

“United Nations warns: Terrorist nuclear threat is ‘real’ and ‘imminent’!

“The US government recently told us to expect a ‘catastrophic’ terror attack. Just two days ago, we learned an attack against ‘multiple targets’ is coming, beginning with a ‘high-profile political assassination’!

“Here’s what’s going on, and what you should do about it...”



James DiGeorgia, Editor

- **Biological weapons and nuclear “dirty bombs”: terrorists have them both!**
- **Hijackers are making practice runs on US aircraft**
- **How to prepare**

Just how serious is this latest terrorist threat?

The chief of the UN International Atomic Energy Agency recently warned about upcoming terrorist activity. He said we’re in a “race against time” before terrorists set off “dirty bombs” containing nuclear material. This threat is “real”

and “imminent.”

Then, on August 1st, US Secretary of Homeland Security Tom Ridge sounded the terror alarm. Government officials have evidence that terrorists are planning to attack specific targets: the IMF and World Bank in Washington D.C., the New York Stock Exchange and Citigroup in Manhattan, the Prudential Building in New Jersey, as well as the White House and Capitol Hill.

Just this week, US officials warned that al-Qaeda will soon attack “multiple targets in multiple venues.” The attack will begin with a high-profile assassination; we don’t know if the target is a US leader, or an official from another country. (It might be both.)

Terrorists are scouting out other locations, too. The US recently expelled the third(!) set of security guards from Iran’s UN offices in New York—they were caught (again) videotaping local bridges, the Statue of Liberty, and the New York subway system.

A US State Department spokesman said this is a “recurring problem.” A few days later, 5 men from Islamic nations (Pakistan and Bangladesh) were arrested in Pennsylvania after asking directions to a nuclear power plant. (Their explanation? They said they wanted to go “fishing” in a nearby river.) In Charlotte, North Carolina, a Pakistani man was arrested for videotaping downtown skyscrapers (after acting very “evasive” and suspicious when

questioned about it). Police also found that he was in the country illegally. (Charlotte has two of the nation’s top five banking headquarters.)

What’s going on? Haven’t we knocked out the terrorist groups by now, after our wars in Afghanistan and Iraq?

Unfortunately, the answer is—no! In fact, there are many signs that we’re in for another major terrorist attack, and that it’s coming soon. For example...

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Are terrorists making “dry runs” for more airplane hijackings?

A January FBI memo said that suicide terrorists are planning to hijack planes with a new method—by smuggling bombs aboard. Since entire bombs won’t make it through security, they plan to bring them aboard in small pieces, and then assemble them in airplane lavatories.

It appears the terrorists have been practicing for this. For example, a controversy has been raging lately about Northwest Airlines Flight 327. This flight went from Detroit to Los Angeles on June 29th.

When the flight landed in LA, it was met by agents from the FBI, the Federal Air Marshal Service, the Transportation Security Agency, and the Los Angeles Police Department. 14 Middle Eastern men on the flight were taken into custody for highly suspicious activities.

Articles about Flight 327 have since appeared in the *New York Times*, the *Washington Times*, and many other places. Everybody is asking: was this flight a practice run for a terrorist attack?

Journalist Annie Jacobsen was on that flight, and is certain that it was. She later wrote that she, along with other passengers, was “terrified” by the activities of these men.

These men (later confirmed to be Syrians, traveling on one-way tickets) came aboard in two separate groups, but congregated together throughout the flight. They ignored the “fasten seat belts” signs, and went frequently and in succession to the lavatories. They congregated near the galleys by twos and threes. Other passengers noticed them carrying various packages into the lavatories: a cell phone, a camera, even a McDonald’s bag. One of them took a foot-long object, wrapped in cloth, out

of the overhead compartment, and immediately brought it into the lavatory with him.

This continued for the entire flight.

At the end of the flight, when even the flight attendants were strapped in, seven of them jumped up in unison and all went to the lavatories together. One of the others remained in his seat and pulled a small red book out of his pocket, read a few pages, then put it back. He pulled it out again, read a page or two, then put it back. He did this several more times. (Jacobsen, who was “terrified” herself, noticed another passenger crying with fright at this point.)

When the last one came out the bathroom, he walked back to his seat. As he passed one of the others (the man with the book), he ran his finger across his throat and mouthed the word “no.”

As I said, all the men were detained by the authorities when the plane finally landed. (They were subsequently released, after their names were checked against a list of known terrorists.)

Some commentators have doubted that all of this could really have happened on the flight. But as it turns out, federal air marshals were also on Flight 327. The *New York Times* spoke to an official of the Federal Air Marshal Service who “confirmed the gist of Ms. Jacobsen’s narrative.”

Jacobsen wrote up her experiences on the flight and published them on the Internet. She began to receive emails from other passengers on the flight agreeing with her account. She also began to hear from airline personnel.

Gary Boettcher is on the Board of Directors of the Allied Pilots Association. He told Jacobsen...

**“I am a Captain
with a major airline...
This airborne event is not a
singular nor isolated experience.
The terrorists are probing us
all the time.”**

Boettcher also told Jacobsen that he’s had many of these experiences, and so have many of his fellow captains. According to him, they’ve been trying to tell the authorities about this, but “their

words have been falling on deaf ears.”

American Airlines pilot Mark Bogosian told Jacobsen, “The incident you wrote about, and incidents like it, occur more than you like to think. It is a ‘dirty little secret’ that all of us, as crew members, have known about for quite some time.”

On July 22nd, the *Washington Times* ran an article called, “Scouting jetliners for new attacks.” It said:

**“Flight crews and air marshals
say Middle Eastern men are
staking out airports,
probing security measures
and conducting test runs
aboard airplanes
for a terrorist attack.”**

The article quoted several anonymous air marshals and pilots. One air marshal said there’s “no doubt” these are dry runs.

A pilot was quoted as saying there was “widespread knowledge” these probes are taking place. Another pilot said terrorists are “absolutely” testing security.

The article described incidents on several recent flights. On June 29th, American Airlines Flight 1732 (from Puerto Rico to New York) had six Middle Eastern men, who acted much like the ones on Flight 327. They pretended not to know each other, but communicated when they thought they weren’t being observed. They also congregated at the lavatories, and were told several times to take their seats. One was even videotaping the airport through the window as the plane was taxiing.

On a different flight, a passenger was caught with a telephoto lens, taking sequential pictures of the cockpit door. Another incident: a Middle Eastern man was caught at an airport, “using binoculars to get airplane tail numbers and writing the numbers in a notebook to correspond with flight numbers.”

The article even quoted a pilot who said on one of his recent flights, “an air marshal forced his way into the lavatory at the front of his plane after a man of Middle Eastern descent locked himself in for a long period...”

**Latest prices as GEA goes to press—
August 13, 2004**

Comex spot contract: silver \$6.55, gold \$396.20
 Nymex spot platinum: \$854.00, palladium \$209.00
 Nymex Light Sweet Crude Oil \$45.53

Silver coins	Dealer will buy at this price	Dealer will sell at this price
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100 1 oz. silver American Eagles	\$765	\$805
100 1 oz. common rounds	\$642	\$717
\$1,000 face value US pre-1965 coin bag (circulated)	\$4,335	\$4,635
\$1,000 face value US circulated silver dollar bag (VG or better)	\$6,800	\$8,400
US Morgan silver dollars	PCGS MS64 \$60	\$75
	PCGS MS65 \$110	\$140
	PCGS MS66 \$275	\$320

Platinum coins

U.S. Platinum Eagle:	1 oz.	\$825	\$859
	1/2 oz.	\$381	\$450
	1/4 oz.	\$195	\$237
	1/10 oz.	\$82	\$87

Gold coins

Australian Kangaroo		\$400	\$413
British sovereign (Kings)		\$88	\$111
(Elizabeths)		\$88	\$111
Canadian Maple Leaf		\$402	\$413
Credit Suisse 1 oz. gold bar		\$397	\$410
Mexican 50 peso Centenario		\$466	\$486
South African Krugerrand		\$388	\$403
US Gold Eagle:	1 oz.	\$397	\$410
	1/2 oz.	\$201	\$211
	1/4 oz.	\$99	\$109
	1/10 oz.	\$40	\$45
US \$20 double eagle:			
Liberty	Raw MS60	\$465	\$515
	NGC MS63	\$655	\$745
	NGC MS64	\$1,265	\$1,480
	NGC MS65	\$4,270	\$5,570
Saint Gaudens	Raw MS60	\$462	\$531
	NGC MS63	\$522	\$602
	NGC MS64	\$674	\$798
	NGC MS65	\$1,030	\$1,320

Prices courtesy of Finest Known, Boca Raton, FL.
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**“The marshal found
 the mirror had been removed
 and the man was attempting to
 break through the wall.
 The cockpit was on the other side.”**

An air marshal told the *Times*, “It’s a probe. They are probing us.” He said that Middle Eastern men sometimes try to flush out air marshals by “rushing the cockpit and stopping suddenly.”

There are even signs that the terrorists are testing the bombs themselves. On June 29th, the *Washington Post* reported on a Boeing 737 flown by Turkish Airlines. It landed in Istanbul, and the cleaning crew found a wallet left on board...which exploded when it was picked up. (The cleaner was injured, but survived the blast.) A later analysis showed that the wallet had contained no electronic components, so it could slip easily through security.

In June, after yet another American was killed by terrorists in Saudi Arabia, an Islamic website said that “the means of transportation of the Crusaders, especially Western and US airlines, will be the direct target of our next operations.” Looks like this was not just an idle threat.

But that’s not all. US authorities are also warning against other forms of terrorist attacks as well. A week or so ago, government authorities distributed a terror bulletin which said:

**“Terrorist planners consider
 trucks to be one of the best tools
 to breach security measures and
 carry explosives.”**

Remember that Timothy McVeigh was able to make a devastating truck bomb just with fuel oil and ammonium nitrate fertilizer—both are common items, widely used in agriculture. Since his example, ammonium nitrate is now widely used by terrorists, in Iraq and also elsewhere. For example, back in March British authorities found a plot to use 1,000 pounds of it in a huge bomb.

Since ammonium nitrate is such a common farm chemical, there’s no system to track its

purchase. Buying a large amount might raise suspicions, but it's easy enough to buy smaller quantities over time (as McVeigh did).

Are terrorists planning truck bomb attacks in the US? The FBI said there's been a recent rash of truck thefts. Tractor-trailers are being stolen nationwide. In May, somebody even tried to buy one in Arkansas: authorities were notified because the buyer couldn't operate the truck, and only had a temporary paper Commercial Driver's License.

Even some of the legal drivers are suspect. In June, the Department of Homeland Security said it had done computer checks on truck drivers licensed to carry hazardous materials in the US. 29 of them turned out to have "possible terrorist connections."

A few truck bombs going off in front of the right buildings (major banks, stock or commodity exchanges) could have a significant impact on our financial system. But there's a far worse threat facing us...

Nuclear and biological warfare

Truck bombs and hijacked airplanes are effective, but relatively small. So terrorists have long wanted their own WMDs (weapons of mass destruction).

Over the last few years, they've apparently succeeded. As I mentioned earlier, the UN said it's only a matter of time before the terrorists set off a "dirty bomb" containing nuclear material.

What's a "dirty bomb"? Basically, it's a normal bomb with highly radioactive nuclear material added to it. When the bomb explodes, it spreads a poisonous radioactive cloud over a large area.

These bombs aren't complicated, so they're easy to make. The only hard part is finding the radioactive material. But this material is available, if you know where to look. (Senator Sam Nunn recently asked President Bush to discuss this subject with Russia. Russia's nuclear power-plant waste is notorious for being easily available on the black market.)

Have the terrorists already built dirty bombs? The FBI has stopped one attack already. Back in 2002, a terrorist named Abdullah al-Mujahir was arrested in Chicago. He was part of an al-Qaeda plan to make and explode a dirty bomb here in the

United States.

According to the BBC's Middle East analyst Frank Gardner:

“Western intelligence services believe it is almost *inevitable* that al-Qaeda will try to mount a second nuclear attack, given the relative ease with which radiological materials can be obtained in the US alone.”

What would be the effects of such an attack?

We already know that al-Qaeda favors financial centers. They aren't satisfied to merely kill large numbers of people: that's not their only goal. They also want to cripple the US economically.

This is one of the reasons why they're still targeting airplanes. The terrorists know that blowing up airplanes will have an effect far beyond the people on the plane. Fast, inexpensive transport of people and goods is a crucial part of our economy. If the terrorists can scare lots of people away from flying, then the cost of air transport will soar, badly wounding our economy.

For the same reasons, they're also targeting US financial centers. What would be the damage to the US economy if, say, Wall Street was hit with a large dirty bomb? Billions of dollars? Hundreds of billions?

And dirty bombs *still* aren't the worst thing we're facing....

The Pentagon has learned that al-Qaeda has a “sophisticated biological weapon research program.”

For decades, the world has had “weaponized” grades of deadly diseases. These are bacteria, viruses, or spores which can be spread in a contagious form over a large area.

One of the most feared is anthrax. When inhaled, anthrax spores are almost always fatal. And they're widely available, since weaponized

spores have been created by labs in several countries.

Does al-Qaeda have anthrax? Nobody knows for sure, but *some* terrorist does. (Remember the “anthrax mailer” from 2001 still hasn’t been caught!) Just two pounds of anthrax spores scattered over a city the size of New York could result in 100,000 deaths.

There’s one problem with anthrax, or other biological WMDs. Delivering them isn’t as simple as setting off a bomb. First of all, the blast itself will harm some of the payload, and second, the bomb won’t spread the stuff very far.

Biological WMDs are most effective when spread into the air. Al-Qaeda knows this: remember, before 9/11 they were asking around for crop duster planes...

But crop dusters would be hard to come by now, and would probably be shot down if flown over a city. How could al-Qaeda or other terrorist groups use biological WMDs? A short while ago, this suddenly got a lot easier...

“Do you need a cheap cruise missile?”

That’s the title of a web page by a New Zealand engineer. He’s offering to make cheap cruise missiles for anybody who’ll hire him. He’s actually building one now as a demonstration model and putting the construction plans up on his website.

How does he define “cruise missile”? Basically, a self-guided missile that can carry a payload up to 100 pounds, for 100-300 miles. The missile skims along the ground (200 feet above it or so), rather than flying up at typical airplane altitudes.

The US military pays \$1.5 million (and up) for each cruise missile it buys. So how “cheap” could you possibly get missiles from this guy?

Can you believe... less than \$6,000 each?

Cheap cruise missiles would be perfect for murderous terrorists. They wouldn’t need to penetrate a city’s security with a truck bomb or anything like that: they could be up to 300 miles away, and still deliver their weapons into a city. Plus, instead of a street-level blast, the explosion could be an airburst... perfect for spreading biological WMDs or radioactive clouds over a city.

How could you possibly make a \$1.5 million missile for only \$6,000? You can’t. They aren’t the same quality... but then, they don’t have to be.

Military missiles have a range of up to 1500 miles. The cheap missiles can only go a fraction of that, but the range is fully adequate for terror use.

Military missiles are launched out of a tube on a ship, or dropped from an aircraft. They usually have sophisticated turbofan engines for propulsion. Not so with a cheap missile: the cheap design uses a “pulsejet” engine instead. (Pulsejets were used back in World War II, on Hitler’s V-1 missiles. They’re crude, but effective.) Pulsejets do need to be launched somehow; in this case, they could be launched from a roof rack on an SUV. If the SUV can get up to 70 mph or so, the pulsejet ignites and away it goes.

Military missiles use complex targeting systems, necessary for pinpoint accuracy. Not so for cheap missiles: all you need to do is hit the center of a city, which is hardly a pinpoint target. A cheap GPS receiver, a gyro system from a model remote-control helicopter, and a little software are about all you need.

Everything needed is available in off-the-shelf hardware. It wouldn’t be hard to make these. The engineer’s website (which I won’t publicize here) explains everything required. It isn’t much.

Why is this guy offering to build these? It started a few years ago, when he first warned that \$6,000 cruise missiles were now possible. To prove his point, he started to build one. The New Zealand government of course shut him down (and also canceled the pending sale of his new pulsejet design—which he had sold to Iran). He was dumb enough to be surprised, and now he’s bitter about the whole affair.

He apparently lost a lot of money in this fiasco, and now he’s putting himself up for sale. As he says, “I won’t charge you millions of dollars like the big-boys might. I won’t question your politics or religious beliefs. I simply ask that you provide me with travel to your location plus safe, warm comfortable accommodation for the duration of the project, and employ me at an agreed rate for my services...”

“Events of the past year have taught me the folly of patriotism...so I’ve given up on that and adopted a far more mercenary attitude.”

He does claim that he won’t work for any

terrorist groups. But if he was willing to sell his stuff to *Iran*, a known supporter of terrorism... obviously he's not all that fussy. It would be easy enough for terrorists to hire him through a front organization.

In any case, he says it's not necessary for terrorists to hire him. He says, "I don't consider myself to be a particularly talented mechanical or software engineer and I'm sure that any serious terror group could do a much better job on their own by recruiting people with better skills than mine."

Whether terrorists get missiles from him, or someone else, isn't my point. What's important here is how easy it is to make these things nowadays.

And these missiles would be almost impossible to defend against. They'd only be about 5 feet long, and would fly subsonic (at about 450-500 mph). These *could* be shot down with heat-seeking missiles, but a 100-mile flight would only take 12 minutes. That's hardly enough time to detect it, never mind scrambling fighter jets to try to shoot it down. Then, even if you did shoot it down... there'd be a good chance you'd still disperse the cloud of spores, radioactivity, or whatever it was carrying.

Remember, the 9/11 terrorists considered using crop-dusting planes. Presumably, they wouldn't have bothered if they didn't *already* have access to biological weapons of mass destruction.

So it's very possible that an attack of this kind is coming. Again, if I had to guess at the target, I'd say important financial centers. Wall Street, stock exchanges, commodity exchanges. New York, Chicago, and Washington D.C. seem most at risk.

Now comes the scary part. There are many signs that a big attack of one kind or another is coming soon. Apparently al-Qaeda wants to make a "statement" during our election year. Recent reports said the terrorists were debating if a pre-election attack would help or hurt President Bush's chances for re-election (they hate him, and want him to lose.) Other reports said that one way or the other, the terrorists will probably try something before next January's inauguration.

Al-Qaeda activity has been ominous lately. US intelligence has been tracking many al-Qaeda cells across the world: in Afghanistan, Pakistan, Iran, and Iraq. Many of these were dormant, but since July 27, they're now on the move.

Al-Qaeda websites are "alive with anticipatory excitement," as one report put it. One site promises "great satisfaction" to believers. Another spoke of a "cause for rejoicing very soon." Similar language appeared on these sites in July 2001, a few months before the 9/11 attacks. Other reports say that in general, al-Qaeda communications "chatter" has been greatly reduced lately—another sign that something's afoot.

Whatever it is they're planning, it seems like it's coming soon... and it's going to be big.

On Sunday, Frances Townsend (President Bush's homeland security advisor) said, "They want something bigger than 9/11. They want a *catastrophic* attack."

So what should you do about all this?

First of all, you shouldn't let it frighten you. Just because they're planning attacks, doesn't mean they'll succeed. Since 9/11, our government has already disrupted several attacks in this country, and shut them down before they happened.

But you should think of what's going to happen if the terrorists succeed again. In the long term, the terrorists are going to lose their war with us, but they haven't realized this yet. In the meantime, they might actually pull off another attack. And for that, you need to prepare.

Remember, the attacks will probably be on financial targets. They've tried this several times already, with the multiple attacks on the World Trade Center. (Osama bin Laden thought that a successful attack on the World Trade Center would crash our economy. Some of the al-Qaeda members that we've captured have confirmed this.)

Now it seems that larger attacks are coming, on similar targets. If dirty bombs or biological WMDs hit Wall Street or the large banking centers, there's a good chance that our markets and banking system *will* be seriously affected this time.

The first thing you should do is make sure you have enough cash to pay all your expenses for a

few days—maybe even a week or two. You might be unable to cash a check or use an ATM for a short period of time. Under these circumstances, most businesses won't accept checks or (obviously) credit cards—only cash. If that happened today, and you had to use cash for everything, could you buy groceries for a week? Or fill your car with gas? If the answer is no, set aside enough cash so that you could. You might never need it—but if you *do* need it and don't have it, you'll be hurting.

(By the way, this is good advice whether or not terrorists do anything at all. Lately there have been some danger signs of our banking system threatening to lock up—these have happened twice in the last twenty-four months, and it's looking more and more worrisome. I'll tell you more about this in future issues.)

Once the cash is taken care of, what about the rest of your finances? Before I go further, let me say this. I'm not trying to tell you how to profit from a terrorist attack. Osama and his gaggle of rabid followers are murderers, and should be lined up and shot. If they do attack again, this will be tragic, and I'm not telling you how to profiteer.

But I *am* saying this: if you see an attack coming, it's your obligation to protect yourself and your loved ones as best you can. That includes taking the steps I'll describe next. Financial prudence is not the same as profiteering.

So what will happen after a successful terrorist attack? The stock market will be torpedoed, even if the stock exchange itself isn't attacked (as it might be). The bond market will be hit hard, too. I recommend you think about reducing your exposure to these markets.

Where should you put your money instead? When financial targets are attacked, investors flee to assets that don't rely on somebody else's performance. Assets that are valuable by themselves, and aren't dependent on the performance of a company—or the financial prudence of a government.

Real estate falls into this category, but it's not a private investment, and it's certainly not very liquid (even if you could sell it instantly, it takes days—even weeks—for the sale to close. And an instant sale usually means a steep cut in the price.) You want an investment that's highly liquid, valuable in its own right, private, and not dependent on someone else's performance. A bonus would be an investment that's available in small units, so even a small amount of capital could be invested if necessary.

The investment that meets all of these criteria is gold (and to a lesser extent silver). Gold is always the asset that investors flee to in times of uncertainty, and if terrorists do attack, gold should see a surge in price.

Gold went up a bit after 9/11 too, but I think this time will be different. First of all, gold is a much stronger investment now than it was then—today, it's about \$100 higher than even its post-9/11 spike. Also, the 9/11 spike faded away after a few weeks—but today, gold is poised for a large, long-term move upwards for other reasons. Terrorist activity might be the trigger for the move up, but it won't be the only reason for it.

Second, terrorist activity would have broader implications now than before. Al-Qaeda has quite openly said that they want to topple not only the US economy, but also the “heretical” government of Saudi Arabia. The Saudi oil fields are vulnerable to attack, and terrorist activities within that country are rising. It's very possible that we'll see not only a big attack within the US, but also a large-scale attack within Saudi Arabia itself. If this happens, the price of oil will blast off, which will crater the dollar—and boost gold.

Finally, a terrorist attack would be proof that the US still has a long way to go before we exterminate all the terrorist vermin from the world. As I write this, we've spent about \$128 billion on the war in Iraq, plus untold billions more in Afghanistan. We're still fighting terrorists in both places, and won't be free of these quagmires any time soon. More attacks would show that we still have years—perhaps decades—of exhausting warfare ahead of us.

The Afghanistan and Iraqi wars have sent the US economy spiraling downward ever deeper into debt—we're adding another \$1.6 billion to our debt per day, *every* day. The US dollar is depreciating rapidly as a result. More attacks would no doubt increase the pace and scale of this war, and the dollar will sink even further. As an investment that's countercyclical to the dollar, gold will soar.

So I recommend that you set aside some cash, to protect yourself against banking problems. Then, gold should be your investment of choice to protect yourself against broader (and longer-term) effects of an attack.

I hope that everything I've warned you about in this issue doesn't happen. I'd be very happy if the time I spent writing this issue was completely wasted. But if any of this *does* happen... don't be caught unprepared!