund-raiser Salem led the legal team that defended Idris, a banking protege of bin Mahfouz and the owner of El-Shifa, the Sudanese pharmaceutical plant destroyed by U.S. cruise missiles in August 1998.

...Speaking of Akin, Gump partner Kress' office in the White House, Lewis added: "That's not appropriate and frankly it's potentially troublesome because there is a real possibility of a conflict of interest. Basically you have a partner for Akin, Gump . . . inside the hen house."

But another longtime Washington political observer, Vincent Cannistraro, the former chief of counter-intelligence at the Central Intelligence Agency, said the political influence a firm like Akin, Gump has is precisely why clients like the Saudis hire them.

"These are cozy political relationships . . . If you have a problem in Washington, there are only a few firms to go to and Akin, Gump is one of them," Cannistraro said.

Cannistraro pointed out that Idris hired Akin, Gump during the Clinton presidency, when Clinton confidante Vernon Jordan was a partner at the firm. "He hired them because Vernon Jordan had influence . . . that's a normal political exercise where you are buying influence," he said.

Akin, Gump is not the only politically wired Washington business cashing in on the Saudi connection.

Burson-Marsteller, a major D.C. public relations firm, registered with the U.S. government as a foreign agent for the Saudi embassy within weeks of the Sept. 11 terror attacks.

Boston Herald, December 10, 2001

Two billionaire Saudi families scrutinized by authorities for possible financial ties to Osama bin Laden's terrorist network continue to engage in major oil deals with leading U.S. corporations.

The bin Mahfouz and Al-Amoudi clans, who control three private Saudi Arabian oil companies, are partners with U. S. firms in a series of ambitious oil development and pipeline projects in central and south Asia, records show.

Working through their companies - Delta Oil, Nimir Petroleum and Corral Petroleum - the Saudi families have formed international consortiums with U. S. oil giants Texaco, Unocal, Amerada Hess and Frontera Resources.

These business relationships persist despite evidence that members of the two Saudi families - headed by patriarchs Khalid bin Mahfouz and Mohammed Hussein Al-Amoudi - have had ties to Islamic charities and companies linked financially to bin Laden's al-Qaeda organization. So far, bin Mahfouz and Al-Amoudi, who have denied any involvement with bin Laden, have been left untouched by the U. S. Treasury Department, which has frozen the assets of 150 individuals, companies and charities suspected of financing terrorism.

According to a May 1999 report by the U. S. Embassy in Saudi Arabia, Delta Oil was created by 50 prominent Saudi investors in the early 1990s.

The prime force behind Delta Oil appears to be Mohammed Hussein Al-Amoudi, who is based in Ethiopia and oversees a vast network of companies involved in construction, mining, banking and oil.

Al-Amoudi also owns Corral Petroleum.

The Al-Amoudis' business interests, meanwhile, are enmeshed with the bin Mahfouz family, which owns the third privately held Saudi oil company, Nimir Petroleum.

Nimir was established by the Mahfouz family in Bermuda in 1991, according to the U. S. Embassy report.

The closeness of the two clans is underlined by their joint oil venture, Delta-Nimir, as well as by their partnership in the Saudi firm The Marei Bin Mahfouz & Ahmed Al Amoudi Group of Companies & Factories.

Meanwhile, information continues to circulate in intelligence circles in the United States and Europe suggesting wealthy Saudi businessmen have provided financial support to bin Laden.

Much of it revolves around a 1999 audit conducted by the Saudi government that reportedly discovered that the bin Mahfouz family's National Commercial Bank had transferred at least \$ 3 million to charitable organizations believed to be fronts for bin Laden's terror network.

U. S. and British authorities also reportedly looked at Al-Amoudi's Capitol Trust Bank in London and New York for similar activities.

After the audit, bin Mahfouz was placed under house arrest in Taif, Saudi Arabia, and Al-Amoudi reportedly replaced him as head of National Commercial Bank.

Some of the Saudi money transferred from National Commercial Bank allegedly went to the Islamic charity Blessed Relief, whose board members included bin Mahfouz's son, Abdul Rahman bin Mahfouz.

In October, the U. S. Treasury Department named Blessed Relief as a front organization providing funds to bin Laden.

"Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief," the agency said.

In 1999, Al-Amoudi's lawyers in Washington, Akin, Gump, Strauss, Hauer and Fend, issued a statement saying, "Al-Amoudi did not know bin Laden and never had any dealings with him" and that the businessman "was unalterably opposed to terrorism and had no knowledge of any money transfers by Saudi businesses to bin Laden."

Despite officials' suspicions, the bin Mahfouz and Al-Amoudi oil companies continue to profit from their working relationship with America's own oil elite. For example:

- The Mahfouz family, through Nimir Petroleum, joined forces recently with Texaco to develop oil fields in Kazakhstan estimated to contain as many as 1.5 billion barrels of oil.

- The Al-Amoudi family, through Delta Oil, teamed up with Amerada Hess three years ago to develop oil fields in Azerbaijan. Delta-Hess is also part of a consortium hoping to

build a \$ 2.4 billion oil pipeline from Azerbaijan to Turkey.

-- In the mid-1990s, Delta Oil formed a partnership with Unocal in a failed bid to build oil and gas pipelines from Turkmenistan to the Arabian Sea.

-- In 1994, Delta-Nimir, a joint venture of the Al-Amoudi and bin Mahfouz families, joined with Unocal in a consortium to develop three oil fields in Azerbaijan. In 1996, Delta-Nimir and Unocal closed a second oil development deal in Azerbaijan.

(For more info about banking connections, go to bankersalmanac.com.)

Daily News (New York), November 10, 2001

U.S. officials allege that Yasin Al-Qadi, a wealthy Saudi businessman whose assets have been frozen by the Treasury Department, funneled money from National Commercial to Al Qaeda through a charity called Muwafaq Foundation.

Because of suspected terrorist links, the Treasury Department has seized assets and barred numerous banks and financial entities from doing business in the United States.

A banking official who asked not to be identified said new anti-terror legislation is flawed because it gives the government great leeway in determining which business gets blacklisted.

The official said political considerations could favor institutions associated with crucial allies like Saudi Arabia, paving the way for terrorist funds to continue to flow through U.S. banks.

White House spokeswoman Claire Buchan acknowledged that the Treasury consults the President before freezing assets or barring trade with specific people or organizations.

Two Saudi government agencies bought 50% of National Commercial in 1999. The other half is owned by several shareholders, including members of the Mahfouz family, which gave up its majority ownership to the government.

New York Times, October 15, 2001

The 11th floor aerie from which Yasin Abdullah al-Qadi shepherds his investments is a seemingly endless stretch of plush white carpet barely interrupted by a white leather couch and a spotless desk. The Red Sea dominates the view, sparkling azure in the bright October sunshine.

But the placid surroundings were shattered on Friday when Mr. Qadi found himself on a new list of 39 individuals and groups accused by the United States Treasury Department of financing Osama bin Laden and his organization, Al Qaeda. The citation about Mr. Qadi read in part: "He heads the Saudi-based Muwafaq Foundation, Muwafaq is an Al Qaeda front that receives funding from wealthy Saudi businessmen." It goes on to say that the business community has been transferring millions of dollars to Mr. bin Laden through the charity.

It is an accusation that Mr. Qadi says he finds absurd, not least because the foundation shut down five years ago.

"Nothing has been given to bin Laden whatsoever, this is nonsense," Mr. Qadi, a bearded, 45-year-old businessman, said in an interview.

Accusations against pillars of the Jidda community like Mr. Qadi and the foundation -- its six-member board included prominent figures like two members of the bin Mahfouz banking clan.

Boston Herald, October 14, 2001

Three banks allegedly used by Osama bin Laden to distribute money to his global terrorism network have well-established ties to a prince in Saudi Arabia's royal family, several billionaire Saudi bankers, and the governments of Kuwait and Dubai.

One of the banks, Al-Shamal Islamic Bank in the Sudan, was controlled directly by Osama bin Laden, according to a 1996 U.S. State Department report. A second bank, Faisal Islamic Bank, appears to have a relative of Osama bin Laden on its board of directors, the bank's records show.

- Despite repeated denials of any connection to their notorious relative, members of the family of Osama bin Laden continue to have close business relationships with another wealthy Saudi banking clan, the bin Mahfouz family, which is suspected of shipping millions of dollars to the exiled terrorist as recently as three years ago.

The bin Mahfouz family was placed in the spotlight Friday when the Bush administration moved to freeze the assets of 39 more individuals and groups it believes are supporting terrorism.

One of the names on the list, Saudi businessman Yasin al-Qadi, is involved with members of the bin Mahfouz family in a Muslim charity, Blessed Relief, which the Treasury Department says has steered millions of dollars to bin Laden.

Sunday Times (London), October 14, 2001,

Further investigations into the Bin Laden money network have linked a dynasty of Saudi billionaires with close ties to their country's royal family to a London charity accused of being connected with Bin Laden.

The International Development Foundation (IDF) --which is now under investigation by Britain's Charity Commission --was founded by members of the Bin Mahfouz family, one of Saudi Arabia's most prominent clans.

It has emerged, too, that a director of the IDF is also on the board of an Arab investment company that was refuelling the American warship USS Cole last year when it was attacked in Yemen on the orders of Bin Laden. The company was cleared of any involvement.

The alleged links between the Bin Mahfouz family, which has an estimated fortune of Pounds 2.5 billion, and the Bin Laden money network will be a severe embarrassment to the Saudi rulers.

The IDF charity, based in Curzon Street, central London, was named publicly last week in a French parliamentary report as having "points of contact" with Bin Laden's organisation.

The report also stated that a subsidiary of Sedco, a Bin Mahfouz family company based in Saudi Arabia, was "suspected by the US of having made donations to Osama Bin Laden".

According to records filed with the Charity Commission last year, the directors of the IDF include Abdelalah, Saleh, Mohammed and Ahmed Bin Mahfouz. Their listed address is the Sedco headquarters in Saudi Arabia. The Bin Mahfouz family is one of the most successful trading clans in the Middle East.

The allegations against the IDF and the Sedco subsidiary, which are all strongly denied

by the family, come as Saudi Arabia is confronted by growing criticism that its companies and charities may have provided, knowingly or unwittingly, funding for Bin Laden's Al-Qaeda network.

An intelligence report published as an annex to a French parliamentary report last week named more than 40 organisations registered in Britain with possible links to Bin Laden, including the IDF.

Khalid Bin Mahfouz, the former president of the National Commercial Bank in Saudi Arabia, is believed to be under investigation in Saudi Arabia after allegations that he channelled money to Bin Laden.

Other members of the family involved in Sedco say they are no longer connected to Khalid Bin Mahfouz and do not in any way support Bin Laden. "The Bin Mahfouzes are a very, very established family and Osama Bin Laden is anathema to them," said one source close to the family.

New York Times, October 13, 2001, JEFF GERTH and JUDITH MILLER

Yasin al-Qadi is among the prominent Saudis who those in need of charity or shrewd business advice could turn to. But the United States government now says that Mr. Qadi and many other well-connected Saudi citizens have transferred millions of dollars to Osama bin Laden through charities and trusts like the Muwafaq Foundation supposedly established to feed the hungry, house the poor and alleviate suffering.

In describing Muwafaq, which means "Blessed Relief" in Arabic, as a front for Mr. bin Laden's terror network, the Bush administration has put Saudi Arabia, one of its most important Middle East allies, in a delicate bind.

The Muwafaq Foundation has been administered by some of the kingdom's leading families. Mr. Qadi, a businessman and investor, was cited yesterday on a list of those who support terrorism.

The foundation, however, was not mentioned. The reason, administration officials said, was the inability of United States officials to locate the charity or determine whether it is still in operation.

A statement accompanying the list yesterday said this about the foundation: "Muwafaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

In 1995, the trustees of the Muwafaq Foundation filed a libel suit in London against the newsletter Africa Confidential for linking the foundation to terrorist activities in Africa. The publication lost the lawsuit.

Court papers in that case, provided by Steven Emerson, a writer and commentator on terrorism, list the trustees as Mr. Qadi (under the spelling Yassin Quadi) and five others, including two members of the bin Mahfouz family.

"They are the creme de la creme of Saudi society," said Patrick Smith, editor of Africa Confidential. The bin Mahfouz family controls the National Commercial Bank of Saudi Arabia, which is the kingdom's largest bank and is the banker to the royal family. Sheik Khalid bin Mahfouz paid \$225 million, including a \$37 million fine, to escape possible charges in connection with the 1991 collapse of the Bank of Credit and Commerce International. ... Mr. Qadi -- under the spelling Kadi -- is a major investor and director of Global Diamond Resources, a diamond exploration company based in San Diego, Calif. Public records show that he is involved in real estate, consulting, chemical and banking companies in Saudi Arabia, Turkey, Kazakhstan and Pakistan.

The chairman of Global Diamond, Johann de Villiers, said of Mr. Qadi, "The guy I know is a very nice guy." He said he understood that Mr. Qadi had significant investments in the American stock market as well as some investments in Malaysia.

Mr. de Villiers traced Mr. Qadi's investment in his company to a meeting in London in December 1998. The meeting included an investment banker and some other Middle Eastern investors, including a senior member of the bin Laden family, who had invested in the diamond company one year earlier.

The bin Laden family controls one of the most powerful business groups in Saudi Arabia and its members have publicly disowned Osama bin Laden.

Mr. de Villiers said it was the assurances of the bin Laden family that gave him the confidence he needed to accept Mr. Qadi's \$3 million investment in his small company.

"I relied on the representations of the bin Laden family," Mr. de Villiers said. "They vouched for him."

Mr. de Villiers said all calls for Mr. Qadi would be directed to his lawyer in London, Mr. Carter-Ruck.

This is not the first time that Mr. Qadi has come to the attention of the United States government in connection with the financing of terrorist activities. He was identified as the major source of funds for a money-laundering scheme for the Palestinian group Hamas. The case occurred in June 1998, when the Justice Department froze the funds of a foundation near Chicago called the Quranic Literacy Institute and one of its important volunteers, Muhammad A. Salah, for funneling money to Hamas, which the State Department says is a foreign terrorist organization.

According to court documents, the money was ultimately traced back to Mr. Qadi.

The government said that in 1991, Mr. Qadi, whom it described as a Saudi businessman, transferred by wire some \$820,000 from a Swiss bank account for investment purposes. The transaction was intended to conceal the source of the money, which was from Mr. Qadi. The government said some of the money was ultimately used by Mr. Salah to help purchase weapons and reorganize the Hamas leadership in the West Bank and Gaza.

The Ottawa Citizen, September 29, 2001

Two imprisoned men, separated by half a planet and what amounts to a royal fortune, may hold the key to unlocking the secret of how Osama bin Laden finances his global terrorist network. But both are staying stone silent.

Khalid al-Fawwaz is an otherwise undistinguished former Nairobi car importer who lived in a nondescript London apartment and ran an obscure war relief group called the Advice and Reformation Committee (ARC) in London. Now being held in Britain's maximum-security Belmarsh prison, he faces criminal charges in the United States for abetting the 1998 terrorist bombings of embassies in Kenya and Tanzania, which killed or wounded nearly 4,800 people.

Khalid bin Mahfouz is a controversial, Yemeni-born tycoon worth an estimated \$2.5 billion U.S. He founded and ran the world's largest private bank until 1999, when the Saudi royal family quietly arranged for a government investment fund to buy out his 50-per-cent stake in the National Commercial Bank, then forced his dismissal. After a financial audit of the bank's \$21-billion assets, Mr. Mahfouz was confined to a military hospital in Taef, Saudi Arabia. Some \$2 billion has been reported missing. One of his sisters is married to Mr. bin Laden.

U.S. intelligence services want to know if some of that missing money went to phoney

charities secretly funneling money to Mr. bin Laden's al-Qaeda organization, including:

- The London-based Advice and Reformation Committee, run by Mr. Fawwaz and founded by Mr. bin Laden;
- An Africa aid group called Blessed Relief, whose directors included Mr. Mahfouz's son;
- A Kenya branch of Help Africa People, run by several men later convicted or indicted for the U.S. embassy bombings in Kenya and Tanzania;
- The International Islamic Relief Organization, linked to terrorist bomb plots in the Philippines and India;
- The Kenya branch of war and famine relief group Mercy International, where key evidence used to convict the embassy bombers was found;
- A host of other Islamic aid groups working from Afghanistan to Kosovo, some of which were named by U.S. President George W. Bush earlier this week.

U.S. efforts to follow the bin Laden money trail also include searching the worldwide assets of dozens of banks, businesses and ventures in the secretive Mahfouz commercial empire.

It is no easy task. The Mahfouz family still owns a 30-per-cent stake in the National Commercial Bank, and controls worldwide assets through a private holding company called Al Murjan. One of its assets is Globalstar LP, which has licences for satellite broadcasts in eight Middle Eastern countries.

Some of the Mahfouz wealth is interlocked with another Saudi sheik and billionaire, Mohammed Hussein Al-Amoudi, who has since been appointed to run the private bank Mr. Mahfouz founded. Its clients include much of the Saudi royal family.

The Mahfouz/Al-Amoudi joint ventures include the port facilities in Yemen where the USS Cole was bombed by Islamic militants while it refueled, an alleged chemical weapons plant in Kenya that former U.S. president Bill Clinton ordered destroyed by missiles, and a Washington-based private company called WorldSpace, which provides satellite-based technology and programming to rural Africa and Asia.

Mr. Mahfouz is no stranger to missing money -- or controversy. He is a former director of the infamous BCCI international bank, which triggered a \$12-billion U.S. bankruptcy scandal in the early 1990s.

Indicted in the U.S. for a \$300-million bank fraud and facing civil claims exceeding \$10 billion, he arranged a \$225-million settlement with prosecutors and agreed to a permanent prohibition on owning banks in the U.S.

Mr. Mahfouz was also embroiled in a citizenship-for-sale scheme in Ireland, in which foreign millionaires were secretly courted to invest in Irish enterprises in exchange for coveted Irish passports and lucrative tax writeoffs. Mr. Mahfouz purchased 11 passports for Saudi and Pakistani nationals, but failed to make the promised investments.

Is there a connection between Mr. bin Laden and the two far-flung prisoners?

U.S. court records -- especially evidence entered by British detectives who raided Mr. Fawwaz's apartment and the ARC office on London's Beethoven Street in 1998 -- leave little doubt that Mr. Fawwaz worked for Mr. bin Laden and personally knew those who were later convicted of the African embassy bombings.

Seized computer hard drives revealed fiercely anti-American "holy war" edicts from Mr. bin Laden, to be relayed to European Muslims through the ARC "charity." A seized copy of the ARC founding documents bore Mr. bin Laden's signature.

Wiretap evidence, satellite-phone and fax records confirmed that calls were made to or from the now-convicted African embassy bombers and Mr. bin Laden's military lieutenant in Pakistan, Mohammed Atef (who is charged with Mr. bin Laden in the African embassy bombings). Seized bank records showed that Mr. Fawwaz held the signing authority for a Barclay's account for ARC.

The U.S. court records, and testimony from former bin Laden insiders, also indicate that Mr. Fawwaz purchased mobile phone technology that Mr. bin Laden or his aides used to make 140 calls to London and the Kenya bomb group from Afghanistan.

Seizures in Nairobi turned up phone bills for Mercy International in Mr. Fawwaz's name, and calls to that office from Mr. bin Laden's satellite phone. Much of the evidence used to convict four of the embassy bomb plotters in a later U.S. trial was found at the charity's Kenya office.

A former Mercy International staffer in Ireland, Hamid Aich, had earlier shared a Vancouver suburb apartment for three years with Abdelmajid Dahoumane, the accused accomplice of convicted millennium bomb plotter Ahmed Ressam. (Mr. Ressam, part of an Algerian bin Laden cell based in Montreal, has testified that he and Mr. Dahoumane concocted bomb ingredients to blow up the Los Angeles airport at a Vancouver motel in December, 1999.)

Mr. Ressam was caught at the U.S. border with the explosives in his car trunk, and convicted after a U.S. trial this year. Mr. Dahoumane fled Canada, facing criminal warrants here and in the U.S. He is believed to be in Afghanistan. Mr. Aich was arrested in Ireland, but released before police realized his connection to the Canadian-based Algerians. His whereabouts is unknown.

Mr. Fawwaz has denied any involvement in the terrorist bombings linked to Mr. bin Laden, and is fighting extradition from Britain to the United States. The evidence being used to support his transfer to the U.S. has not been tested at trial.

The U.S. has not filed any indictments against Mr. Mahfouz, and there is no public evidence linking him to any of the terrorist attacks against U.S. targets. However, the Saudi royal family restricted his travel last year after U.S. officials shared financial evidence gleaned from investigations following the 1993 World Trade Center bombing, and subsequent terrorist attacks against the USS Cole, U.S. military barracks near Riyadh, and the African embassies, a failed 1996 plot to bomb 12 airliners over the Pacific, and a failed plot to bomb U.S. consular offices in India.

American officials had earlier convinced governments in Dubai, the United Arab Emirates, and Britain to close bank accounts they had linked to Mr. bin Laden. U.S. press reports have disclosed that some wealthy Persian Gulf businessmen also were being "tithed" -- or bribed -- millions to fund Islamic charities that acted as fronts for Mr. bin Laden. One Associated Press report estimated the donations at \$50 million, and another reported that even Saudi pension funds were being routed to the phony charities.

According to Indian police, a Bangladeshi man caught with explosives destined for U.S. consulates in India confessed to being a former worker for the International Islamic Relief Organization, and said the IIRO president had personally attended a meeting to plan the bomb attacks.

The Philippines chapter of the IIRO was formerly headed by Mr. bin Laden's brother-in-law, and was fingered as a front for Mr. bin Laden by a man later convicted in the 1993 World Trade Center bombings. Mr. Mahfouz's son was on the board of Blessed Relief

in Sudan, a group reportedly linked to the 1995 attempted assassination of Egyptian president Hosni Mubarak in Ethiopia.

A Lebanese-born U.S. citizen based in Kenya, later convicted of aiding the African embassy bombings, testified that he began working for the bin Laden network after being recruited for the Islamic relief agency Al Kifa by al-Qaeda military boss Mohammed Atef.

He later served as a senior business aide to Mr. bin Laden in Sudan, then through Kenya-based groups that combined legitimate aid work and covert al-Qaeda business, such as preparing false passports, masking travel by bomb plotters, and exchanging money and reports with the bin Laden group in Afghanistan. Some of the convicted or at-large indicted bombers had previously worked for Help Africa People.

Mr. Mahfouz was a major investor with sheik Al-Amoudi in the \$100-million El Shifa pharmaceutical plant in Kenya, which was destroyed by U.S. missiles weeks after the embassies were bombed. The Clinton administration claimed the CIA had earlier detected bomb ingredients in the soil nearby. Yet subsequent lab tests and court actions leave little doubt the El Shifa plant was producing only human and veterinary drugs.

The nominal owner, now based in London and a long-time accountant to Mr. Mahfouz, later sued the U.S. government, which quietly settled the case and unfroze his assets in the United States.

The U.S. counter-strike against the El Shifa plant was almost certainly aimed at an innocent target. A simultaneous U.S. cruise missile barrage aimed at Mr. bin Laden himself in his Afghan hideout missed its intended target.

Those retaliatory strikes enraged many in the Muslim world, and may have prompted covert donations to the bin Laden cause from some of the Persian Gulf's wealthy businessmen. They also drew the wrath of military governments in countries like Yemen, Sudan and Ethiopia, where the Mahfouz/Al-Amoudi group often gets preferential projects.

One example is the multibillion-dollar project to modernize the shipping facilities in the Yemeni capital of Aden, completed a year before the USS Cole was hit there by a suicide barge. The lead investor and builder was the Mahfouz/Al-Amoudi Group, through their companies Yeminvest and Yemen Holdings Ltd.

Mr. Mahfouz and Mr. bin Laden were both born in Yemen, and are revered by many Yemenis. A U.S. probe into the terrorist attack there has been stymied by the Yemeni government, which openly supports a "holy war" against the U.S., and has vowed to provide sanctuary for jihad militants

[return to table of contents](#)

Bush Did Try to Save Enron

By Sam Parry May 29, 2002

The story line has been that all of Ken Lay's millions couldn't buy George W. Bush. For that reason, Enron has been called a financial scandal, not a political scandal.

Growing evidence, however, shows that this Bush-can't-be-bought story line isn't true.

It is now clear that prior to Nov. 8, when the Securities and Exchange Commission delivered subpoenas to Enron, the Bush administration did what it could to help Enron replenish its coffers with billions of dollars. Enron desperately needed that money to prevent the exposure of mounting losses hidden in off-the-books partnerships, a bookkeeping black hole that was sucking Enron toward bankruptcy.

As Enron's crisis worsened through the first nine months of the Bush presidency, Ken Lay got Bush's help in three principal ways:

–Bush personally joined the fight against imposing caps on the soaring price of electricity in California at a time when Enron was artificially driving up the price of electricity by manipulating supply. Bush's rear-guard action against price caps bought Enron and other energy traders extra time to gouge hundreds of millions of dollars from California's consumers.

–Bush granted Lay broad influence over the administration's energy policies, including the choice of key regulators to oversee Enron's businesses. The chairman of the Federal Energy Regulatory Commission was suddenly replaced in 2001 after he began to delve into Enron's complex derivative-financing schemes.

–Bush had his National Security Council staff organize an administration-wide campaign to pressure the Indian government to accommodate Enron, which wanted to sell its generating plant in Dabhol, India, for \$2.3 billion. Bush administration pressure on India over the Dabhol plant continued even after Sept. 11, when India's support was needed for the war on terrorism. The administration's threats against India on Enron's behalf didn't stop until Nov. 8.

On Nov. 8, Enron disclosed the formal SEC investigation and admitted overstating earnings by \$586 million with losses hidden in off-the-books partnerships run by Enron's Chief Financial Officer Andrew Fastow. Over the next four weeks, Enron stumbled toward its bankruptcy filing on Dec. 2.

Kenny Who?

When the corporate wreckage was complete, the toll was devastating. Investors lost tens of billions of dollars; retirees were left nearly penniless; and 5,000 Enron employees were laid off. Beyond that, Enron's accounting tricks discredited its accounting firm, Arthur Andersen LLP, and sent shock waves through U.S. securities markets.

As the accounting scandal provoked disgust across the country and across party lines, the White House sought to minimize its relationship with Enron. In spite of a personal acquaintance best symbolized by Bush's nickname for "Kenny Boy," Bush began to act as if he barely knew Lay. On Jan. 11, Bush told reporters that Lay "was a supporter of Ann Richards in my run in 1994," implying that he had gotten to know Lay as Gov. Richards' holdover appointee to a Texas business council.

Striking a note in personal disapproval, Bush said his sympathies rested with laid-off Enron employees and small Enron investors who saw their life savings wiped out. Bush said his own mother-in-law lost \$8,000 when Enron collapsed.

The administration's basic line of defense was that it did nothing to bail out Enron. Exhibit One in this argument was the fact that the administration took no substantial action to help Enron after Lay sounded out senior Bush officials in late October by placing calls to Commerce Secretary Donald Evans and Treasury Secretary Paul O'Neill.

By late October, however, it could also be argued that Enron's troubles were too advanced – and the public spotlight too intense – for the administration to launch a rescue mission. News of Enron's financial difficulties already was spreading through the business press and the SEC had started to investigate.

In fact, the record shows that, in spite of the risk, the Treasury Department did respond to Lay's call for help. The New York Times reported that Secretary O'Neill instructed Under Secretary for Domestic Finance Peter Fisher to "look into the condition of Enron." Fisher responded by following up with Enron President Greg Whalley, speaking with him "six to eight times" over a few day period in late October and early November. After the conversations, perhaps recognizing the political peril, Treasury decided against further support. [NYT, 1/13/02]

Treasury's efforts on Enron's behalf in late October were not unusual for the Bush administration. Far from doing nothing to help Enron, news accounts and newly released documentary evidence show that that prior to Enron's death spiral, the young Bush administration did what it could to support Enron's business interests.

Enron's Troubles

The Houston-based energy trader's financial mess can be traced back at least to 2000 when the long-running stock market boom ended. During the boom, Enron had soared through the list of Fortune 500 companies to a perch at No. 7. A leader of the so-called New Economy, Enron expanded beyond its core business interests in natural gas pipelines, branching out into complex commodity trading, which included electricity, broadband capacity and other ethereal items, such as weather futures. It had investments in smaller companies that operated in areas where Enron traded.

The bursting of the dot-com bubble in March 2000 and the collapse of the telecommunications sector put pressure on Enron as it did many other companies. Even though Enron's own stock held strong, hitting an all-time high of \$90 on Aug. 17, 2000, the tumbling market, combined with some risky overseas energy projects, left Enron with a host of poor-performing assets that were a drag on the company's growth.

To protect its image as a darling of Wall Street – and to prop up its stock value – Enron began shifting more of its losing operations into off-the-books partnerships given names like Raptor and Chewco. Hedges were set up, supposedly to limit Enron's potential losses from equity investments, but some were themselves backed by Enron stock, creating the possibility of a spiraling decline if investors lost faith in Enron.

Their Man Bush

Still, Enron saw a silver lining in the darkening economic clouds of 2000. If George W. Bush could secure the presidency, Enron would have a reliable ally for its deregulatory plans at the top of the U.S. government. With Bush would come other allies who could staff key positions in the federal bureaucracy. Lay had reasons for optimism about his ties to Bush. Having backed Bush's father and the son's gubernatorial run in 1994, Lay was an insider's insider. For the 2000 campaign, he was a Pioneer for Bush, raising \$100,000. Enron also gave the Republicans \$250,000 for the convention in Philadelphia and contributed \$1.1 million in soft money to the Republican Party, more than twice what it contributed to Democrats.

The contributions dwarfed what was at stake for Enron. In its energy trading in California alone, Enron stood to earn tens of billions of dollars.

Around the start of the 2000 general election campaign, the first signs of suspicions also arose that Enron was trying to gain windfall profits by manipulating the California energy market. In August 2000, an employee with Southern California Edison sent the Federal Energy Regulatory Commission (FERC) a memo, entitled "California Electricity Markets: Issues for Examination." The memo expressed concerns that Enron and other electricity providers to California's deregulated energy market were gaming the system by cutting off supply and creating phony congestion in the electricity grid to run up energy prices. [Energy Daily, May 16, 2002]

By December 2000, even while FERC was piecing together a strategy for dealing with the California crisis, recently released documents now show that Enron lawyers were exchanging letters about conducting just those kinds of schemes. With strategies dubbed "Fat Boy," "Death Star," and "Get Shorty," Enron was siphoning electricity away from areas that needed it most while getting paid for phantom transfers of energy supposedly to relieve transmission-line congestion. [See Washington Post, May 7, 2002]

That same month, Bush nailed down his presidential victory, getting five Republicans on the U.S. Supreme Court to halt vote counting in Florida. Lay and his wife lent a hand there, too, donating \$10,000 to Bush's Florida recount fund that helped pay the Republican lawyers and other operatives who ensured that a full recount of Florida's ballots never occurred.

With Bush's victory secured, another \$300,000 poured in from Enron circles for the Bush-Cheney Inaugural Fund. The company, then-Chief Operating Officer Jeffrey Skilling and Lay each kicked in \$100,000.

An Energy Plan

A grateful Bush gave Lay a major voice in shaping energy policy and picking personnel. Starting in late February 2001, Lay and other Enron officials took part in at least a half dozen secret meetings to develop the Bush's energy plan.

After one of the Enron meetings, Vice President Dick Cheney's energy task force changed a draft energy proposal to include a provision to boost oil and natural gas production in India. The amendment was so narrow that it apparently was targeted only to help Enron's troubled Dabhol power plant in India. [Washington Post, Jan. 26, 2002]

Other parts of the Bush energy plan tracked closely to recommendations from Enron officials. Seventeen of the energy plan's proposals were sought by and benefited Enron, according to Rep. Henry Waxman, D-Calif., ranking minority member on the House Government Reform Committee. One proposal called for repeal of the Public Utility Holding Company Act of 1935, which limits the activities of utilities and hindered Enron's potential for acquisitions.

Besides listening to Lay's advice, Bush put the corporation's allies inside the federal government. Two top administration officials, Lawrence Lindsey, the White House's chief economic adviser, and Robert Zoellick, the U.S. Trade Representative, both worked for Enron, Lindsey as a consultant and Zoellick as a paid member of Enron's advisory board. Bush also named Thomas E. White Jr., an 11-year veteran of Enron's corporate suites, to be secretary of the Army. White had run a key subsidiary, Enron Energy Services, which is now the focus of allegations about accounting irregularities.

At least 14 administration officials owned stock in Enron, with Undersecretary of State Charlotte Beers and chief political adviser Karl Rove each reporting up to \$250,000 worth of Enron stock when they joined the administration.

FERC Concerns

Lay exerted his influence, too, over government regulators already in place. Curtis Hebert Jr., a conservative Republican and a close political ally of Sen. Trent Lott of Mississippi, had been appointed to the Federal Energy Regulatory Commission during the Clinton administration. Like Bush and Lay, Hebert was a promoter of "free markets." Bush elevated Hebert to FERC chairman in January 2001.

While a strong believer in deregulation, Hebert broke ranks with Lay on two key points. Hebert was an advocate of state rights, an obstacle to Enron's desire for FERC to mandate consolidation of state utilities into four giant regional transmission organizations, or RTOs. By quickly pushing the states into RTOs, Enron and other big energy traders would have much larger markets for their energy sales.

Hebert told the New York Times that he got a call from Lay with a proposed deal. Lay wanted Hebert to support a faster transition to a national retailing structure for electricity. If he did, Enron would back him, so he could keep his job.

The FERC chairman said he was "offended" by the veiled threat. He understood that Lay's political influence could put his job in jeopardy, since Bush held the power to appoint FERC chairmen and Lay had demonstrated sway over selection of administration appointees. Besides supplying Bush aides with a list of preferred candidates, Lay had personally interviewed one possible FERC nominee.

Lay offered a different account of the phone call. He said Hebert was the one "requesting" Enron's support at the White House, though Lay acknowledged that the pair "very possibly" discussed issues involving FERC's authority over the nation's electricity grids.

Lay also had reason to be suspicious of Hebert's interest in the complex derivative financing instruments that he saw among the leading energy traders, including Enron. After he became chairman, Hebert started an investigation into how these deals

worked. "One of our problems is that we do not have the expertise to truly unravel the complex arbitrage activities of a company like Enron," Hebert said. "We're trying to do it now, and we may have some results soon."

[return to table of contents](#)

The Politics of Treason

By William Rivers Pitt Friday, 31 May, 2002

It would be funny if it were not so terribly sad.

Politics became entwined in our national conversation regarding the September 11th attacks before the fires in Manhattan were extinguished, when Jerry Falwell and Pat Robertson chose to blame the attacks on gays, feminists and the ACLU. Politics became entwined in the attacks once the Bush administration chose to use our national shock as cover for ramming through ruinous tax and environmental policies.

Politics became entwined in the attacks when Attorney General Ashcroft sat in the well of the Senate and proclaimed that anyone who questioned the erasure of basic American freedoms in the name of security was aiding and abetting terrorism. More recently, politics became entwined in the attacks when a story emerged from the Toronto Globe and Mail. The story quoted a White House official's blunt statement that all the terrorism warnings America has recently received from the Bush administration were being used solely to deflect criticism.

Recent revelations have surfaced that the Bush administration had been specifically warned of 9/11-style attacks by a host of foreign intelligence services, and failed to properly address them. In order to get out from under any censure for failing to deal with these warnings, politics transmogrified into the use of fear to cow the populace.

On May 30th, politics came into the 9/11 issue from a totally unexpected direction. Enter Larry Klayman, General Counsel for the conservative activist group Judicial Watch. Klayman has been on the scene for years, coming into prominence as one of the foremost anti-Clinton bombardiers on the Right. Best known for his preponderance of the theory that Clinton Commerce Secretary Ron Brown was assassinated, and that the plane crash that actually killed him was merely a coverup, Klayman spent a great deal of time spreading the story of the 'Clinton Body Count' - those unfortunate souls whacked by Bill because they got too close to his drug-running out of Arkansas airports, or because they asked too many questions about his sex life, etc. Klayman managed to sue the Clinton White House some 18 times before 1999.

On May 30th, Klayman emerged from the mists of anti-Clintonism and fired a stupendous broadside across the bow of the Bush administration and the FBI. Appearing before members of the press in a conference broadcast by C-SPAN, Klayman introduced an 11-year veteran FBI agent named Robert Wright. Judicial Watch has claimed Wright as a client, and intends to defend him against what Klayman describes as a serious campaign by the FBI and the Department of Justice to intimidate and destroy him.

Why?

According to Klayman, Wright has been sounding an alarm within the FBI for years about terrorist activities within the United States. Rather than heed Wright's warnings, the FBI has deflected and obstructed his efforts to curtail dangerous movements by agents of Hamas and Hezbollah. Wright's activities within the FBI were geared towards thwarting money-laundering activities by these agents, and he is claiming that his efforts were stymied because important government officials like Colin Powell have been coddling these pro-Palestinian groups to protect the reputation of Yasser Arafat. One can only assume the higher purpose of this coddling was to preserve tattered hopes for a negotiated settlement in the Mideast.

Klayman leaned across the podium at the press on Thursday and claimed that the FBI "did not do its job" regarding 9/11, that Wright had been trying since 1999 to get the FBI to clean house before disaster struck, and that his reward for doing so was threats of civil suits, loss of employment and criminal charges. Klayman juxtaposed this against the recent praise heaped upon Colleen Rowley, the Minnesota FBI agent whose whistleblowing memo to FBI Director Robert Mueller outlining all of the agency's failures to see 9/11 coming was lionized by the Director as he announced the dawn of a new improved FBI. Wright was threatened while Rowley is praised, said Klayman. The comparison was devastating.

The FBI bore the brunt of Klayman's lashing, but it was definitely not alone. The Bush administration was blasted as, "...an administration which, despite being elected on the basis of restoring national security, slept for nine months, and did virtually nothing to shore up the inadequacies of the FBI." Klayman went on to describe the Bush administration as, "...an administration which comes forward yesterday to cover their backside after it becomes apparent that they hid information from the American people for nine months - material information as to how, in the new admission of FBI Director Robert Mueller, the 9/11 attacks could have possibly been prevented."

Klayman addressed Vice President Dick Cheney specifically, lambasting his recent claim that America is defenseless against future terrorism. According to Klayman and Wright, our defenselessness is based on nothing more or less than rank incompetence on the part of the FBI. That incompetence reaches into the highest offices of government and into the responsibility of men like Cheney and Bush, who should be doing more to change the inadequate capabilities of intelligence branches like the FBI.

"What have you, the Bush administration, been doing for the last nine months," railed Klayman, "that just now you're advising the American people that we don't have the defenses even after having lost 3,000 lives?"

Klayman yielded the podium moments later to the speakerphoned voice of David Schippers, another infamous anti-Clinton warrior standing forth for Robert Wright. Schippers recapitulated the threats levied against Wright by the FBI regarding his intended disclosure of intelligence failures, calling Wright "a great American." Before his voice was cut off, Schippers warned Wright, "Don't go into any specifics, any particulars about any case, even though you and I both know there is no case. But they claim there is, so we'll follow their guidelines - the same guidelines that put 3,000 people on the street, dead."

Wright stepped to the podium and presented himself as a vividly different breed of man than Klayman and Schippers. Dressed in somber tones and adorned with the severest of conservative hairstyles, Wright appeared to have come straight out of FBI central casting. He began by stating that he did not in any way stand as a representative of the Bureau - he was speaking freely here of his own views and opinions, and was not representing the FBI in any capacity.

Wright went on to describe his work with the FBI. For many years, he had worked in the Chicago office on counter-terrorism cases that focused on money-laundering efforts by terrorist cells operating within the United States. His work developed into an operation that was named 'Bulgar Betrayal,' which seemed on the verge of becoming officially designated as a major case because of its far reach and national security implications. Before he was finished, a Saudi businessman named Yasin Kadi became implicated in the terrorism funding. Wright was careful to note on Thursday that, one month after the 9/11 attacks, Kadi was named by the Federal government as a financial supporter of Osama bin Laden.

Yet Kadi's name was known to Wright well before 9/11, when the Bulgar Betrayal investigations were taking place. Did his work take root within the FBI? Did his superiors note the dangers implicit in the activities of the terrorists Wright had

pinpointed? "FBI management," said Wright on Thursday, "intentionally and repeatedly thwarted my attempts to launch a more comprehensive investigation to identify and to neutralize terrorists."

Wright had to purchase computer software and hardware necessary for his investigations because the FBI failed to allocate the necessary funds to help his work. A week after 9/11, Wright attempted to deliver his concerns to several members of Congress so the glaring gaps in American national security could be addressed, but was threatened by the FBI and the Justice Department. In fact, he was told that he could not travel beyond Chicago without specific permission from the FBI.

Wright's frustration at the FBI's inaction regarding his warnings led him to write a 500 page manuscript detailing the Bureau's anti-terrorism failings entitled "Fatal Betrayals of the Intelligence Mission." Beyond describing the myriad ways the FBI and the government have failed to protect Americans from terrorism, the manuscript goes on to demand a thorough house-cleaning within the FBI. It seems clear after listening to Wright's press conference that the main reason why FBI Director Mueller has chosen to embrace whistleblowing agent Rowley while threatening agent Wright comes down to the existence of that manuscript.

Wright concluded his remarks on Thursday in dramatic and emotional fashion. "My efforts," he said, "have always been geared towards neutralizing the terrorist threats that focused on taking the lives of American citizens, in addition to harming the national and economic security of America. However, as a direct result of the incompetence, and at times intentional obstruction of justice by FBI management to prevent me from bringing terrorists to justice, Americans have unknowingly been exposed to potential terrorist attacks for years."

He went on to state, "Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I will not feel safe."

At this point, Wright paused a long moment before continuing. "To the families and victims of September 11th," he finally said through choked voice, wiping a tear from his eye, "on behalf of John Vincent, Barry Carmody and myself...we're sorry." These last words were essentially sobbed into the microphone, and with that Wright fled the podium. It should be noted that the names he mentioned - Vincent and Carmody - were later described by Klayman as FBI agents preparing to come forward "with the truth" as Wright did.

What to make of all this? On one side stands Larry Klayman, clown-man extraordinaire who shattered his credibility years ago by spreading tales of Clinton death squads. On the other side stands FBI agent Robert Wright, shadowed by agents Vincent and Carmody. Anyone who watched the Wright press conference - available via link at JudicialWatch.org - could sense the man's earnestness. Perhaps he believed Klayman was the only vehicle he had to get his story out. Perhaps, after eight years of anti-Clinton jihad along the halls of the FBI, Klayman was the only lawyer he'd ever heard of.

The politics behind the fact that Klayman has begun attacking the Bush administration and its FBI head cannot be ignored. Klayman's name is gold among ultra-conservatives; if he has it in for Bush and the FBI, by-God, so will the grass rooters who still think Clinton had Vince Foster killed. The fact that such people make up a substantial portion of Bush political base spells trouble if Klayman's claims resonate. Never mind the left-wingers who have been waiting for this shoe to drop. Bush's foreknowledge of 9/11 has been gospel for months, and the fact that Klayman has helped confirm their suspicions only adds humor to a truly bleak scenario.

All of this falls under the broader political spectrum of these recent 9/11 revelations. Wright's claims of FBI malfeasance have become an accent in the symphony of accusation that include Rowley's assertions and dozens of terror warnings from foreign intelligence services such as the French Directorate of Territorial Security (DST). The DST was screaming at Rowley's Minnesota FBI office about Zacarias Moussaoui and terrorist plans to crash airplanes into important targets, but no one from Rowley's office could get FBI headquarters to pay attention to these warnings until it was too late.

What the FBI and the Justice Department will do with the information coming from these truth-telling agents, who squat above Ashcroft's door like the raven, remains to be seen in the long run. The immediate return upon this informational investment does not bode well. On the same day that Wright revealed his information, the FBI released a warning for everyone to be on the look-out for terrorists bearing shoulder-launched missile weapons. If that terror-warning dog gets wagged any harder, someone's going to get bit.

More ominously, Ashcroft announced on Thursday that the Justice Department plans to extend its Patriot Act mandate into the surveillance of churches and political groups. Congressman John Conyers, Democrat of Michigan, blasted this move: "The Administration's continued defiance of constitutional safeguards seems to have no end in sight. This decision decimates the Fourth Amendment. The Justice Department is intent on another power grab when it has become clear that a lack of competence - not law enforcement authorities - prevented the Administration from connecting the dots before September 11. I call on the Bush Administration to immediately halt any efforts to unilaterally expand surveillance authority and to consult Congress before implementing further intrusions on our civil liberties."

Klayman, Schippers, Wright, Vincent, Carmody, Rowley, Conyers...it is getting awfully loud around here. Can the Bush administration and the FBI avoid the shouting? Have we crossed a line here, from freedom-hating terror attacks to willful negligence on the part of this government? Where will the politics of treason take us next?

William Rivers Pitt maintains his own site. You can visit him at <http://www.willpitt.com/>

[return to table of contents](#)

The War at Home: Federal Law Enforcement Officials Follow International Terrorism's Money Trail from Northern Virginia to Saudi Arabia, but President Bush Says That's Far Enough

A Special Report from Democrats.com
29 April 2002

By David Lytel

In an exclusive interview with Democrats.com, French intelligence analyst Jean-Charles Brisard, co-author with Guillaume Dasquie of Bin Laden: The Hidden Truth said they stand by their version of events first published last November, that the September 11 attacks followed the breakdown of secret negotiations between the U.S. and the Taliban. More recently, Brisard reports, new information has come to light that reveals the extent of Saudi Arabia's role in financing terrorist activities against Americans and Israelis.

A series of raids last month against Saudi-financed organizations headquartered in Northern Virginia - still largely unreported in the U.S. - have created a considerable conflict inside the U.S. government between law enforcement officials seeking to cut off funding for international terrorism and diplomatic and political officials unwilling to permit investigations that would undermine the regime in power in Saudi Arabia.

Saudi Crown Prince Abdullah met with President Bush last week. Bush's claim that the two formed a "strong personal bond" indicates that the Bush White House will continue to shield the Saudis from investigations by U.S. law enforcement officials that would expose their role in funding worldwide terrorism.

"Saudi Arabia still plays a major role in sponsoring fundamentalism around the world," reports Brisard, "and while there have been police raids recently against Arab and Muslim charities in Northern Virginia, on that score little has changed. Many of the organizations cited by the U.S. government as supporting Hamas and other terrorist organizations continue to operate because they are protected by Saudi Arabia." He cited as an example the Al Aqsa Islamic Bank in the Arab-controlled West Bank, in which a principle shareholder is Saleh Kamel, a Saudi who is Saudi King Faud's brother-in-law.

A U.S. Treasury Department task force called Operation Green Quest raided a number of Muslim and Arab charities in Northern Virginia on March 20. These charities help pass money and provide logistical support for terrorists, according to Brisard. He cites as one example the Saar Foundation in Herndon, Virginia. Brisard reports that it was created by Cherif Sedky, an American living in Jeddah, Saudi Arabia who serves as a legal counsel to Khaled ben Mahfouz, who is Osama bin Laden's brother-in-law and collaborator. This and other charities are an important conduit for Saudi money so that it can reach Al Qaeda and other terrorist networks, says Brisard, who has written about this topic for the French intelligence agencies and whose coverage of this aspect is included as an appendix to Bin Laden: The Hidden Truth.

"While some have been shut down, most of the so-called charities controlled by Saudi families in Northern Virginia and elsewhere are still in operation," according to Brisard. "The assets of some of these organizations have been frozen, but the Saudi sponsors have not been touched and the most important work remains to be done," he said.

Brisard did not speculate as how the conflict between the U.S. Treasury Department's hot pursuit of the financial underwriting of terrorism to its sources in Saudi Arabia and the Bush Administration and Bush family's ties to the Saudi royal family would ultimately be resolved. He observed, however, that the Bush Administration is deliberately avoiding addressing the underlying sources of funds for international terrorism since the Saudis and their oil fields are vital for the petroleum-dependent U.S. economy and are the single most important client in the world for military protection by the U.S. government as well as long time business associates of the Bush family.

As originally reported by Dasquie and Brisard in their book, the September 11 attacks on the Pentagon and World Trade Center were the direct result of a disastrous failure of U.S. foreign policy that confused the interest of American oil companies with the interests of the American people. As the book details, a U.S. delegation led by Ambassador to Pakistan Tom Simons met on numerous occasions with high ranking Taliban officials in the spring and early summer of 2001. The Americans sought the turnover of Osama bin Laden and Afghan approval for the construction of an oil and gas pipeline through their country by a consortium of oil companies led by California-based Unocal. In return, the U.S. offered to permit the Taliban to sell its oil on world markets, to deliver direct foreign aid assistance and take other steps to informally recognize the Taliban as the legitimate government of Afghanistan despite its deplorable human rights record.

According to participants in these talks, the Americans made it clear to the Taliban that unless it accepted this "carpet of gold" they would be buried in a "carpet of bombs" that would destroy Afghanistan, just as much of Iraq had been reduced to rubble after its invasion of Kuwait. The Taliban refused to accept this offer and the talks broke down in July 2001. The most straightforward explanation for the September 11 attacks is that they were a first strike against U.S. targets by Al Qaeda forces trying to anticipate a promised future U.S. attack on

Afghanistan. This version of the prelude to the September 11 attacks, which killed more Americans any other attack in the nation's history, has been widely reported abroad but has still not yet been taken up by any major commercial news organizations in the U.S.

Dasquie and Brisard's book will be published in English this summer by Nation Books, but until then it continues to be available only in the original French. Dasquie is editor-in-chief of IntelligenceOnline.com and Brisard formerly headed up the economic analysis and strategy division of the French conglomerate Vivendi and has written about Al-Qaeda for the French intelligence agencies.

The essential elements of the story reported by Dasquie and Brisard last November have been subsequently confirmed. The U.S. Department of State has confirmed that there were high level contacts between the U.S. and the Taliban prior in the spring and summer of 2001. The book's reporting of the role of Khaled ben Mahfouz as an agent of Osama bin Laden has been confirmed by the U.S. government. The charities with which he has been associated have since been closed or are under investigation or have had their assets frozen.

The Saudi role in financing terrorism is also available from public sources. As first reported in the Weekly Standard three weeks ago, the Web site of Saudi Arabia's Washington Embassy's (<http://www.saudiembassy.com/>) reveals that the Kingdom pledged \$400 million last year for the support of the families of Islamic martyrs. The site also reports that compensation for the family of a martyr has been set at \$5,300, which as Stephen Schwartz points out in the Weekly Standard would suggest support for approximately 75,000 martyrs. This either represents a considerable escalation in the current rate of almost daily suicide bombings against targets in Israel, or suggests that the Saudis are prepared to compensate the families of a suicide bomber at the rate of one a day for another 205 years

[return to table of contents](#)

C.I.A. Was Tracking Hijacker Months Earlier Than It Had Said

June 3, 2002, The New York Times
By DAVID JOHNSTON and ELIZABETH BECKER

WASHINGTON, June 2 - The Central Intelligence Agency says in a classified chronology submitted to Congress recently that it picked up the trail of a Qaeda operative who turned out to be a Sept. 11 hijacker months earlier than was previously known, government officials said today.

The officials said the C.I.A. learned in early 2001 that Khalid al-Midhar, who died in the attack on the Pentagon, was linked to a suspect in the bombing of the Navy destroyer Cole in October 2000. The agency had said previously that it did not learn of Mr. Midhar's connections to Al Qaeda or his multiple visits to the United States until the month before the hijackings, when an increase in "chatter" about terrorist threats prompted a review of the C.I.A.'s terrorism files.

C.I.A. officials also neglected to advise the F.B.I. and other agencies when it learned of Mr. Midhar's connections to the terrorist group, the officials said. As a result, he was not put on any government watch list until after the August review, enabling him to enter the country unhindered. The State Department routinely renewed his expired visa in June 2001.

The performance of agencies like the F.B.I. and C.I.A. is under intense scrutiny as the House and Senate intelligence committees prepare for hearings, starting Tuesday, into the lapses that became known only after the Sept. 11 attacks. Much of the criticism to date has focused on the F.B.I.; today's disclosures about the C.I.A.'s knowledge, reported in this week's issue of Newsweek, are the first to draw questions about the C.I.A.'s actions.

In separate appearances on television news programs today, Attorney General John Ashcroft and the F.B.I. director, Robert S. Mueller III, defended their handling of their own investigations and said they were cooperating fully with Congress, passing tens of thousands of documents to the committees.

But Mr. Mueller acknowledged on the CBS program "Face the Nation" that "we have to do a better job pulling these pieces together, analyzing them and disseminating them."

The C.I.A.'s finding that Mr. Midhar could be tied to Al Qaeda terrorism was an important one, the government officials said. If other agencies had known it, the information might have led to the discovery that Mr. Midhar and an associate he lived with in California, Nawaq Alhazmi, another hijacker, had attended flight schools in the United States.

As a result, when an F.B.I. agent in Phoenix warned his headquarters in July 2001 that Osama bin Laden's followers might be studying at flight schools in this country in preparation for terrorist attacks, the agency did not realize that Mr. Midhar and Mr. Alhazmi had taken such flight training.

One intelligence official said the C.I.A.'s sharing its information would most likely not have prevented the Sept. 11 attacks.

"The notion that this would have changed history or rolled up the hijacking plot is highly speculative," the official said.

But such communications breakdowns in the months before the Sept. 11 attacks have led some officials, including Mr. Mueller, to say that a better sharing of information might have led the authorities to thwart the attacks.

The C.I.A. first learned of Mr. Midhar and Mr. Alhazmi in 2000, after the men were identified as participants in a January meeting of terrorist suspects in Malaysia. Sometime in 2000 the agency also learned that both men had visited the United States, Mr. Midhar on several occasions. But it did not understand the men's significance until after the Cole bombing in October 2000. By late that year or early the next, it had connected Mr. Midhar with a Qaeda suspect in that attack. The C.I.A. then learned that Mr. Midhar had entered the country multiple times before the Cole incident.

Yet it was not until Aug. 23, 2001, after the C.I.A.'s review of its terrorism files, that the names of the two men were passed on to the Immigration and Naturalization Service. By then, the immigration agency found, they had already entered the country. The F.B.I. began an investigation and was still searching for the two men when the hijackings occurred.

With Congressional hearings beginning this week, the intelligence agencies are preparing their cases to show why they failed to detect the Sept. 11 plot.

Mr. Ashcroft said that officials who missed or discounted clues would be held accountable.

"Yes, I believe they will be, if in fact it's merited and appropriate," Mr. Ashcroft said on the CNN program "Late Edition With Wolf Blitzer."

Members of Congress have criticized the F.B.I. for failing to understand or follow up on warnings from the Phoenix agent about Middle Eastern men taking flying lessons and for blocking an investigation by its Minneapolis office of Zacarias Moussaoui, who was later indicted on charges that he conspired in the Sept. 11 attacks.

"They don't have any excuse because the information was in their lap and they didn't do anything to prevent it," Senator Richard C. Shelby of Alabama, the ranking Republican on the Senate Intelligence Committee, said on the NBC program "Meet the Press."

In their hearings, which are expected to last through the summer, Congressional leaders said they would press for a full documentation of intelligence failures and for finding out who was responsible for those failures.

Senator Charles E. Grassley, Republican of Iowa, discounted recent calls for the resignation of Mr. Mueller, who took office only a week before Sept. 11. Instead, Mr. Grassley said on the ABC program "This Week," the actions of the senior members of the F.B.I. should be examined, and if those senior members had failed to warn Mr. Mueller properly of the threat, then "their heads should roll."

Congressional leaders also warned today that there should be no retaliation against Coleen Rowley, the Minneapolis agent who wrote Mr. Mueller complaining that F.B.I. officials in Washington had rebuffed agents in Minneapolis who sought greater authority to investigate Mr. Moussaoui before Sept. 11. She also wrote that Mr. Mueller had misrepresented the Minneapolis complaints.

Senator Patrick J. Leahy, Democrat of Vermont and chairman of the Judiciary Committee, said on "Face the Nation," "I will watch very carefully to make sure she is given all the whistle-blower protection."

"I don't want, because she raised problems, that she then be made a scapegoat herself," Mr. Leahy said.

While Mr. Mueller said last week that Ms. Rowley would suffer no reprisals for her criticism, the attorney general promised only that she would not lose her job.

When pressed to give his personal assurance that there would be no retaliation against Ms. Rowley, Mr. Ashcroft said: "She will not be fired for doing this. It's just that simple."

Later, Mr. Ashcroft's spokeswoman said that his answer had been incomplete.

"The attorney general has made it clear that there will be no retaliation against Ms. Rowley," said Barbara Comstock, the spokeswoman. "Both he and Mr. Mueller welcomed Ms. Rowley's letter."

Mr. Leahy said his committee would call Ms. Rowley to testify this week.

Mr. Mueller also said that since Sept. 11 the F.B.I. has prevented terrorist attacks overseas and in the United States, but he only discussed those foiled attacks that have already been made public.

For his part, Mr. Ashcroft defended himself against charges by Representative F. James Sensenbrenner Jr., Republican of Wisconsin, that he had gone too far in changing rules on domestic spying.

Last week the Justice Department and the F.B.I. announced an expansion of the agency's authority to track potential terrorists by monitoring the Internet, political groups, libraries and religious organizations, including places of worship like mosques. The attorney general said he was only giving the F.B.I. permission to visit places and attend events open to the public and to use the Internet.

"A 12-year-old, 13-year-old kid can go anywhere he wants to on the Internet looking for things like bomb-making sites," Mr. Ashcroft said. "Shouldn't the F.B.I. be able to go to those public places in the same way?"

[return to table of contents](#)