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U.S. Devours Saudi Oil while Saudis Bankroll Terrorists

By Marilyn M. Brannan

Marilyn Brannan has served for thirteen years as Associate Editor of Monetary & Economic Review, as well as Unraveling the New World Order, both published by First American Monetary Consultants (FAMC). Her articles also appear from time to time in the Commentary section at the FAMC website, www.irmnews.com.

Editor's Note: *This article will frustrate you, for two reasons. First, Saudi Arabia, on whom we are hugely dependent for oil, is the chief bankroller of terrorist networks around the world and the terrorists funded by Saudi petrodollars are killing and maiming our sons and daughters in Iraq and Afghanistan, even as you read this. Secondly, we are shackled to this terror-funding "ally" because radical environmentalists, abetted by clueless members of the U.S. Congress, have stymied our ability to drill for oil in our own homeland and in our offshore, oil-rich regions. The Saudis (second only to Canada) supply 1,441,000 barrels of oil per day to the U.S. Had we begun drilling for oil in our own oil-rich regions five to ten years ago, we would not likely be as dependent on Saudi Arabia today. There is no substitute for oil on the near horizon that can even begin to supply our energy needs. The ethanol-from-corn fiasco has pushed corn prices to ridiculously high levels, creating problems in other areas of the economy while proving to be a woefully inefficient source of energy. The hard truth is, we are decades away from being able to survive without oil. Thus our foreign policy for the foreseeable future will continue to be grotesquely contorted by our energy needs.*

Terrorists' Lifeline

A frustrated Stuart Levey, the U.S. Treasury official in charge of tracking terrorism financing, has commented, "If I could somehow snap my fingers and cut off the funding [for terrorism] from one country, it would be Saudi Arabia." According to Levey, not one person identified by America or the U.N. as a terrorist financier has been prosecuted by Saudi authorities. Thus far in 2007, the Saudis have arrested a total of 10 people thought to be terrorist financiers; but legal measures against them seem to evaporate as human rights groups take up their cause and defense lawyers claim their clients are merely "political dissidents."

In addition to petro-dollars, Saudi Arabia supplies jihadist manpower. Extremist clerics in Saudi Arabia provide a steady stream of brainwashed recruits to some of the world's bloodiest trouble spots. U.S. intelligence files show that the wealthiest, most powerful banking family in Saudi Arabia has close ties with Saudi Arabia's ultra-conservative Wahhabi clerics, many of whom continue to preach hatred of America in Saudi mosques.

The Saudi chief justice who oversees terrorist trials was recorded on tape in a mosque in 2004, encouraging young men to fight against U.S. forces and Iraqi security forces in Iraq. There are estimates that the Saudis make up 55 percent of foreign fighters in Iraq, and it is known that half the foreign fighters held by the U.S. at Camp Cropper near Baghdad are Saudis. (London Times)

Prominent members of the ruling al-Saud dynasty regularly express their abhorrence of terrorism – and yet, leading figures within the kingdom who advocate extremism are tolerated. In recent months, Saudi religious scholars have issued fatwas calling for the destruction of the great Shi'ite shrines in Najaf and Karbala in Iraq – *which shrines our military forces are expected to risk their lives to protect*. Some of the shrines have already been bombed.

Saudi Bank Favored by Extremists

U.S. Intelligence reports say Islamic extremists often use Saudi Arabia's Al Rajhi Bank to move money. The founder, Sulaiman Al Rajhi, began his banking operation back in the 1940's when he was a Bedouin farm-boy, changing money for traders and religious pilgrims in what was then a remote and barren kingdom.

Today, Mr. Al Rajhi is a reclusive octogenarian with a fortune estimated at \$12 billion. The Al Rajhi empire includes hotels, housing developments, commodities trading, shipping, aviation leasing and poultry. At the core of the empire is the Al Rajhi bank, which has grown into the kingdom's largest Islamic bank, claiming 500 branches in Saudi Arabia and more spread across the Islamic world.

Following 9/11, there was an intense debate within the U.S. government over whether to take strong action against the Al Rajhi Bank for its alleged role in financing Islamic extremists.

In mid-2003, the CIA concluded that the Al Rajhi family and their banks were financing terrorists, probably knowingly. Despite the bank's denunciation of terrorism and their denial of any role in financing extremists, a 2003 CIA report entitled, "Al Rajhi Bank: Conduit for Extremist Finance," claims that one year after the 9/11 attacks, Al Rajhi ordered Al Rajhi Bank's board "to explore financial instruments that would allow the bank's charitable contributions to avoid official Saudi scrutiny."

U.S. intelligence reports describe how the Al Rajhi Bank has maintained accounts and accepted donations for Saudi charities that have been designated by the U.S. and other nations as fronts for al Qaeda or other terrorist groups. Additionally, the Al Rajhi family has been a major donor to Islamic charities that are suspected by Western intelligence agencies of funding terrorism.

The U.S. has never obtained proof that the bank or its owners knowingly fund terrorism, but there is extensive circumstantial evidence that some of the bank's executives are aware the bank is used by extremists. The 2003 CIA report concluded, "Senior Al Rajhi family members have long supported Islamic extremists and probably know that terrorists use their bank."

The 2003 report also states that extremists "ordered operatives in Afghanistan, Indonesia, Pakistan, Saudi Arabia, Turkey, and Yemen" to use Al Rajhi Bank. In 2000, the CIA report revealed that Al Rajhi Bank couriers "delivered money to the Indonesian insurgent group Kompak to fund weapons purchases and bomb-making activities."

For the Saudi royal family, a confrontation with the Al Rajhis – with whom they have long been at odds – could be politically calamitous. In order to stay in power, the Saudis must rely on the tolerance of clerical and business elites, many of whom view the royal family as corrupt. U.S. intelligence files show that the wealthy Al Rajhis, on the other hand, have close ties with Saudi Arabia's conservative Wahhabi clerics.

Between a Rock and a Hard Place

The Bush administration is divided over how to deal with the Saudi threat. A 2002 CIA report advised against a "noisy confrontation," stating, "A key factor for continued successful counterterrorism initiatives with the Saudis, whose society is by tradition private, closed, and conservative, will be to insure that their cooperation with the United States is handled discreetly and kept as much as possible out of the public eye." The Senate Department has warned that U.S. pressure might undermine the royal family's power and result in their replacement by even more dangerous extremists. In 2003 and 2004, Al Qaeda mounted a series of terrorist attacks within the kingdom that threatened to become an insurgency. Assassination attempts against security officials in the Saudi kingdom caused some of the royals to fear for their own safety.

The U.S. began to rethink the "discreet" approach after an Al Qaeda attack in Riyadh in May 2003 that killed 26 people, including nine Americans. Deputies from the National Security Council, CIA, Treasury, and State departments debated a proposal for legal and political action against Al Rajhi Bank, including possible covert operations to interfere with the bank's internal operations (*Wall Street Journal*, 7-26-07).

Another idea was to list – or threaten to list – Al Rajhi Bank as a supporter of terrorism. This can be done if recommended by a committee representing the Treasury, State, and Defense Departments, the CIA and NSC, and signed by the President. Such a designation bars U.S. companies from doing business with named entity. Normally, a U.S. designation is forwarded to the UN; and if that body puts the name on its own terrorist-supporter list, all member states are obliged to freeze the entity's assets.

Saudis Ambivalent; U.S. Hamstrung

In 2004, Saudi authorities began to cooperate more with the FBI after Islamic terrorists struck two oil industry installations and a foreigners' housing compound in Khobar, taking 50 hostages and killing 22 of them.

Yet, the Saudis continue to be ambivalent towards terrorism. Money for foreign fighters and terror groups still pours out of the kingdom, and instead of being sent through the wires where it can be identified, the money is now being carried in cash by couriers.

Three years after promises by the Saudi embassy in Washington, a proposed non-governmental organization intended to dampen terrorist financing by regulating private aid abroad has not been established.

School textbooks still teach the "Protocols of the Elders of Zion" – a hate-filled anti-Semitic forgery – and Saudi schools continue to preach hatred towards Christians, Jews, and other religious.

Ali al-Ahmed, director of the Washington-based Institute for Gulf Affairs, said, "The Saudi education system has over 5 million children using these books. If only one in 1,000 take these teachings to heart and seek to act on them violently, there will be 5,000 terrorists."

A frustrated Arlen Specter, Republican senator from Pennsylvania, introduced the Saudi Arabia Accountability Act in late October 2007, calling for strong encouragement to "end its support for institutions that fund, train, incite, encourage or in any way aid and abet terrorism."

The problem is, the Bush administration is counting on Saudi Arabia to help stabilize Iraq, curtail Iran's nuclear and regional ambitions, and facilitate the Israel/Palestinian peace process. Consequently, the Saudi Accountability Act is expected to die when it reaches the Senate Foreign Relations Committee.

Locked In

In a tangled web of corruption and interdependency, the U.S. finds itself hugely dependent on Saudi oil – while the Saudi monarchy, which struggles for survival as a ruling entity, is dependent on the tolerance of extremist Wahhabi clerics – who in turn have close ties to the Al Rajhi banking empire – which, through a near-inscrutable network of charities, money transfer services, couriers, and front organizations, is funding global terror. The vicious loop closes on the battlefields of Iraq and Afghanistan, where American men and women are fighting and dying. Nevertheless, it appears the U.S. has chosen to continue the “discreet” approach, exerting pressure privately on the Saudis. The mood at the State Department seems to be, “We’ve got enough problems. Do we really want to take on the Saudis at this time?”