

Mr. Wags,

This is the 40 page summary I prepared ~~in~~ in advance of my OPR interview. I prepared this due to the complicated history leading up to the filing of the OPR complaint.

September 14, 1999

This document has been prepared by FBI Special Agent Robert G. Wright, Jr. for the purpose of providing his attorney with factual events regarding his investigation of the US-BASED HAMAS Terrorist Enterprise (Enterprise) and contacts with FBI Special Agent Karen Medernach during the course of the investigation. This summary will also aid the Office of Professional Responsibility (OPR) Investigator's in their investigation of FBI Special Agent "Reed's" complaint.

Included are facts revealing my many attempts to persuade FBI management to act in a reasonable manner regarding an obvious interference with my Chicago-based investigation by SA Medernach. The facts will show that supervisors at FBIHQ failed to take necessary and appropriate action due to their fear of retaliation by SA Reed. The facts will also show that due to the failures of FBI management to take reasonable and necessary action, SA Reed filed a malicious and baseless complaint against me. My attorney will be utilizing this information in a civil suit for defamation of character against SA Reed in the future.

By way of background, in October 1993, due to safety concerns following a fatal shooting incident I was transferred from Kansas City to Chicago. I was assigned to the Chicago Joint Terrorism Task Force (J.T.T.F.). I began investigating HAMAS terrorist residing in the Chicago area and eventually throughout the US and overseas. The following is a summary of events regarding this investigation, particularly from January 1998 to August 1999:

From 1988 through 1994, individuals' & organizations from West Germany, Kuwait, Switzerland, Gaza, Saudi Arabia, London & Egypt wire transferred millions of dollars into the bank accounts of four Middleastern college students in the US. The four were Mousa Abu Marzook, HAMAS Political Leader; Ismail Elbarasse, US-Based HAMAS Leader; Nasser ALKhatib, US-BASED HAMAS Leader & AbdelHaleem Ashqar, US-BASED HAMAS Leader. These four are directly responsible for organizing and financing the US-BASED HAMAS Enterprise (Enterprise). Together they laundered the millions of dollars through various bank accounts throughout the US. Ultimately the money was either laundered directly to the Middle East for terrorism purposes, or laundered to various locations throughout the US to finance the creation of organizations which would aid the Enterprise in its mission.

In order to sustain the rapid growth this Enterprise has enjoyed in the US for the past decade, the proceeds of illegal activities have been increasingly used not only to finance international terrorism, but also to purchase property, homes,

businesses, stocks and other investments in the US. In addition, the proceeds have been used to finance the education and living expenses of co-conspirators of the Enterprise while living in the US.

In 1990, Mohammad Salah, HAMAS Military Leader and Chicago, IL resident traveled to Gaza to meet with six HAMAS representatives of the Occupied Territory (O.T.) The HAMAS representatives informed Salah they were fed up with the death of the military activity of HAMAS. Salah stated, "They gave me a threatening message that if the Brothers on the outside (US and Jordan) won't help us...we shall do what we want." Salah was told to deliver the message, "Either you help us or we will leave you(HAMAS)." Salah delivered this message to Mousa Abu Marzook, HAMAS Political Leader when he returned to the US.

In May 1990, the first of four HAMAS terrorist training camps conducted in the US was held in Chicago. Salah was in charge of the camp which was attended by seven HAMAS trainees. The training included preparation and use of detonators and explosives. Most of the HAMAS trainees/co-conspirators were overseas college students studying in universities throughout the US. Co-conspirators of the Enterprise enter the US as visitors or students and later apply for citizenship, for the purpose of taking advantage of the greater protection afforded American citizens.

As a naturalized U.S. citizen, the Enterprise co-conspirator can better aid the Enterprise in conducting illegal activities, the intent of which is to violate and disrupt US policies and interests, within the US and overseas. Should the co-conspirator be investigated or arrested he will claim his rights as a US citizen and seek to prevent US authorities from investigating him or demand the US Government assist in obtaining his release from custody in another country.

In September 1992, Mohammad Salah traveled to the West Bank and the Gaza Strip to meet and provide money to HAMAS terrorist. Salah met with several HAMAS members, including Adel Awadallah and Salah AlArouri. Salah provided approximately \$50,000 to Salah AlArouri for the purchase and use of weapons to kill Israeli soldiers and citizens. Salah AlArouri did purchase weapons which were in fact used to kill Israeli soldiers.

Following Salah's September 1992, trip to Israel where he met with Adel Awadallah and other HAMAS members; Shariff Alwan and Rizick Salah Abdelrazik residents of Chicago, were sent by Marzook and Salah to Syria to attend an advanced terrorist training camp for two months. In November 1992, Marzook instructed Salah to send Alwan and Abdelrazik to Lebanon for additional terrorism training. Following this training, either

Alwan or Abdelrazik would travel to Israel and replace Adel Awadallah as the leader of a HAMAS terrorist wing.

In January 1993, Enterprise Leaders Mousa Abu Marzook, Nasser ALKhatib & Ismail Elbarasse wire transferred approximately \$1 million into the bank accounts of Chicago resident Mohammad Salah. Salah's mission was to transfer this money to HAMAS terrorist in the Occupied Territories (O.T.) for terrorism activity. After he had given \$60,000 to HAMAS terrorist Adel Awadallah, Salah was arrested by the Israelis on 1/25/93. Salah subsequently received a five-year prison sentence for his role as a high ranking commander of the HAMAS terrorist organization.

Salah later confessed that HAMAS members in the US conducted surveillance on members of the Jewish community. Specifically, Salah mentioned that members of the Jewish community in Skokie, Illinois are followed in order to know their actives. Salah stated, "We (HAMAS) want to know about Jews, Israelis and places where there are concentrations (of them) in Chicago."

In June 1994, I began a criminal investigation of Azita Salah, the wife of Mohammad Salah. In February 1993, she transferred the remaining \$750,000 in Enterprise funds which remained at the time of her husbands arrest. These funds were transferred into a new Chicago bank account to prevent the Enterprise and the US Government from seizing the funds.

In February 1995, Mohammad Salah became the first US Citizen (Naturalized) to be named to the list of Specially Designated Terrorist by the United States Government under Executive Order 12947 issued by US President William J. Clinton. With the designation, Salah's bank accounts were frozen by the US Government. At the time, only \$370,000 of the original \$750,000 which remained at the time of Salah's arrest was available.

In 1995, I realized that neither FBIHQ nor any of the FBI's Field Division's were conducting a nationwide criminal investigation of the Enterprise. Although each division was conducting local investigations, the results of these investigations were not being utilized in a nationwide effort to fully identify and neutralize the Enterprise.

In August 1995, following the arrest of Mousa Abu Marzook, HAMAS Political Leader in New York, I laid the ground work to establish a nationwide criminal investigation of the Enterprise. Specifically, to investigate the source of funds to aid the Enterprise, identify the methods of transferring funds from the US to HAMAS co-conspirator's in the O.T. & identify the US organizations established and utilized by the Enterprise to further its terrorism missions. The goal was to identify and neutralize the growing HAMAS threat to US interests and policies.

In March 1996, SA John Vincent and I attempted to interview 60 associates of Mohammed Salah. Through these interviews, we located a cooperating witness who would provide information linking Mohammed Salah to the Enterprise. In September 1996, I opened a criminal investigation on an organization utilized by the Enterprise to launder funds for terrorist activities and training.

In the Summer of 1996, the Chicago leaders of the Enterprise became upset after learning the Immigration and Naturalization Service (INS) and FBI were working together to investigate co-conspirators of the Enterprise. They became even more upset when they discovered the investigators were inquiring about income taxes and donations to nonprofit organizations by its members and supporters. When inquiries of this type, or any type for that matter, are initiated by any US government agency into the Enterprise or one of its co-conspirators, this Enterprise will immediately attempt to quash the inquiry by means of intimidation. For example, during the Spring 1996, joint INS and FBI interviews, the Enterprise attempted to protect itself by claiming the joint INS and FBI interviews were a violation of the interviewees civil rights. The Enterprise further claimed the agents actions were motivated because of the interviewees religious and political beliefs.

In July 1996, AUSA Mark Flessner authorized the use of the Federal Grand Jury to investigate the subjects of the case which was ultimately code named VB (VB).

The ultimate goal of the VB investigation has always been to conduct the best investigation possible in order to neutralize the HAMAS threats against US Citizens and US policies and interests. To date, the investigation has been gathering the best evidence available throughout the US and Israel against the Enterprise. Although HAMAS has not claimed credit for any attacks within the USA, it has intentionally acted against the direct interests and policies of the US Government. Specifically, this Enterprise has aided in committing terrorist attacks against Israel, in order to derail the Middle East Peace Process which is backed and supported by the US Government. In addition, US citizens have been killed during some of HAMAS' terrorist attacks in Israel.

To accomplish the ultimate goal of the case, the VB investigation had to first identify and neutralize the Enterprise members, supporters and organizations operating on US soil. This was to be accomplished through the indictments and convictions of the subjects and seizures of the organization's assets. Since the start of this investigation, I have always provided FBI

offices throughout the country with summaries of the investigation, provided requested information to other divisions and maintained communications with agents in forty-two divisions.

Through the course of the VB investigation evidence had been collected which clearly establishes the Enterprise has derived a major portion of its funds through such illegal activities as donation fraud, money laundering, income tax fraud, bank fraud, food stamp fraud, wire fraud & mail fraud. Many co-conspirators throughout the US own small grocery stores which have been used to commit money laundering, food stamp fraud & tax fraud.

The accumulation of all localized criminal activities being committed by Enterprise co-conspirators throughout the US weakens the nation's economic system, interferes with free competition, seriously burdens interstate and foreign commerce, threatens domestic security and undermines the general welfare of the US and its citizens.

Until February 1998, I was the only agent assigned to the VB investigation. Repeated request for assistance were ignored by FBI management. In January 1998, SSA Tim Gossfeld became the new supervisor of the Chicago J.T.T.F. After briefing him on the VB case, he decided the case was in need of additional agents, particularly FBI special agent accountants, computers and better working space. SSA Gossfeld's supervision and case experience were instrumental to the only true successes achieved by the VB investigation to date.

In January 1998, *Tony Murphy* Attorney, Terrorism and Violent Crimes Section, US Department of Justice contacted me regarding my investigation. In particular, he was interested in my investigation of the Holy Land Foundation located in Dallas, Texas. Mr. *Murphy* advised he was currently investigating the Holy Land Foundation for providing Material Support in Aid of Terrorism to the Middle East. Mr. *Murphy* requested a January 28, 1998, full briefing regarding the VB investigation.

I utilized this opportunity to invite agents from seven FBI Divisions, INS and Internal Revenue Service (IRS) to participate in the briefing, which would later become known as VB Conference I. During this conference I announced my intention to seize \$1.6 million in Enterprise funds during April 1998. Most attendees, particularly Mr. *Murphy* did not believe the seizure was a realistic goal. The reason being, the FBI and DOJ had never attempted to utilize the civil forfeiture laws to seize the assets of a terrorist and/or terrorist organization.

At the conclusion of the conference, Mr. *Murphy* said an investigation of this magnitude needed to be coordinated out of one office and that office should be Chicago. In addition, *Murphy*

stated, "In order to avoid duplication of investigative efforts, portions of the Vulgar Betrayal investigation should not be split away from the VB case and worked independently by other offices."

During March 1998, a Special Agent accountant was added to the VB investigative team. He was responsible for investigating the XYZ Corp. which received funding from Mousa Abu Marzook, a US Specially Designated HAMAS Terrorist, two siblings of Osama Bin Laden, FBI Top 10 Fugitive responsible for the US Embassy bombings in Africa and Yassin Kadi, financier of US Enterprise activities. Initially this agent performed case work for a proximately two to three weeks however, for the next year he did absolutely nothing. He even placed an 8 X 10 mirror on his desk and bragged about utilizing the mirror to see management approaching from behind, giving him time to fake that he was working. Eventually, after bringing down the moral of others assisting with the case and failing to produce any work product, the three AUSA's demanded that he be removed from the case in 1999.

In April 1998, the seizure of the \$1.6 million from the Quranic Literacy Institute (QLI), an Enterprise front organization and Mohammad Salah, US Designated HAMAS Terrorist was scheduled to be conducted. However, there were many unnecessary delays caused by Mr. *Murphy*. The end result of these unnecessary delays caused the VB investigators to divert quality time from conducting investigations to attend many unnecessary meetings, lowered the moral of agents and caused the loss of approximately \$200,000 in terrorist funds which would have been seized had the seizure taken place as planed in April 1998. At one point, Mr. *Murphy* suggested to Deputy United States Attorney Joan Staford, AUSA Joe Ferguson and AUSA Mark Flessner, US Attorney's Office, Northern District of Illinois that SA Robert Wright be replaced as the affiant on the affidavit to be filed with the US Federal Court. Deputy United States Attorney Staford informed Mr. *Murphy* that to do such a thing at this time would be wrong and misleading and she refused to do such a thing.

On June 9, 1998, the Chicago J.T.T.F. seized approximately \$1.4 million in cash and assets from the Quranic Literacy Institute (QLI) and Mohammad Salah through a civil seizure action. This seizure was the first seizure of terrorist related funds and assets by the U.S. Government utilizing the civil forfeiture statutes. (~~ITEMS #1 & #2~~)

On or about June 16, 1998, I received a telephone call from US Congressman Ed Pease. Congressman Pease told me that he and all Americans were proud of my efforts and he wanted to personally wish me continued success in bringing terrorist to justice in the future. I also received a call from Judith Miller, Reporter, New York Times. Miller stated, "Bob I'm not

calling to ask you any questions. I just wanted to congratulate you on this major accomplishment in the fight against terrorism." Miller has written a book regarding Middle East Terrorism. Her book contained a chapter on Mohammad Salah and other Chicago Enterprise co-conspirators. In addition, SSA Gossfeld and I had lunch with two reporters from the Chicago Tribune who wished to provide the FBI with information developed in their investigation of the Enterprise.

Since the seizure, this Enterprise has hired a lobbyist, contacted numerous national and local politicians, denounced the seizure on C-Span, and met with top ranking officials of the Department of Justice in an attempt to protect the Enterprise from future criminal and civil actions by the FBI and the United States Attorney's Office.

In the very beginning, this Enterprise quickly identified and abused another weakness of the U.S. Government, the tax exemption laws under the control of the IRS. The Enterprise has creatively utilized the nonprofit privileges which were established for legitimate religious, educational, scientific, literary and research purposes. In the course of this three and a half year investigation, there is no indication that any of the Enterprise co-conspirators nor any of the nonprofit organizations such as the QLI have been audited by the IRS.

The QLI is located in a two and a half story residential building, which is located in a residential area and occupied by the families of the QLI president and vice president. The QLI is registered with the IRS as a church and takes full advantage of the tax-exempt status it has received as a church. In addition, the QLI engaged in for-profit activities and earned more than \$600,000 in profits over a three-year period. The QLI failed to file a tax return regarding this income.

The IRS officials advised they rarely investigate not-for-profit organizations, particularly religious not-for-profit organizations. The leaders of this Enterprise are aware the IRS is reluctant to investigate or audit such organizations. Therefore, to capitalize on this weakness of the US Government, this Enterprise appears to have established a majority of organizations throughout the US as not-for-profit religious, scientific, educational and/or research organizations.

On 8/27/98, I drafted a summary of the VB investigation and listed the future goals of the investigation (**ITEM #3**). This communication was forwarded to twenty-one agents in fourteen divisions and FBIHQ. As the VB investigation gained momentum and other offices realized the goals of the case were becoming a reality, there were concerns that VB was trespassing into investigative violations of other divisions and they now wanted

to open and conduct their own criminal investigations of the Enterprise. These understandable concerns caused the International Terrorism Operations Section to hold a VB II meeting at FBIHQ.

On 10/27/98, the VB II meeting was held at FBIHQ and attended by Section Chief *GARY JONES*, SSA *Barney Clinton*, *Greg Killian*, National Security Law Unit, *Nick Martin*, National Security Law Unit, Dallas Division, San Diego Division, Detroit Division, Newark Division & the Washington Field Office. I provided a slide show presentation I had prepared which summarized the entire VB investigation (ITEM #4). Following my presentation SSA Gossfeld explained the Enterprise's criminal activity taken as a whole, throughout the US, was prosecutable as a RICO violation. However, each division alone had significantly weaker, or possibly no prosecutable case, since the activity of the Enterprise in each division alone did not amount to a RICO violation.

It was established at this meeting the VB investigation was the FBI's national HAMAS criminal investigation. It was agreed that VB is not a Chicago case, but rather a national FBI case, and as such it was agreed the VB investigators would visit other FBI divisions to review files regarding the subjects of the FBI's national HAMAS criminal investigation. The first office visited by the VB investigators was the Dallas Division during the first week of December 1998.

On November 3, 1998, SSA *Clinton*, FBIHQ and a government official from the State of Israel traveled to Chicago to discuss Jamil Sarsour, a resident of Milwaukee, WI. The Israeli's advised that Sarsour had been arrested in Israel for providing material support to Adel Awadallah, a key HAMAS terrorist leader responsible for several deadly HAMAS terrorist attacks in Israel. Two multiple suicide attacks which occurred on July 30, 1997 and September 4, 1997, killing twenty (20) Israelis and wounding hundreds, were masterminded by Awadallah. Awadallah was killed in a raid by the Israeli military in September 1998.

Adel Awadallah is the same person Chicago resident Mohammad Salah met in the Occupied Territories (O.T.) during September 1992, for the purpose of convincing him to begin conducting terrorist activities on behalf of HAMAS. In January 1993, Salah gave \$60,000 to Awadallah for the purchase of weapons for HAMAS military activity. Salah also told Awadallah that in the future Awadallah would receive money from the Sarsour family in America for HAMAS military activity.

Following notification of Sarsour's arrest, the financial records of Sarsour which had been in the possession of the VB investigators since February 1997, were again reviewed. During

this review the records established that Sarsour had provided money to ***** AlKhatib, an Enterprise co-conspirator, as early as June 1989. AlKhatib is responsible for transferring more than \$1 million from the US to the military wing of HAMAS in the O.T. from November 1990 to May 1992. ***** AlKhatib is also the @@@@ of Nasser AlKhatib, another Enterprise co-conspirator. Nasser AlKhatib transferred \$250,000 of the \$1 million into Mohammad Salah's Chicago bank accounts in January 1993.

Sarsour's arrest & subsequent confession confirmed what the Chicago VB agents had suspected all along, that the HAMAS criminal enterprise continued to operate successfully within the US. What is more important, the material support activities of Sarsour were directly linked to the Enterprise activities that occurred in 1992 and 1993 by co-conspirators Mohammad Salah, Mousa Abu Marzook, Ismail Elbarasse, Nasser Alkhatib and others. The criminal acts of Sarsour on behalf of the HAMAS enterprise established the two criminal acts needed within the past five years to pursue RICO Conspiracy charges against the rest of the co-conspirators of the Enterprise.

There was absolutely no one else residing in the US, other than Jamil Sarsour, who could have provided the direct relationship of current criminal Enterprise activity to the 1993 Enterprise activity between Mohammad Salah and Adel Awadallah, Israel's most wanted HAMAS terrorist. Sarsour's arrest was the best thing that could happen for the FBI's VB investigation.

On November 10, 1998, at the invitation of the Milwaukee FBI office, SSA Gossfeld and I traveled to Milwaukee to attend the Israeli briefing of Sarsour's arrest to the FBI agents in Milwaukee. The Israeli's briefed the Milwaukee FBI regarding Sarsour's arrest and sought any available information Milwaukee could provide regarding Sarsour. SSA Gossfeld and I attended this meeting to explain that on 10/27/98, the VB investigation became the FBI's national criminal investigation of the Enterprise, explain the VB investigation to Milwaukee, inform Milwaukee Sarsour had been a subject of VB investigation since February 1997, and show the significance of Sarsour's direct criminal activity to other key subjects of the FBI's VB investigation.

During the meeting, the lead case agent of Milwaukee's HAMAS program advised the attendees that Milwaukee did not have an open case on Jamil Sarsour since they had no reason to believe he ever supported HAMAS.

I then advised Milwaukee the VB criminal investigators had subpoenaed Jamil Sarsour's bank account records on February 14, 1997, 21 months prior to Sarsour's arrest and opened a criminal sub-file on Jamil Sarsour on 2/4/97 (ITEM #4A). Following the

notification of Sarsour's arrest, a subsequent review of these records yielded financial information linking Jamil Sarsour to key Enterprise co-conspirators as far back as June 1989.

At this time, SA *Sybil Reed* became noticeably upset and wanted to know why Chicago subpoenaed the financial records of a Milwaukee resident without informing Milwaukee. I informed SA *Reed* that more than 600 subpoenas had been issued in the VB investigation to date and that most of them were sent directly to the financial institutions in order to prevent the waste of FBI manpower throughout the country. I later advised SA *Reed* that I researched the January 1997 subpoena issued for Jamil Sarsour's records and determined the subpoena had actually been forward to the Milwaukee office and was in fact served by the Milwaukee FBI office (ITEM #4B).

At the conclusion of this meeting in Milwaukee, it was mutually agreed the Milwaukee office would draft a list of intelligence questions and Chicago would draft a list of criminal questions to be asked of Sarsour by the Israeli government. Again, Chicago's participation in this meeting was as the representative of the FBI's leading HAMAS criminal investigation of which Jamil Sarsour was a subject. It was Chicago's understanding the terrorist criminal investigation was under the jurisdiction of Chicago and Milwaukee was conducting the FBI's intelligence investigation of Jamil Sarsour's activities.

Prior to leaving Milwaukee, SA *Reed* began aggressively questioning SSA Gossfeld as to how Chicago could possibly conduct an investigation on a Milwaukee resident. We had already explained to her our jurisdiction in this matter and she just continued to ask the same questions over and over. SA *Reed* became upset and went to another area of the office to cry following a "yawn" by SSA Gossfeld who had explained to her that there may have been some friction between the Milwaukee and Chicago offices in the past over HAMAS matters, but that as far as he was concerned, that was the past and that the two offices could easily work together productively in the future.

When AUSA Mark Flessner was advised about the list of criminal questions I had drafted and forward to FBIHQ, AUSA Flessner requested that these questions be returned and the Israeli's not ask any criminal related questions on behalf of the US Government. AUSA Flessner was concerned the Israeli's would be acting at the direction of the US Government and this would amount to a violation of Sarsour's constitutional rights.

On or about December 30, 1998, I was contacted at home by SSA *Barney Clinton*, FBIHQ, regarding travel to Israel on January 4, 1999, to conduct an interview of Jamil Sarsour regarding his criminal activity on behalf of the Enterprise. At this time, I

was also informed Tony Murphy, Attorney, DOJ intended to travel to Israel and that he had encouraged Pam Hannity, AUSA, Milwaukee US Attorney's Office to travel to Israel as well. In addition, Milwaukee SSA Brad Ford, SA Reed's supervisor and SA Medernach would be traveling to Israel.

I was extremely concerned as to why Mr. Murphy and Pam Hannity were traveling to Israel. I questioned SSA Clinton regarding the purpose of Murphy and Hannity's travel to Israel. SSA Clinton explained that Mr. Murphy insisted on going and he had encouraged Hannity to travel along. I expressed my concern that Mr. Murphy had a hidden agenda and it would ultimately lead to problems in the future. My concerns were based upon Murphy's continued interference with the seizure in the summer of 1998 which caused the loss of the \$200,000 in cash. I suspected Mr. Murphy's agenda was to utilize Milwaukee in conducting the first criminal prosecution of the Material Support laws. I expressed this concern to SSA Clinton and AUSA Mark Flessner prior to our travel to Israel.

In addition, I told SSA Clinton that Tony Murphy simply had no true knowledge regarding the scope of the VB investigation and this would eventually lead to problems for VB. SSA Clinton then confessed that he had no real idea what the VB investigation was all about himself and that he did not understand it. Again, SSA Clinton is the FBIHQ supervisor of the HAMAS terrorism program and participated in most if not all VB related meetings.

January 1999 Trip to Israel

Attendees: Tony Murphy, Mark Flessner, Pam Hannity, Brad Ford, SA Reed & Robert Wright.

Purpose: To interview US Citizen Jamil Sarsour regarding his role in financing terrorism in the Middle East.

Chicago's Role: Criminal Investigation.

Milwaukee's Role: Intelligence Investigation

Events:

1. During our first meeting with the Israeli's, Mr. Murphy suggested to the Israeli's that he be allowed to offer a HAMAS terrorist a deal in exchange for his cooperation. This particular terrorist had spent 10 of the last 12 years in prison, could not speak English, had never been out of the country, was in his 40's and his family resided in the Occupied Territories. Mr. Murphy wanted to offer this terrorist protection in the US under the witness protection program in exchange for his

testimony against HAMAS. SA Reed and I were both shocked by Mr. Murphy's suggestion. It was now known to the Israeli's that Mr. Shine had no knowledge of the HAMAS subject matters and he basically lost all credibility with the Israeli's when he made this suggestion.

2. The Israeli officials informed SA Reed and me they really didn't want anything to do with the attorney's. They were upset by some of the things said by Mr. Murphy. SA Reed and I tried explaining to the Attorney's that they needed to listen to our suggestions on how to handle the Israeli's and ultimately Jamil Sarsour if an interview was conducted. The attorneys refused to consider the recommendations of SA Medernach & myself during the trip.

3. Out of frustration with the attorney's, SA Reed & I remained behind in Tel Aviv one evening while the others went on to Jerusalem. We had dinner together that evening and discussed our aggravation with the attorney's for ignoring our suggestions and recommendations.

4. The following morning SA Reed and I traveled to Jerusalem together in a taxi. SSA Ford advised us that he had spoken to the attorney's about our frustrations and believed things were going to be different and there was to be a "New Beginning." In other words, a better relationship would develop between the attorneys and the agents.

5. Unfortunately things remained the same. During a meeting between the attorneys and the FBI agents, SA Reed became upset with AUSA Mark Flessner and said she would like to slap him. AUSA Flessner denied making the statement SA Reed accused him of making. SA Reed became upset and left the room. Following the meeting I went to her room to talk with her. When she answered the door, she was still crying over the dispute between her and AUSA Flessner. We talked for a while and she calmed down. Events such as this created a lot of frustration for SA Reed, SSA Ford & myself. Because of this SA Reed and I became very close friends since we had limited contact with the attorneys and spent a lot of time together during the trip.

6. One evening SA Reed and I decided to draft questions of Sarsour in anticipation of an interview. Since I had my computer, we met in my hotel room to draft the questions. SA Reed suggested we purchase a bottle of wine and drink it while we were drafting the questions. We purchased a bottle of wine from the hotel and consumed it while working on the questions.

7. The following evening SA Reed and I shared two

bottles of wine. We discussed our families, parents, her husband & her children. That same evening we both called our parents to assure them that we were safe and not to worry. SA *Reed* spoke to my mother & I spoke to her mother to assure them they need not worry. SA *Reed* told my mother that she would be willing to get some FBI merchandise in Milwaukee and mail the items to her since her son would not do so.

SA *Reed* informed me that when she learned I was going along on the trip she was not pleased since she thought that I would not be any fun and would take things too seriously. I told her I felt the same way about her and we agreed it was nice we were both wrong about each other. During this same evening SA *Reed* stated several times that she couldn't believe how much alike we both were and that it was scary how well we were getting along. At the end of the evening as SA *Reed* was leaving, I thanked her for talking to my mother, as I could tell my mother was feeling much better about this trip. I gave SA *Reed* a light kiss on the forehead and she left my room. There was nothing unusual or uncomfortable about this particular evening.

8. The following evening SA *Reed* and I went for a walk in a pedestrian mall near the Hilton Hotel. Prior to returning to the hotel we purchased three bottles of wine together. We also purchased a cork screw since there were none available in the rooms. We intended to have one bottle a night for the next three nights, however we consumed all three bottles that evening. SA *Reed* will agree there was very little alcohol in these bottles of wine.

Again, SA *Reed* kept repeating how scary it was that we were so much alike. In a joking manner I stated, "You couldn't wait for me to come along, so you went ahead and got married." I then asked her how her and her husband met. She told me they were just friends and one day he came up to her and asked her if she would go on a date with him. They later got married and they now have three children, two boys and a girl. At one point she stated, you wouldn't have been interested in me, I have big thighs and a big butt. I told her that she looked nice. We also talked about Indianapolis and I told her that I would like to move there in the near future. SA *Reed* stated, "I have some friends in Indianapolis I could set you up with." I replied, "No thanks, I can find someone on my own." SSA *Ford* entered my room on two or three occasions while we were consuming the wine and working.

9. Near the conclusion of the trip, I informed SA *Reed* & SSA *Ford* that I was seriously considering resigning from the FBI in the near future. I explained that I was frustrated with the slow progress of the VB investigation due to the lack of resources and lack of agent and support personnel

required to complete this investigation and lack of support and understanding from SSA *Clinton* at FBIHQ. They both expressed concern about my thoughts of resigning and suggested I reconsider since they felt that things would get better.

10. One afternoon while having lunch with SSA *Ford*, we discussed the case and I explained my objectives and goals of the VB investigation. SSA *Ford* stated that after listening to me he realized that I actually knew what I was doing and that I was not "out of control", as he had been told by SSA *Clinton*, FBIHQ prior to our travel to Israel.

11. The Attorney's departed from Israel without holding a meeting with all of the Israeli officials who had been assisting during the visit. The FBI agents decided to stay one more day to review evidence and brief the Israeli's. The following morning an Israeli official advised the Legat he intended to file a formal protest against the visit of Mr. *Murphy*.

12. Before departing Israel I telephoned SSA Gossfeld and informed him things were going great between SA *Reed* and myself & we were going to work well together.

13. On the return flight, SA *Reed* suggested we should sit together if possible. We discussed the cases and what we were going to do in the future regarding Sarsour. Prior to landing in New York, SA *Reed* stated, "Now I understand why some people have affairs." I did not ask her to explain, as I figured she was referring to what a good time we had together in Israel. I thought it was a nice thing of her to say regarding our becoming friends and our working well together. This comment did not seem that unusual to me since ninety percent of my best friends are female and some of them have said similar things to me in the past. I have even had female friends tell me their boyfriend or husband had told them that if anything should ever happen to them, they would want their girlfriend or wife to marry me (ITEM #4C). I have never inferred nor used such comments to actually pursue or have an affair with someone.

Contacts between SA *Reed* & Myself
following the Trip to Israel

January 25 through February 7, 1999, I worked at home reviewing VB information developed to date to identify the overall structure of the Enterprise within the US (ITEM #5). During these two weeks, SA *Reed* and I spoke on the phone daily, including Saturdays, to discuss the cases. At the time I was unsure if I wanted to remain in the FBI and SA *Reed* believed I would ultimately stay and work on the VB case. She informed me several times that I should call her at home on her days off to discuss the case. We took turns calling one another

her.

During several meetings held in Chicago, SA *Reed* and I would sit together and joke with one another. Sometimes she would give me a light punch in the arm. This was all innocent and I believed we had truly become good friends.

During another meeting in Chicago, SSA *Ford* presented me with a T-shirt on which he had a photograph of SA *Reed* and me on a camel together (ITEM #8). SSA *Ford* also gave one of these shirts to SA *Reed*.

During one of the above meetings, it was decided that SA *Reed* and I would take turns traveling to Chicago and Milwaukee to compare notes regarding each division's investigation. It was decided these trips may require an overnight stay. On several occasions SA *Reed* stated, "You had better not abandon me after five o'clock when I come down." She explained that I had better not go straight home after work, but rather I had better go out with her in the evening when she came to Chicago. I agreed and told her that I would enjoy doing that since I rarely did anything downtown after work.

In a joking manner between friends I stated, "If you're too scared to be in the big city all by yourself, I guess I could sleep on the floor in your room. However, a lot of people would be talking the next day when I came in with the same clothes on from the day before." Again this was said in a joking manner between friends and she laughed at the statement and said something to the effect that she would never be that scared. SA *Reed* stated several times, "When you come up to Milwaukee you will have to come over to my house and have dinner with my family."

During one telephone conversation with SA *Reed*, she mentioned that she and her husband had entertained two couples in their home the previous evening. She mentioned that one of the girls was a friend of hers from college and that she performed a "special talent" the guys really liked a lot. She explained that her friend had taken a beer can and placed it in her mouth. She explained that her friend was really popular in college since she used to do this a lot in college. I asked her if this was one of her friends that she had wanted to set me up within Indianapolis. She responded, "No, she's married."

It is important to note that until 3/1/99, both the Chicago FBI & Chicago US Attorney's Offices were working under the impression that Milwaukee was working an intelligence case and the Chicago Division was working the FBI's criminal case against Jamil Sarsour. There were absolutely no signs of problems between Chicago and Milwaukee.

On March 1, 1999, the first real sign of a problem developed between Chicago and Milwaukee. Chicago received a communication from Milwaukee requesting the work product of VB for the entire Sarsour and AL-Ramahi family (ITEM #9). Chicago now learns for the first time that SA *Reed* has officially opened a material support criminal case to investigate the criminal activity of Jamil Sarsour. Both Chicago and Milwaukee are now conducting the same criminal investigation simultaneously. The Milwaukee office began requesting the work product of Chicago's VB investigation, for the purpose of aiding Milwaukee in the rapid indictment of Sarsour.

There were concerns by both Chicago FBI and the Chicago US Attorney's Office that an indictment of Sarsour by Milwaukee would seriously jeopardize the entire VB investigation. The concern was that such an indictment by Milwaukee would open the VB investigation up to discovery by Sarsour's attorney. Additionally, Sarsour was needed in the VB case to prove the two criminal acts within the past five years to prosecute many other members of the Enterprise under RICO.

In addition, there were concerns Milwaukee would waste investigative time by duplicating the three years of investigative efforts by Chicago. This was something Dick Shine expressly stated should not happen at the conclusion of VB I conference held in Chicago on 1/28/99. The problem now was that *Tony Murphy* was spearheading this effort for Milwaukee to conduct a simultaneous investigation and/or cause a split from the FBI's VB investigation regarding Jamil Sarsour. *Murphy's* concern was not what was in the best interest of the US Government or the FBI's three year VB investigation, his concerns were personal in that he wanted credit for being instrumental in the first indictment by the US Department of Justice utilizing the US Anti-Terrorism Statue 2339(b).

On March 5, 1999, a meeting was held in Chicago to discuss Milwaukee's criminal investigation of Sarsour. I attempted to demonstrate to Mr. *Murphy*, the Milwaukee FBI and the Milwaukee AUSA, by use of charts, how a separate investigation by Milwaukee into the same criminal activity would cause Milwaukee to conduct a massive duplication of Chicago's three year investigation of the HAMAS enterprise (ITEM #10). This was an effort to prevent Milwaukee from duplicating the efforts of the FBI's VB investigation. I identified specific individuals and organizations, such as the "AGGOULY" money changing business that were under investigation by Chicago.

In addition, I drafted additional charts to show how Sarsour was directly linked to many of the other key subjects of the entire VB investigation (ITEM #11). The Milwaukee FBI & Milwaukee

to discuss the cases (ITEM #6).

During some of SA *Reed*'s calls to my home during these two weeks, I had loud music playing in the background. When she asked what I was listening to, I explained how I had been recording a lot of music in order to make a 100 minute tape of fast upbeat mix music. I also explained that I listened to this music while working out at the gym and during my one hour drive to work and told her I would forward a copy to some of my relatives and friends who like this type of music. I told her I would send her a copy of the tape when it was completed.

During the second week of February I had finished producing the 100 minute tapes of music (ITEM #7). I needed to complete this tape before February 16 in order to send a copy to my brother for his birthday. On or about February 9, 1999, I mailed a copy of this tape to my brother, the 10-year-old nephew of an ex-girlfriend and gave several copies to male and female friends. In addition, on or about February 9, I forwarded some case related documents to SA *Reed*, included with the documents was the same cassette tape of fast beat music and a valentine's day card. At the time I told her it was not a romantic tape, but a tape of fast beat music for listening too in the car or when working out.

As for the Valentine's Day card, while buying a birthday card for my brother and Valentine's Day cards for some friends I came across a Valentine's Day card that reminded me of something Medernach said repeatedly on the trip and decided to send her the card as an inside joke between friends. The following week I asked SA Medernach if she received the package and she responded, "No." I told her to look for it because I had sent the tape of workout music and Valentine's Day card. SA *Reed* stated, "A Valentine's Day card!" I immediately told her the card was not a romantic Valentine's Day card. The card just reminded me of something she had said on the trip and it was meant as an inside joke and she would understand when she read the card. I also told her to look for it because someone else might get the wrong idea if they saw it and did not understand the real meaning behind it. A few days later, SA *Reed* advised she had received the card and understood the inside joke behind the card.

On 2/25/99, and 3/5/99, meetings were held in Chicago between the FBI and US Attorney Offices from Chicago and Milwaukee. During one of these meetings, SSA *Ford* mentioned to me that SA *Reed* had expressed many times how happy she was to be working with me. He said that she mentioned a lot to him that she couldn't believe how much she and I were alike. SSA *Steckle* was very happy that SA *Reed* and I were getting along so well. I told him that I was surprised over how well we were getting along and that I was just as happy to be working with

US Attorney's office agreed not to request any bank records outside the State of Wisconsin and they would limit their criminal investigation to Wisconsin accounts only to avoid interference and duplication of the FBI's VB investigation. Chicago provided Milwaukee FBI with copies of subpoena's issued by Chicago for all Wisconsin bank accounts. Milwaukee requested that Chicago forward copies of all bank records obtained regarding Wisconsin residents in the future. Chicago agreed to provide Milwaukee with copies of all records, however neither Chicago nor Milwaukee anticipated the extremely large volume of records that were being received each week from Wisconsin banks.

In addition, political problems were occurring between the US Attorney's Offices in Milwaukee and Chicago. It sometimes seemed things would get a little better after each meeting however, things would soon unravel and additional problems would surface. *Tony Murphy* advised that he was under tremendous pressure from the US Congress to prosecute someone under the Material Support Statute 2339(b). Chicago argued with *Murphy* that to indict this one person (Sarsour) in order to appease Congress would seriously jeopardize the entire three year VB investigation.

On 3/17/99, SAC Kathleen L. Mc Chesney arrived in the Chicago Division.

On 3/26/99, another meeting was held in Milwaukee. At this meeting, plans were being made to return to Israel in the near future to interview Jamil Sarsour. SA *Reed* told me that I "had better pack the corkscrew" for the wine (ITEM #12). The packing of the corkscrew was mentioned several times by SA *Reed* between this meeting and the date of departure on April 29. Prior to departing Milwaukee, SA *Reed* showed me pictures of her three children and husband. She also gave me some Milwaukee FBI pens.

I informed SA *Reed* would bring my workout clothes and swimsuit. She declined to bring hers because she "didn't want others to see her big thighs in a swimsuit." Prior to the trip she called me about reserving airline tickets for a flight, we both agreed to sit together on the flights to and from Israel. SA Medernach called and made reservations for the two of us.

Upon arriving back in Chicago following the 3/26/99, meeting I discovered that Milwaukee had subpoenaed the same Wisconsin financial institutions for the same accounts the VB investigators had subpoenaed in the past. Specifically the same financial institutions in the subpoena's Chicago provided to Milwaukee on 3/5/99. This was clearly a perfect example of the problems which were anticipated by the Chicago FBI and US Attorneys Office. I immediately contacted AUSA *Williams* to advise him of this

duplication effort by Milwaukee of the FBI's VB investigation.

Following the 3/26/99, meeting in Milwaukee, it became increasingly difficult to deal with SA *Reed*. She began to accuse me of intentionally withholding bank account records that had been received in the Chicago division. She was informed that Chicago had only three agents assigned to the VB case and there was no support help in the office to help reproduce such a large volume of records.

In addition, each time I spoke to her on the phone and failed to fulfill her request, she would complain to her supervisor that I had just upset her. SSA *Ford* would then call SSA Gossfeld and inform him SA *Reed* was upset with our conversation. I was genuinely confused since there was no hint of anger or hostility between SA *Reed* and myself during our telephone conversations. On several occasions I asked SA *Reed* to please talk to me if I said anything that might be upsetting to her while we were on the phone. I told her that I didn't want my supervisor getting calls from her supervisor saying there was a problem when I had absolutely no indication there were any problems. SA *Reed* agreed and said she would talk to me about any future problems.

However, she continued to complain, not only after our phone calls, but also about messages I would leave for her on her voice mail system. Ultimately there were additional calls from the Milwaukee SAC and ASAC to Chicago. On one occasion, after leaving a message on SA *Reed*'s voice mail I began to think about what I had said in the message to determine if she could possibly misinterpret anything I said the wrong way. I decided to leave another message to eliminate any chances that she might misinterpret something in the first message. Within an hour SSA *Steckle* contacted SSA Gossfeld about the two calls I had left.

According to SSA Gossfeld, SSA *Ford* informed him that he received a frantic call from SA *Reed* stating, "He's doing it again." She demanded that SSA *Ford* listen to the message that I had left on her voice mail and provided SSA *Ford* with her numeric code for retrieving the message. SSA *Ford* listened to the message and felt that there was nothing wrong with it and couldn't understand why she was so upset. SSA *Ford* then listened to the second message I had even left and wondered why I had left the second message since there was nothing wrong with the first message.

On or about 4/5/99, AUSA *Williams* met with the SA accountant assigned to review information regarding the XYZ Corp. linked to terrorist. AUSA *Williams* was upset with the complete lack of a work product by this SA accountant for the past year.

On or about 4/6/99, AUSA Williams met with SSA Gossfeld to complain about the SA Jennings Accountants complete lack of a work product during the past year. They demanded the SA Accountant be removed and someone new be assigned the investigation of the XYZ company.

On or about 4/7/99, SSA Gossfeld met with the SA Accountant to discuss his meeting with AUSA Williams on 4/5/99, and his lack of work product. The SA Accountant informed SSA Gossfeld that AUSA Williams had no idea what he was doing regarding the XYZ Corp. and VB. In fact, the SA Accountant informed the supervisor the VB case was not a credible case and refused to conduct any work on VB. SSA Gossfeld immediately replaced the SA Accountant with SA Christopher Smith as the investigator of the XYZ Corp.

On April 8, 1999, the fourth meeting was held with Milwaukee since the January trip to Israel. During this meeting, Milwaukee agreed to send support personnel to Chicago to help copy all Wisconsin financial records in Chicago's possession as of 4/8/99. In addition, AUSA Williams agreed the US Attorneys Office would copy all future Wisconsin bank records and forward them to Milwaukee since the FBI was unable to provide an employee to perform this task. This agreement was meant to alleviate SA Reed's concerns about receiving future bank records in a timely manner from Chicago.

On the day of this meeting SSA Ford mentioned to me the frantic call he had received from SA Reed concerning the message I left on her voice mail. SSA Ford stated he didn't find anything wrong with the messages I had left on SA Medernach's voice mail and couldn't understand why she became so upset. I explained to SSA Ford that my reason for leaving the second message on her voice mail was to head off any possible misinterpretation of my first message. At this time I informed SSA Ford that I was clueless about her constant complaining and misinterpretations of our conversations. I informed him I was concerned with the false allegations of SA Reed regarding my intentionally withholding of records and her constant complaints to Milwaukee management following our telephone conversations. In addition, I informed him I was hesitant to call her any more since every time we spoke, no matter what we discussed she would misinterpret our conversation and complain to the management in Milwaukee.

Additionally, I informed SSA Ford that following each phone call with SA Reed, I would advise SSA Gossfeld that I had just finished a phone call with her and provided him with the factual details of the call. This was done to warn SSA Gossfeld in advance of SSA FORD's pending calls. There were times SSA Ford would call while I was advising SSA Gossfeld that I had just spoken to SA Reed. I told SSA Ford that I'm getting

to the point I don't even want to talk to her any longer and this whole problem would go away if someone at FBIHQ would just announce which office was the office of origin on the Material Support matter. SSA *Ford* encouraged me to continue my contact with SA *Reed* and assured me things would eventually get better.

Also on April 8, 1999, I briefed SSA Mike Resnick, FBIHQ about the VB investigation. I also explained to him the problems which were occurring between Chicago and Milwaukee because each office was now investigating the same subject for the same subject for the same criminal violation. SSA Resnick explained that his role was to evaluate the FBI's criminal cases against terrorist subjects and organizations. If there were any problems, SSA Resnick would resolve them in a manner that was in the best interest of the FBI as an organization, not by the individual interest or desires of a particular FBI office.

On or about April 15, 1999, I informed SA *Reed* about a Muslim FBI agent who had been contacted by his friend who was the accountant of the XYZ Corp. regarding the president (subject) and vice president of the XYZ Corp. being questioned in connection with the VB investigation (ITEM #13). The Muslim FBI agent was contacted several times by the XYZ Corp. accountant. During the first contact with the Muslim FBI Agent, the XYZ Corp. accountant feared that funds he was instructed to transfer in July and August 1998, may have been used to finance the two US Embassy bombings in Africa. During a later conversation the XYZ Corp. accountant told the Muslim FBI agent the subject inquired about making contact with the Muslim FBI agent through the accountant to discuss the Chicago investigation.

The Muslim FBI agent was willing to meet with the subject if Chicago wanted him to do so. However, once the Muslim FBI agent was told he would need to wear a recorder and record the conversation, he refused to meet with the subject because he would not be willing to record the conversation. The Muslim FBI agent feared the recording would be subject to discovery at a latter time and the Muslim community in Dallas & elsewhere would learn he had recorded the conversation. He felt that such disclosure would create a grave safety issue for himself & his family and he did not trust the FBI to protect him or his family.

The agent related he would be willing to meet with the subject or anybody else however, he would not wear a body recorder or consent to any other type of consensual recording. The agent explained the secret recording of a conversation between Muslims is regarded in the Muslim culture as the ultimate act of betrayal. When AUSA Flessner asked the agent why the recording was any different from reducing a conversation with a criminal subject to writing and testifying about the

conversation, the agent related that it was a cultural matter that we wouldn't understand. The agent then agreed to record a meeting with the subject provided he could inform the subject that he was recording the conversation.

I contacted SSA *Clinton* at FBIHQ and informed him about these conversations with the Muslim FBI agent. SSA *Clinton* stated, "Well, you have to understand where his is coming from." I then told SSA *Clinton* that this FBI agent took the same oath I did to protect this country and that it was inexcusable for him to refuse to record a conversation with someone financially linked to a US designated terrorist and the siblings of Osama Bin Laden. SSA *Clinton* said I had a point but the SAC in this agents division would have to make the call.

At about the same time, SA *Reed* explained a situation in Milwaukee where an FBI agent who was Catholic was ordered to assist in making possible arrest at an abortion clinic protest. She explained how this agent told his supervisor he was Catholic and was against abortions and did not want to assist in this matter. The agent was told to either do his job or resign and he then participated in the operation.

I later mentioned SA *Reed*'s comparison to another agent who later relayed it back to the Muslim FBI agent who refused to record the conversation. In May 1999, the Muslim FBI agent inquired about filing an Equal Employment Opportunity (EEO) complaint against me. I later learned that agents in the Washington and Tampa Divisions had similar problems with the same FBI agent. SA Medernach was aware of this potential EEO complaint.

On 4/29/99, a meeting was held in Washington, D.C. with *Tony Murphy*, Deputy Attorney General regarding the investigations in Chicago & Milwaukee. Following this meeting, SSA *Ford*, SSA Gossfeld, SSA Resnick, SA *Reed* & I met in the plaza of FBIHQ. I advised everyone present that Chicago was conducting a Material Support investigation of Jamil Sarsour. SA *Reed* also advised that Milwaukee was conducting the same investigation.

I explained that Milwaukee had a massive fraud investigation on its hands along with other criminal acts committed by the entire Sarsour family in Milwaukee. I further explained that Chicago had four years of criminal experience investigating the Enterprise, of which Sarsour was a co-conspirator who had provided material support since at least June 1989. The FBI's VB investigation was responsible for linking Sarsour directly to other major targets of the entire HAMAS enterprise, including Chicago resident Mohammad Salah a US Designated Terrorist from whom the \$1.4 million was seized in June 1998. In addition, in

September 1992, Salah informed the terrorist Awadallah whom Sarsour had given funds, that HAMAS would provide him money for terrorist activity via the Sarsour family.

APRIL 29th TRIP TO ISRAEL

Attendees: *Tony Murphy*, Mark Flessner, *PAT HANNITY*, Mike Resnick, SA *Reed* & SA Wright.

Purpose: To interview US Citizen Jamil Sarsour about his role in financing terrorism in the Middle East.

Chicago's Role: Sarsour criminal investigation of Providing Material Support in Aid of Terrorism.

Milwaukee's Role: The same as Chicago.

SA *Reed* and I sat together on the plane. We talked and laughed, there were no signs of hostility by either of us toward each other.

On or about May 1, 1999, the entire group traveled to Bethlehem for a sightseeing tour. Once we arrived in Bethlehem, SA *Reed* approached me and asked me to travel back to Jerusalem with her. She was concerned for her personal safety and had brought along classified documents she didn't want to lose. I told her that I felt a little uncomfortable about being in Bethlehem as well, but we would be fine. She asked again several times that I go back to Jerusalem with her because she was scared. When others in the group realized that something was wrong, I informed them of her concerns and how she wanted to go back to Jerusalem. SSA Resnick and others spoke to her and convinced her that everything was all right and there would be no problems. As we were walking through Bethlehem, I looked out for her and I kept talking to her, as did others in the group. Eventually, we returned to Jerusalem without incident.

On or about the evening of May 3, 1999, while in Jerusalem, SSA Resnick and I took a walking tour with everyone else from the group except SA *Reed*. It was my understanding she was upset over the fact that while I was in Hebron earlier in the day, I had discovered evidence linking Sarsour's purchase of material support items to a store in Chicago, IL. SA *Reed* had wanted to travel to Hebron as well however, due to her anxiety attack in Bethlehem, SSA Resnick did not want her to travel to Hebron. During the walk SSA Resnick stated to me, "Chicago should be the office of origin regarding Sarsour and you should be setting leads to Milwaukee." I fully agreed with SSA Resnick and asked him why he or someone else at FBIHQ had not made this call any time during the past five months. I further informed him this call needed to be made soon as it was becoming a constant

distraction to the investigation and there were going to be continued problems between Milwaukee and Chicago in the future if this issue was not addressed soon.

The following day SA Reed and I discussed the problems we were having with the cases and I explained to her that FBIHQ needed to step in and make a call on which office should be the office of origin on Jamil Sarsour. I explained to her this should have been done in January, prior to the first trip to Israel and that in my opinion Tony Murphy was responsible for this mess since he was responsible for convincing AUSA Pam Hannity (Milwaukee) to travel to Israel in January for the purpose of pursuing a criminal indictment against Sarsour for his material support activity. Prior to this trip, a supervisor on the April 1999, inspection team which conducted the Chicago office inspection advised he had similar problems with Murphy in the past. This supervisor stated, "Tony Murphy should be indicted for aiding terrorist."

We began arguing over why our respective offices should be the office of origin for Sarsour's material support activity. We discontinued the discussion since we knew we were not going to resolve this matter between ourselves. I told SA Reed that together we could put this whole thing together and that I really did want to work with her. SA Reed then stated, "You're just playing with my head." She explained that I was just being nice to her to get what I wanted. I assumed she was referring to Chicago being named the office of origin for the Jamil Sarsour investigation.

On several occasions SA Reed stated she and her husband were numbers one and two on the O.P. list for the Indianapolis Division. I told her that I would like to see her remove her name from the O.P. list since we needed her help with the Sarsour investigation. She mentioned something to the effect, "you would be glad to see me go away." I told her that was not true and that I enjoyed working with her, I only wished this matter of investigative jurisdiction regarding the matter of Sarsour's Material Support activity would be resolved by FBIHQ. I believed this was needed to prevent future problems from occurring between our offices.

On the evening of May 4, 1999, following a meeting with the attorneys in Israel, SA Reed, SSA Resnick and I went outside to discuss the issues and problems caused by the Milwaukee and Chicago offices investigation of the same violation. SSA Resnick advised he wanted to get this worked out because he felt SA Reed would end up getting her O.P. and I would probably leave the FBI and he would be stuck with the whole mess.

SSA Resnick asked if the three of us could resolve this

problem together or whether we believed it should be resolved higher up at FBIHQ. SA *Reed* responded, "Higher up." I responded that I wanted to resolve the problem among the three of us. SA *Reed* then agreed and SSA Resnick asked each of us to explain why our offices should be the office of origin for the investigation of Sarsour's material support activity.

During SA *Reed*'s presentation, she again implied that I had intentionally failed to provide Milwaukee with financial records delivered to Chicago by financial institutions. I immediately explained to her again that I would never do such a thing. I informed both her and SSA Resnick that I had always been very open and accommodating to all divisions involved in this investigation. I explained how I had prepared detailed summaries of the investigation to date for the past three years and provided financial records to aid other divisions in their investigations.

I further explained the case consisted of only three agents and one support person, Chicago had issued more than 600 subpoenas, identified hundreds of Enterprise subjects within the US and abroad and identified the many front organizations and businesses utilized by the Enterprise in the US. I again explained to SA *Reed* that VB had no support personnel to handle the massive volume of records which were arriving in Chicago. I was hurt that she would imply such a thing since I believed she and I had become friends.

As SSA Resnick was explaining what he thought was best for the FBI, it was becoming clearer he was going to suggest that Chicago be the office of origin. SA *Reed* began to get visibly upset and made some statements about this happening to her in the past with SSA *Doug Phillips*. I could tell she was going to start crying. I excused myself to give her and SSA Resnick time to be alone. Upon my return SA *Reed* appeared to be calmed down and SSA Resnick stated he may have a resolution to the problem.

My understanding of the resolution was that Chicago would investigate the Material Support activity and that Milwaukee would investigate the Milwaukee RICO enterprise of the entire Sarsour family in the Milwaukee Division. Chicago would provide any information it developed regarding the Milwaukee investigation, likewise Milwaukee would provide Chicago with information regarding the material support investigation and we would be in regular contact with one another.

After SSA Resnick left, SA *Reed* and I stayed outside for a while and talked. I asked her why she had such contempt and anger for SSA *Phillips*. She explained she had a source working for more than two years and that former FBIHQ SSA *Doug*

~~Phillips~~ had caused problems that ultimately forced her to close this source. She stated that SSA August had made false statements and that there was an investigation into his conduct for one year. I was surprised by her statements since I had known and worked with SSA ~~Phillips~~ when I first arrived in Chicago in 1993. I had always known SSA ~~Phillips~~ to be reliable and trustworthy.

During the trip I shared in detail with SA ~~Reed~~ my worst experience with FBI management. I told her that in November 1992, while assigned to the Kansas City Division I was removed from Major Case 76 code named COMOVA. The case consisted of an investigation into the mysterious deaths of 42 patients in a VA Hospital in Columbia, MO. After working on the investigation for many months, I was reassigned to Foreign Counter Intelligence (FCI) matters by ASAC William Gentry due to his concern that a Grade 11 agent not remain as a co-case agent of a Major FBI case. After reviewing my new files, I contacted ASAC Gentry and informed him that I did not have enough work to justify my full-time status. ASAC Gentry told me not to worry about it and seriously suggested I spend some of my work time shopping and going on long drives. I also explained that on 5/23/93, due to what I perceive to be the negligence of ASAC Gentry, I ultimately shot and killed a dangerous fugitive.

The following morning I advised AUSA Flessner of the agreement as I had understood it, between SA ~~Reed~~, SSA Resnick and myself. I also telephoned SSA Gossfeld in Chicago and left a message on his voice mail regarding this new agreement.

The remainder of the trip went very well, SA ~~Reed~~ and I conducted a joint interview together and continued to socialize without any further incidents or disagreements.

A few hours prior to our departure from Israel, SSA Resnick, SA ~~Reed~~ and I had dinner with our Israeli counterparts. During this dinner I requested certain documents denied Director Freeh in 1997 by the Israeli government. Following further discussions, the Israeli's seemed to be more willing to provide the requested documents. SSA Resnick agreed to discuss this matter further with an Israeli official in Washington, D.C. Following dinner we traveled to the airport to meet up with the attorneys.

At the Israeli airport, ~~Tony~~ ~~Murphy~~ approached SSA Resnick and informed him that he wanted to be present for any meetings SSA Resnick had with any Israeli officials in Washington, D.C. SSA Resnick and I both informed ~~Murphy~~ the Israeli official did not wish to speak to him. In addition the Israeli official did not want Mr. ~~Murphy~~ to telephone him in the future. SSA Resnick

explained to Mr. Murphy that this was an FBI matter and Mr. Murphy did not need to be present for these meetings. Hours later we learned that SA Reed had informed Mr. Murphy as to the private details of our dinner conversation with our Israeli counterparts that evening.

Prior to traveling to the airport, I had misplaced my airline ticket. At the airport in Tel Aviv, I received a new ticket and seat assignment. With my new seat assignment, I was seated next to a male passenger. I'm not sure how it happened, but SA Reed ended up sitting next to me on the return flight. At no time did I ask anyone to trade seats in order for SA Reed to be seated next to me on this return flight. At one point SA Reed asked if I would trade seats with AUSA Pam Hawnity. I declined since I did not wish to sit in front of a large wall in the first row. SA Reed and I discussed movies and other things during this flight with no sign of hostility between us.

On or about May 10, 1999, I reviewed the Indianapolis O.P. list to see where I would rank in case I decided to place my name on the list. Since SA Reed's husband had entered the FBI a few months before me, I figured I would be near the top of the list since she had said he was number two. I noticed that SA Reed was listed 9th and her husband was listed as number twelve. That day SA Reed and I spoke, I asked her if she had seen the OP list for Indianapolis lately. I suspected that others had jumped on the list ahead of her since she was not listed first. I informed her that while reviewing the OP list to find out where I would rank, I noticed she was listed ninth on the list, not first as she had indicated. She then explained that she had contacted everyone on the list ahead of her to find out if they would take the O.P. She knew she was first on the list since she knew they would all decline the transfer at this time to Indianapolis. Shortly after this call, SA Reed and her husband received their transfers to Indianapolis.

On May 12, 1999, U.S. Magistrate Wayne R. Anderson issued an opinion (ITEM #14) that the U.S. Government's affidavit in support of the June 9, 1998, seizure had "...established a reasonable basis for the government's belief that the funds are forfeitable because they were transferred in violation of Section 1956(a)(2)(A)." The next status hearing is set for July 6, 1999. Salah must now answer the interrogatories which question his participation in the Enterprise & ask him to disclose the source of the \$1.4 million. The burden of proof now falls upon Salah and the QLI to prove the seized funds were not terrorist related funds.

On or about May 13, 1999, I received a call from SA Reed regarding the case, I congratulated her on receiving

her O.P. She stated something to the effect, 'I bet you're really happy now, now your going to be rid of me.' I told her that I was not happy about the O.P. because we needed her to help make this case. I told her I was considering adding my name to the O.P. list for Indianapolis in July since I would now be number one on the list. SA *Reed* encouraged me to do so, but didn't think I would do it because I wouldn't be willing to give up the VB case. SA *Reed* informed me there was going to be another opening at the end of October and I could probably get that opening. She told me a senior Indianapolis agent was going to take a new class through the FBI Academy in Quantico, VA and retire at the end of October. I told her I would think about it.

On or about May 13, 1999, SA *Reed* telephoned and asked that I forward all of the financial analysis completed by Chicago regarding Jamil Sarsour to Milwaukee. When asked why she was requesting such information, she informed me she was continuing the Material Support investigation of Jamil Sarsour. She claimed that while in Israel I had agreed to conduct the financial analysis of the Sarsour bank accounts and provide the finished product to Milwaukee real time (daily) to support her material support case. I informed her that I would never agree to do such a thing and my understanding was that Chicago was conducting the Material Support investigation and that she was conducting the local criminal activity of the entire Sarsour family businesses.

In addition I explained that I would have to forward virtually the entire VB case to Milwaukee since analysis is all combined into one major time line. I also explained that Chicago was not working full-time on Jamil Sarsour as we had many other subjects to investigate.

On or about May 14, 1999, the Milwaukee office called SSA Gossfeld at approximately 4:30 p.m. to request that SA *Reed* be allowed to travel to Chicago to copy records on Sunday the 16th. The purpose for SA *Reed's* working on Sunday was to allow her to have a regular day off (RDO) the following Friday. SSA Gossfeld asked if I would like to work on Sunday with SA *Reed*. I advised him I had already made plans and would not be able to work on Sunday. SSA Gossfeld advised Milwaukee that no agents were available to be in the office on Sunday to assist SA *Reed*.

On May 16, 1999, while working in the Milwaukee office, SA *Reed* drafted two communications to the Chicago SAC in retaliation for SSA Gossfeld's failure to accommodate her Friday afternoon request to work on Sunday (Items #15 & #16). These two communications were held in Milwaukee and delivered to the Chicago SAC in person during her visit to the Milwaukee office on or about May 21.

The EC's were forwarded to SSA Gossfeld on or about May 25, 1999. Upon reading these communications, it was obvious SA *Reed* was intentionally breaching other areas of the VB investigation. On 3/5/99, she had agreed not to request or subpoena items outside the State of Wisconsin. However, in one of these communications she requested financial information for an account in New York by stating, "This is not limited to the Milwaukee banks, but the Arab Bank of New York, specifically the account in New York."

After reviewing the communications, I felt I could no longer trust SA *Reed* and I informed SSA Gossfeld that I no longer wanted any contact with her. I would no longer answer my phone when outside calls came in on Mondays, Wednesdays and Fridays since these were the only days she worked. To the best of my knowledge, from May 25, 1999, to August 4, 1999, all but one or two calls between SA *Reed* and I were initiated by SA *Reed*.

On May 25, 1999, since FBIHQ had refused to take appropriate action regarding this matter, I decided to draft another summary of the VB investigation. This summary was not intended to be drafted for another two months. However, due to SA *Reed* communication requesting financial information about VB subject AGGOULY, I decided the summary needed to be drafted immediately. My intent was to clearly outline the mission, goals, subjects, results of VB conferences I and II, result of investigation to date and list requirements each division needed to meet prior to receiving records pertaining to the VB investigation.

On 6/1/99, SA Christopher Smith, the agent assigned on 4/7/99, to investigate the XYZ Corp. and two other agents assisting with the VB investigation were transferred to a new squad. During a squad meeting shortly after this announcement, I explained to SAC Kathleen MC Chesney the loss of these three agents would be devastating to the VB investigation. I asked her if these agents were going to continue working on the VB case after they moved to their new squad. She advised she would look into this matter.

On 6/14/99, I completed the VB summary and sent it to fourteen affected divisions and FBIHQ (ITEM #17). Again, I believed this needed to be done since FBIHQ had continuously failed to perform its duties and responsibilities to resolve the persistent problems of two divisions simultaneously conducting the same criminal investigation of the same subject. I believed this summary would once and for all force FBIHQ to take appropriate action to resolve the problems between Chicago and Milwaukee.

On Monday morning, June 28, 1999, fed up with all of the

problems of the VB investigation, I decided to call in and take the entire week off. I now needed time away to think about whether I wanted to continue fighting this never ending battle with FBI management and Milwaukee. My true goal had always been to prevent the Enterprise and its supporters from continuing to operate within the US at the expense of US citizens. However, with the continued failures of FBI management in Chicago, Milwaukee and FBIHQ this case appeared doomed. In a last ditch effort, I decided to telephone SSA Resnick at FBIHQ.

On approximately June 29, 1999, while at home, I telephoned SSA Resnick (ITEM #18). I asked him if he had read the VB summary I had sent to him on June 14. He advised he had not seen it and would review it in the near future. I again asked SSA Resnick why FBIHQ refused to make a decision regarding the office of origin for Jamil Sarsour. I reminded him of what he had said in Israel about how Chicago should be the office of origin and leads should be sent to Milwaukee by Chicago. I pleaded with him to make a decision since two divisions both investigating the exact same subject matter, created a competitive environment which led to a lack of trust between agents.

During a follow up call that day, SSA Resnick informed me he had spoken to SSA Clinton and that they both agreed a decision needed to be made and they would make a decision within the next two weeks. I informed SSA Resnick that I only wanted what was best for the FBI and the investigation. I also mentioned that I didn't care where Jamil Sarsour was indicted, because many of the VB subjects would eventually be indicted and tried in districts outside of Chicago. The most important thing was that the FBI conduct the best investigation possible to defeat the HAMAS terrorist and their supporters. I was assured a decision would be made within two weeks.

On July 2, 1999, I traveled to Indianapolis to attend an event at the Indianapolis Art Museum with a female friend of six years from Crown Point, IN. I made arrangements to have dinner later that same evening in Indianapolis with another female friend of 11 years from Indianapolis. While at the museum, I met my current girlfriend. One of the first things she said was, "You don't seem very happy." I told her that I was just thinking that to myself. I stated, "What I really want is to move back to Indianapolis." She and I have seen each other every weekend but one since we met. We also meet one day during the week in Lafayette, IN. That same evening while having dinner with my friend of eleven years, I told her that I finally realized that what I really wanted was to move back to Indianapolis in the near future. I missed living in Indianapolis, I missed my friends in Indianapolis and I would be two hours closer to my family.

On July 6, 1999, I added my name to the OP list for

Indianapolis (ITEM #19). A few days later SA *Reed* called about the case and I told her that I had placed my name on the O.P. list for Indianapolis. She didn't believe me at first, but when she realized I was serious she stated, "See, you finally figured out that it's (VB) just not worth it didn't you?" I told her that I realized this case was going to go on for years and that I didn't wish to stay in Chicago any longer.

SA *Reed* then asked why I decided to transfer to Indianapolis. I informed her that I had visited some friends in Indianapolis during the past weekend and that during the visit I finally realized that I wanted to move back to Indianapolis. I also told her that I intended to start dating someone I had met there recently. SA *Reed* responded, "Not that girl you just met!" She also stated, "Why would be someone date you! No one from Indianapolis would date you." She also said things like, "Don't move there, I will have to look at you every day. I don't want to see your face every day." I sincerely told her we would have fun working together and we could even go to lunch sometimes. She stated, "I wouldn't go to lunch with you." I asked her why not? I told her how nice it is to walk around downtown during lunch time and eat on the circle. I assumed she was just kidding around. I have been to lunch with female agents and support personnel in Chicago many times during these past six years.

Chicago agents, SA John Vincent and SA *George Pitt* asked why I would transfer to Indianapolis with SA *Reed* being there. I told them I thought we would get along well in Indianapolis. I believed the real problem between us was not her fault or mine but FBIHQ's for refusing to do its job and DOJ Attorney *Tony Murphy* for his selfish use of Milwaukee in attempting to be the first DOJ Attorney to prosecute someone under the US Anti Terrorism Statue 2339(b).

On or about July 12, 1999, I called Milwaukee SA *Brian Horn* to request a copy of some financial records in his possession. He said he would copy them and forward them to Chicago during the week. On or about July 15, 1999, I called SA *Horn* and asked if the financial records I requested on the 12th were sent to Chicago. SA *Horn* advised that SA *Reed* told him she was "holding the records hostage" until she received certain records from Chicago. Upon hearing this I informed my supervisor and the AUSA's. The AUSA's requested that I document what was communicated and have it forwarded to the SAC in Milwaukee. I did not think this was a good idea, since SA *Reed* would be leaving in the near future and I did not want to get SA *Horn* and others in the Milwaukee Division upset at me since we would be working together in the future. Instead, I requested a new subpoena for the same records SA *Reed* refused to provide Chicago.

In mid-July SA Medernach telephoned me about the case and again stated, "Why do you want to move to Indianapolis. You don't want to move there. I don't want to see you everyday." Assuming she was just kidding around with me I believe I said something to the effect, "Because you're there." I had just days earlier explained to her my real reasons for wanting to move to Indianapolis. She mentioned that at least I would be living on the south side and she would be living on the north side. I told her I could end up living on the north side since the girl I was dating already lived on the north side. She yelled, "No!" Because I believed she was joking around, I jokingly asked her what street she was living on and that I could buy a house on the same street. She then asked if I was trying to upset her on purpose. At the conclusion of this call something did seem odd about her tone, this was the first time she really did seem to be upset, this never happened before. There were no further conversations between SA *Reed* and myself following this conversation.

On or about July 12, 1999, Associate SAC Walter Stowe arrived for his new assignment in the Chicago Division.

On July 15, 1999, the Chicago SAC Kathleen Mc Chesney, Associate SAC Walter Stowe, Acting ASAC Thomas Van Nuys, SSA Tim Gossfeld, Milwaukee SAC Demery Bishop and SSA *Brad Ford* met at a Cracker Barrel between Chicago and Milwaukee to find a solution to the problem of two divisions working the same case simultaneously. Ultimately, they agreed the Milwaukee case would be closed and consolidated into the FBI's VB investigation. The VB investigation would then be transferred from Chicago to the Kenosha, WI Resident Agency rather than continue working out of the Chicago office. The SAC's would travel to Washington to request Major Case Status for VB and request a \$500,000 budget for the case (ITEM #19A).

On or about July 19, 1999, SSA Gossfeld informed me that the only support person assigned to the VB case requested that she be taken off of the case because it was beginning to affect her emotionally and even disturbed her during the weekends. SSA Gossfeld informed me that she would continue working on the case for three more weeks and be reassigned to something else. There was no replacement available once she left the case.

On or about July 19, I was present when SSA *Ford* called SSA Gossfeld and advised that SA *Reed* was extremely upset and wanted four boxes of financial records copied and forwarded to Milwaukee by Chicago. SSA Gossfeld stated to SSA *Ford* "*Brad*, listen to yourself! With the agreement that has been worked out there is no longer any reason to copy the records, it's all one case now." SSA *Ford* agreed with SSA Gossfeld.

At the time of this call, SA Reed only had 18 days left before she would be transferring from Milwaukee to Indianapolis.

On July 20, 1999, at approximately 11:00 a.m., SSA Gossfeld was informed by SSA Ford that SA Reed was "ready to jump off a bridge" and that she was extremely upset that her case was being closed and consolidated with the VB case. It was my understanding that she had been in SSA Ford's office for approximately two hours complaining and had made the statement, "He won, He won." SA Reed was referring to the closing of the Milwaukee case and consolidation into the FBI's VB case. I specifically asked SSA Gossfeld what exactly it was that I had won. I was surprised SA Reed was just learning of the results from the July 15 meeting.

Also on July 20, 1999, at approximately 1:30 p.m., two and a half hours after learning SA Reed was extremely upset about having to close the Milwaukee case, Chicago Associate SAC Walter B. Stowe advised the VB agents that an agreement between the SAC's had been reached and finalized on this morning. He informed us the following was agreed upon: 1) Milwaukee would close its criminal case on Sarsour. 2) SAC's would request Major Case Status for VB. 3) That SSA Gossfeld would relinquish his supervision of the case to FBIHQ. 4) The case was going to be relocated to the Kenosha, WI Resident Agency.

Like SA Reed, I became extremely upset with the terms which were agreed upon. I had put this whole case together for the past five years and had absolutely no input on such decisions which would seriously affect the VB investigation. I would now have to commute from Indiana to Kenosha, Wisconsin to investigate my own case. All of this because for the past seven months FBIHQ intentionally failed to perform its duties and responsibilities.

On the evening of July 20, 1999, I drafted an informal one and a half page request to SSA Gossfeld requesting to be reassigned from the VB case to another investigative subject on his squad (ITEM #20). Since I had enjoyed a wonderful working relationship with officials from the State of Israel, I requested to be reassigned to another subject matter on SSA Gossfeld's squad which would allow me to continue working with the Israeli officials.

On July 26, 1999, I received an E-mail from SA Reed requesting some documents from the case (ITEM #21). Reading this short communication one would not expect that SA Reed had just filed a complaint against me four days earlier. If SA Reed was truly concerned about sexual harassment, it seems this or any communication from her should have been sent through her supervisor or ASAC to Chicago.

On July 30, 1999, SSA Barney Clinton contacted SSA Gossfeld and informed him that he would like for the VB investigation to slow down. He feared that arresting HAMAS terrorist subjects might cause problems for the intelligence cases.

On or about August 4, 1999, I was officially informed by Associate SAC Walter Stowe that I was the subject of an Office of Professional Responsibility (O.P.R.) investigation. The complaint alleged that I had engaged in "A pattern of sexual harassment" against a female special agent assigned to the joint Chicago/Milwaukee investigation. The notice indicated the inquiry was initiated on July 22, 1999. This was two days after SA Reed was notified that her case was to be closed and consolidated into the VB case. Associate SAC Stowe also informed me that I would be transferred from the VB investigation.

I requested that Associate SAC Stowe not transfer me from the VB case since things were finally coming together and we were starting to lock up some of the subjects. I informed him that I had been through a lot of frustration these past several years, particularly these past eight months and when he informed me the case was being relocated to Wisconsin and SSA Gossfeld was relinquishing supervisory control to FBIHQ, this was just too much after all I had already been through during the term of this investigation. I explained that I had acted in the heat of the moment when I drafted the request for a transfer off the VB case to SSA Gossfeld and that I really wanted to stay with the case. SSA Gossfeld was present and stated, "We're finding him guilty before there is even an investigation into the allegation." Associate SAC Stowe said he would reconsider my request not to be taken off of the VB case and would let me know his decision.

On the morning of August 5, 1999, Associate SAC Stowe informed me that I was no longer the case agent of VB and that I would be reassigned to the Applicant Squad effective August 9, 1999 (ITEM #22). I was told by Associate SAC Stowe that this transfer had nothing to do with the OPR complaint and investigation. He also stated that in about three or four months I would come back to his office and we would discuss where I would go from the applicant squad.

To the best of my recollection, I have not seen SA Reed in person since May 6, 1999, when we landed in New York after returning from Israel. In addition, to the best of my knowledge since May 25, 1999, I have initiated no more than one or two contacts with SA Reed. All other contacts were initiated by SA Reed. In fact, on 5/25/99, I informed SSA Gossfeld that I would no longer answer incoming calls on Mondays, Wednesdays and Fridays since SA Reed was a part-time agent and these

were the days she worked. I wanted to avoid having any contact with SA Reed, due to her continued misinterpretations of our communications and her continued interference with the VB investigation.

At no time during these past eight months (1/99-8/99) have I knowingly or intentionally harassed or sexually harassed SA Reed. In addition, I also swear that at no time did SA Reed ever confront me and state that my behavior was in any way offensive to her. Furthermore, at no time did SSA Ford ever indicate to my supervisor or me that SA Reed had informed him that I was sexually harassing her or that my behavior toward her was inappropriate. In fact, on April 8, 1999, I confronted SSA Ford and expressed my concern for having any future contact with SA Reed since she had a habit of misinterpreting our conversations and my messages left in her voice mail system.

It is my contention that once SA Reed was informed on July 19 or 20, 1999, that her case was to be closed and consolidated into the FBI's VB case, of which I was the case agent, she maliciously began drafting this frivolous and baseless complaint. I can understand her anger, since on that same day I likewise acted in the heat of the moment and drafted an unofficial request to my supervisor requesting I be transferred off the VB case to some other type of investigation on his squad. However, unlike SA Reed I did not draft a malicious and frivolous complaint against another agent in retaliation because I felt, believed or suspected that agent was responsible for the closing of my case.

I further contend that SA Reed filed this complaint to achieve one or more of the following goals: 1) Knowing that I was seriously considering resigning from the FBI in January, I might do so now. 2) To prevent me from receiving an O.P. transfer to the Indianapolis Division. 3) To have me removed from the VB case. 4) To harm my reputation and career in the FBI.

Although there were problems between Chicago and Milwaukee, the ultimate reason for this complaint being filed was due to the agreement that was worked out between the SAC's on July 15 and finalized on the morning of July 20, 1999. Based upon SA Reed's two hours of complaining and statements that I had won on the morning of July 20, I believe SA Reed truly believes I'm responsible for her being instructed to close her criminal case. Rather than being rational, she reacted in a reckless and malicious manner by filing a baseless sexual harassment complaint and in the process has seriously damaged my career as an FBI Agent, as evidenced by my removal as the case agent of the FBI's leading HAMAS terrorist criminal investigation which I started more than five years ago.

In the process of drafting this document, I became concerned that SA Reed may have maliciously retaliated against FBIHQ SSA Doug Phillips after his instructions that she close a file. I suspected this since on the evening of 5/4/99, SA Reed became upset and compared SSA Resnick's beginning suggestion about Chicago being the office of origin, which would ultimately force SA Reed to close her case, to that of another situation in which she was forced to close a file by FBIHQ SSA Phillips.

On August 25, 1999, I contacted SSA Doug Phillips, Los Angeles Division regarding his past association with SA Reed. SSA Phillips advised he had serious problems with SA Reed misinterpreting conversations which eventually led to many problems for him. SSA Phillips informed me that following each phone call with SA Reed he would inform his supervisor about the call and provide him with the facts regarding their discussion during the call. He did this since Milwaukee management would constantly call complaining about SSA Phillips' conversations with SA Reed. Eventually, SSA Phillips started recording his telephone discussions with SA Reed.

SSA Phillips explained that after having serious concerns regarding a source of hers, he instructed her to close the source. Subsequently, SSA Phillips was the subject of a one year investigation because of false accusations made by SA Reed regarding their prior conversations. SSA Phillips believes SA Reed should have been fired in the past and does not understand why she was not. SSA Phillips highly recommended that I contact SSA Don Mercer FBIHQ regarding his working relationship with SSA Reed. SSA Phillips relayed significant information regarding SA Reed's character and demeanor. SSA Phillips stated he would be willing to discuss SA Reed's character and demeanor with the OPR investigators.

On August 25, 1999, I contacted SSA Don Mercer regarding his past association with SA Reed. SSA Mercer advised he was "fortunate" in that SA Reed had already been through three FBIHQ supervisors and he was the fourth. SSA Mercer was made well aware of SA Reed's past problems with other FBIHQ supervisors and decided to be extra careful with SA Reed and was "professional to the extreme" when dealing with her. SSA Mercer was aware that SA Reed "had some emotional baggage and misconstrued conversations." SSA Mercer stated he would be willing to discuss SA Reed's character and demeanor with the OPR investigators and could provide the names of the other two supervisors from FBIHQ who could provide similar information regarding the character and demeanor of SA Reed.

Following these two conversations, it became crystal clear to me why FBIHQ Supervisors Clinton and Resnick neglected to

perform their duties and order SA *Reed* to close Milwaukee's duplicate material support investigation of Jamil Sarsour. They obviously feared SA *Reed's* malicious retaliation such as that suffered by former FBIHQ Supervisor *Doug Phillips* after he once instructed her to close a file. It is extremely difficult to even understand how Milwaukee and/or FBIHQ could allow an agent with *SA Reed's* character and demeanor to travel to Israel for such an important mission in the first place. Although FBIHQ had direct first-hand knowledge of SA *Reed's* character, demeanor and emotional problems, unlike SSA *Mercer* neither SSA Gossfeld nor I was as fortunate to ever be forewarned about SA *Reed's* problems.

On September 10, 1999, Retired SA Barry Carmody, Tampa Division, now a contract employee with the FBI, contacted me regarding the Tampa terrorism criminal investigation. Carmody wanted to thank me for all of the support I have given him in his efforts to fight terrorism. In particular he wanted to thank me for providing information seven months ago regarding the 10/27/98, VB Conference II meeting in Washington, D.C. to *Larry Davis*, Special Agent, US Customs Service. He was upset that SSA *Barney Clinton*, FBIHQ did not provide Tampa with the same information which would have greatly helped with his investigation. I have assisted many agents such as SA Carmody throughout the US, by providing fresh new ideas, methods and US statutes to be utilize in the fight against terrorism.

Unfortunately FBI Headquarters let everyone down by failing to act when they knew it was necessary to do so. Although I respect SA *Reed* for her aggressiveness and drive to protect the case interest of the Milwaukee division, I cannot and will not sit idly by and accept her intentional and manipulative disregard for the truth through this malicious and frivolous attack upon my reputation and career.

Since entering the terrorism arena in 1993, I have met with constant resistance from many agents, supervisors and FBIHQ regarding the acceptance of my new ideas and methods in curbing the ever growing economic and terrorism threats to the US. This situation is just another perfect example of the complete failure of FBI management to handle and respond to an obvious problem.

This arrangement between Chicago and Milwaukee was a recipe for disaster from the very beginning. All I ever did was try to do the right thing as an FBI agent and conduct the best investigation possible with what little support and resources I had for the past five years. Because of my loyalty and dedication to this investigation, I have received "Exceptional" ratings on my performance appraisals for the past three years (ITEM #23). During this past quarter alone, I have averaged over four hours of overtime a day in pursuit of bringing the

Enterprise to justice (ITEM #24). I have even purchased office supplies, computer equipment and computer programs out of my own pocket to further this investigation since I could not procure these items from the FBI. Things said between SA Reed and myself were between supposed friends and not intended or received at the time they were said in a manner that would amount to Sexual Harassment. At the time we were two friends who shared the same investigative goals of stopping terrorism.

Again, since May 25, 1999, I have had limited contact with SA Reed. I'm hard pressed to identify any conduct between SA Reed and myself during the time we worked together, particularly within the preceding 45 days of July 22, 1999, in which SA Reed can claim that my actions or words amounted to unwelcome sexual advances, request for sexual favors, and other verbal or physical conduct of a sexual nature which had the purpose or effect of creating an intimidating, hostile or offensive working environment for her. SA Reed nor her Supervisor ever indicated to me or my supervisor that my conduct toward SA Reed was inappropriate at any time during this investigation.

The real truth of the matter is the actions of SA Reed and Tony Murphy, DOJ had the effect of creating a hostile and offensive working environment for Chicago. Their actions caused many problems and a lot of stress for the VB investigators, VB supervisor and AUSA's in the Northern District of Illinois. All of which could and should have been avoided had FBIHQ supervisors performed their duties in a reasonable manner.

SA Reed filed this complaint in retaliation once she learned her case would be closed and consolidated into the VB case. Her motivation is revenge for the closing of "her" case. Her fear is that I will make a very successful criminal case out of the FBI's VB investigation and eventually transfer to the Indianapolis Division. I believe that in her mind this would cause her embarrassment. At a minimum, by filing a sexual harassment complaint, she intends to prevent me from transferring to the Indianapolis Division in the future.

On September 1, 1999, I contacted SSA James Krupkowski, Privacy Control Officer to determine the FBI's procedure for reviewing information prior to my providing it to an attorney that I wish to hire in pursuing a civil action against SA Reed. He advised me to contact SA Charlotte Ernie Security Coordinator to determine the proper procedure.

I telephoned SA Ernie and informed her that I intended to file a civil action against another agent and that I wished to have someone read a 30-page document that I have prepared for an attorney. She advised that AUSA Mark Flessner should review the

material for grand jury information and SSA Gossfeld and his ASAC should review the material relating to intelligence information.

I REQUEST THE FOLLOWING PERSONS BE INTERVIEWED REGARDING THIS INVESTIGATION:

SSA TIMOTHY GOSSFELD (Chicago [redacted])

SSA Brad Ford (Milwaukee) SA Reed supervisor in Milwaukee.

SA JOHN VINCENT (Chicago [redacted]) Co-case Agent of VB.

SA George Pitt (Chicago [redacted]) Co-case Agent of VB.

AUSA MARK FLESSNER (Chicago (312) [redacted]) Lead Attorney for VB.

AUSA Williams (Chicago (312) [redacted]) Attorney for VB.

AUSA Jennings (Chicago (312) [redacted]) Attorney for VB.

SSA Doug Phillips (Los Angeles [redacted]) Former FBIHQ Supervisor who can provide critical information regarding the character and demeanor of SA Reed.

SSA Don Mercer (FBIHQ) FBIHQ Supervisor who can provide critical information regarding the character and demeanor of SA Reed.

SSA Barney Clinton (FBIHQ) FBIHQ Supervisor who worked closely with SSA Doug Phillips

SA Brian Horn Milwaukee Division (Regarding the holding of records hostage)