

Wall Street's Latest, Most Dangerous Fad: Shariah Finance

Questions and Answers from the TSC Editors

Shariah Finance is the fastest growing investment market in the world. In the last ten years, Islamic countries like Qatar, Abu Dhabi and Dubai, Pakistan, and Malaysia have grown more religious. As their fundamentalism increased, these countries' investors decided that typical American bonds and mutual funds are not "religious" enough to suit them.

To accommodate them, Wall Street began creating investments that fulfill the "ethics of Islam," with the help of extremist Sheiks who are paid to sit on bank advisory boards. This trend of "ethical Islamic investing" is gaining ground at the same time that Americans are increasingly interested in buying "ethical" or "green" mutual and pension funds. So Wall Street is selling the same "ethical" Islamic investments to the oil-rich Middle East and to middle class Americans saving up for their retirement.

Unfortunately, Wall Street is pushing Shariah Finance into our economic system without transparency, protections, or public review. The implications for our national, political, and economic security are enormous and almost wholly unreported.

Here are some basic facts about Shariah Finance you urgently need to know.

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Q: How big is the Shariah Finance market now and who's in it?

A: Iran is the market leader in Shariah Finance, holding 35 percent of all investments as of November 2010, managed "according to Shariah." Iran was the first country to adopt Shariah Finance as its financial system in 1978-1983, when the Shah was deposed by the Islamic revolutionary, Ayatollah Khomeini. Khomeini eradicated all secular law and replaced it with Shariah Law, including the banking system. The newly formed Shariah police enforced Shariah in the banks and on the streets.

This market didn't grow much until western banks got involved in the late 1990's. Today, the Sha-

riah Finance market has approximately \$1 trillion in assets, and has been growing 15–25 percent since 2001. Huge financial institutions are heavily involved in promoting it, including Citibank, Goldman Sachs, AIG, HSBC, UBS, Blackstone, Blackrock, General Electric, UBS, Dow Jones, S & P, and Reuters. Major law firms like Gerstyn Savage, Patton Boggs, and Hogen Lovells are also active boosters.

Q: What is controversial about Shariah Finance? What should investors and ordinary Americans know about it?

A: There are two sides to Shariah Finance, which is also known as Shariah-Compliant Finance. The public side is that Shariah Finance is "ethical investing," designed to return good profits without investments in alcohol or gambling or pornography, which are offensive to Muslim sensibilities. Here's how Harvard Law School, which now houses the Islamic Finance Project, describes it on its website: "*Islamic finance and investment is a young and growing field, with new areas of study and new opportunities. It is based on laws and ethics taken from Islamic law, with interesting parallels in the ethical investment industry and the corporate social responsibility movement in the West.*"

Then, there's the dangerous hidden side, which isn't disclosed in Shariah Finance's glossy promotional materials and international conferences. Shariah Finance is exactly what it sounds like: a financial system to fund Shariah, in the same way that Municipal Finance funds municipalities, and Apartheid finance funded the apartheid movement.

Shariah Finance funds the brutal, all-encompassing system of law that defines how Muslims and non-Muslims must live. The radical Islamist movement has been strengthening around the globe, thanks, in part, to Shariah Finance. Funds from Shariah Finance help build radical mosques, youth training camps, and extremist Islamic groups on college campuses, and fill the coffers of incendiary groups like CAIR (Council on American-Islamic Relations).

The Shariah Finance Club is very influential, with Harvard, Georgetown, Columbia, Goldman Sachs, Dow Jones, and Congressman Keith Ellison promoting its ethical qualities, in exchange for major endowments, investment fees, and campaign funds. Anyone who purchases Shariah investments is putting their money into a controlled Islamic financial system, separate and distinct from free capital global markets. This Islamic System grows industries that are “friendly to Islam,” and starves capital to those industries “unfriendly to Islam.” The Islamic financial system managed by Shariah Sheiks (who are paid by Wall Street banks and law firms) has various mechanisms of sending small streams of profit to fund their Shariah political network.

Q: How does Shariah Finance promote Shariah?

A: All Shariah Finance investments are overseen by a Sheik or Imam chosen by his peers as a true Shariah-adherent leader. If a Shariah Sheik is overseeing a mutual fund whose manager bought a trucking company, and it was later determined that this trucking company hauls alcohol or Bibles or construction materials for Christian or Hindu Religious centers, then the Sheik will demand that the stock be sold out of the mutual fund.

The Sheik will consider any profit made from this investment to be “unethical” or “impure,” and therefore it must be turned into a *Zakat* donation of his choosing. *Zakat* is loosely translated as “charity” to Westerners, but a Shariah Sheikh’s definition of charity is not the same as an American’s. *Zakat* is money used to promote Islam. Organizations that train young men to be soldiers of Allah, or give compensation to families of suicide bombers, are eligible to receive *Zakat*. The Shariah Sheik has complete control over which organizations to fund.

One of the major figures in this field is Sheik Yusuf al-Qaradawi. Qaradawi is the spiritual leader of the Muslim Brotherhood, and he’s banned from the U.S. He was quoted on the HSBC website as an expert on *Zakat*, as of February 2010; his name has since disappeared from the site.

Qaradawi is an expert at using *Zakat* to promote Shariah. He created the Union of Good, a network of 56 charities that was shut down by the U.S. government. Other major Sheiks in Shariah Finance, like Mufti Taqi Ismani, are cut from the same cloth as Qaradawi.

Q: Is it possible that you are unknowingly invested in Shariah investments?

A: You may decide to purchase an SRI (Socially Responsible Investing) Mutual Fund, like the Calvert Funds through Fidelity or Schwab or Ameritrade, thinking you are buying environmentally friendly, alcohol-free, cigarette-free investments. In fact, some of these investments support the promotion of Shariah Islam, in which women have few rights, and infidels must convert or be killed. Unfortunately, trying to confirm exactly what you own will be an exercise in futility. The disclosure on these funds is general and broad.

You may own CDs or have a savings account with HSBC or Barclays. Your money is not being directly invested in Shariah investments; however, banking with a firm that is engaged in Shariah Finance gives them your vote of approval. You have lent your bank money in exchange for an interest payment, and your bank is using your money to build its businesses. One such business is Shariah Finance.

Q: What is the greatest danger to Americans?

A: The political goal of Shariah is to rule the world. Every day, Shariah is spreading farther around the globe and growing stronger.

The Islamists’ strategy is simple. In order to rule the world, you must divide and conquer. Their tactic is to create parallel systems: a parallel court system (there are 125 Shariah courts in the United Kingdom and one in the U.S.), a parallel taxpayer charter Islamic school system (U.S. has 5–7), a parallel political system (there is a growing American Islamic party and CAIR lobby), and a parallel financial system (Shariah Finance).

Eventually, one system wins out over the other. Shariah Finance is aiming to achieve either a friendly or hostile take-over of our free market system.

To sum it up, there are three ways that Shariah Finance is toxic to our freedom.

First, Shariah Finance promotes the spread of Shariah, which is a theocratic political code that is fundamentally at odds with American values and the Constitution.

Second, Shariah Finance is structured in collaboration with the most influential people in American society. Sheiks and Imams now sit on boards at Citibank, Goldman Sachs, UBS, and other major institutions, and they’re managing our money. Harvard University is actively involved with promoting Shariah Finance. These American leaders, by promoting Shariah Finance, are mainstreaming the acceptance of Shariah, so that what begins with financial accommodation will soon move on to cultural and political accommodation. As an example, after Harvard University

accepted \$20 million from a Saudi prince, it created separate gym hours for Muslim women and allowed the call to prayer to be broadcast across Harvard Yard.

Third, Shariah Finance has the potential to make the subprime meltdown seem tame. Banks are rushing in and creating and selling these investments without understanding what they are buying or what they are selling. When you buy a cereal, you get a full list of ingredients; when you buy Shariah investments, that page is blank.

And Shariah investments are complicated derivative structures, just like credit default swaps. When damaging information inevitably starts to come out about where this money is going, including to fund terrorist activities, people will panic and start to pull out. Its promoters will be at legal risk of prosecution for consumer fraud, securities fraud, and lending material support to terrorism. In the resulting meltdown, as banks fail and our financial system weakens, we'll be owned economically and politically by Shariah Islam.



Q: What can we do as American citizens to stop Shariah Finance?

A: Remember the point of Shariah Finance is to spread Shariah. Educate yourself about Shariah and

share what you learn with your friends, family, and local politicians. Tennessee and Louisiana have passed statewide legislation to ban the supremacy of any foreign law. Tell your state legislatures you want to do the same.

Good places to learn more are www.stopshariahnow.org, www.centerforsecuritypolicy.org, and www.shariahfinancewatch.org

And try this interesting experiment to learn more about how our financial institutions are downplaying their promotion of Shariah Finance: Go onto the main Citibank site: www.citibank.com and try to search for Islamic Finance or Shariah Finance. Go into the search field.

Then go to: Citi Islamic Investment Bank (Inc. in 1996, under the Citi umbrella) www.citibank.com/ciib/homepage/index.htm

Citibank is the number one player in the Islamic Bank market, yet American banking customers have no idea. American customers built the Citicorp brand, not knowing that for the past fifteen years, Citi Islamic Bank has been financially and strategically supporting the political movement of Radical Islam, also known as Shariah Islam.

Try this same experiment for Goldman Sachs. Stick to their official site. See how long it takes you to figure out that Goldman Sachs and Citi created and sold \$500 million General Electric Islamic Sukuk (similar to a bond) in November 2009.

Remember, we can win this battle if we stay informed and active. ■

“I like to call it Jihad with money, because God has ordered us to fight enemies with our lives and our money.”

**—Militant Terrorist Sheikh Qaradawi,
a leader of international Islamic financial agencies.**