

**COMMISSION ON TERRORIST ATTACKS UPON THE UNITED STATES
Testimony of Peter Lance taken March 15, 2004 at the
Commission offices 26 Federal Plaza New York, N.Y. before
Dietrich Snell, senior counsel and Marco Cordero investigator**

INTRODUCTION

I am investigative journalist. A few days after the events of 9/11/01 I began researching the intelligence failures that led up to the attacks. I spent the next 18 months educating myself in an effort to answer two questions: (1) how did the greatest mass murder in U.S. history happen and (2) could it happen again? The result was a book from Harper Collins (ReganBooks) entitled: **1000 YEARS FOR REVENGE: International Terrorism And The FBI (The Untold story).**

In the course of my research I drew on a number of sources in the U.S law enforcement and intelligence community. My database of research included dozens of first person interviews, hundreds of pages of declassified documents from the FBI and foreign intelligence services and more than 40,000 pages of court records and open source material from the print and electronic media.

My primary focus was the Federal Bureau of Investigation; specifically the FBI's handling of the original World Trade Center bombing investigation and the hunt for its mastermind Ramzi Ahmed Yousef.

A genius at crafting improvised explosive devices, Yousef fled New York the night of the bombing in 1993 and went on to create the blueprint for the 9/11 attacks. The research uncovered a dotted line between both events that ran like a hot circuit cable from Afghanistan to New York to The Philippines and back to New York. Each dot on that line represented a lost opportunity for the U.S. intelligence community to stop the al Qaeda juggernaut. The evidence I uncovered suggested that while many were culpable, the agency most responsible was the FBI.

As an American first, and a journalist second, I wanted to make my findings available to the 9/11 Commission. Keeping in mind that I was a lone investigative reporter with limited resources and no subpoena power, I was, nonetheless able to assemble a trail of evidence dating back 12 years before the attacks. Last fall I contacted the Commission's staff Director Philip Zelikow and offered to testify. On 11/17/03 in an e-mail from Al Felzenberg, the Commission's media contact, my offer was rejected. But several individuals who had been exposed to my book urged the Commissioners to reconsider, including members of The Family Steering Committee and retired FBI Special Agent Joseph F. O'Brien.¹

¹ A copy of SA O'Brien's letter to Commission Chairman Tom Kean is attached as **Exhibit A**.

Over Christmas of 2003-2004 I sent a copy of my book to Gov Kean, who responded with the enclosed letter on 1/19/04 saying that he had read my book and referred the matter of my testimony back to Mr. Zelikow.² The staff director had earlier contacted me by letter on 1/13/04 and stated that he would put me in touch with Mr. Dietrich (Dieter) Snell, a senior counsel to the Commission.³

Mr. Snell contacted me in January of 2004 and after several discussions via phone and e-mail he agreed to my two stipulations: a) that all of my testimony would become a part of the Commission's formal record and that b) as a journal-ist, I would not be compelled to reveal confidential sources.

With those caveats in mind, I have since pledged to Mr. Snell, following my testimony today, to make available to the Commission on request any documents in support of my findings.

My book represented, not only my own enterprise reporting, but a compilation of open source material in the creation of a 12 year TIMELINE leading up to the 9/11 attacks. A written TIMELINE, included in my book is attached.⁴

² Exhibit B.

³ Exhibit C.

⁴ Exhibit D.

The revelations I uncovered raise a number of serious questions that as an American I would hope that the Commission could answer. Thus today, I will make my presentation to the Commission in the form of a series of brief descriptions of my principal findings followed by the questions that I believe the Commission needs to answer in order to fully document the intelligence failures leading up to the attacks.

THE CALVERTON, L.I. SURVEILLANCE

1) **FINDING:** On four successive weekends in July of 1989, the Special Operations Group (SOG) of the New York FBI office followed a group of ME's (Middle Eastern Men) from the Alkifah Center at the Al Farooq Mosque on Atlantic Avenue in Brooklyn to a shooting range in Calverton, L.I. Of the men under surveillance and subject to dozens of FBI photographs taken over four Sundays, one would be later convicted in the murder of Rabbi Meier Kahane on 11/5/90 (El Sayyid Nosair), three would go on to be convicted in the plot to blow up the World Trade Center on 2/26/93 (Mahmoud Abouhalima, Mohammed Salameh and Nidal Ayyad), one would be convicted in the plot to blow up bridges and tunnels around New York City (Clement Rodney Hampton-El) and their leader, an Egyptian named Ali Mohammed, would go on to train Osama bin Laden's personal bodyguard in Khost, Afghanistan in 1996 and undertake the surveillance for the African Embassy bombings in August, 1998.

QUESTIONS:

- 1) Why did the FBI shut down its August 1989 surveillance of this cell; a group that proved to be tied to al Qaeda and financed directly by Osama bin Laden?
- 2) Who in the FBI's New York office was responsible for ending the surveillance?
- 3) Was anyone in the FBI ever held accountable?

THE KAHANE MURDER & AFTERMATH

2) FINDING: On the night of 11/5/90 in the hours following the murder of Rabbi Kahane, detectives from the NYPD and agents from the FBI searched the home of the shooter, El Sayyid Nosair. In the course of their search they obtained some 47 boxes of evidence suggesting a broad international conspiracy. The evidence seized included 1,400+ rounds of ammunition, books on bomb building, pictures and/or maps of the World Trade Center complex, and audio tapes and notebooks in Arabic in which blind Sheikh Omar Abdel Rahman was reportedly quoted as saying that "the high world buildings" and "edifices of capitalism" should be targets. Further, the raid uncovered manuals from the John F. Kennedy Special Warfare Center at Fort Bragg, NC, marked "Top Secret For Training."

Taken into custody at the home were Mahmoud Abouhalima and Mohammed Salameh, two of the Calverton shooters. After the NYPD mistakenly labeled the murder a lone gunman shooting, these two men, later convicted in the WTC bombing, were released without charge. Further, the evidence shifted back and forth between the NYPD and Federal authorities to the point where much of it was reportedly compromised and rendered inadmissible. The Sheikh's speeches were not translated until after the 1993 WTC bombing.

QUESTIONS:

- 1) Who was the FBI official responsible for failing to connect the Kahane murder to the Calverton surveillance?
- 2) Why would the FBI have allowed Abouhalima and Salameh to be released?
- 3) Did the FBI question them while they were being held by the NYPD as material witnesses on the night of 11/5/90?
- 4) In the face of this evidence of an international bombing conspiracy, who in the FBI and/or the U.S. Department of Justice, made the decision to allow the NYPD to treat the murder as a "lone gunman" incident?
- 5) Were any FBI or Justice Department officials ever reprimanded for this act of negligence?

THE SHALABI HOMICIDE

FINDING: In July, 1990 Sheikh Omar Abdel Rahman, a close associate of Osama bin Laden's who had helped raise funds for the Mujahadeen rebels during the Afghan War against the Soviets was allowed to enter the U.S. despite his presence of a "watch list." Upon his arrival at Kennedy Airport the blind Sheikh was picked up by Mahmoud Abouhalima, then known to the FBI from Calverton and the Kahane murder. Also present was an Egyptian named Mustafa Shalabi who ran the Alkifah Center at the Al Farooq mosque; a hotbed of radical Islamic activity that continued to bring in millions of dollars per year as a conduit for money to the Afghan rebels. The Center was the place from which the FBI's SOG had followed the Calverton shooters in July of 1989.

Soon, despite being housed and endorsed by Shalabi, the Sheikh began a campaign to unseat him at the mosque. Shalabi himself began to fear for his safety. He was preparing to return home to Egypt when, on or about the night of Feb 26, 1991 he was brutally murdered in his home in the Seagate section of Brooklyn. Found shot, stabbed and bludgeoned, Shalabi was identified for NYPD detectives by Mahmoud Abouhalima, the very man who had been a material witness in the Kahane murder.

Falsely claiming to be Shalabi's brother, the tall, six foot two-inch red-headed Abouhalima was never charged, even

though Shalabi was found with two red hairs in his hand. The murder remains unsolved, but from that moment on, Sheikh Abdel Rahman assumed control of the lucrative Alkifah Center at the Al Farooq mosque and Osama bin Laden's al Qaeda had what amounted to a brick and mortar outpost in New York City.

QUESTIONS:

- 1) Why didn't the FBI link the Shalabi murder to the Calverton-Kahane cell?
- 2) Why weren't Abouhalima or the Sheikh, for whom the big redhead was acting as a chauffeur, ever charged in the murder, given their motive? With Shalabi's death Rahman inherited a fund raising center that brought in millions of dollars per year.
- 3) With evidence that Abouhalima was tied to the Calverton Shooters, the Top Secret cache of manuals and bomb making material in Nosair's home as well as the Nosair homicide, why didn't the FBI's New York office connect the dots pointing to evidence of an international conspiracy as far back as February 2001, at the time of The Gulf War?

THE FBI'S MOLE INSIDE THE BLIND SHEIKH'S CELL

3) **FINDING:** In 1991 FBI Special Agent Nancy Floyd recruited one Emad Salem, an Egyptian U.S. naturalized citizen who agreed to work as an FBI asset and successfully infiltrated the cell surrounding Sheikh Abdel Rahman, Abouhalima and Salameh. Risking his life, Mr. Salem was invited up to Attica prison where the then incarcerated Nosair, urged the ex-Egyptian army major to engage in a plot to bomb "12 locations" in and around New York City. But shortly thereafter, Carson Dunbar, the former Administrative Special Agent in Charge of the FBI's New York Office, took over the Terrorism Branch.

In his first meeting with Mr. Salem in July of 1992 Mr. Dunbar reportedly changed the terms of Mr. Salem's undercover role, demanded that he wear a wire and be prepared to testify under oath. In addition Mr. Dunbar insisted that Mr. Salem, who had proved his reliability as an asset for months, submit to additional polygraphs to determinate his veracity. As a result, Mr. Salem withdrew, causing the FBI to lose its primary asset inside the blind Sheikh's cell. Once Mr. Salem was out of the picture, the Sheikh contacted Pakistan and Ramzi Ahmed Yousef, a British-trained engineer with roots in the Baluchistan province of Pakistan, came into the U.S.

On 9/1/92, pretending to be an Iraqi refugee, Yousef arrived in New York via a Pakistan International Airlines flight and

asked for political asylum. But Martha Morales, an alert INS agent at Kennedy Airport, sought to incarcerate him after her discovery that Yousef's traveling companion was one Mohammed Ajaj, seized moments earlier at JFK carrying fake passports and bomb making paraphernalia.

Agent Morales was overruled by her Supervisor and Yousef slipped into New York City where he quickly linked with Abouhalima, Salameh and Nidal Ayyad, another shooter from Calverton. All three men were working out of the Alkifah Center, taken over seven months earlier by the blind Sheikh. Within weeks, in the fall of 1992 Nosair's "12 locations" plot morphed into the World Trade Center bombing conspiracy.

Given three months to wean himself from the Sheikhs' cell Mr. Salem met in the fall of 1992 with Special Agent Floyd who paid him his last \$500 fee for working as an FBI asset. At this final meeting Mr. Salem urged her to speak to her superiors. He had picked up word that another plot was afoot. Agent Floyd informed Mr. Salem that she had been frozen out of the terrorism branch and had little influence over her superiors; especially Carson Dunbar.

Mr. Salem exhorted SA Floyd to follow Abouhalima and Salameh and warned that if the Bureau failed to do so,

"don't call me when the bombs go off."

My investigation uncovered extraordinary evidence that during the fall of 1992 as Ramzi Yousef built the 1,500 pound urea nitrate fuel oil device that eventually killed six and injured 1000 on 2/26/93 he and his co-conspirators were extraordinarily visible. Mohammed Salameh who acted as Yousef's bomb building assistant, was involved in no less than three brushes with the local police.

Yousef himself was hospitalized after an accident during which Salameh was driving. The bomb maker, who had made up to \$18,000.00 in fraudulent calls on phone credit cards, even ordered chemicals for the bomb from his hospital room. Thousands of dollars in wire transfers came from Germany and the Mideast from bank accounts set up by Salameh and Ayyad and a number of traceable calls were made from a pay phone near Yousef's bomb factory on Pamrapo Avenue in Jersey City to the home of Mahmoud Abouhalima who was acting as the chief expeditor for the bomb plot.

Most astonishing, Mohammed Ajaj, Yousef's traveling companion had made a successful bid in federal court to retrieve

his bomb books and he and Yousef were in regular communication with Ajaj calling from the U.S. Prison at Otisville, New York and speaking to Yousef via Pac Bell's two-way calling system through a hamburger restaurant in Texas.

Yet, despite multiple opportunities to apprehend the various members of the bombing cell in the fall of 1992, the evidence suggests that Carson Dunbar refused to approve the surveillance of Abouhalima and Salameh that the FBI's former asset Emad Salem had suggested to Special Agent Nancy Floyd.

If the FBI had approved that surveillance by its elite SOG, Abouhalima and Salameh would have led them directly to Ramzi Yousef in his Pamrapo bomb factory. Yousef would have been captured, the WTC bombing thwarted and Osama bin Laden's New York al Qaeda cell which had been fully operational from February, 1991, would have been broken.

Further, because my evidence later revealed that Yousef was the British-trained engineer and architect of the 9/11 plots (which he set in motion in Manila in the fall of 1994) Yousef's capture would have interdicted or prevented the ultimate attacks of 9/11.

QUESTIONS:

- 1) Why didn't the FBI take seriously Mr. Salem's suggestion to follow Abouhalima and Salameh?
- 2) Why didn't Carson Dunbar approve the SOG surveillance?
Det. Lou Napoli, a veteran member of the NYPD-FBI Joint Terrorist Task Force, told me in an interview that he and FBI Special Agent John Anticev (who had tracked Abouhalima for years) failed to learn of the big Egyptian's whereabouts in the fall of 1992 because "he went to Jersey." But it defies belief that the FBI would have been thwarted by Abouhalima's move from Brooklyn to an apartment in Woodbridge, New Jersey where he lived openly with his German wife and four children adjacent to the apartment of his brother Mohammed, another six-foot two-inch redhead. Thus,
- 3) Was the FBI's failure to track Abouhalima and apprehend Yousef a result of Mr. Dunbar's mistrust of SA Floyd or her asset Emad Salem – a fact that Dunbar admitted under oath in the Landmarks trial?
- 4) Was anyone in the FBI ever sanctioned for this failure to heed undercover asset Salem's advice and follow Abouhalima and Salameh, who were interacting with Yousef daily as he built the WTC bomb?

THE FAILURE OF CONGRESSIONAL OVERSIGHT

FINDING: In a memo published as an appendix to my book,⁵ Staff members of the U.S. Senate Judiciary Committee wrote to Sen. Orin G. Hatch, Republican of Utah on 12/5/95 urging him to investigate "the FBI's involvement before, during and after" terrorist incidents – specifically citing the Bureau's handling of the WTC bombing investigation. They noted in a memo footnote, "We have information that some instances, like the World Trade Center, could have been prevented if the relevant agencies had worked in concert with each other in the sharing of information... If they had shared with each other, there is at least a strong possibility that they would have identified the World Trade Center as a target before the bombing."

Sen. Hatch reportedly refused to heed his staff's recommendations and conduct that hearing, which would have shed important light on the FBI's failures at a critical time. As we will see later, by the spring of 1995, the Justice Department had probative evidence from the Philippines National Police that Ramzi Yousef and his uncle Khalid Shaikh Mohammed had set in motion the plot that culminated on 9/11.

QUESTION:

⁵ **Exhibit E** Memo to Orin G. Hatch from Sen. Judiciary Committee staff members 12/5/95 reproduced on pp. 519-521 of 1000 YEARS FOR REVENGE.

1) If Congressional overseers of the Bureau like Sen. Hatch had examined Yousef's first date with the World Trade Center, they might well have uncovered details of the plot that led to his second. Why weren't these hearings held?

THE VINDICATION OF AGENT FLOYD'S ASSET

FINDING: Within hours of the 2/26/93 WTC bombing, the newly appointed U.S. Attorney for the Southern District of New York, Mary Jo White, ordered Det. Napoli and Agent Anticev to quickly bring Emad Salem back into the fold. Within days he had given the Bureau sufficient information to apprehend the fugitive Mahmoud Abouhalima in Egypt and within weeks Mr. Salem bravely agreed to go back undercover to infiltrate the blind Sheikh's cell.

By the late Spring of 1993 Mr. Salem had worked with the FBI to set up a sting operation that led to the arrest and conviction of the blind Sheikh and 9 others in the Landmarks (or Day of Terror) plot to blow up, among other targets, the United Nations building, the Lincoln Tunnel, The George Washington Bridge and FBI Headquarters at 26 Federal Plaza.

Mr. Salem went on to become the Government's linchpin witness in the Landmarks Trial and was ultimately paid more than

\$1.5 million dollars for doing what he could have done for the FBI in the fall of 1992 for \$500 a week. Mr. Salem proved to be arguably the most valuable undercover operative the FBI had to that date in the incipient war on terror, yet rather than being rewarded, Special Agent Nancy Floyd, who had recruited and nurtured him as an asset, became the subject of a five and one half year investigation by the Bureau's Office of Professional Responsibility (OPR).

During this period SA Floyd was subjected to isolation by her peers and humiliation in the tabloid press, when false information was leaked to The New York Post suggesting that she had been having a romantic affair with Mr. Salem. Further, she was prevented from advancing in the FBI or transferring to her Office of Preference (OP).

Ultimately SA Floyd was suspended for two weeks – forced to surrender her badge and her gun and put on the street -- for her alleged "insubordination" to Carson Dunbar, the ASAC who had failed to heed her advice and that of Emad Salem and authorize the surveillance of Abouhalima and Salameh – key Yousef cohorts – prior to the 1993 bombing.

For his actions, Mr. Dunbar received the extraordinary reward of being allowed to maintain his federal pension by

transferring to the ATF in Washington during the same period that he was working fulltime as the Superintendent of the New Jersey State Police.

QUESTION:

- 1) Why was agent Floyd, the ONLY Federal employee known to have been sanctioned for the FBI's failures in the WTC bombing conspiracy, when she was the one agent in the best position to have stopped the 2/26/93 incident?
- 2) Why was Carson Dunbar given this special retirement deal when the evidence uncovered suggests that he was more responsible than any single member of "management" in the FBI's New York office for the Bureau failures leading up to the 1993 WTC bombing?

THE BUREAU LOSES A KEY CO-CONSPIRATOR

FINDING: Within days of the bombing, after Mohammed Salameh had been arrested by Bureau agents outside DIB Leasing, the Ryder truck dealership in Jersey City, the FBI's Newark office located one Abdul Rahman Yasin, a U.S. born Iraqi who had been a principal member of Yousef's bombing cell.

But after convincing FBI agents that he knew nothing, they let Yasin go. The next night he was in Baghdad and subsequently

Federal agents learned that Yasin had been a key member of Yousef's cell. As of the U.S. invasion of Iraq in March, 2002 the price on Yasin's head was \$25 million.

QUESTIONS:

- 1) What members of the FBI Newark office were responsible for Yasin's release?
- 2) Have any agents been held responsible? If not, why?

YOUSEF PLANS THE 9/11 ATTACKS AS EARLY AS 1994

FINDING: Following his flight from New York on the night of the WTC bombing, Ramzi Yousef made two attempts on the life of the Pakistani Prime Minister and reportedly set a bomb that killed 26 Shiites at a shrine in Iran. By the fall of 1994 he had set up a cell in The Philippines with his uncle Khalid Sheikh Mohammed (KSM), Abdul Hakim Murad, a lifelong friend who had trained previously in four U.S. flight schools and Wali Khan Amin Shah, an Uzbeki veteran of the Afghan campaign who Osama bin Laden called "The Lion," for his reputed bravery in the war against the Soviets.

By November of 1994 Yousef had established a bomb factory in the Dona Josefa Apartments in Manila. With the support of the

Abu Sayyaf Group (ASG) an al Qaeda associated cell, and funded via a Malaysian cutout company called Konsonjaya – bankrolled by bin Laden's brother-in-law, Mohammed Jamal Khalifa, Yousef, KSM and the other two principal cell members were planning three operations:

First, they intended to kill Pope John Paul II who was traveling to Manila on 1/12/95, second, they plotted to plant small "bomb triggers" powered by Casio DBC-61 watches on 11 U.S. bound commercial airline flights from Asia. Assembled from apparently innocuous components that they would smuggle on board the two-leg flights, Yousef, Murad, KSM and Shah planned to assemble the devices and plant them in the life jacket pouches along the 25th rows of the Boeing 747's.

Yousef himself had conducted what he called "a wet test" of a Philippines Airlines 747 on 12/11/94 and, but for a miscalculation on placement (the bomb was in the 26th row just shy of the center fuel tank) the flight with 273 passengers and crew would have been blown out of the sky. Instead, a Japanese national in seat 26K, where Yousef had planted the bomb, was killed and PAL Flight #434 made an emergency landing in Okinawa.

This second plot was dubbed "Bojinka" by Yousef after the Serbo-Croatian word for "big noise."

The third plot which Yousef conceived during bomb training with Murad in Lahore, Pakistan in September of 1994 was the hijack-airliners-fly-them-into-buildings scenario that culminated on Sept. 11th, 2001. This plot was separate and distinct from Bojinka and Yousef's cohort Murad, a commercial pilot trained at flight schools in the UAR, The Philippines and Texas, North Carolina, New York and California, was to be the lead pilot. Earlier during his training in 1992 Murad had surveilled the World Trade Center and he vowed along with Yousef, that he would return to take down the Twin Towers by striking them from above with fuel laden commercial aircraft.

All three of Yousef's plots might have succeeded but for an accidental fire in Room #603 of the Dona Josefa on the night of January 6th, 1995 and the heroic intervention of PNP Police Capt. Aida Fariscal. Immediately following the incident, Murad was arrested by PNP officers and taken to Camp Crame, home of the Philippines Presidential Security Group in Quezon City, Manila. There, over 67 days he was subject to harsh interrogation.

Yousef and KSM escaped followed the fire, but Yousef was apprehended in Islamabad, Pakistan a month later. Though the FBI falsely took credit for his capture, affected after a tip to the U.S. State Dept. via its Rewards for Justice Program, FBI agents

failed to search the 20-room Su Casa Guesthouse, a bin Laden controlled boarding house where Yousef was staying. As such, they failed to capture Khalid Shaikh Mohammed, who was not only staying in a room on the ground floor, but actually gave an interview to TIME magazine in his own name.

Wali Khan Amin Shah was captured days after the Donna Josefa fire, but escaped from Camp Crame, only to be apprehended the following year in Malaysia and rendered back to the U.S. for trial. Abdul Hakim Murad was also extradited back, but not before confessing to PNP Col. Rodolfo Mendoza, precise details of the 9/11 plot, including the fact that Yousef and KSM (as early as 1994) had chosen six targets including the WTC, CIA headquarters, The Pentagon, a nuclear facility and the Sears and Transamerica Towers. They also had as many as 10 Islamic radicals then training for the operation in U.S. flight schools. Col. Mendoza gave all of the details of this third plot to the U.S. Embassy in Manila and my investigation revealed that the information was received by the Justice Department because it was referenced in a series of FBI NO/FORN memos in 1995.

In 1996 Yousef, Murad and Shad were tried in U.S. Court for the Southern District of New York. KSM, though indicted with Yousef in 1996, remained a fugitive and his part of the indictment remained sealed until 1998.

In 1996, the Feds appeared so desperate to trap Yousef that they set up a "pass through" system on his Nine South Tier of the Metropolitan Correctional Center, the federal jail in Lower Manhattan. Seeking the cooperation of an accused member of the Columbo Crime Family named Gregory Scarpa, the FBI supplied Scarpa with a phone allowing him to make outside calls, in the hope that he would induce Yousef to contact al Qaeda associates outside of prison and that the FBI might monitor the calls to gather intelligence.

But Yousef apparently turned the tables on the Feds and was able to make a number of untraced outside calls, including at least one to his uncle Khalid Shaikh Mohammed, who, by 1996, was in the early stages of perfecting the plot that culminated on 9/11.

With the weight of the evidence against Yousef and a strong presentation by Assistant U.S. Attorneys, the bomb maker and his co-conspirators were convicted in the Bojinka plot.

But in the 6,000 page Bojinka trial transcript there isn't any mention of the third plot that became the 9/11 attacks, even though Col. Mendoza had delivered the details to Federal authorities in the spring of 1995. Further, though he was the chief interrogator of Murad, Col. Mendoza was never called to

testify at the trial in the S.D.N.Y. and his co-interrogator Major Alberto Ferro of the PNP, who was with Col. Mendoza for most of Murad's questioning, apparently lied under oath when he stated that he did not recall the identities of the others who had interrogated Murad.

FBI agent Frank Pellegrino who had traveled to Manila in mid January, 1995, was present at Camp Crame during almost two months of Murad's interrogation and was co-author of the FBI #302 memo describing the airborne, interrogation of Murad, but SA Pellegrino testified at the Bojinka trial that he was unaware that Murad was being interrogated by the PNP until mid March of 1995, two months after his arrival at Camp Crame -- a statement that defies belief given the close cooperation between U.S. and PNP authorities in the extradition of Murad.

Further, an FBI #302 memo⁶ in which Agent Pellegrino memorialized the questioning of Murad during his rendition to the U.S. quoted Murad as advising, "that RAMZI wanted to return to the U.S. in the future to bomb the World Trade Center a second time." Yet no reference to Yousef's third plot was ever introduced at the Bojinka trial.

⁶ **Exhibit F** Reproduced as pp. 499-516 in 1000 YEARS FOR REVENGE.

And though the hunt for Yousef was very public, resulting in the reproduction of his picture on thousands of want posters and matchbooks worldwide, the identity of his uncle and 9/11 co-conspirator KSM remained secret. Federal officials didn't reveal the presence of KSM as a Bojinka conspirator until January, 1998 and he wasn't placed on the FBI's list of terrorists until October, 2001 after 9/11, though it is clear now that KSM executed the plot conceived by his nephew Ramzi; a plot known to the FBI by May of 1995.

In an interview with me, the most detailed he has given to any journalist to date, Col. Mendoza was so certain about the details of the 9/11 plot which Murad had confessed had been set in motion in 1995, that on the evening of Sept. 11th, 2001 (Philippines time) after witnessing the collapse of the WTC's South Tower, the first words out his mouth were, "They have done it. They have DONE it!."

Col. Mendoza was certain that the Yousef-Khalid Shaikh Mohammed al Qaeda cell had finally carried out the plot he had warned the U.S. Feds about in the spring of 1995.

QUESTIONS:

- 1) Why were the details of Col. Mendoza's revelations about this third plot -- separate from Bojinka and the plot to

kill the Pope -- apparently ignored by officials in the FBI and the Justice Department?

- 2) What officials in the FBI or DOJ gave the command to limit the prosecution of Yousef to the Bojinka plot and the original WTC bombing conspiracy effectively excluding this probative evidence of the plot that culminated on 9/11?
- 3) Why was Khalid Shaikh Mohammed treated differently as a fugitive than his nephew Ramzi? Why wasn't a public hue and cry issued for him and a public reward offered in the manner that successfully affected Yousef's capture?
- 4) Why wasn't Col. Mendoza called to testify in the Bojinka case and why were PNP officer Ferro and FBI agent Pellegrino allowed to give misleading answers to the jury that would have prevented the media covering the trial to learn the details of Yousef's third plot?

THE PHOENIX CONNECTION

FINDING: Harry Ellen, a U.S. citizen and convert to Islam who had worked as an FBI asset via Squad Five of the Phoenix office in the mid 1990's, told me that in the fall of 1996 he had told his control agent that a suspicious-looking Algerian pilot had met with a man who had bragged to him (Ellen) about being an

associate of Ramzi Yousef. Ellen told me that after pressing Special Agent Ken Williams and suggesting that he get to know the pilot, he (Ellen) had been told by SA Williams to "leave it alone."

Following the Sept. 11th attacks Ellen recognized the Algerian pilot as one Lotfi Raissi, who was arrested by British officials and indicted by the U.S. Justice Dept. on charges of fraud and giving false information on his application for a pilot's license. A British judge later set Raissi free, concluding that there was insufficient evidence to tie him directly to the 9/11 conspiracy, but the FBI found evidence that on three occasions Raissi had been in close proximity to Hani Hanjour, believed to be the pilot of AA Flight #77 that struck the Pentagon.

SA Williams went on to be celebrated following 9/11 as the author of the "Phoenix memo" sent to the FBI HQ on 7/10/01 in which he suggested that the Bureau monitor U.S. flight schools for suspicious Islamic pilots. He had operated Ellen as a successful asset for several years and Ellen had brokered a deal with five of the most virulent Palestinian terrorist organizations to allow the safe passage of a series of doctors

into Gaza to bring medical aid to the refugee camps.

Then in 1998 Williams had a falling out with Ellen who accused the FBI agent of threatening to blow his cover with the Palestinians, revealing him to be an FBI asset. Ellen and Mark Flatten, a reporter for the East Valley Tribune, a Phoenix area newspaper told me that they believed the timing of Williams' Phoenix memo had come more than four and a half years after Ellen first warned him of Raissi and another man tied to Yousef, because Williams wanted to cover himself before an embarrassing series of articles appeared in the Tribune in which his break with Ellen was to be recounted by Flatten.

In May of 2002 in testimony before Congress, SA Williams said that if FBI officials had acted on his recommendations in the Phoenix Memo he believed the Sept. 11th attacks might have been thwarted.

QUESTIONS:

1) Given the details Murad confessed to Col. Mendoza in 1995 about the presence of Islamic radicals tied to Yousef then training in U.S. flight schools and given Harry Ellen's reliability as an FBI asset who had successfully brokered a deal to deliver medical aid to Gaza, why did it take SA Ken Williams

more than four and a half years to act on Ellen's suggestion that he monitor Islamic pilots?

2) Did Williams send any other communiqués to FBI Headquarters in the years leading up to July, 2001 in which he suggested that Islamic pilots should be monitored?

3) During the mid 1990's when Ellen first warned SA Williams about suspicious Islamic pilots in Arizona, SAC Lupe Gonzalez admitted that terrorism was "job four," in the Phoenix FBI office behind "organized crime and drugs, white collar crime and crime on Indian reservations." Yet he had been preceded as SAC in Phoenix by Bruce Gebhardt who went on to become No. 2 at the FBI under Director Robert S. Mueller and SAC Gonzalez was later promoted to head of the Dallas FBI office. Were any agents or SACs sanctioned for the failure of the FBI's Phoenix office to detect the presence of Islamic pilots who were training as early as the mid 1990's?

4) Like Nancy Floyd, whose career in the FBI was permanently damaged after she attempted to thwart Yousef's New York cell, Harry Ellen claims that his life has been ruined by the FBI following his falling out with SA Williams. Has the FBI taken any specific reprisals vs. Mr. Ellen? Why hasn't he been called as a witness before the 9/11 Commission?

5) Why hasn't Special Agent Williams been called to testify under oath as to the precise time he first became aware of the threat from Islamic radicals training in Arizona area flight schools?

AN EGYPTIAN MOLE IN THE FDNY?

FINDINGS: Fire Marshal Ronnie Bucca, who perished on the 78th floor of the South Tower on Sept. 11th, was working as a terrorism liaison to the FDNY at Metrotech, the fire department's headquarters in 1998 when he uncovered evidence that Ahmed Amin Refai, an Egyptian naturalized citizen, working as an accountant for the FDNY, had obtained the blueprints of the World Trade Center from the FDNY prior to the 1993 bombing. Further, Fire Marshal Bucca discovered that Mr. Refai was an intimate of blind Sheikh Omar Abdel Rahman and had been photographed on the Sheikh's arm acting as his bodyguard in the months prior to the WTC bombing.

Further, Fire Marshal Bucca learned that Mr. Refai had been questioned twice by Federal agents in 1994 who had apparently failed to follow up on his activities. Then in 1998 Fire Marshal Bucca learned that Mr. Refai had told multiple lies to obtain a second I.D. card allowing entrance to Metrotech the FDNY's SECURE headquarters which contained blueprints of most of the

city's major buildings including the updated plans of the WTC complex. Mr. Bucca presented his findings to the FBI's JTTF and they were ignored.

Following his death on Sept. 11th, Fire Marshal Bucca's widow Eve contacted the FDNY who sent the Refai file to the FBI a second time and a second time it was ignored. In mid October of 1995 after I sent a copy of the Refai file to an official in the Department of Homeland Security, the FBI opened an investigation into Mr. Refai. In mid July, 2003 in an interview with me for my book, Mr. Refai denied that he had obtained the WTC blueprints in 1992 but admitted that he had been questioned by Federal agents. Shortly thereafter he left his home in Middletown, New Jersey and has not been seen by neighbors since.

QUESTIONS:

1) Could Mr. Refai have been an al Qaeda mole working inside the FDNY?

2) Why did Federal agents reject probative evidence in 1994 that Mr. Refai had obtained the plans of the WTC prior to the 1993 bombing?

3) Why did the Joint Terrorist Task Force spurn Fire Marshal Bucca's urgent request that the Refai case be examined

following evidence that Refai had lied to obtain a second I.D. to Metrotech in 1998?

4) Why did the FBI spurn the Refai investigation a second time following 9/11?

5) What is the current status of the FBI's Refai investigation?

THE ROAD TO 9/11

In summation, my investigation of the 12 years leading up to the 9/11 attacks shows dozens and dozens of blunders by experienced FBI agents, particularly agents in the New York office (The bin Laden office of origin) and the Phoenix office of the FBI. The negligence crosses three presidential administrations and culpability can be apportioned almost equally across all three.

It was on the watch of President George Herbert Walker Bush, that the FBI was in the best position to stop Ramzi Yousef as he built the first WTC device. But due to apparent ignorance of the threat posed by OBL's incipient al Qaeda cell and the intransigence of FBI officials like Carson Dunbar, the Bureau failed to prevent the first WTC attack in 1993.

Having lost Yousef the first time in New York, the Bureau and the Justice Department compounded the problem during the

Administration of President Bill Clinton by narrowing the prosecution of Yousef after his capture, ignoring evidence of the third plot set in motion by Yousef, failing to capture his uncle KSM and failing to investigate the leads pointing to the 9/11 attacks supplied by Col. Rodolfo Mendoza of the PNP.

Further, during Clinton's Presidency Mohammed Jamal Khalifa, OBL's brother-in-law was in U.S. custody on his way to Manila in December of 1994 when the State Department pressured the DOJ to release him back to Jordan for trial. Rather than holding onto this key asset who was reportedly the chief financial officer of al Qaeda, the State Dept. forced his extradition to Jordan where a witness in his murder trial recanted and Khalifa's conviction was overturned.

This represented the next major lost opportunity to fully appreciate the ongoing plans of OBL's al Qaeda terror network as KSM perfected the 9/11 plot.

Finally, the last chapters of my book recount the staggering amount of intelligence of an impending attack revealed in the months of 2001 to officials of the second Bush Administration.

The intelligence spikes suggesting an attack by airliners were so numerous by July 6th, 2001 that Richard Clark, the terrorism "czar" under President's Clinton and George W. Bush called a White House meeting with officials from the FBI, FAA, Coast Guard, Secret Services and INS warning that "something really spectacular is going to happen here and it's going to happen soon." The next day Clarke chaired a meeting of the National Security Council's Counterterrorism Security Group (CSG) and ordered a suspension of all non-essential travel by the staff.

On July 19th Attorney General Ashcroft left on a trip to his home state of Missouri aboard a private jet. When asked by reporters when he didn't use a commercial jet as was customary, the DOJ cited what it called a "threat assessment" by the FBI. The A.G., they said, had been advised to travel only by private jet for the rest of his term.

My book recounted in detail the role of Egyptian radicals surrounding Osama bin Laden. Contrary to the testimony before this Commission by Laurie Mylroie, author of the disputed theory that Ramzi Yousef had been an Iraqi agent, my investigation found ZERO EVIDENCE of any ties between Saddam Hussein and OBL in the 9/11 attacks.

In fact, the foreign nationals that helped bin Laden seize control of the MAK fund raising network (which became al Qaeda) and served at the top of al Qaeda's power structure were all Egyptian radicals; from Mohammed Atef to Dr. Ayman al-Zawahiri and blind Sheikh Omar Abdel Rahman, bin Laden's war against the U.S. has been directed and sponsored largely by Egyptians. In particular, blind Sheikh Rahman has had a central role in both attacks on the World Trade Center, first as the spiritual leader of Yousef's 1992 cell and secondly as a primary motivating factor in al Qaeda's later attack.

In the weeks before the bombing of the U.S. Cole in October of 2000 bin Laden issued the now famous video fatwa in which he appeared with the blind Sheikh's son and admonished the U.S. to free Abdel Rahman, then in U.S. prison.

The controversial August 6th, 2001 Crawford Texas PDB reportedly contains a reference to a British intelligence report about a plot to hijack a plane to free the blind Sheikh and just five days prior to the 9/11 attacks the Taliban offered to exchange the eight Christian aid workers being held in Kabul for Omar Abdel Rahman.

This makes the May 17th 2002 statement by National Security Advisor Condoleezza Rice all the more astonishing. In a press

conference she said, "I don't think anybody could have predicted that these people would take an airplane and slam it into the World Trade Center, take another one and slam it into the Pentagon; that they would try and use an airplane as a missile."⁷

Given my findings that Col. Mendoza had relayed details of that very scenario to the U.S. Embassy in Manila in 1995 Dr. Rice's statement makes her appear either to be a liar or an incompetent, and, as an American citizen, I don't know which would condition would be worse in a National Security advisor. That is why, I urge this Commission, to subpoena Dr. Rice as a witness and compel her to testify under oath.

In the decades ahead NO ONE will ever recall what jobs the ten 9/11 Commissioners held prior to their appointment to this crucial body. But if they allow themselves to be limited in the information they gather or if they allow evidence to be cherry picked to fit a specific political agenda, the America public will hold each and every one of them accountable along with the Commission staff.

As I said at the outset, the attacks of Sept. 11th, 2001 represent the greatest unsolved mass murder in U.S. history. It

⁷ CNN 5/17/02.

is incumbent upon this Commission to solve that crime and give the American public a full, complete and honest rendering of the intelligence failures that led up to it. If the Commission fails to do so, that continuing threat from al Qaeda will only put this country at further risk.

I thank you for this opportunity to present an overview of my findings and stand ready and willing to back up my testimony today with documentary evidence.

Respectfully submitted
by Peter Anthony Lance
3/15/04 New York City

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Gov. Thomas Kean, President
Drew University - Mead Hall
36 Madison Avenue
Madison, N.J. 07940

Dear Gov. Kean.

As a former agent who served 19 years in the FBI (mostly in New York City) and as the proud recipient of the U.S. Attorney General's Distinguished Service Award for my investigative work against Organized Crime, I am acutely aware of the importance of your mission as Chairman of the 9/11 Commission.

Last summer I became aware of the work being done to uncover the truth behind the Bureau's intel failures leading up to the attacks by an investigative reporter named Peter Lance. I had never met Mr. Lance, but after we connected I was impressed with the work he had done and offered to help him in any way I could.

In early July I accompanied Mr. Lance to the home of one Ahmed Amin Refai, an Egyptian naturalized citizen who had retired as an accountant from the New York City Fire Dept. I had examined Mr. Lance's investigative files on this individual and seen a video and still picture of him cheek to jowl with the blind Sheikh, one of the most dangerous terrorists ever admitted to our country.

Mr. Lance, it seemed to me, had developed probative evidence, originally unearthed by Fire Marshal Ronnie Bucca who died on 9/11, that Mr. Refai was acting on behalf of the Sheikh's cell when he obtained the blueprints of the Twin Towers before the bombing by Ramzi Yousef in 1993. Sensing that Mr. Lance might be in some danger in interviewing Mr. Refai, I offered to accompany him to Middletown New Jersey after he had learned that Mr. Refai had slipped back into the country from Egypt.

In the course of a 45 minutes interview it was clear to me that Mr. Refai was being evasive, contradictory and, at times, openly untruthful in his efforts to diminish his relationship with the blind Sheikh. During the interview Mr. Lance got Mr. Refai to admit that he had acted as the Sheikh's translator during a crucial INS hearing which could have affected the Sheikh's status in this country.

Mr. Refai also admitted that he was a member of the notorious al-Salaam mosque in Jersey City which had been a focal point for the Ramzi Yousef cell in the months prior to the WTC bombing in 1993. Refai also admitted, after continued questioning by Mr. Lance, that he had been the object of a recent FBI investigation.

Later, after examining some of Mr. Lance's documentary evidence and reading his book cover to cover I was stunned by the depth and breadth of his investigation. For the first time he uncovered detailed evidence of a connection via Ramzi Yousef to the two attacks on the Trade Center in 1993 and 2001 and further, underscored the negligence of certain members in FBI management in failing to stop Yousef prior to the first bombing.

More importantly, with respect to Mr. Refai, Mr. Lance unearthed compelling evidence of an al Qaeda related "sleeper cell" that was active as late as 1999, a time when, we now know Khalid Shaikh Mohammed, Yousef's uncle, was working in Hamburg with Mohammed Atta, another Egyptian, to perfect the 9/11 plot.

Mr. Lance discovered that Fire Marshal Bucca had alerted the FBI's Joint Terrorist Task Force to this evidence on Mr. Refai as early as September of 1999, but he had been spurned – only to perish on the 78th floor of Tower Two on Sept. 11th.

Based on my knowledge of Peter Lance and his investigation I can tell you without a doubt that had Mr. Lance been a Special Agent with the FBI working International Terrorism cases in the 90's, OBL and the al Qaeda terrorist who attacked America would either be in a U.S. prison, a foreign prison or deceased, which is perhaps a more proper sentence for them.

The FBI did not have and still does not have a clue, when it comes to dealing with this kind of criminal element. It took the FBI 30 years to take down the Mafia. This country does not have the luxury of that kind of time, when dealing with these terrorists. The American public deserves some accountability from our government officials for allowing 9/11 to happen. Your Commission holds out the prospect of that. But in order to get to the real truth you need ALL of the facts.

I strongly urge you to read Peter Lance's book and allow him to testify at your upcoming hearings in February. I have studied this matter closely and from my standpoint, 1000 YEARS FOR REVENGE offers the most compelling evidence to date that the attacks of 9/11 could have been prevented.

If you have any questions please feel free to contact me at any time.

Respectfully,

Joseph F. O'Brien
Special Agent (ret.)

FBI



DREW UNIVERSITY

Office of the President
Madison, New Jersey 07940
(973) 408-3100

January 19, 2004

Mr. Peter Lance
140 Butterfly Lane
Santa Barbara, CA 93108

Dear Mr. Lance:

Thank you for your recent note and a copy of your book, *1000 Years for Revenge*. I read it with great interest. On behalf of the Commission and its staff, I thank you for sharing your obviously extensive work with us. I know that the staff has read your book and found it helpful in several areas.

I have referred your request to testify to Philip Zelikow, who is setting up the Commission's public hearings.

Again, thank you for sharing your work. Best wishes.

Sincerely,

A handwritten signature in cursive script that reads "T. Kean".

Thomas H. Kean
President

cc: Philip Zelikow



Thomas H. Kean
CHAIR

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Bob Kerrey

John F. Lehman

Timothy J. Roemer

James R. Thompson

Philip D. Zelikow
EXECUTIVE DIRECTOR

January 13, 2004

Mr. Peter Lance
140 Butterfly Lane
Santa Barbara, CA 93108

Dear Mr. Lance:

I write to follow up on your correspondence of December 20, 2003, to Chairman Kean regarding your work on the 9/11 attacks. The Commission very much appreciates your interest in appearing as a hearing witness. As I'm sure you can understand, however, given the severe time constraints under which we labor, the Commission's ability to hear public testimony is extremely limited and it, unfortunately, is not possible for us to work you into our crowded hearing schedule.

That said, Commission staff has read your book carefully and is very interested in meeting with you to discuss your work and source materials. Accordingly, I have asked that staff member Dietrich Snell, who heads up the team investigating the 9/11 plot, contact you to arrange such a meeting.

Thank you very much for your interest in assisting our effort.

Sincerely,

A handwritten signature in cursive script that reads "Philip Zelikow".

Philip Zelikow

EXHIBIT D: TIMELINE TO BOOK: can be found in the center section of 1000 YEARS FOR REVENGE: International Terrorism And The FBI (The Untold Story) 2003 Harper Collins ReganBooks ISBN 0-06-054354-X

Exhibit E Memo to Orrin G. Hatch from Sen. Judiciary Committee staff members 12/5/95 reproduced on pp. 519-521 of 1000 YEARS FOR REVENGE.

EXHIBIT F: FBI #302 Memo re: Interrogation of Abdul Hakim Murad, reproduced on pp 499-516 in 1000 YEARS FOR REVENGE.