

## **“Massacres in the Middle East!”**

**“The brutal regime in Syria is attacking its own people. This could have a devastating impact on the US economy (and on your investments), but you’d never know it from the American media.**

**“A multi-nation, multi-front war could be triggered at any time, and the United States could easily get sucked in. Here’s the story that the media aren’t telling you!”**



*James DiGeorgia, Editor*

**T**he world is facing a level of danger that we haven’t seen in generations—and the American public is oblivious.

While the media chatter about the ongoing circus of the Republican primary, a civil war is erupting in the Middle East. Syria’s dictator Bashar al-Assad is indiscriminately attacking not only those rebelling against his government, but also the civilian population as well. Thousands are dead already, and according to United Nations reports, up to 100 more are dying each day.

If you think this won’t affect you, you’re wrong.

---

### **This Threatens to Plunge the Entire Middle East into War**

---

...And the US could be directly involved, with Russia and possibly even China on the other side.

This is true even if we try to stay out, as I’ll discuss later. But unfortunately, there are

those who are itching to dive in—like Senator John McCain, the senior Republican member of the Senate Armed Services Committee.

---

### **Rattling Their Sabers**

---

McCain is among those calling for air strikes to topple the Syrian government. He thinks that we can just toss in some bombs and overthrow Assad. Then the bloodshed will stop, and the opposition forces will take over and establish a peaceful regime.

*Rubbish!*

This is not just an internal conflict within Syrian borders. Most of the Middle East is directly involved, along with several other nations elsewhere. And each nation has a different motive.

Several countries are allied with Assad. Iran (a Shia Muslim country) wants to keep him in power. Assad’s government consists of Alawite Shias (about 15 percent of the population), which rule over the Sunni Muslims

(about 75 percent of the population).

Russia and China are also strong allies of the Syrian regime. Together, they recently vetoed a United Nations Security Council resolution calling on Assad to resign.

Arrayed against the government are several other nations. Saudi Arabia (a Sunni nation) wants to eliminate the Shia rule in Syria and protect the majority Sunnis from its bloodthirsty government.

Qatar and Jordan are also Sunni nations, and they too oppose the Shias in Syria. Together with Saudi Arabia, they are all arming and supporting the rebels.

Turkey, another Sunni nation, has an extra motive for eliminating the Alawite regime. The Turks almost invaded Syria a decade or so ago, because the Syrian government was supporting violent Kurdish guerrillas who were fighting to overthrow the Turkish government.

## Son of a Mass Murderer

**T**o understand Bashar al-Assad, just look at the father who raised him.

Hafez al-Assad was a brutal dictator responsible for numerous massacres. He killed not only countless foreigners (including Palestinians, Jordanians, and Lebanese), but also murdered tens of thousands of his own people.

His crimes included the Tadmor Prison Massacre (1,000 dead), the siege of Aleppo (with several thousand dead, mostly youths, many of whom were buried alive), and the infamous Hama Massacre (where Hafez killed 40,000 of his own citizens).

This is how his son was taught to rule.

The US is trying to convince Assad to change his ways. US Secretary of State Hillary Clinton recently said that he could be regarded as a war criminal. This was meant as a warning to dissuade him from further crimes.

Such warnings are useless. To Assad, mass murder isn't a war crime. It's the way his father taught him to rule. It's just business as usual, and he doesn't care what the rest of the world thinks.

Now it's payback time, and Turkey is supporting the rebels in Syria.

Then there are those countries that don't want to be involved, but are. Chief among them is Israel, which Assad has always hated. The Syrian dictator has vowed if the US intervenes in Syria, he will immediately attack not only American targets throughout the Middle East, but also Israel.

The involvement of so many nations is one of the reasons why...

---

## This Crisis is Far Worse Than Previous Ones

---

Saber-rattlers like McCain are claiming that overthrowing the murderous regime in Syria would be straightforward. After all, we've done it quite recently in Iraq, Afghanistan, and Libya. Libya in particular is being held up as an example of how we could 'fix' Syria without too much trouble.

But an intervention in Syria would be far different than those previous ones. Consider these facts:

- None of those nations had WMDs (weapons of mass destruction). Syria does. In fact, Assad has built one of the largest arsenals of chemical and biological WMDs in the world. Syria has mustard gas, nerve agents, biological weapons, and other horrors.
- The previous actions had the backing of the U.N. Security Council and thus some backing from international law. Not true for Syria.
- Libya had a well-defined, unified opposition fighting the government. Syria has about 100 different opposition groups. Many of them hate each other.
- Libya's opposition controlled the outer parts of the country, moving toward the center. This lent itself nicely to military assistance. But the Syrian opposition has no territory to expand from—they're scattered in small pockets throughout the country.
- In Libya, the US had many allies. NATO

performed the bombing campaign, and 17 other nations enforced a blockade and no-fly zone. But nobody is volunteering to help us in Syria.

- Iraq, Afghanistan, and Libya didn't have extensive Russian-built anti-aircraft networks. Syria does.
- The previous actions were limited to individual countries. The Syrian situation threatens to erupt into a multi-front war.
- In the previous actions, Russia and China weren't strong allies of the nation we were attacking.

Each of these problems is a serious obstacle to a clean intervention in Syria. Combined, they make Syria a sobering challenge for the West.

Unlike the saber-rattlers in Congress, US military leaders are well aware of this.

---

## US Military Officials Are Warning: Syria Could Be A Disaster

---

The *New York Times* reported on growing warnings from senior Pentagon officials about what could happen if the US intervened in Syria.

As with previous actions against Iraq and Libya, the US would have to start by destroying the nation's air defenses. US planes must be able to fly unmolested before we could enforce no-fly zones, 'humanitarian corridors' for fleeing refugees, and so on.

But unlike other recent foes, Syria's air defenses are formidable. US military leaders are warning that the initial part of the campaign will be far longer and far bloodier than many Americans could stomach.

As an example, officials point to last year's campaign against Libya. Even though Libyan air defenses were relatively weak, NATO still required a seven-month campaign to reduce them. This required hundreds of aircraft, about 10,000 sorties, and 7,700 bombs and missiles. (And according to a recent article in *Time*, European countries "struggled to cope"

with the "severe strain" of the war, and they were lucky that the rebels were able to kill Qaddafi before the European armament stockpiles were completely used up.)

Compared to Libya, Syria is a military planner's nightmare. The country is bristling with a sophisticated Russian-built air-defense network. Syria has thousands of surface-to-air

### THE GOLD AND ENERGY ADVISOR

#### PUBLISHER

*Finest Known, LLC*

#### EDITORIAL STAFF

*James DiGeorgia*

*Editor*

*Spiros Psarris*

*Associate Editor*

#### PUBLISHING STAFF

*Jon Longo*

*Subscriber Services*

*Sharol Dell'Amico*

*Marketing Manager*

The **GOLD AND ENERGY ADVISOR** is a newsletter dedicated to educating investors about the investment opportunities in precious metals and energy. Unless otherwise stated, all charts, graphs, forecasts and indices published in the **GOLD AND ENERGY ADVISOR** are developed by the employees and independent consultants employed by Finest Known, LLC. The accuracy of the data used is deemed reliable but is not guaranteed. There's no assurance that the past performance of these, or any other forecasts or recommendations in the newsletter, will be repeated in the future. The publisher, editor, and staff of this publication may hold positions in the securities, bullion, and rare coins discussed or recommended in this issue. The publisher, editor and staff are not registered investment advisers and do not purport to offer personalized investment related advice; the publisher, editor and staff do not determine the suitability of the advice and recommendations contained herein for any subscriber. Each person must separately determine whether such advice and recommendations are suitable and whether they fit within such person's goals and portfolio. **GOLD AND ENERGY ADVISOR** is affiliated with Finest Known, LLC, a dealer in rare coins and bullion.

The **GOLD & ENERGY ADVISOR** is published 12 times a year by Finest Known, LLC, 925 South Federal Highway, Suite 500, Boca Raton, Florida 33432 (800-819-8693 or 561-750-2030). Subscription rates: Single issue, \$19. One year (12 issues), \$189. Two years (24 issues), \$279.

© 2012 Finest Known, LLC. All rights are reserved. Permission to reprint materials from the **GOLD & ENERGY ADVISOR** is expressly prohibited without the prior written consent of Finest Known, LLC.

missiles, radars, and anti-aircraft guns. Many of them would be extremely challenging to find, never mind eliminate—such as the medium-range Pantsyr-SI anti-aircraft missiles, which can be mounted on trucks and moved around quickly.

Eventually, the US could destroy most of these from afar, with only moderate risk to American pilots. But most of the targets are next to, or in, densely populated areas.

As Defense Secretary Leon Panetta warned, even with precision bombing, “There would be some severe collateral damage going after those areas.” Retired Army counterinsurgency expert John Nagl (who also teaches at the US Naval Academy) said, “We’d have to carpet-bomb a path in and out, or risk American pilots being shot down by the regime and used as human shields... We’d be killing a lot more people.”

Translation: we’ll be responsible for horrific civilian casualties.

How many thousands of civilians are we willing to kill? Especially since our goal is to *save* them from being killed by Assad?

And that would only be the first stage of the campaign. Once the air defenses are reduced—which could take many months, perhaps with vast numbers of civilians dead—then the complicated part would begin.

The *New York Times* quoted a senior defense official who said that even a small task like creating ‘safe havens’ would be horrendously complex, requiring “a serious contingent of US ground troops.”

Any safe havens we created would be magnets for guerrillas who would be eager to use them as bases to attack government forces. Therefore, the government would not tolerate their existence, even if they were meant exclusively for civilians. So, as Senator Jack Reed warned, “someone would have to go in and... organize, literally, an army” to protect these havens from the Syrian Army (which has 330,000 soldiers).

Do we really want to get sucked into yet *another* Middle East quagmire, with American soldiers and Marines trapped in yet another war zone for years and years?

The US military is already stretched way

too thin. Look at the current case of the Army sergeant who’s being accused of massacring 16 Afghani civilians. Before deploying, he had already served three combat tours in Iraq, where he saw heavy fighting, sustained head and brain injuries, and had part of his foot blown off. Despite all that, the Army claimed he was still fit for duty and sent him to Afghanistan for a fourth tour. Why? Because they’re running out of soldiers to send.

None of this is to excuse his monstrous act, of course. But clearly, after 10 years of fighting two wars simultaneously, the US armed forces are almost worn out. We need to conserve our strength and recuperate. Otherwise we risk not having an effective military when there’s an actual threat against America.

And whatever we do in Syria, our military will bear a heavy burden. So far, none of our allies have expressed any enthusiasm about helping us intervene in Syria. The expense, and more importantly the responsibility for whatever happens there, will be ours alone.

And even after all this we still haven’t discussed the big question, which is...

---

## What Would Be Our Goal in Syria?

---

All the saber-rattlers who are calling for Assad’s overthrow are ignoring a basic question: what happens once he’s gone?

Remember what occurred when we overthrew Saddam Hussein. Suddenly everybody was reminded of what the British found out over a century ago: that Iraq was a pressure cooker of mutually hostile groups who have hated each other for centuries. Peace is only achieved when a dictator rises to power and crushes everybody else under his heel. But when the dictator is taken away, Iraqi society blows up again.

Syria is like Iraq, but worse. In Iraq, it was (and still is) the Sunnis versus the Shias. In Syria, it’s the Sunnis versus the Alawite Shias, with several other groups (Druse, Kurds, and Christians) who will get pulverized in the crossfire.

As counterinsurgency expert John Nagl observed, it's a recipe for massive upheaval: "The hard part is not toppling Assad, it's what comes afterwards. Everybody raise your hands if you're up for another occupation of an Islamic country."

If we remove Assad and his Alawite cronies from power, Syria will most likely dissolve into chaos just like Iraq did. The entire country would turn into a battleground between the Sunnis (Saudi Arabia and her allies) and the Shias (Iran and her allies). Both sides want Syria to conform to their particular vision of true Islam, and to become part of their sphere of influence.

Do we want American troops to be caught in the middle of this—again?

About the only bright side to this situation is that so far, it's unlikely to happen on its own. The rebels are outgunned by government forces, and are facing long odds.

For the rebels to reliably overthrow Assad, they'll need outside military help. People like John McCain want to send it. But that raises a different question...

---

## To Whom Should We Send the Weapons?

---

Unlike the rebellion in Libya, the Syrian rebels are hopelessly fractured into competing groups—100 or more, depending on how you count. Many of them hate each other.

If we were to arm the Syrian opposition, which group should we choose? Are we willing to trust our ability to pick a 'good' one? Or will Syria be like Afghanistan, where *all* the choices are brutal thugs?

And who are these people anyway? What vision do they have of Syria's future? The rebel leaders are being coy about this, but it's clear that most of them are from fundamentalist Islamic groups like the Muslim Brotherhood. This is not a secular rebellion, despite the naiveté of saber-rattlers like John McCain.

This is why many Christian groups within Syria are opposing the rebellion—better the devil you know (the harsh dictator) than the

## Portfolio Update

In Update #1282, we took quick profits on two short puts. On Conocophillips (symbol COP), we bought back the Apr. \$70 puts (symbol COP120421P70). On Hess Corp. (HES), we bought back the Apr. \$57.50 puts (HES120421P57.50). Our profits were \$93.

In Update #1284, we issued a recommendation on Continental Resources (CLR). We sold the Apr. \$75 puts (CLR120421P75).

In Update #1285, we issued new recommendations on Whiting Petro. (WLL) and Forest Oil (FST). On WLL, we sold the Apr. \$52.50 puts (WLL120421P52.5). On FST, we sold the May \$11 puts (FST120519P11).

In Update #1287, we took quick profits on three short puts. On Continental Resources (CLR), we bought to close the Apr. \$75 puts (CLR120421P75). On British Petroleum (BP), we bought to close the Apr. \$43 puts (BP120421P43). On Chevron Corp. (CVX), we bought to close the Apr. \$97.50 puts (CVX120421P97.50). Our profits were \$150.

In Update #1289, we rolled up our short Mar. \$30 puts on Bill Barrett Corp. (BBG) up to the June \$30 puts.

In Update #1291, we listed our total profits from short puts during March: \$524.

In Update #1292, we recommended hedging our position on Forest Oil (FST). We sold the May \$15 calls (FST120519C15).

In Update #1294, we sold to open the May \$75 puts (CLR120519P75) on Continental Resources (CLR).

In Update #1295, we took quick profits on our puts on Forest Oil (FST). We bought to close the May \$11 puts (FST120519P11). Our profit was \$30.

In Update #1296, we issued new recommendations on Denbury Resources (DNR) and Apache Corp. (APA). On DNR, we sold the May \$18 puts (DNR120519P18). On APA, we sold the May \$90 puts (APA120519P90).

In Update #1297, we took quick profits on our short puts on Whiting Petro. (WLL). We bought to close the April \$52.50 puts (WLL120421P52.5). Our profit was \$40.

devil you don't (radical Islam).

Judging by current events, the rebels aren't much better than the government anyway. Hundreds of civilians have been killed recently by car bombs and other terrorist atrocities. According to reports, some rebels have also been mining passenger roads. And there are frequent reports of rebels firing on government troops from civilian areas, to draw fire onto the civilian population for propaganda purposes.

None of this is surprising when you consider that the so-called rebels now include terrorist groups like al-Qaeda and its affiliated organization Jihadiya Salafia. Iraq's Prime Minister Maliki has also warned that al-Qaeda is moving its operations from his country into Syria.

Do we really want to issue weapons to al-Qaeda's fighters?

If we're on the same side as al-Qaeda, are we sure we're doing the right thing?

And once American weapons are issued to the rebels, do we really think they'll be used only against government forces, and not to settle old scores with the other factions that are vying for power?

There's an excellent chance that if we arm the Syrian opposition groups, once Assad was overthrown we'd see a full-blown civil war raging in Syria. Maybe even genocide.

And it would be our fault.

Not only that, a Syrian civil war would create a power vacuum. At best, we'd see a proxy war between Iran and Saudi Arabia, as I just mentioned. At worst, we'd see an outright invasion by several neighboring countries, including not only the Iranians and Saudis but also the Turks.

All of this illustrates our growing dilemma: to intervene in Syria, we need to either...

---

## Go All In or Don't Go In At All

---

As Jonathan Tepperman recently wrote in the *New York Times*, a piecemeal intervention would be worse than doing nothing. If we don't go in big, we shouldn't go in at all.

The saber-rattlers who think we can just toss in some bombs and score a victory are delusional. Once we get involved, things could spiral out of control very quickly. As a former

Pentagon official recently told the *Times*, "If we jump in with purely military instruments as the US, absent a broader strategy, we could very quickly hasten reactions from others, namely Iran and Russia, to bolster the regime and start us down a road towards greater confrontation."

For example, Russia has started sending "technical and military advisors" into Syria to help Assad, including anti-terror units and Marines. We know they are there, but we don't know where they are.

What happens if American air strikes kill Russian soldiers? That's an act of war.

What happens once Assad moves some of his anti-aircraft weapons to his Mediterranean port city of Tartus? The Russians have a naval base there.

If we don't attack those weapons, US planes will be in constant danger of being shot down for the entire duration of the campaign. We won't have air superiority, and we won't be able to enforce no-fly zones, safe havens, or whatever.

But if we do attack them, we'll be attacking a Russian naval base. The implications of this are obvious. Plus, the Russian ships (some with inherent air-defense capabilities of their own) would fire on American planes in self-defense.

How will Russia react when America attacks one of its naval bases?

How will the American public react if US planes get shot down by Russian naval vessels?

Are we willing to start a shooting war with Russia, just to help some Syrian guerrillas who are now allied with al-Qaeda?

The saber-rattlers need to shut their mouths and think about what they're proposing. A 'limited' intervention in Syria could spin out of control very quickly. If we attack Syria, we had better be deadly serious about the risks we're running.

You might think this risk is overblown. Surely Russian and American leaders would be too clear-headed to get pulled into a broader war over Syria.

Maybe that's true. But regardless of the Russian question, a Syrian intervention is

almost guaranteed to start a broader war anyway, because...

---

## Assad Will “Set the Middle East on Fire”

---

The Syrian dictator has been clear: if anybody tries to intervene, he will create an “earthquake” that will rock the world.

When meeting with the Turkish Foreign Minister, Assad warned that if he were attacked, “I will need not more than six hours to transfer hundreds of rockets and missiles to the Golan Heights to fire them at Tel Aviv.” He will also call on his Hezbollah puppets in Lebanon to launch an intense missile attack on Israel. No doubt Hamas in the Gaza strip would do the same.

Why attack the Israelis? For several reasons. First, the Syrian leadership has always been insanely homicidal against the Jewish state. Second, Syria wants to lash out against those aiding the rebels, especially Saudi Arabia. It would be humiliating for Syria to attack a fellow Muslim state without attacking Israel too—so Syria will attack both.

In addition to this, Assad has promised attacks on US warships in the Persian Gulf, along with targeting “European interests.”

This is not an idle threat. Syria has been a heavy buyer of Russian weapons, accounting for about 10 percent of global Russian arms sales. The Syrians have purchased very sophisticated systems, including MiG-29M/M2 fighter jets, Buk-M2E air defense systems, and the Bastion anti-ship missile control system which includes the SS-N-26 Yakhont super-sonic cruise missile.

Nor will Syria be acting alone. Iran has also promised to attack American and Israeli targets throughout the region.

Syria and Iran are long-time allies. Much of the Syrian army’s weapons and equipment came from Iran. In addition, the Iranians are now fighting side-by-side with the Syrians—last month a Turkish newspaper reported that Iran’s Quds Force is in Syria fighting the rebels. (Quds is an elite military unit with 15,000 fighters, cho-

## Turkey: The Wild Card

Syria’s northern neighbor Turkey has an urgent need to fan the flames of rebellion within Syria, even if it triggers a broader war in the Middle East.

Turkey has been hosting two large rebel groups, the Free Syrian Army and the Syrian National Council. The rebels operate out of bases on the Turkish side of the border. If the rebellion ultimately fails, Turkey will look both weak and inept. It will also have a very hostile neighbor on its southern border.

Turkey is struggling to maintain its status as an influential power in the Middle East. It has tried for years to join the European Union, but has been stonewalled again and again. It has also made no progress in its claims for Cyprus or in the ongoing stalemate with Armenia. The one strong regional relationship that Turkey had with Israel, and that has frozen over due to a 2010 Israeli commando raid on a Turkish vessel off the coast of Gaza.

There’s also the ancient tension between Turkey and the Arab nations. The Turks are nostalgic about the 600-year reign of the Ottoman Empire, while the Arabs haven’t forgotten their subjugation under Turkish rule.

Being the supporter of an unsuccessful rebellion would severely damage Turkey’s regional power. As noted in *Haberturk* (a leading Turkish newspaper): “The stakes are very high for Turkey in Syria... If Turkey proves to be ineffectual in resolving the Syrian conflict, then all of the claims of its regional prowess will take a big hit.”

Worst of all, Turkey is bordered by Iraq and Syria. Iraq is still struggling to contain its violent Sunni-Shia conflict, and Syria is on the brink of plunging into sectarian war also. This could easily spread into Turkey, which has inherent instabilities of its own (including a large population of separatist Kurds).

Turkey has strong motives to drive the rebellion to its ultimate conclusion, regardless of the risks of a larger war.

sen for their fanatical devotion to Islam.)

Iran’s leaders are eager to ignite a war, not just in the Middle East but also across the

world. The mullahs are part of a radical branch of Shia Islam that believes the last Imam (the Muslim Messiah) will come once Israel is annihilated and the entire world is engulfed in war and chaos. At that point, the Imam will appear and impose an Islamic government on the entire world. As Grand Ayatollah Jafar Sobhani recently thundered, “The Quran is very clear that the inheritors of the Earth will be those of the righteous who represent the force of the truth against the force of the false.”

Also, if the US intervenes in the Middle East, the Iranians have promised to block the Strait of Hormuz in the Persian Gulf. About 20 percent of the world’s oil passes through this narrow strait. If the Iranians manage to shut down this traffic, we’ll see oil and gas shortages around the world. Oil prices will go to the moon.

If Syria is attacked, it remains to be seen if Iran’s leaders will actually have the courage to fulfill their promises and attack American and Israeli targets. Then again, they might not get the chance, because...

---

## Israel Will Attack First

---

Israel is not going to sit passively and wait to be bombed, especially when Syria has one of the world’s largest stockpiles of chemical and biological WMDs.

Many analysts believe Israel has been waiting for a justification for attacking her enemies and taking out these threats, especially the Iranian nuclear program.

And imagine what Israel’s leaders must be thinking right now. If the US attacks Syria, then Israel will be attacked from all directions by Syria, Hezbollah, Hamas, and (probably) Iran.

Israel can’t let that happen. So she must attack her enemies first.

Therefore, even the credible *threat* of imminent US action might trigger an Israeli attack and ignite the entire Middle East.

---

## On the Brink

---

The Middle East is more dangerous now than it has been for decades. Worse, the US

and Russia (and to a lesser extent China) could easily get sucked into the conflict on opposite sides.

If war breaks out and Middle Eastern oil is threatened, the price of oil would shoot back toward \$150 per barrel. If the Iranians block the Strait of Hormuz, I expect it will hit \$200.

If so, what will happen to the US economy? What will happen to the European economy, which is already on the brink of a financial meltdown?

And if Syria attacks and cripples some of the strategic Saudi oil fields, prices will be this high for years. All it would take is a few chemical weapons hitting the Ghawar fields, which all by themselves produce 5 million barrels per day for global markets.

(Why would Syria do this? Because by arming and supporting the rebels, the Saudis are waging a proxy war against the Syrian government. Assad is itching for revenge.)

A multi-front war in the Middle East would not only blow up the oil market, it would pummel the US stock market. If chemical weapons are used and the flow of oil is actually interrupted, stocks would crash hard.

Our approach in *Gold & Energy Advisor* makes us uniquely prepared for a crisis like this. If the Syrian crisis erupts into war, our investments in gold and oil would produce spectacular returns.

Of course, our goal is not to profit from war. War is a tragedy, not a reason to cheer. Nevertheless, we’re obligated to protect ourselves and those we love from whatever is coming. And gold and oil are the best places to be right now.

For full protection, the magnitude of this crisis also means we should consider hedging the broader stock market. This is why in Update #1280, we bought puts on an S&P 500 ETF. As I told you in *Real Wealth* #306, I’m hedging my own stock portfolio. You should consider this too.

I hope that my concerns are overblown, and that nothing I’ve described in this issue comes to pass. But when there’s potential danger of this magnitude, we must carefully consider its implications and prepare accordingly. I urge you to do so.