

Statement of

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Before the,

Committee on Government Reform

Subcommittee on Criminal Justice, Drug Policy and Human Resources

United States House of Representatives

Regarding

National and International Consumer Products Fencing Operation

Suspected of

Providing Support to Terrorist Organizations

Houston, Texas

November 10, 2003

## **THE BEGINNING**

September 11, 2001, was the beginning, the day that I believe history will recognize as the beginning of the end. But what the ultimate end will be has yet to be determined.

Will that day be recognized as the beginning of the end of radical Muslim extremists who believe that the infidels in the United States are their enemy and should be destroyed?

Or will that day be recognized in the future as the day that was the beginning of the end of the United States?

## **THE WAR AGAINST THE UNITED STATES**

There are those who say the war against the United States began on September 11, 2001, when terrorists attacked the homeland. I believe that the war began on American soil years earlier when supporters of terrorism began an unnoticed attack on our businesses and government programs. In effect, I believe that our attackers are receiving the funds necessary to attack us by us. The attack I speak of has been and continues to be aimed at acquiring assets that would be used in the war, and the United States still needs to aggressively respond to that first, largely unnoticed, attack. In Texas, we have responded, and we believe that others need to recognize and respond in a similar manner to cut the supply lines in this war on terrorism.

## **STOPPING TERRORISM STARTS WITH STOPPING THE MONEY**

As I have previously stated, I believe that a substantial amount of the money funding terrorism is obtained here in the United States; and more specifically from United States businesses and government programs. Are we perhaps funding our own demise and has anyone recognized this?

The State Department has issued a reward poster which states, "Stopping Terrorism Starts with Stopping the Money." One of the illicit sources of funding for terrorism listed on the poster is the theft, adulteration, and resale of infant formula.

# Stopping Terrorism Starts With Stopping The Money

International terrorism directed against Americans is financed by money sent to terrorists from sources around the world. The U.S. Government is offering a reward for information leading to the dismantling of any system used to finance a terrorist organization and information leading to the arrest or conviction of those who planned or aided in any act of terrorism against U.S. persons or property.

If you have **any** information about individuals or organizations that finance terrorists, please call 1-866-867-8300 in the U.S.; outside the U.S. contact the nearest U.S. embassy or consulate.

## Illicit Sources

Profits from a variety of criminal enterprises benefit terrorist organizations. Some of the more common are:

- Drug manufacturing, smuggling, and distribution
- Identity theft for profit
- Credit-card, insurance, welfare and food-stamp fraud
- Theft, adulteration, and resale of infant formula
- Counterfeit merchandise schemes involving a host of consumer items such as designer clothing, jewelry, fashion accessories, and household products
- Interstate cigarette smuggling
- Alternative remittance systems and unlicensed currency remitters

## Suspicious Transactions

- Account transactions that are inconsistent with past deposits or withdrawals (cash, check, wires, etc.).
- Transactions involving a high volume of incoming or outgoing wire transfers, with no logical or apparent purpose, that come from, go to, or transit through locations of concern (i.e., sanctioned countries, non-cooperative nations, sympathizer nations).
- Unexplainable clearing or negotiation of third party checks and their deposits in foreign bank accounts.
- Structuring at multiple branches or the same branch with multiple individuals.
- Corporate layering; that is, transfers between bank accounts of related entities or charities for no apparent reasons.
- Wire transfers by charitable organizations to companies located in countries known to be bank or tax havens.
- Lack of apparent fund-raising activity (i.e., lack of small checks or typical donations) associated with charitable bank deposits.
- Using multiple accounts to collect funds that are then transferred to the same foreign beneficiaries.
- Transactions with no logical economic purpose (i.e., no link between the activity of the organization and other parties involved in the transaction).
- Overlapping corporate officers, bank signatories, or other identifiable similarities associated with addresses, references, and financial activities.
- Cash debiting schemes in which deposits in the United States correlate directly with ATM cash withdrawals in countries of concern. Reverse transactions of this nature are also suspicious.
- Issuing checks, money orders, or other financial instruments, often numbered sequentially, to the same person or business, or to a person or business whose name is spelled similarly.



U.S. Department of State

[www.treas.gov/rewards](http://www.treas.gov/rewards)

[www.rewardsforjustice.net](http://www.rewardsforjustice.net)

*A campaign by the Departments of State  
and Treasury to combat terrorism financing.*

**Up To \$5 Million Reward • Responses Kept Strictly Confidential**

## **TEXAS DEPARTMENT OF PUBLIC SAFETY**

The DPS investigation I am involved in began on the night of September 11, 2001, when a DPS Trooper stopped a vehicle in Colorado County, after a citizen reported that a middle-eastern male was driving towards Houston in a rental truck. That citizen, because of a terrorist attack that had occurred earlier that same day, assumed that the driver of the vehicle may have been involved in an attack on our country. I believe that citizen was correct. The vehicle was not loaded with explosives as one can assume the citizen may have expected. The vehicle contained baby formula. The driver of the rental truck told investigators on September 11, 2001, that he was not a terrorist. Today the driver's record indicates that the FBI recognizes him as a member of a terrorist organization.

What the DPS investigation revealed was that the driver of the rental truck, and his associates around the country, had been operating a theft ring for many years in the United States with their proceeds being sent overseas. Their operation had gone largely unnoticed until September 11, 2001.

In the Houston area, it was discovered that mostly illegal Honduran and El Salvadoran immigrants had been stealing infant formula from businesses around the country for as much as ten years prior to September 11, 2001. That stolen formula was being purchased from the thieves by Middle Eastern fences. The formula was being distributed by the fences through a network of "Trading Companies". It was learned that throughout the United States, infant formula was one of the most prevalent items stolen from retailers. The most popular brands of formula stolen were those distributed in the WIC program.

### **WIC, THE WOMEN, INFANTS, AND CHILDREN** **SPECIAL SUPPLEMENTAL NUTRITION PROGRAM**

After it was determined in our investigation that much of the stolen formula was ultimately being distributed to WIC vendors in Texas and throughout the country, the question I had was, "What does WIC have to do with this?"

To answer that question, one has to understand what WIC is. WIC stands for Women, Infants, and Children and is also called the Special Supplemental Nutrition Program. WIC is a federal program designed to provide food to low-income, pregnant, postpartum, and breastfeeding

women, infants and children until the age of five. The United States Department of Agriculture (USDA) funds the WIC Program.

The following information about WIC was derived from USDA Food and Nutrition Service web site:

## ❑ Women, Infants, and Children

### Frequently Asked Questions about WIC

1. [Who is eligible?](#)
2. [What is "nutritional risk"?](#)
3. [How many people does WIC serve?](#)
4. [What percent of eligible people does WIC reach?](#)
5. [Where is WIC available?](#)
6. [What food benefits do WIC participants receive?](#)
7. [Who gets first priority for participation?](#)
8. [What is the WIC infant formula rebate system?](#)
9. [What is the WIC Farmers' Market Nutrition Program?](#)
10. [How much does WIC cost?](#)

#### 1. Who is eligible?

Pregnant or postpartum women, infants, and children up to age 5 are eligible. They must meet income guidelines, a State residency requirement, and be individually determined to be at "nutritional risk" by a health professional.

To be eligible on the basis of income, applicants' gross income (i.e. before taxes are withheld) must fall at or below 185 percent of the U.S. Poverty Income Guidelines:

#### Income Eligibility Guidelines

(effective 7/1/03 - 6/30/04)

	Annually	Monthly	Weekly
Family of 1	\$16,613	\$1,385	\$320
Family of 2	\$22,422	\$1,869	\$432
Family of 3	\$28,231	\$2,353	\$543
Family of 4	\$34,040	\$2,837	\$655
Family of 5	\$39,849	\$3,321	\$767
Family of 6	\$45,658	\$3,805	\$879
Family of 7	\$51,467	\$4,289	\$990
Family of 8	\$57,276	\$4,773	\$1,102
For each add'l family member, add	+5,809	+485	+112

While most States use the maximum guidelines, States may set lower income limit standards. A person or certain family members who participate in other benefits programs such as the Food Stamp Program, Medicaid, or Temporary Assistance for Needy Families automatically meet the income eligibility requirement.

For more details about the income eligibility guidelines for July 1, 2003 - June 30, 2004, including geographic area adjustments, click [here](#)

For details about the income eligibility guidelines for July 1, 2002 - June 30, 2003, including geographic area adjustments, click [here](#)

### [How to Apply to Participate in WIC](#)

## **2. What is "nutritional risk"?**

Two major types of nutritional risk are recognized for WIC eligibility:

- Medically-based risks (designated as "high priority") such as anemia, underweight, maternal age, history of pregnancy complications, or poor pregnancy outcomes.

- Diet-based risks such as inadequate dietary pattern.

Nutritional risk is determined by a health professional such as a physician, nutritionist, or nurse, and is based on Federal guidelines. This health screening is free to program applicants.

Beginning April 1, 1999, State agencies use WIC nutrition risk criteria from a list established for use in the WIC Program. WIC nutrition risk criteria were developed by FNS in conjunction with State and local WIC agency experts. WIC State agencies are not required to use all of the nutritional risk criteria on the new list. FNS will update the list of criteria, as necessary, when new scientific evidence shows, after review by FNS and other health and nutrition experts, that the condition can be improved by providing WIC program benefits and services.

### **3. How many people does WIC serve?**

More than 7 million people get WIC benefits each month. Participation has risen steadily since the program began. In 1974, the first year WIC was permanently authorized, 88,000 people participated. By 1980, participation was at 1.9 million; by 1990 it was 4.5 million; and by 2000 it was 7.2 million. Average monthly participation for Fiscal Year 2002 was approximately 7.5 million.

Children have always been the largest category of WIC participants. The average monthly WIC participation for FY 2002 was approximately 7.5 million people - of that number, nearly 3.8 million were children, over 1.9 million were infants, and over 1.8 million were women.

For more data about WIC participation, go to [Program Data](#).

### **4. What percent of eligible people does WIC reach?**

About 47 percent of all babies born in the United States, and it is currently estimated that we have achieved full coverage

of eligible infants. Of all eligible women, infants, and children, the program is estimated to serve about 93 percent.

## **5. Where is WIC available?**

The WIC program is available in each State, the District of Columbia, 33 Indian Tribal Organizations, Puerto Rico, the Virgin Islands, American Samoa, and Guam.

## **6. What food benefits do WIC participants receive?**

In most WIC State agencies, WIC participants receive checks or food instruments to purchase specific foods each month which are designed to supplement their diets. WIC food is high in one or more of the following nutrients: protein, calcium, iron, and vitamins A and C. These are the nutrients frequently lacking in the diets of the program's low-income target population. Different food packages are provided for different categories of participants. A few WIC State agencies distribute WIC foods through warehouses or deliver WIC foods to participants.

WIC foods include iron-fortified infant formula and infant cereal, iron-fortified adult cereal, vitamin C-rich fruit and/or vegetable juice, eggs, milk, cheese, peanut butter, dried beans or peas, tuna fish and carrots. Special infant formulas and certain medical foods may be provided when prescribed by a physician or health professional for a specified medical condition.

## **7. Who gets first priority for participation?**

WIC cannot serve all eligible people, so a system of priorities has been established for filling program openings. Once a local WIC agency has reached its maximum caseload, vacancies are generally filled in the order of the following priority levels:

- Pregnant women, breastfeeding women, and infants determined to be at nutritional risk because of serious medical problems.
- Infants up to 6 months of age whose mothers participated in WIC or could have participated and had serious medical problems.
- Children (up to age 5) at nutritional risk because of serious medical problems.
- Pregnant or breastfeeding women and infants at nutritional risk because of dietary problems (like poor diet).
- Children (up to age 5) at nutritional risk because of dietary problems.
- Non-breastfeeding, postpartum women with any nutritional risk.
- Individuals at nutritional risk only because they are homeless or migrants, and current participants who without WIC foods could continue to have medical and/or dietary problems.

## **8. What is the WIC infant formula rebate system?**

Mothers participating in WIC are encouraged to breastfeed their infants if possible, but State WIC agencies will provide formula to mothers who choose to use it. WIC State agencies are required by law to have competitively-bid infant formula rebate contracts with infant formula manufacturers. This means a WIC State agency agrees to provide one brand of infant formula to its participants and in return receives money back, called a rebate, from the manufacturer for each can of infant formula that is purchased by WIC participants. As a result, WIC pays the lowest possible price for infant formula. The brand of infant formula provided by WIC varies from State agency to State

agency, depending on which company has the rebate contract in a particular State.

The WIC Program gets back over a billion dollars each year from infant formula manufacturers. This is a big savings to the WIC Program which allows many more eligible women, infants, and children to be served. From October 2001 to September 2002, nearly \$1.5 billion was given back to WIC State agencies by infant formula manufacturers and this money was used to serve about 2.1 million additional eligible women, infants and children. In general, approximately 1 out of every 4 participants is served with rebate money.

## **9. What is the WIC Farmers' Market Nutrition Program?**

The [WIC Farmers' Market Nutrition Program \(FMNP\)](#), established in 1992, provides additional coupons to WIC participants that they can use to purchase fresh fruits and vegetables at participating farmers' markets. FMNP is funded through a Congressionally mandated set-aside in the WIC appropriation. The program has two goals: To provide fresh, nutritious, unprepared, locally grown fruits and vegetables, from farmers' markets to WIC participants who are at nutritional risk; and to expand consumers' awareness and use of farmers' markets.

This program, operated in conjunction with the regular WIC Program, was offered in 32 States, the District of Columbia, and two Indian tribal organizations in FY 1998. State agencies may define locally grown produce to be that grown only within State borders or may also define it to include areas in neighboring States adjacent to its borders. The amount appropriated for FMNP for Fiscal Year 2003 is \$25 million.

By November 15 of each year, each applying or participating State agency must submit to the FNS Regional Office for approval a State plan for the following year as a prerequisite to receiving funds. FMNP State Plan guidance may also be obtained at the FNS Regional Office.

An administering FMNP State agency may be the agriculture department, the health department, or any other agency approved by the chief executive officer of the State or Indian Tribal organization. Click here to go to the [FMNP State agency directory](#).

## **10. How much does WIC cost?**

Congress appropriated \$4.696 billion for WIC in FY 2003. The appropriation includes \$25 million for the WIC Farmers' Market Nutrition Program.

By comparison, the WIC program cost \$10.4 million in 1974; \$727.7 million in 1980; \$1.5 billion in 1985; and \$2.1 billion in 1990.

### **For more information:**

[WIC agencies serving participants in your area](#)

[How to Apply to Participate in WIC](#)

Contact the USDA Food and Nutrition Service Public Information Staff at 703-305-2286, or by mail at 3101 Park Center Drive, Room 819, Alexandria, Virginia 22302.

(The Food and Nutrition Service was formerly known as the Food and Consumer Service.)

## **WIC IS A \$6 BILLION PROGRAM**

Deriving information from the above data, I was surprised that what had begun as a \$10.4 million program in 1974, has evolved into a reported \$4.696 billion program in 2003 that now benefits 47% of all babies born in the United States. Other data derived concerning the rebate program seems to indicate that the WIC program is actually over a \$6 billion Special Supplemental Nutrition Program.

The USDA Food and Nutrition Service website seems to answer the questions raised of why infant formula was being stolen and why only

certain brands of formula were being stolen. WIC is the largest lucrative market for stolen infant formula exploited by the criminal organization.

### **DENYING THE CRIMINAL EXPLOITATION OF WIC**

The complexity of the investigation was beginning to come to light when other agencies around the country revealed the extent of which the organization was involved in the black market distribution of infant formula. I determined that attacking the criminals would not be as effective as taking away the lucrative market for the stolen formula. Any effective attack on the organization would require the assistance of WIC.

### **TEXAS DEPARTMENT OF HEALTH**

I contacted the USDA and informed them of my investigation. I learned that although the USDA funded WIC, in Texas the Department of Health administered the program.

The Texas Department of Health was informed of my investigation and advised they were interested in the integrity of the program. When informed that their program appeared to have left doors open, and that criminals and possibly terrorists were utilizing those open doors to take advantage of the program, I found people willing to take measures to close those doors. One vendor contract change implemented is the requiring of WIC vendors to obtain their formula from licensed Texas wholesalers or the manufacturer.

Another division of the Texas Department of Health, the Manufactured Food Division, began an aggressive inspection campaign ferreting out unlicensed wholesalers in Texas and provided information on those identified to the Texas Attorney General prosecutors who filed civil actions against the unlicensed wholesalers.

The Texas legislature enacted stiffer penalties for violations of the Texas Food Drug and Cosmetic Act.

### **HAS THERE BEEN AN IMPACT IN TEXAS?**

In short, Texas has implemented changes that have had an impact on the criminal organization that took advantage of the WIC program in Texas.

No similar actions have been taken in any other State that I am aware of.

According to sources in a federal law enforcement agency, the changes implemented in Texas have even been the subject of “chatter” in conversations that have been monitored overseas.

Some members of the USDA continue to be concerned with any negative perceptions concerning their WIC program, but the USDA does not appear to be taking any quick action to close any open doors.

Understanding the impact that has been achieved in Texas, I am also aware that without effective action across the country much of the WIC market for stolen infant formula remains available to the criminal organization.

Realizing that some members of the criminal organization may also be providing funds for terrorist organizations or that some of the members of the criminal organization may themselves be members of terrorist organizations, I cannot understand how one would not be concerned with this problem.

Are we to continue to possibly fund our own demise and place our own citizens in danger because we are more concerned about perceptions than we are concerned with correcting flaws in a government program that is being exploited?

### **LAW ENFORCEMENT PROBLEMS**

In cases where law enforcement has been able to intercept suspected thieves moving formula, it is difficult, if not impossible, to prove that the formula is stolen. This makes it necessary in these investigations to conduct undercover operations in which purported stolen infant formula is delivered to fences. These types of investigations require long term and costly investigations using significant manpower and funds. These investigations require significant funding to acquire product to be used in the sting operations. Local law enforcement agencies do not have adequate funding or manpower resources necessary to conduct these operations. As a result,

only a small number of criminal investigations are targeting this criminal activity across the country. In Texas, I am aware of only two groups dedicated to this task. One of those groups in the Houston area involves a small cadre of local, state, and federal officers who confront those same issues of funding and manpower. The group is led by and operates out of the Pasadena Police Department and has significantly impacted the operations of this criminal organization in Pasadena and in the Houston area. Only a small number of officers employed by federal, local, and state law enforcement agencies in Texas are dedicated to criminal investigations targeting this organized criminal activity. Comparatively speaking, it appears to me that an inordinate amount of federal resources have been expended in an attempt to identify individual operatives within the United States while largely ignoring the organized criminal infrastructure that is believed to be providing the funding needed in order to conduct terrorist operations. Investigations have determined that members of this organization do not limit their criminal activity to the theft of infant formula, but participate in a range of criminal activity including burglaries, counterfeiting, drug trafficking, credit card fraud, bank fraud, small business loan fraud, welfare fraud, medicare fraud, student loan fraud, and income tax evasion.

### **LACK OF INTEREST**

This criminal organization has a pattern of committing non-violent property crimes that in the past, law enforcement has taken lightly, focusing more on violent crimes and drug trafficking. Many agencies see the investigations required as being too difficult, time consuming, and costly.

Search warrants revealed that many members of this organization, whose business records indicate millions in sales, are claiming checks written to themselves as business expenses and paying no income tax. Records show that after claiming the earned income credit, they obtain refunds of thousands of dollars from the IRS. This information has been forwarded to the IRS and should be acted upon.

### **WHAT CAN BE DONE**

Some of the positive steps that I believe can be taken to aid in this fight include:

1. First, one needs to recognize that there is a largely unnoticed organized group of criminals of Middle Eastern descent, some of whom possess extremist beliefs, and they are operating in the United States plundering our businesses and government programs.
2. Secondly, the lucrative market for stolen infant formula which is being exploited by the criminal organization needs to be taken away. This can be accomplished by requiring other States' WIC programs to follow the Texas WIC Program's lead, which would require WIC vendors purchase formula from approved sources.
3. Thirdly, the creation of federally funded organized law enforcement units tasked with combating this criminal organization is necessary. These units should be comprised of a mixture of local, state, and federal agents working in concert to combat this criminal organization.

### **CONCLUSION**

Attacking this criminal organization may be presumed by some to be only a small battle in the war on terrorism. I disagree. An important tactic used in battle is attacking your enemies supply lines. I believe that by disrupting the flow of money to terrorists, we affect their ability to conduct terrorist acts. I agree with the State Department reward poster, "Stopping Terrorism Starts with Stopping the Money."

## ***Muslim crime suspects in Arizona feel victimized by terror crackdown***

**Dennis Wagner**

The Arizona Republic

Sept. 14, 2003 12:00 AM

In the name of national security, dozens of people in Arizona have been arrested or detained on charges unrelated to terrorism.

The Muslims and Middle Easterners have been rounded up by Arizona's Joint Terrorism Task Force and charged with visa violations, fraud and other offenses that have little to do with national security.

Most recently, 27 mostly Middle Eastern immigrants were arrested in connection with stolen baby formula.

From the perspective of FBI agents and prosecutors, the sometimes iron-fisted campaign has jailed and deported immigrant suspects even when there was no proof to indict them for terrorism.

But, for many Muslims and civil libertarians, the campaign has been an assault on Islam, Arabs and American fundamentals. They say the government, under intense public pressure and lacking real terrorism suspects, has targeted Middle Easterners for ethnic profiling and used lawful coercion as a tool to get cooperation and information.

"We understand the need for a tough hand. But they are specifically looking for something to get these people on because they are Muslims or from the Middle East," said Deedra Abboud, director of the Council on American-Islamic Relations here.

"They're looking for technicalities so they can be more aggressive. It's just fishing so you can find something to hold over their heads."

Abboud and Randall Hamud, a San Diego defense attorney for terrorism suspects, said agents use intimidation to scare Muslims into cooperation.

"We can't be fast and loose with people we don't like, because everybody suffers later," Hamud said.

Ray Churay, assistant special agent in charge of the FBI in Arizona, denies ethnic profiling and shakes off suggestions that agents hound innocent people.

The government targets Middle Easterners who have been linked to terrorism suspects or spouted "jihadic" rhetoric, Churay said, and there is nothing wrong with using any charge available to prosecute those suspects.

"There's no absence of terrorism work here," he emphasized, adding, "We shouldn't have to apologize for doing our jobs. We'll use everything that's legal and within the Constitution to make this country safe and Arizona safe."

## **Like attack on Capone**

Still, anxiety over national security methods appears to be catching up with concern about terrorists.

Paul Charlton, U.S. attorney for Arizona, has scheduled a public debate on the USA Patriot Act. And President Bush began campaigning last week for even more powers and secrecy in pursuit of terrorists.

Eleanor Eisenberg, director of the American Civil Liberties Union in Arizona, said she hopes Congress and the public won't allow fear to erode freedom.

"It's always at a time of crisis that we most need our civil liberties, and we have to be aware of government abuse," she said. "It's like Franklin Roosevelt said, 'We have nothing to fear but fear itself.'"

Consider Zakaria Soubra, a Lebanese immigrant and former aeronautical student in Prescott.

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### **Arizona connections**

The war on terrorism in Arizona sometimes resembles a connect-the-dots picture, with Sept. 11, 2001, hijacker Hani Hanjour in the middle. None of Hanjour's suspected associates here were charged with terrorism-related crimes, but many have been jailed or deported for other offenses. Among them:

**Lotfi Raissi**, 37, an Algerian pilot and immigrant to Arizona, arrested in England and portrayed as flight instructor to al-Qaida. U.S. officials eventually conceded there was no terrorism evidence against him. Raissi was indicted in Arizona for document fraud, but British courts refused extradition. He denied knowing Hanjour and said his life was ruined.

**Malek Seif**, 38, a French citizen from Djibouti, admitted knowing Hanjour but denied any role in terrorism. Two months before 9/11, authorities say, he practiced piloting commercial airlines on a flight simulator in Phoenix. Seif was indicted and convicted in Phoenix of fraud and using a false identity.

**Faisal al-Salmi**, 34, a Saudi immigrant, is believed to have been among those using the flight simulator. According to the *New York Daily News*, he also was one of four men from Phoenix who made a suspicious road trip to Texas during early 2001, driving near President Bush's ranch. Salmi was convicted in Arizona of lying about his ties with Hanjour. The exact nature of those ties has never been disclosed.

**Muhammad Al-Gurashi**, 28, former leader of the Muslim Students Association at Arizona State University. According to the *Daily News*, Gurashi was with Salmi on the Texas trip. He was arrested this spring and deported for possessing a firearm in violation of his visa.

**Samih Jammal**, 28, Tempe, a Lebanese-American identified as leader of a nationwide theft ring. A police informant claims Jammal talked of liberating Seif from jail and smuggling him into Mexico. Jammal, who denies wrongdoing, is in custody awaiting trial.

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Soubra was an Arizona recruiter for a militant Islamic group, but he also condemned the World Trade Center attack. At least publicly, the government never linked him with al-Qaida. But Soubra was interrogated, arrested and spent a year behind bars based on a visa violation. Then he was deported to his homeland.

"They are trained to suspect Muslims and Arabs," Soubra said recently from Beirut. "That's the issue. My whole life was destroyed. My future. They just destroyed everything."

Churay acknowledges that, lacking proof of terrorism, the government may use unrelated charges to jail or deport suspects. It's a practice that dates to the arrest of Mafia lord Al Capone on tax-evasion charges.

"You see somebody who might be involved with terrorism spit on the sidewalk, get 'em," Churay said.

And intelligence experts point out that it is a win-win situation for law enforcement: At best, the arrest may neutralize a terrorist and prevent catastrophe. At worst, it puts a lawbreaker behind bars.

## Reconfiguring life

Since Sept. 11, 2001, Congress has poured billions of dollars into domestic defense.

The government reconfigured America's federal law enforcement system with the Department of Homeland Security. It passed the controversial Patriot Act, which is under political fire from the left and right. It altered the nation's air travel rules.

And it transformed the way counterterrorism is conducted: making disruption and prevention a priority instead of waiting until a crime has been committed to make arrests.

In the weeks after Sept. 11, every FBI agent in Arizona was assigned to combat terror, gutting the bureau's manpower for drugs, white-collar crime and violent offenses.

In Arizona, about half of the FBI's resources are still at it. But most of the hunt is conducted by the Joint Terrorism Task Force.

Arizona's task force, the nation's largest, is a coalition of local and state police, sheriff's deputies and investigators from federal enforcement agencies. Four teams, each with about a dozen members, focus on intelligence, weapons of mass destruction, domestic terrorism and international terrorism.

Churay won't talk about details but says "horrific attacks" have been prevented. Agents here get a dozen new tips weekly from the public, some wacky, some legitimate. They pursue intelligence leads from the CIA and foreign agencies. They conduct interviews, surveillance, wiretaps, financial reviews and background checks.

Part of the job involves checking out leads provided by investigators in Europe and the Middle East after bombings.

"There is hardly a terrorist act overseas where Arizona is not affected in some way," Churay said.

But the toughest work is penetrating the closed world of Islamic terrorism, insulated by language and cultural barriers. Churay said the job is nearly impossible because violent radicals blend in with moderate Muslims, some of whom share a contempt for U.S. foreign policy.

Abboud conceded that agents are under immense pressure to produce but said that Middle Easterners shouldn't become scapegoats to make Americans feel safe.

"I thought our country was supposed to be better than that," Abboud said.

Federal prosecutors here suggest that there is more to it than religion or race. In what amounts to a strategy blueprint for the war on terrorism in Arizona, records show, the key is Hani Hanjour, rather than profiling.

Hanjour, who is believed to have been on the plane that crashed into the Pentagon on Sept. 11, 2001, spent time at a flight training school in Arizona.

## Recent case an example

Consider the arrest this summer of Samih Jammal, 34, the Lebanese-born owner of Jammal Trading Co. in Tempe.

Was he plotting chemical attacks or making phone calls to Osama bin Laden? No. Jammal was accused of leading a \$22 million crime syndicate that stole infant formula from superstores, then resold the product at marked-up prices in minimarts.

Although U.S. prosecutors trumpeted this case as a success for the Terrorism Task Force, they were quick to point out that no one was charged with a terror-related crime.

Family members of defendants trumpeted their anger: The government smeared 27 people, most of them Muslims, with the "T" word for no reason, they said.

"They're just making him look like some horrible person, like a monster," said Gretchen, Jammal's wife, Gretchen. "They're making a big deal out of it because they want to make themselves look good."

But deep in federal court records, a trail from Jammal leads to a 38-year-old Djibouti immigrant named Malek Seif and a network of Hanjour associates.

Seif, a French citizen, voluntarily returned to Arizona after Sept. 11, 2001, to be questioned about his association with 9/11 terrorists. Upon arrival, he was arrested on charges of fraud and filing false documents.

About the same time, according to a Terrorism Task Force affidavit, Phoenix police developed a confidential source close to Jammal. The informer reported that Jammal was so upset about Seif's arrest that he "discussed a plot to smuggle him out of the U.S. via Mexico."

Over time, agents developed evidence that money from the baby-formula ring was being shipped to the Middle East and that an estimated \$8 million had disappeared. They were able to obtain a wiretap and eavesdrop on phone calls involving Jammal and his business partner, Tamer Swailem, under strict guidelines of the Foreign Intelligence Surveillance Act. To get approval, they had to convince a federal judge that their target was a foreign agent engaged in a threat to national security.

Through wives and lawyers, Jammal and Swailem have denied terrorism ties or sympathies.

Maria Swailem said her husband is a naturalized American citizen whose rights have been violated. The FBI seems so desperate to find terrorists, she suggested, that it conjures cases out of thin air.

"They just want him there (in jail) because they have no other information," she said. "This is nothing to do with terrorists, I guarantee you."

More than two dozen people got tangled in the Hanjour web of suspicion. Some were asked to become spies, some went to jail, some were deported. Not one was charged with terrorism.

Still, the FBI's Churay said, agents carried out their duty: enforcing the law and protecting the homeland.

"Is there another Hanjour and (9/11 terrorist Nawaf) al-Hazmi sitting in Arizona waiting for support?" he said. "That's possible."

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## **A new formula for terrorism?**

**By EDWARD HEGSTROM**

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As if dirty bombs and box cutters weren't enough to worry about, now some officials are warning of possible new terrorist tools: Similac and Enfamil.

Baby formula might not make a particularly useful weapon, but it is a valuable commodity. And that has raised concerns that gangs in Houston and other cities across America may be stealing and reselling formula to raise millions shipped to the Middle East, possibly to be used by terrorists.

The U.S. Treasury Department has started a program offering rewards for information leading to the breakup of U.S. crime gangs raising money for terrorists. Among the seven "illicit sources" the Treasury Department believes terrorists are using to raise money are these: "Interstate cigarette smuggling" and "theft, adulteration and resale of infant formula."

In greater Houston, Dallas and Arizona, officials have recently broken up Middle Eastern-led operations that they allege were involved in the interstate cigarette smuggling and the theft and resale of infant formula. Sources say millions of dollars were involved in these cases, though officials are careful not to speculate about possible links to terror in most of the cases.

The specter of terrorism has nevertheless come up in a Dallas-Fort Worth case. An affidavit filed in Tarrant County alleges that Saleh Abugarbieh, 37, a Houston resident, boasted to an undercover police officer at a meeting in Fort Worth that his family helped create the Popular Front for the Liberation of Palestine, a terrorist group, according to a published report in the Fort Worth Star-Telegram.

Abugarbieh has been charged with interstate transportation of stolen property.

His Houston attorney, Phillip Herbert Azar Jr., disputes that his client has any link to terrorism. Azar acknowledged that "a lot of Arabs and Egyptians" appear to be involved in the theft of baby formula, but he said there is no evidence that the profits have gone to terror.

Local police sometimes raise the issue of baby formula and terrorism, but then federal officials usually step in to tell them to keep quiet. After police in Montgomery pulled over a van loaded with more than 700 cans of Enfamil last year, the police chief said federal investigators believed there was a terror link. The FBI later denied knowledge of any such link.

In the Houston case, officials have had enough trouble just proving that the baby formula was stolen, according to Sgt. Johnnie Jezierski of the special crimes unit of the Texas Department of Public Safety. Baby formula carries no serial numbers, so if police pull over an 18-wheeler full of Similac, they have trouble proving where it came from and whether it was stolen.

Investigators from the DPS and the Pasadena Police Department spent months investigating the Houston ring until someone got the idea of bringing in the state health department. Improper transport of baby formula is a violation of state health law, and health officials can not only confiscate the loads but also use the evidence to obtain search warrants.

The search warrants uncovered evidence of weapons, according to Jezierski. Some of the alleged ringleaders were caught on weapons charges.

There is evidence the Houston-area ring generated more than \$6 million in profits, and there is evidence some of that money went to the Middle East, Jezierski said. But he added: "There is no prosecutable proof that these people are connected to terrorism."

The health concerns are serious. Smugglers expose the baby formula to heat, they alter the expiration date to sell old merchandise and they sometimes even adulterate the content. Some mothers feed their babies formula exclusively, thinking it is highly nutritious. But if they get a can that has been stolen, it might be barely more nutritious than water, causing serious health concerns for the baby, said Kim Ogg of CrimeStoppers.

"The most helpless of victims are being taken advantage of," Ogg said.

The stolen cans, Ogg said, most frequently end up in neighborhood stores that accept government vouchers issued through the Women, Infants and Children Supplemental Nutrition Program.

If the money is indeed going to terrorists, that would mean those organizations are being funded by U.S. taxpayers.

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