

Answering the Most Common Questions and Arguments Regarding Shariah Finance

- 1. It seems impossible to believe that there are 400+ bank and financial institutions in 40+ countries, including the giants like Citibank, HSBC and AIG, who have embraced Shariah Finance without having done comprehensive due diligence and without being fully aware or disclosing all the material facts regarding Shariah Finance. How could this be possible?**

The first cigarette was produced in the USA in 1860. The first warning label appeared 105 years later in 1965. Was it suddenly discovered overnight that cigarettes could kill you? No. The truth was masked by: 1) a powerful Tobacco lobby; 2) huge profits to be made; and 3) a relentless advertising campaign aimed at shaping consumers' attitudes toward associating becoming sexier women, more macho men, or cooler teens with smoking. This same dynamic exists in the Shariah Finance market: 1) Protective Shariah Lobby or CAIR that threatens legal action against what they call "Islamophobic activity"; 2) Huge global promotion campaign with conferences nearly weekly around the world and hundreds of articles on the web touting the benefits of Shariah Finance; 3) enormous profits to be made managing Middle East oil wealth.

The global investment industry has a history of creating and promoting investments without proper risk analysis and management. Examples of securities fraud include: Enron, Qualcomm, Madoff, and Sub-prime mortgage loans. The recent \$850 billion dollar US bank bailout was a direct result of poor risk management and possible fraud in the sub-prime mortgage market. The result was collapse or near collapse of AIG, Citicorp, Freddie Mac and Fannie Mae, Bear Stearns, Lehman Brothers and CIT lending.

- 2. Why are we targeting Shariah investments when there are also Christian mutual funds and investments?**

Yes, Christian Funds and Shariah Funds both hire experts who fully embrace their ideology and are committed to carrying out their ideologies through economics. The difference is that Christianity is **NOT** a totalitarian movement that tolerates only Christianity on pain of death and terror to the rest of the world. There is no evidence to suggest that Christian Funds are not fully disclosing the philosophy of their funds, or what they invest in or avoid, or that they send profits to fund Jihad. If this were true, we'd be targeting Christian funds.

3. Isn't Shariah Finance just about avoiding investment in alcohol, gambling, and pork, and about not charging interest?

There is no evidence that Shariah, either in concept or in practice (as illustrated by Iran, the Taliban, Sudan, Somalia, and Saudi Arabia) is limited to avoiding alcohol, pork or interest, as described in marketing materials. Shariah-based Islam is a **totalitarian doctrine and movement** with political, religious and social components. Shariah Finance is the economic mechanism whose goal is to create an Islamic Shariah-based economy that financially **supports** its purposes by **directing** capital (through "charitable" contributions and direct investment) to those sources "approved of" by Shariah-Islam: Islamic causes to the exclusion of other religious concerns; Muslim-owned Middle East oil and energy industry; Islamic centers, products and services; Jihad; and Da'wa (social services). Shariah Islam does **not support, meaning prohibits or frowns upon, investment in** non-Islamic goods and services, Western defense, empowerment programs for women, welfare services for gays, and any investment that threatens the supremacy of Islam. The growth of Shariah courts, publicly funded Islamic schools, creeping acceptance of polygamy around the world, growing domestic violence against Muslim women and girls, and lawsuits targeting anyone who criticizes Islam in non-Islamic countries like the USA, UK, Canada and elsewhere is clear evidence that the goals of Shariah-based Islam are progressing steadily. The terror component of Shariah-based Islam is also well documented by www.thereligionofpeace.com. As of August 2009, there had been 13,853 Islamic terror attacks around the world since Sept 11th.



4. Isn't the idea of free capital markets to create economic growth by matching demand for a certain investment product with supply of that investment product? Therefore, isn't it legal in this country for people to buy and sell products that others find offensive?

There is nothing illegal about banks creating an investment that caters only to an Islamic economy and nothing illegal about a customer buying such an

investment **IF ALL** the material facts are disclosed. However, if a pension fund manager purchases a Shariah finance investment thinking it is merely an “ethical” no alcohol, no gambling product, and this is **not** a fully factual description of the product and the economic benefits of the product, then this is securities fraud and a violation of our civil and (in the case of Shariah Finance) criminal securities laws, both federal and state.

Under current U.S. law, it is illegal to buy or sell products or generally engage in a business the purpose of which is to support terror or violence against Americans or American interests. Therefore, even if Shariah Finance products disclose the donation of certain profits to charitable organizations that support Jihad and Da’wa (whose goals is to create a one-world Islam through terror, intimidation, and indoctrination), this is a criminal offense under U.S. law.

5. **Isn’t it unfair to prohibit Muslims from investing in a product, which supports their religious ideology?**

Shariah-based Islam is a **totalitarian** movement similar to Communism, Apartheid, and Nazism. Imagine the outrage if banks were embracing “Nazi Finance” or “Apartheid Finance.” The myth that Shariah-based Islam is simple religion must be exposed, so that it is no longer protected under our first amendment’s Freedom of Religion. Think of this finance as Taliban Finance or Iranian finance.

The demand for Shariah investments does **NOT** come from individual investors but from Islamic countries using their oil wealth to seed the Shariah Finance market. Today, the largest Shariah investors are state-controlled or sovereign wealth funds from Saudi Arabia, Iran, the United Arab Emirates (UAE), and other Islamic oil-exporting countries, with Iran having the largest share of Shariah assets under management (27% of the total 2008 market). Iran outlawed traditional banking completely in 1983 and replaced it with Shariah Finance.

Liberty-minded Muslims in Islamic countries were—and continue to be—very leery of anything Shariah based because they understand the true **totalitarian** nature of Shariah law today, a bloody battle is taking place in Islamic or partially Islamic countries (Pakistan, India, Indonesia, Iran, Iraq, Saudi Arabia, Nigeria, Sudan, Somalia, etc.) where these liberty-minded Muslims are fighting Shariah-minded Muslims for the freedom to vote, raise families, pray, marry, criticize, affiliate, and financially support entities as they wish. This is why the American Islamic Center for Democracy and the Muslim Canadian Congress among others has been speaking out against Shariah Finance.