

August 1999 Y2K Update —

Y2K: The Secret Navy Report

PART ONE OF TWO

ALSO IN THIS ISSUE:

- THE SPECIAL CIA REPORT
- THE U.S. RESERVE OFFICERS ASSOCIATION MEETING
- Introduction to MEMORANDUM TO THE PRESIDENT

We are steadily nearing the end of December, 1999, and no one can yet say what will happen before the dawn of Saturday, January 1, 2000. Although many declare there is no need to fear, yet there are mounting indications that trouble will develop. Here are several remarkable disclosures:

We will first consider the secret U.S. Navy Report.

THE SECRET NAVY REPORT

Four months before the secret Navy Report was privately shared on February 10, 1999, with a few top brass, the Secretary of the Navy released an ALNAV. An ALNAV (meaning “all Navy”) is a message sent out to communicate information to all naval personnel at once. **This message told all officers and enlisted personnel that they had no reason to be concerned about Y2K.** The message identifier was SECNAV 101715Z FEB 99.

Part of this message mentioned the availability of water:

“Speculation that power distribution systems will experience widespread failures is not based on facts or rational analysis . . . Most experts believe water treatment and distribution should not be greatly affected by the Y2K problem . . . Because of extensive preparation, the effects of the Y2K bug will be

minimal on the lives of you and your family.

“It is important that we provide our sailors with sound, useful information on the potential impact of Y2K on their personal and professional lives, as well as the lives of their families”—SECNAV 101715Z FEB 99, extract from message.

The above message, to all U.S. Navy personnel throughout the world field in February, was sent at the same time that research and fact finding was taking place for a secret Navy report, dealing with the possibility of utility failures at a selected number of cities throughout the world.

That secret report was completed in June, and printed copies were distributed to a limited number of officers that same month.

However, to date, no mention of the content of that report has been released by the U.S. Navy to Navy personnel in general, and no mention of it has been made by the U.S. federal government or Department of Defense to the general public.

Let us now turn our attention to this secret report. As already noted, it deals with the probability of failure of municipal utility systems, due to Y2K problems, on or after January 1, 1999.

The U.S. Navy has shore facilities—both on the coast and inland—in nearly 500 locations worldwide. The survey was conducted to determine the risk of

THINGS TO CONSIDER

- Because of the dependence of the eastern states on coal (which is transported daily in huge amounts by trains, managed by a traffic system utilizing out-of-date computers), the national electrical grid could fail.
 - Yet, even if the national grid does not fail, we may find that water is a much greater utility risk than electricity—as is indicated by this U.S. Navy study.
 - We should also keep in mind that an electronic

run on the banking system is a greater danger than a cash panic. People may, in fear, withdraw too much savings, and a banking crisis could ensue.

- January 2000 may not be the peak of the Y2K crisis. Because of the action and reaction of a number of strategic factors, the real peak of the crisis may come 9 to 18 months afterward.
 - So many negative factors confront us, that no one should be foolish as to be invested in stocks.
 - It is likely that a major depression will occur, but it may not immediately occur after the turn of the century.

utility failures at military, and related, facilities.

What "utilities" were surveyed for this secret report? four: electricity, water, gas, and sewer.

Military bases in the United States are rarely self-sufficient when it comes to utilities. The above four services are almost always provided by the local city or government. From a Y2K standpoint, that leaves the bases at the mercy of the local utility providers.

Although this Navy Department assessment covers key cities throughout the world, the data available to us only includes the cities in the United States which were analyzed.

However, we do know that **nearly 500 bases worldwide were assessed, and that approximately one-third are expected to experience utility failures.**

These figures are completely at odds with the U.S. federal government's August 1999 Y2K assessment (released a full two months after the secret Navy report was issued) which said this:

"It is highly unlikely that there will be national disruptions in electric power service on January 1, 2000 . . . It is expected that any [gas disruptions] that do occur will have minimal impact upon consumers . . . It is increasingly unlikely that the date change will create disruptions in water service."

The name, *Master Utility List*, was given by Navy researchers to this June 1999 secret Navy report. Forty-five of the U.S. cities named in the survey have populations greater than 100,000. Eight of our nation's dozen largest metropolitan areas are affected.

Here is what the Navy expects to happen, in January 2000, to the following eleven very large U.S. cities:

- Atlanta—no water or gas.
- Baltimore—no water or sewer.
- Dallas—no water.
- Fort Worth—no water, gas, or sewer.
- Houston—no water or sewer.
- Miami—no water or sewer.
- New Orleans—no water, gas, or sewer.
- New York City—no water or sewer.
- Philadelphia—no gas.
- San Antonio—no gas or electricity.
- Washington, D.C.—no gas or sewer.

Let us, for a moment, consider the implications for just one of the above cities:

According to the U.S. Navy's secret report, they believe that, because of Y2K problems, "total failure is likely" for New York City's water and sewer systems.

How many days could New York City survive without water and sewer services? How long would it take to evacuate 8 million people in the

dead of winter? Would rioting and looting occur? How many National Guard troops would it take to control the largest city in the nation? How would this affect the global financial system which is based in New York City? These are things to consider.

The Spirit of Prophecy told us to get out of the cities. Those of us, still living in the cities, should long ago have heeded that advice.

THE NAVY REPORT TABLES

Reprinted below are several statistical tables from the U.S. Navy's secret report.

The first three tables will provide you with a list of selected U.S. cities and the Y2K exposure of the major utilities in each of city.

The fourth and fifth tables list, by name, possible utilities which may fail.

THE FIRST THREE TABLES

In the tables, below, the columns labeled **E**, **W**, **G**, and **S** refer to the **Electrical, Water, Gas, and Sewer utilities**. An "x" in a column indicates that a given utility is expected to fail.

The first table lists 43 U.S. cities where "partial failure is probable."

The second table lists 38 U.S. cities where "partial failure is likely."

The third table lists 44 U.S. cities where "total failure is likely."

The terms "probable," "likely," and "partial," as used in the Navy report, are not clearly defined; yet, obviously, the second list is worse than the first, and the third worse than the second.

Cities listed in bold print have populations greater than 100,000.

It should be kept in mind that many of the utilities, providing service to the cities listed here, also are the only source for those utilities for a large number of customers in outlying areas.

THE FOURTH AND FIFTH TABLES

The following two tables list by name possible utilities which may fail.

The first table, below, lists 29 electrical utilities the U.S. Navy expects to fail.

Some of the Navy facilities are quite small, but the electric company which provides their service has a very large customer base.

The second table lists 40 gas companies the Navy Department believes will fail.

Although some of the cities mentioned are little, the service area for the utility named generally has a very large customer base.

THE DANGER OF MARTIAL LAW

On September 1, 1999, an unusual conference was held in Washington, D.C. It was sponsored by the U.S. Reserve Officers Association, an eminently respectable organization which Congress chartered in 1920.

The full-day meeting, entitled "*National Conference on Presidential Powers and Executive Orders*," concerned itself with their anxiety that President Clinton may see Y2K disruptions as a convenient excuse to call out the troops and declare martial law, in order to retain power and cancel the 2000 elections.

Commenting on why Clinton commissioned a special legal report to ascertain how much power he could exercise in case of an emergency in the U.S., Jack Metcalf (R-Washington) said "the only emergency that we might see coming is the Y2K. With a power-hungry president, who knows what he might do."

A primary concern of the gathering was to discuss ways to curtail the president's power to override the U.S. Constitution and take control of all government, on the pretext that Y2K problems demand it.

Y2K: The Secret Navy Report

PART TWO OF TWO

Continued from the preceding tract in this series

But they found there were none.

The highlight of the day was the presentation by William Olson, a McLean, Virginia, attorney who discussed all aspects of the problem. Olson, who had thoroughly researched the matter, distributed a 27-page legal document, he had coauthored, to the audience. The paper had not been commissioned by the president, yet was prepared as though it had been.

It was clear from the entire discussion that the president of the United States does have such a right, and that the Supreme Court will not intervene. In *All the Laws but One*, Supreme Court Justice William Rehnquist wrote this: “A court may simply avoid deciding an important Constitutional question in the midst of a war.”

Representative Metcalf announced that he has introduced a nonbinding resolution that says, “It is the sense of the Congress” that executive orders be curtailed. He said he already has 71 co-sponsors, including House Judiciary committee chairman Representative Henry Hyde (R-Illinois). But, unfortunately, its nonbinding status means the president does not have to obey the will of Congress.

As discussed at the meeting, a growing number of knowledgeable people are becoming increasingly worried. They are wondering why, in spite of so many indications that serious problems will occur when the century changes, the Executive Branch keeps issuing statements that everything will be all right.

At the meeting, it was discussed that, when the crisis suddenly hits, the American public will be so suddenly taken off guard when calamities hit that a reaction may set in—one which can be used as a pretext for a declaration of martial law by the president.

Would you like a copy of the complete research article on this subject? If so, turn to the back page of this present tract set.

“Joel Willemsen, Director of Civil Agencies Information Systems under the U.S. General Accounting Office (GAO), is trying to find out if the federal government is really solving its Y2K problems.

“Willemsen didn’t get much cooperation from the OMB [Office of Management and Budget, the department supposedly overseeing Y2K corrections], and some agencies flatly refused to provide data or to answer certain questions . . .

“But the numbers don’t add up: the agencies haven’t yet spent the second half of the [allocated Y2K] money. This means that, if the Clinton

administration’s claims are true, agencies not only completed the second half of the repair process in just three months; they also did it without spending half the money!

“Only 7 agencies tracked actual costs of Y2K activities. Five said they tracked some costs and guessed at others. Eight organizations did not know their Y2K cost obligations. Nine organizations, including five major agencies, refused to provide Y2K cost obligation information.

“Where, exactly, is the Y2K money going? Nobody knows. Most agencies didn’t track the expenditures. They’re just taking emergency Y2K funds and shoveling them down a deep hole while claiming they’re already done . . . It is known that a significant portion of the money is being spent on other things.”—Y2K Newswire, May, 1999.

IF Y2K REALLY WERE SOLVED . . .

Reports continue to be issued that Y2K is nothing to worry about, and that it is already just about solved. If that were true, then—

1. Programmers wouldn’t still be working on the problem and would not be the highest statistical group with emergency contingency plans. Over 50 percent of computer programmers, surveyed nationally, are buying extra supplies and generators.
2. The sewer systems in Los Angeles would not have spilled millions of gallons of raw sewage into the streets last month during a Y2K test!
3. Congress would have no reason to pass Y2K liability limitation legislation.
4. Lawyers would not be running seminars that teach other lawyers how to sue big companies over Y2K problems.
5. Some airlines would not be grounding their fleets December 31, 1999.
6. Insurers would retract all the Y2K-immunity clauses they have issued over the past 18 months.
7. Senator Bennett (R-Utah), head of the committee investigating Y2K problems, would not be stockpiling food and water and telling others to do the same.
8. Janet Reno would not have quietly created the “National Domestic Preparedness Office” to deal with Y2K.
9. Marines would not be staging urban military exercises in major U.S. cities.
10. Government—both local and federal—would not be buying up all the high-output diesel generators

on the market.

11. The banking industry would not be spending millions creating and running advertisements that attempt to persuade people to keep their money in their banks.

12. The U.S. Treasury would not be printing 50 million more dollars, so banks will have extra cash.

13. The federal government would have no need to increase the stockpile of emergency oil reserves.

14. President Clinton would be announcing to the public that all Y2K problems are solved, and he would be taking credit for the success.

15. The government wouldn't be paying for expensive surveys, to see what the intentions of the American people are. Only 7 percent of the American people are really concerned about the Y2K issue. (Interestingly enough, this 7 percent represents people with internet access.) However the same survey reveals that over 80 percent plan to remove some or all of their cash from the banks.

16. President Clinton would not have recently modified *Executive Order 13073*, to include text describing the handling of Y2K emergencies and rebuilding efforts.

17. The CIA would not be reporting, on the internet to the public, about the fact that most countries in the world have serious Y2K problems that won't be solved.

CIA INTERNET REPORT

A CIA report, commissioned by the State Department, found that a majority of the nations of the world have very serious Y2K problems which will not be solved in time for the turn of the millennium. The report was completed in late July, and a Senate committee demanded that it be told the results.

"A State Department survey of 161 nations found that about half of the countries face a medium to high risk of Year 2000 computer breakdowns in their telecommunications, energy and transportation sectors, which may have an impact on international trade . . . It would be prudent to recognize that Y2K-related failures are inevitable, both here

and abroad,' Jacquelyn L. Williams-Bridgers, the State Department IG, told a Senate Committee."—*Washington Post*, July 23, 1999.

Here is the data on this:

Canada

At risk: Interruptions to imports/exports and oil shortages will be isolated but severe.

Notes: Costs to federal government will be \$1.4 billion. About 25 percent of public utilities won't be ready until last half of 1999.

Mexico

At risk: Interruptions to imports/exports will be isolated but severe.

Notes: Major corporations will spend \$7.6 billion. Fewer than 25 percent have taken action. Only 34 percent are aware of the severity of the problem.

Brazil

At risk: Interruptions to imports/exports will be isolated but severe.

Notes: Cost to government will be \$600 million to \$14 billion.

Argentina

At risk: Possible interruptions to imports/exports and oil shortages will be isolated but severe.

Notes: \$1.5 billion to be spent by major industries. Minor industries (small and mid-sized firms) have insufficient funds to deal with the problem.

Germany

At risk: Possible oil shortages, interruptions to imports/exports will be isolated but severe. Interruptions of government services will be severe in some locations.

Notes: Experts fear local, provincial governments are far behind in efforts. Minor industries are late in recognizing the problem. Lufthansa will shut down all flights for 12 hours at the turn of the century.

United Kingdom

At risk: Interruptions of government services likely. Interruptions to imports/exports will be isolated but severe.

Notes: Mixed reports regarding military prepared-

CREDIT CARDS

Information from the corporate sales manager for a credit card service provider: "We have inside knowledge that credit card processing will be affected by Y2K. Forty-five percent of the machines that take credit card numbers will be inoperable as of January 1, 2000.

"This is because there are basically two machine models in widespread use, and they were designed in the late 1980s. Neither are Y2K compliant. Even though the credit card companies may be able to accept an expiration date of 2000 or later, keep in

mind that every credit card transaction is time-stamped with the current date at the moment of the transaction. But the machines which transact those cards cannot be corrected; they must be replaced. Although about 45 percent of those machines, in use at this time, will not work after December, most companies using those machines are not aware of the defect.

"This means that, worldwide, about half the credit card machines will not function properly in a few months. All aside from other Y2K problems, our company expects bank failures resulting solely from this demand for cash."

ness. Air transportation cited as one of the worst examples of dealing with Y2K.

Italy

At risk: Interruptions to imports/exports will be isolated but severe.

Notes: Cost to national government is \$1.5 billion

Sweden

At risk: Interruptions of government services likely. Interruptions to imports/exports will be isolated but severe.

Notes: February 1998 survey revealed a majority of power transmission and power trading companies had not completed their inventories of IT systems.

Israel

At risk: Interruptions to imports/exports will be isolated but severe.

Notes: Cost to national government is estimated at \$600-\$700 million.

Saudi Arabia

At risk: Air transportation interruptions likely. Interruptions to imports/exports, oil shortages will be isolated but severe. Interruptions of government services will be severe.

Notes: Status of CSS-2 missile system is unknown. Foreign military sales present a Y2K issue for U.S. military systems sold to Saudi Arabia.

South Africa

At risk: Air transportation interruptions likely. Interruptions to imports/exports, oil shortages will be isolated but severe. Interruptions of government services likely.

Notes: Forty percent of local governments have inadequate action plans. Only 70 percent of the national government anticipates being compliant by 2000. Banking industry is well-prepared.

Russia

At risk: Power loss, telephone loss will be widespread. Interruptions to imports/exports will be severe. Interruptions of government services will be widespread and severe. Air transportation interruptions likely. Chance of unrest or bank panics is moderate.

Notes: Nuclear weapons claimed under control except for tracking weapons in inventory. Unified Energy Systems has no plans. Banks, finance, insur-

ance firms slow to action. Association of Russian Banks bemoans "every man for himself approach."

China

At risk: Power, phone loss will be widespread. Food, water, oil shortages will be isolated but severe. Interruption of government services will be both widespread and severe. Chance of unrest, bank panics is moderate.

Notes: Modernizing missile forces, but Y2K implications not clear. Military vulnerable to likely main-frame problems. Business community slow to recognize problems.

India

At risk: Possible oil shortages, interruptions to imports/exports will be isolated but severe. Interruptions of government services will be severe in some locations.

Notes: Cost to national government will be \$161 million.

Pakistan

At risk: Power loss, telephone loss will be widespread. Interruptions to imports/exports will be severe. Interruptions of government services will be widespread and severe. Air transportation interruptions likely.

Chance of unrest or bank panics is moderate.

North Korea

At risk: Interruptions to imports/exports will be isolated but severe. Interruptions of government services will be severe. Air transportation interruptions likely.

South Korea

At risk: Interruptions of government services likely. Interruptions to imports/exports will be isolated but severe.

Notes: Military setbacks expected due to lack of progress. Government slow at identifying systems in need of Y2K fixes.

Taiwan

At risk: Interruptions of government services likely. Interruptions to imports/exports will be isolated but severe.

Notes: Government will shut down non-compliant banks. Seventy-seven percent of small-to mid-size companies are unaware or unable to deal with Y2K.

THE SPIRIT OF PROPHECY SAID "OUT OF THE CITIES!" Y2K PROBLEMS WILL OCCUR EVERYWHERE - BUT THE RIOTS AND MILITARY ACTION WILL PROBABLY CENTER IN THE CITIES

"The U.S. Supreme Court helped define the proper scope and application of martial law in *Ex parte Milligan*, 71 U.S. 2 (1866). Milligan, a citizen of Indiana, was arrested by federal troops and found guilty—by a military court—of conspiracy against the government of the United States, affording aid and comfort to rebels, inciting insur-

rection, disloyal practices, and violation of the laws of war . . . Milligan was sentenced to death. He filed a writ of habeas corpus in federal court, seeking release from military custody.

"Counsel for the military argued that Milligan's treatment was legal 'under the "laws and usages of war"' ' Dis-

agreeing, the Court held that:

“It can serve no useful purpose to inquire what those laws and usages are, whence they originated, where found, and on whom they operate; they can never be applied to citizens in states which have upheld the authority of the government, and where the courts are open and their process unobstructed. This court has judicial knowledge that, in Indiana, the Federal authority was always unopposed, and its courts always open to hear criminal accusations and redress grievances, and no usage of war could sanction a military trial there for any offence whatever of a citizen in civil life in nowise connected with the military service. Congress could grant no such power, and, to the honor of our national legislature be it said, it has never been provoked by the state of the country even to attempt

its exercise. One of the plainest constitutional provisions was therefore infringed when Milligan was tried by a court not ordained and established by Congress and not composed of judges appointed during good behavior . . .

“It is the solemn constitutional duty of the U.S. Congress to act decisively to remove any pretense of legality from the exercise of such unconstitutional powers—powers that have been accurately described as “dictatorial” in nature’ (quoted in U.S. Congress, House Committee on Government Reform and Oversight and Committee on the Judiciary, Investigation into the Activities of Federal Law Enforcement Agencies toward the Branch Davidians, H. Rep. 121-122, 104th Cong., 2d sess).”—*William J. Olson and Alan Woll, Memorandum for the President, p. 13.*

Memorandum for the President

A growing number of responsible, intelligent people are becoming increasingly concerned that, when the Y2K crisis breaks at the turn of the century, the President of the United States may attempt to use special powers to take over the government.

With this concern in mind, William J. Olson, a Washington area attorney, co-authored a legal research paper on the subject. His report dealt with the legality and feasibility of the President’s authority in case of an emergency, to send U.S. troops against the citizenry.

On May 1, 1999, Olson completed the report. The title is *Memorandum for the President*.

Deeply concerned about the matter, Olson shared copies of his research paper at the September 1, 1999, meeting of the U.S. Reserve Officers Association.

We have a copy of Olson’s paper. In the format in which we have it, the research study is 24 pages in length. This includes nearly six pages of footnotes at the end.

You will here learn about these broad powers, by which the president can, at the stroke of a pen, set aside the U.S. Constitution and even Congressional intervention, and impose martial law for an undetermined period of time.

If you would like a copy of this 30-page research report, *Memorandum for the President*, co-authored by William J. Olson and Alan Woll, send \$2.50 plus \$1.25 p&h.

Here is the opening paragraph of this research study:

“In light of published reports that the governments of Canada, Great Britain, France, and Germany had placed their armed forces on standby for January 1, 2000 in preparation for possible deployment for disaster assistance and/or domestic disorder, . . . [here are] (1) the extent of your powers to deploy U.S. Armed Forces within the boundaries of the United States for law enforcement purposes involving civilians; (2) the powers that could be exercised by those forces; and (3) whether a declaration of martial law would be necessary to initiate such deployment.”