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24 Frank Lloyd Wright Dr
Ann Arbor, Michigan 48105
PH: 734-827-2001 • Fax: 734-930-7160

Contact: Kathleen L. Lynch
Office: 734-827-2001

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Sharia Law Gains Foothold in U.S.—Federal Judge Upholds Government Funding of Islam; Thomas More Law Center Files Appeal

ANN ARBOR, MI – Last week, Judge Lawrence P. Zatkoff, a federal district court judge in Michigan, dismissed a constitutional challenge to the U.S. Government’s bailout of AIG, which used over a hundred million dollars in federal tax money to support Islamic religious indoctrination through the funding and promotion of Sharia-compliant financing (SCF). SCF is financing that follows the dictates of Islamic law.

The challenge was brought by the Thomas More Law Center (TMLC), a national public interest law firm based in Ann Arbor, Michigan, and co-counsel David Yerushalmi, on behalf of Kevin Murray, a Marine Corps veteran of the Iraqi War. TMLC filed a notice of appeal immediately after the ruling and will be seeking review of the decision in the U.S. Court of Appeals for the Sixth Circuit.

Richard Thompson, President and Chief Counsel of TMLC, commented: “Judge Zatkoff’s ruling allows for oil-rich Muslim countries to plant the flag of Islam on American soil. His ruling ignored the uncontested opinions of several Sharia experts and AIG’s own website, which trumpeted Sharia-compliant financing as promoting the law of the Prophet Mohammed and as an ‘ethical product,’ and a ‘new way of life.’ His ruling ignored AIG’s use of a foreign Islamic advisory board to control investing in accordance with Islamic law.”

Continued Thompson: “This astonishing decision allows the federal government as well as AIG and other Wall Street bankers to explicitly promote Sharia law — the 1200 year old body of Islamic canon law based on the Koran, which demands the destruction of Western Civilization

and the United States. This is the same law championed by Osama bin Laden and the Taliban; it is the same law that prompted the 9/11 Islamic terrorist attacks; and it is the same law that is responsible for the murder of thousands of Christians throughout the world. The Law Center will do everything it can to stop Sharia law from rearing its ugly head in America.”

The federal lawsuit was filed in 2008 against Secretary of the Treasury Timothy Geithner and the Board of Governors of the Federal Reserve System. It challenges that portion of the “Emergency Economic Stabilization Act of 2008” (EESA) that appropriated \$70 billion in taxpayer money to fund and financially support the federal government’s majority ownership interest in AIG, which is considered the market leader in SCF. According to the lawsuit, “The use of these taxpayer funds to approve, promote, endorse, support, and fund these Sharia-based Islamic religious activities violates the Establishment Clause of the First Amendment to the United States Constitution.”

Through the use of taxpayer funds, the federal government acquired a majority ownership interest (nearly 80%) in AIG; and as part of the bailout, Congress appropriated \$70 billion of taxpayer money to fund and financially support AIG and its financial activities, \$47.5 billion of which was actually distributed to AIG. AIG, which is now a government owned company, engages in SCF, which subjects certain financial activities, including investments, to the dictates of Islamic law and the Islamic religion. This specifically includes any profits or interest obtained through such financial activities. AIG itself publicly describes “Sharia” as “Islamic law based on the *Quran* and the teachings of the Prophet [Mohammed].”

With the aid of taxpayer funds provided by Congress, AIG also employs a “Shariah Supervisory Committee.” According to AIG, the role of its Sharia authority “is to review our operations, supervise its development of Islamic products, and determine Shariah compliance of these products and our investments.”

Shortly after filing the complaint in 2008, attorneys for the Obama administration’s Department of Justice (DOJ) asked the court to dismiss the lawsuit on behalf of the named defendants. In a written opinion issued in May 2009, the judge denied the request, holding that the lawsuit properly alleged a federal constitutional challenge to the use of taxpayer money to fund AIG’s Islamic religious activities.

In its request to dismiss the lawsuit, DOJ argued that the plaintiff, Kevin Murray, who is a federal taxpayer, lacked standing to bring the action. And even if he did have standing, DOJ argued that the use of the bailout money to fund AIG's operations did not violate the Establishment Clause of the First Amendment. The court disagreed, noting, in relevant part, the following:

In this case, the fact that AIG is largely a secular entity is not dispositive: The question in an as-applied challenge is not whether the entity is of a religious character, but how it spends its grant. The circumstances of this case are historic, and the pressure upon the government to navigate this financial crisis is unfathomable. Times of crisis, however, do not justify departure from the Constitution. In this case, the United States government has a majority interest in AIG. AIG utilizes consolidated financing whereby all funds flow through a single port to support all of its activities, including Sharia-compliant financing. Pursuant to the EESA, the government has injected AIG with tens of billions of dollars, without restricting or tracking how this considerable sum of money is spent. At least two of AIG's subsidiary companies practice Sharia-compliant financing, one of which was unveiled after the influx of government cash. . . . Finally, after the government acquired a majority interest in AIG and contributed substantial funds to AIG for operational purposes, the government co-sponsored a forum entitled "Islamic Finance 101." These facts, taken together, raise a question of whether the government's involvement with AIG has created the effect of promoting religion and sufficiently raise Plaintiff's claim beyond the speculative level, warranting dismissal inappropriate at this stage in the proceedings.

Following this favorable ruling, the parties engaged in discovery. During discovery, TMLC took depositions, acquired numerous sworn affidavits from AIG and many of its subsidiaries, and acquired thousands of documents. This voluminous evidence was filed with the court in support of TMLC's motion for summary judgment—a request that the court enter final judgment in its favor because there is no genuine issue of material fact and TMLC should prevail as a matter of law.

On January 14, 2011, the court reversed its earlier position and ruled against Plaintiff Murray, claiming that there was no evidence presented of religious indoctrination, and if there were such evidence, the indoctrination could not be attributed to the federal government and besides, the amount of federal money that was used to support SCF—\$153 million—was "*de minimus*" in light of the large sum of tax money the federal government actually gave to AIG—\$47.5 billion.

Robert Muise, Senior Trial Counsel for TMLC, commented: “Based on the incredible amount of evidence presented, much of which DOJ could not refute , and in light of the strength of the court’s prior ruling, we expected the court to ultimately rule in our favor and hold that the federal government violated the U.S. Constitution by using federal tax money to fund Islamic religious activities. As soon as we read the court’s adverse opinion, we filed an immediate appeal.”

In addition to the court’s remarkable claim that \$153 million in tax money is “*de minimis*,” the court stated the following: “In the absence of evidence showing that AIG’s development and sale of SCF products has resulted in the instruction of religious beliefs for the purpose of instilling those beliefs in others or furthering a religious mission, Plaintiff has failed to demonstrate that a reasonable observer could conclude that AIG has engaged in religious indoctrination by supplying SCF products.”

In the court filings, however, TMLC presented overwhelming and un-rebutted evidence from experts and AIG itself to demonstrate that AIG, with the direct support of the U.S. Government, was engaging in religious indoctrination. Specifically, in addition to AIG’s own description of its Islamic financing as based upon Sharia and Sharia in turn described as “Islamic law based on Quran [sic] and the teachings of the Prophet (PBUH),” AIG promotes Sharia and SCF as a way to proselytize non-Muslims through an “ethical product” and a “new way of life.” Indeed, in the U.S. Government’s filings in the case, it admitted that SCF involves “a theological proposition.”

Muise concluded, “Apparently, the court does not believe that the federal government violates the U.S. Constitution when it provides \$153 million in taxpayer money to support Islamic religious activities. This is certainly more than the ‘one pence’ James Madison warned about when he helped craft the First Amendment, and I am sure this decision is news for all of the Christian and Jewish organizations and businesses that are prevented from receiving a dime of federal tax money to support their religious activities.”

The appeal is expected to take at least a year to complete.

The Thomas More Law Center defends and promotes America’s Christian heritage and moral values, including the religious freedom of Christians, time-honored family values, and the sanctity of human life. It supports a strong national defense and an independent and

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