

Good morning, and welcome.

Last summer, this Subcommittee – on a bipartisan basis – asked the special investigators at the Government Accountability Office to begin an undercover operation into whether sensitive and stolen military equipment and supplies were being sold on the Internet on such sites as eBay and Craigslist. We also asked GAO to investigate how such items were acquired and able to be put for sale on-line.

We were concerned, first, about the possibility of sensitive military equipment being sold to would-be terrorists, criminals, or hostile nations to the harm of our troops abroad as well as the rest of us here in the United States.

Second, we were concerned about taxpayer-funded equipment being stolen or otherwise accounted for and sold for profit, especially with respect to any items currently in-demand by our service-members fighting abroad.

Today, we will hear – and we will see for our own eyes – what the GAO was able to buy on-line.

Unfortunately, the undercover investigators found not only significant amounts of stolen goods being sold for profit, they also were able to buy sensitive technology and equipment we wouldn't want to fall into the hands of our enemies.

GAO was able to buy, for example, F-14 aircraft parts; sophisticated night vision goggles; infrared tabs worn by our troops to differentiate friend from foe; a complete, current-issue U.S. military uniform; nuclear, biological, and chemical protective gear, and body armor currently worn by our troops; just to name a few.

And it doesn't take a whole lot of imagination to understand the troubling nature of some of these items being sold on-line.

For instance, Iran is the only country currently operating F-14s.

The type of night vision goggles purchased on eBay, because of its ability to read infrared tabs worn by our soldiers, could be used by our enemies to easily locate U.S. troops on the battlefield. A leading manufacturer was previously fined \$100 million for selling sensitive technologies found in night-vision goggles to China.

Just over a year ago, insurgents dressed in American combat uniforms raided a security post in Karbala, Iraq, killing five American soldiers.

And what are the ramifications of having for sale on-line body armor and nuclear, biological, and chemical protective gear our troops are currently using? What are the homeland security concerns? Or, could an enemy who buys these items probe them for weaknesses and countermeasures?

What the undercover GAO special investigators found – and the ease by which they were able to buy these items – caused us to call this hearing today. We wanted to bring everyone together in the same room who has a role to play, all in the spirit of constructive oversight focused on what we can all do to fix this problem going forward.

We'll soon hear from the head of GAO's Special Investigations Unit about their undercover efforts here and their follow-up investigatory work. We'll also get an update from the law enforcement arm of the Department of Defense on their own investigations.

We'll then hear from eBay and Craigslist about their respective, current efforts to prevent and detect the sale of sensitive and stolen military equipment on their websites. eBay and Craigslist are certainly different types of organizations. eBay is a for-profit company with thousands of employees and serves as an international marketplace. Craigslist, on the other hand, has a self-described "public service mission" with only 25 employees and maintains city-specific sites.

The Subcommittee also, of course, understands that eBay and Craigslist are only a part of the e-marketplace, and that there are thousands of other sites out there, many of which operate in the shadows.

We'll also hear from the logistics and supply chain experts within the Defense Department and the U.S. Army. The very nature of our global marketplace underscores the vital importance of keeping a very close hold on sensitive military technologies and equipment in the first place. In other words, we need to ensure that we have as robust controls in place as possible to minimize the opportunities for items to be siphoned off beyond our control, whether by negligence or by criminal activity.

And, of course, if an item does slip through the cracks, we need to have a swift and rigorous response to recapture the material and to punish those wrongdoers.

We also want to make sure that the Defense Department and companies like eBay and Craigslist coordinate as much as possible. We'll be asking if there ways to improve our public-private partnership so that companies who want to do the right thing can better differentiate between sensitive or stolen items versus those allowed to be sold.

Finally, I should add that today's hearing builds off of the oversight work that Mr. Shays spearheaded during his time as Chairman of this Subcommittee. Through the previous impressive work of the GAO special investigative team, this Subcommittee was able to identify and play a helpful role in correcting weaknesses in Defense Department controls regarding excess property. I want to thank our Ranking Member for leading those past hearings, and for working with me on this current bipartisan and constructive oversight effort.

We come to this hearing without attributing blame to any single entity and without any cure-all fixes. Rather, we felt it was important to bring all the relevant actors and stakeholders together to discuss GAO's investigation and, most importantly, to strategize on what possible actions we can take individually and cooperatively going forward to strengthen our controls.

I now turn to Mr. Shays for your opening remarks.

