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## Exclusive: Goldman Sachs & Islamic Banking - the Next Security FraudDisaster, with a Terror Finance Twist

An interview with Joy Brighton

Karen Khan



Little did Sen. Byron Dorgan (D-ND) know that he hit the jackpot when he described Goldman Sachs's fiduciary breach at the April 27th Senate hearing as "to bet against your clients, to bet against your country, all for the sake of big profits."

This kind of security fraud (weak disclosure, transparency and national security risk) is being committed by a laundry list of [investment](#) firms who have been "quietly building infrastructure for the past 5 - 14 years in order to become the money manager of choice for Iran, Saudi Arabia, the Taliban and Al-Qaeda."

"Money from Islamic finance is funding Hamas, who are killing Israelis and this same money is funding the Taliban, who are killing our young American men and women soldiers. We all know that Saudi Arabia, Iran, Pakistan and the Emirates are supplying this money, but have you ever wondered how the money actually goes from place to place, helping dozens of Islamic extremist groups around the world? The banking system. First the Middle East, then the European, now the American banking system right down on Wall Street. "

**My recent conversation with Joy Brighton, Columbia MBA and former Lehman Trader illuminates the issues of concern.**

**Joy, how would you describe yourself for our readers?**

I am a Democrat and Feminist and strong believer in Capitalism. Capitalism and the opportunity to [make money](#) based on making a better mousetrap works. Profits trickle down

to raise the quality and standards of living around the world, as long as investments and businesses are based on sound economic investing, transparency, and free, unencumbered flow and access to information.” Of course, investors must have access to these free markets.

**In a nutshell, how are Goldman’s allegations of security fraud, related to Islamic Banking?**

Goldman is not the only bank in town that appears to be “misleading customers.” In the shadow of the shadow of the World Twin Towers, investment firms like Goldman and others have been creating mini Islamic banks under their umbrellas, which look and act remarkably like Iranian Banking. They are hiring politically powerful Sheiks to help manage these businesses, which include and the creation of derivative financial structures, which subsidize radical mosques, Islamic centers & political action groups through a “charity” donation system adopted in 1978 by Ayatollah Khomeini. These firms are eager to manage the huge wealth of the Saudi, Iranian and Pakistan governments and are violating Civil and Criminal U.S. Securities laws by not explaining, for instance, that Shariah-sanctioned banking and Shariah-sanctioned Sept 11th , Mumbai, attacks are intertwined in fact support each other.

Americans know more about how much dietary fiber is in a bowl of Cheerios than they know about the fastest growing market on Wall Street: Shariah Islamic banking.

**How is Shariah Islamic banking connected to the radical laws of Iran and the Taliban in which they are killing innocent Muslims and non-Muslims and forcing children into marriage?**

The answer is a four-letter word: IRAN.

The government of Iran rules by Shariah Law and the only legal banking system in Iran today, is Shariah banking. In 1978, Ayatollah Khoemini & Ahmadinejad deposed the Shah of Iran. They threw out human rights, women’s rights, freedom of religion, and all secular law and imposed Shariah law everywhere *including* the banking system. Prior to 1978, the entire world, including the Middle East, used traditional, western banking.

“Iran remains one of only two countries in the world (the second is Sudan) in which western banking is illegal. As of 2009, Iran remained the market leader with approximately 33% of the near \$ 1Trillion assets managed ‘the Shariah way’ in Iranian banks. Iran is the leader in terror funding with its top ten banks sanctioned by our US Government.”

So Shariah Banking, is essentially Iranian banking.

**Why are Western pension funds, endowment funds, hedge funds and other institutional investors buying these Shariah Investments?**

Because in my view, Wall Street is burying the facts.

Goldman Sachs, Citibank, AIG, HSBC, UBS, Blackstone, Blackrock, General Electric, UBS, Dow Jones, S & P and other international investment firms are advertising these investments as ethical or as a good way to diversify your portfolio, Yes, they say these investments comply with Shariah Law and principles, however they breeze over exactly what this means. Most bank websites simply say: Islamic law forbids investments in, *for example*, in alcohol, pork, or gambling, and interest income is not acceptable. (Returns must be the result of sale of a product, lease or rent payment).

I asked 2,000 concerned American citizens at the April 25th BREAKING THE SILENCE rally in NYC:

“ How would you describe the governments of Iran, Sudan & Saudi Arabia, and the regimes of the Taliban, Al-Qaeda, Hamas, all who rule by Shariah Islamic Law?

“Are you thinking, oh those are the governments and regimes that believe in No Pork No alcohol & No interest? “

NO!, the crowd roared back.

**Is the promotion and embrace of Shariah banking related to growing Islamic extremism in Europe and America?**

Yes, London bankers are deep in Shariah Banking and Great Britain is deep in battle with Islamic extremists who are challenging freedom of speech and press and religion. A parallel dual legal system in Great Britain is well under way: English Common Law and Shariah Law.

In the U.S. we are seeing agitation for a parallel U.S. Shariah court system (first introduced in Richardson, Texas), a dozen U.S. publicly-funded Islamic schools and U.S. labor accommodations for Shariah daily rituals by Tyson Foods and others.

The aggressive promotion of Shariah banking by Imams, in radical mosques and university campuses throughout Europe and America, fits into the strategy of legitimizing and imposing *all* of Shariah law, bit by bit, into the fabric of Western legal systems, eventually to force out secular law.”

**You say Capitalism works: Won't this market just fade out as free market forces of supply and demand take charge?**

NO. Because Shariah Islamic banking is NOT a free capital markets system. This market is based on political investing, controlled information, false advertising and near zero transparency. This market is a threat level red of systemic risk.

**Can you elaborate on this?**

1. Islamic banking is political investing, seeded by dollars from Iran, Saudi Arabia and the Emirates looking for control of America's politics or economics.

2., The Islamic banking system *controls* information because politically motivated Shariah Sheiks and Imams are required to sit on every bank board as paid advisors. They have tremendous certifying and oversight authority. They alone sign a certificate of Shariah compliance for each investment on behalf of the issuing bank. Nowhere are the compliance requirements defined on these certificates. So Shariah Sheiks choose what companies may be invested in, how the derivative non-interest investment is structured and, which cash flows and to whom this cash will be donated directly as “charity.”

Dig deep enough and you'll find that Shariah organizations eligible to receive this “charity” include mosques, Islamic centers, political groups, university endowment funds or not-for-profit goodwill organizations as chosen by these Sheiks.

3. The use of Arabic terminology instead of the globally accepted English financial language convention presents serious translation and interpretation risks, unprecedented risk.

## Don't Banks have to disclose what "charities" this money will go to? Isn't that what the Patriot Act is all about?

NO. And No.

The Patriot Act mandates that firms need to represent that the investment dollars they receive are clean. The oil money that is seeding this market IS clean.

Yes, the Patriot Act says the funding of terrorism is a crime. However, money that goes to mosques and Islamic centers that promote radical Islam are not considered FTO (Foreign Terror Organizations) unless they have been identified and listed as such.

Despite the fact that 27 Shariah Islamic charities have recently been designated as sponsors of terror or shut down by our U.S TSY: under Exec Act 13224 (most recently, the Benevolence International, Global Relief and Holy Land Foundations), disclosure of "Shariah Charities" receiving funds are not required under U.S. Securities law.

## Could it be possible that bank CEOs do not understand the gravity of what they are engaging in?

I met up with the President of Goldman Sachs in the spring of 2009, and offered to meet with him "off the record" to discuss the serious lack of disclosure and transparency and terror financing risks of the Shariah Islamic market. He responded: "Oh, we are really not very involved in Shariah banking".

Six months later, Goldman Sachs with Citi co-lead a \$500 Million General Electric Shariah Bond (sukuk) offering.

## Joy, what is the bottom line here?

While the SEC, US Treasury, Congress and the Senate are busy crafting regulations to clamp down on the derivatives market and rein in the entire banking system, they are about to be blindsided by a new banking system with frighteningly weak disclosure, poor transparency, derivative risk and, perhaps worst of all, a back door for terror financing. The Obama Administration has given a green light to Shariah Banking, and Shariah Islamic Banking is a threat level RED of systemic market risk.

## WHAT SHOULD THE INDIVIDUAL AMERICAN DO?

Make this an issue at tea parties.

Join grass root organizations fighting this.

Call your State and Federal Congressman and Senator.

Contact Barney Frank and Chris Todd.

Send letters to the editor of your local paper.

Call your bank.

And demand that Shariah Islamic Banking be investigated NOW.

Go to [www.stopshariahnow.org](http://www.stopshariahnow.org) or Google up Islamic banking.

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