

RELEASE IN FULL

CONFIDENTIAL

March 16, 2011

For: Hillary

From: Sid

Re: Startling Libya developments; & UAE joining Saudi invasion of Bahrain

I. First, a spot report on Libya:

1. Confirmation by phone and email that a Libyan bomber pilot has crashed his plane onto Qaddafi's Bab-Azizya compound headquarters. One, if not two, of Qaddafi's sons have been confirmed badly hit. One may be transported to a hospital in Malta.
2. At this moment, at the Hilton Hotel at Malta, one of Qaddafi's cousins is meeting with officers of the Malta Air Force offering bribes to purchase jet fuel from Malta. Qaddafi's planes have virtually run out of high quality jet fuel.
3. Saif Qaddafi was in London last week meeting secretly with high officials in the UK and Italian governments. Saif told them that if they opposed the no-fly zone his father would no longer skim 20 percent off the top that he has been stealing from every oil transaction with Western government. Saif also joked that he did not want to spend the rest of his life in Riyadh.
4. General Abdulfattah Younus, former Libyan interior minister, has been appointed general in chief of the Libyan rebel army. Jibril is traveling from Cairo into Libya to meet with Younus.

II. Bahrain

This report confirms that the UAE is planning to send in 500 police in support of the Saudi invasion.

During the early morning of March 16, 2011, according to individuals with direct access to the security forces of Saudi Arabia, the government of Bahrain's King Hamad bin Isa al Khalifa privately told military advisors to Saudi King Abdullah bin Abdul Aziz that the 1000 man Saudi security force which entered Bahrain on March 13 should shoot to kill, if needed, to aid overwhelmed Bahraini security forces in dispersing anti-government demonstrators. These individuals state that, in coordination with the Bahraini forces, the Saudi troops opened fire on

demonstrators in Pearl Square, killing at least 12 protestors and wounding another 30-50 people. A twelve hour curfew is now in place in Manama.

According to these Saudi officers, King Khalifa, and Prime Minister Khalifa Bin Salman al Khalifa are increasingly concerned as the demonstrators rally around a call for the establishment of a constitutional monarchy in Bahrain, with the current rulers stepping down. The King is determined to use as much force as necessary to end this uprising, and regain control over the majority Shiite population in his country.

In this regard, King Khalifa turned to the 2009 mutual defense agreement among the Gulf Cooperation Council (GCC) states; and asked the Saudis to send in troops. The United Arab Emirates (UAE) will send in 500 police officers to support of this GCC operation. According to knowledgeable sources, these police forces will join Saudi and Bahraini troops in seeking out and detaining anti-government personnel outside of Manama over the next week.

(Source Comment: Knowledgeable individuals state that King Khalifa and King Abdullah, as well as their senior advisors, realize that these military moves may further inspire unrest in the Shiite communities in both Saudi Arabia and Bahrain. At the same time senior security officials in both countries believe that clandestine operatives of the Iranian Ministry of Intelligence and Security (MOIS) are working in these Shiite communities to spread unrest. These officers believe that press reports regarding Bahraini troops firing on hospitals to prevent injured people from receiving treatment, were planted by covert action operatives of the MOIS. They also received reporting from sensitive sources that the leaders of Shiite mosques in Bahrain are now seriously urging people to commence a jihad against the government.)

According to an individual with access to senior officials of King Abdullah's government, Saudi intelligence officials believe that Iran, through the MOIS intends to exploit the crisis in Bahrain to improve its position in the Gulf. Saudi intelligence believes that if Teheran succeeds in transforming the issue from a political dispute to a Sunni versus Shia religious conflict it will be an important step in efforts by the Iranian leadership against the Saudi ruling family, whom they believe unworthy of guarding the holy places of Islam. In the opinion of these sources, the Iranian government has a long range strategy to establish its position as the defender of the Shiite community against the repression initiated by Saudi troops. These Saudi officers point out that the Iranians used a similar strategy in Iraq, establishing themselves, and their allies as the protectors of the Shiite population against the Saudis and the supporters of the United States.

(Source Comment: While these Saudi officers are concerned by the unrest in the Shiite communities in their country and Bahrain, they believe they can eventually control the situation, as the most revered Grand Ayatollahs in Bahrain are Ayatollah Sistani in Najaf, Ayatollah Muhammad Sadeq Shirazi in Qom and Ayatollah Muhammad Taqi al-Mudarrasi in Karbala. The teachings of Ayatollahs Sistani and Shirazi are not in concert with Iran's theocratic ideology, and their concept of clerical involvement in politics is more in line with electoral politics rather than militant activism and the formation of an Iranian-style theocracy. That said, in their opinion the immediate issue is limiting the role of the MOIS, while quickly putting down the demonstration.)