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## **Council on American-Islamic Relations’ (CAIR) Legitimacy Undermined by its Criminal Money Laundering Scheme**

Washington, D.C. (September 24, 2013) — The Council on American-Islamic Relations (CAIR), which bills itself as “the nation’s largest Muslim civil rights and advocacy organization,” released a so-called report last week entitled, “Legislating Fear: Islamophobia and its Impact in the United States,” which purports to identify dozens of organizations “dedicated to promoting anti-Islam prejudice in America.” CAIR’s report garnered significant media attention, including a full-length article posted in *The Washington Post*.

In the report, CAIR highlighted the American Freedom Law Center (AFLC), a national, nonprofit Judeo-Christian law firm, and its Co-Founders and Senior Counsel David Yerushalmi and Robert Muisse, as being part of the “inner core” of the “Islamophobia network.”

In response to CAIR’s allegations, Yerushalmi commented: “For some time now, ‘anti-hate’ groups like the Southern Poverty Law Center and CAIR have been successful in promoting the notion that they are legitimate organizations that objectively highlight individuals and groups that promote ‘hate’ in America. In reality, these organizations use their compatriots in the mainstream media to advance their agendas through misinformation and duplicity. While the Southern Poverty Law Center is basically a self-serving fundraising machine masquerading as a civil rights organization, CAIR has a proven track record of dangerously waging what the Muslim Brotherhood calls ‘civilizational jihad’ to destroy the West from within. Indeed, CAIR is the largest Muslim Brotherhood-Hamas front group in America.”

After three years of litigation in federal court in Washington, D.C., AFLC has uncovered facts demonstrating that CAIR has been running a global criminal money laundering operation out of the nation’s capitol. The scheme was discovered in the course of legal discovery in two separate federal lawsuits arising out of allegations by five of CAIR’s former clients that CAIR defrauded them by failing to provide the legal services they had been promised.

While CAIR bills itself as the nation's largest Muslim civil rights organization, it has been named by the U.S. Department of Justice as a Muslim Brotherhood-Hamas front group and an unindicted co-conspirator in the Holy Land Foundation criminal trial, the nation's largest terrorism finance prosecution to date, resulting in convictions in 2008 for all five leaders of the terrorist financing ring operating as the Holy Land Foundation Muslim charity. Prison sentences ranged from 20 years to 65 years.

As brought out in the Holy Land Foundation criminal trial, CAIR founders Nihad Awad and Omar Ahmad were participants in the conspiracy, although not formally charged. These two men formed CAIR in 1994 in an effort to create a front organization to further the Muslim Brotherhood goals in this country. But, like many criminal fronts, CAIR itself turns out to be a criminal organization.

Part of CAIR's criminal operations included representing itself to be a public interest law firm created to protect the civil rights of Muslim Americans. In reality, however, CAIR has unlawfully employed non-lawyers to provide legal representation to Muslim Americans. In one case, CAIR employed a man by the name of Morris Days as its "Resident Attorney" who claimed to represent hundreds of CAIR clients in various state and federal litigation matters. In reality, CAIR and its "Resident Attorney" were not filing any actual lawsuits on behalf of these clients. Moreover, after the fraud was discovered, CAIR attempted to cover-up the whole affair with threats of litigation against the victims and finally with payoffs to other potential witnesses.

AFLC now represents five of these former CAIR "clients" who had sought out CAIR's legal services for various matters, including workplace discrimination, immigration, and family law matters. Three of these former CAIR clients are Muslims, including two African Americans and a Pakistani.

Specifically, in 2010, AFLC Co-Founder and Senior Counsel David Yerushalmi filed suit in federal court in Washington, D.C., against CAIR on behalf of these CAIR victims, alleging fraud, breach of fiduciary duty, and intentional infliction of emotional distress. After several years of legal discovery, which required Yerushalmi to go to court on numerous occasions to compel CAIR to turn over documents, which in turn led the court to warn CAIR's in-house counsel, Nadhira Al-Khalili, that her conduct was unprofessional and would result in the court filing a formal Bar complaint against her if it did not cease, this case is now awaiting the court's ruling on the extent of CAIR's liability.

In the midst of gathering evidence to prove the plaintiffs' case, AFLC discovered evidence of a criminal money laundering organization run out of CAIR's Washington D.C. offices. The scheme was created in 2005 by CAIR, which at the time was an IRS-approved 501(c)(4) lobbying organization. CAIR's problem was that as a registered lobbying group it had to report to the IRS the source of funds received over \$5,000. The specific problem was that CAIR was receiving millions of dollars from oil-rich Gulf Arabs, the same sources that were also financing the Muslim Brotherhood to prepare for the "Arab Spring" and even Al Qaeda operations in Iraq and Afghanistan. CAIR's expensive headquarters in the nation's capitol was financed with millions of dollars from Gulf sovereign sources. At one point, CAIR even sought millions of dollars from Libya's now dead strong man, Moamar Ghaddafi, in an effort to distribute to Muslim Americans Qurans with an Islamist translation and commentary together with Muslim Brotherhood literature.

To avoid reporting these millions of dollars from the dubious Islamist sources and to avoid registering as an agent for foreign sovereigns as required by federal law, CAIR created a separate company called CAIR-Foundation, Inc., to serve as an IRS-approved 501(c)(3) charitable organization. CAIR itself stopped filing any federal tax returns from 2008-2010 and allowed the IRS to withdraw its status as a 501(c)(4), converting itself to a regular for-profit corporation. CAIR also ceased all of its operations and became simply a holding company, transferring, at least on the books, all of its employees and equipment to CAIR Foundation.

The result is that CAIR, the for-profit, now receives millions of dollars from foreign Islamist sources every year, acting in effect as a foreign agent for these foreign governments, but only has to report the amounts of its income and not its sources. CAIR then transfers these monies to CAIR Foundation as loans or grants, and CAIR Foundation then only has to report its source as CAIR. The result is a criminal money laundering operation that allows CAIR to funnel millions of dollars from dubious foreign sources into a lobbying group fronting as a charity without the legally required disclosure of sources.

Indeed, CAIR is so brazen about its operation that it maintains only one website for CAIR, which does not even mention CAIR Foundation. In this way, CAIR receives smaller donations from presumably Muslim Americans made payable to "CAIR," thus allowing CAIR to decide which "CAIR" will get the money. The small U.S. donations are deposited into CAIR Foundation's bank account, which in turn reports these small innocuous donations to the IRS. The big money transfers from the Gulf, however, are conveniently deposited in the CAIR bank

account, which does not require any disclosure of the source of the funds. This presents no problem to the Gulf Islamist terror financiers because they are obviously not looking for a U.S. tax deduction. What CAIR does not explain of course is why sovereign Gulf nations, like the UAE and Saudi Arabia, would be transferring these kinds of sums to a holding company that has no employees or operations.

Yerushalmi commented: “An interesting but unanswered question is why the IRS would have registered CAIR Foundation as a legitimate 501(c)(3) organization in 2005? An even more intriguing question is why, in 2012, the IRS re-registered CAIR Foundation as a legitimate 501(c)(3) charitable organization, particularly after it had lost its status because it failed to file the organization’s federal tax reports (on IRS form 990) for three consecutive years and in light of the obvious illegal use of CAIR as a money laundering front? And, all of this, at a time when the IRS was improperly holding up conservative and pro-Israel groups’ applications for the same 501(c)(3) status. At the very least this should give rise to heightened concerns.”

Robert Muise, AFLC Co-Founder and Senior Counsel, concluded: “CAIR’s criminal financial operations raise a whole host of questions that the IRS and the Department of Justice should be investigating. The obvious question to be asked now is whether the IRS can get past its politically motivated witch-hunt of the Tea Party and pro-Israel groups and whether the Department of Justice will finally prosecute CAIR and its founders for their direct and indirect involvement in the material support of terrorism.”

The *American Freedom Law Center* is a Judeo-Christian law firm that fights for faith and freedom. It accomplishes its mission through litigation, public policy initiatives, and related activities. It does not charge for its services. The Law Center is supported by contributions from individuals, corporations, and foundations, and is recognized by the IRS as a section 501(c)(3) organization. Visit us at [www.americanfreedomlawcenter.org](http://www.americanfreedomlawcenter.org).

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