

# Could the Crisis in Turkey Impact US Policy in the Middle East?

by Jerry Gordon (January 2014)



Tayyip [Erdogan] Resign!!

Since December 17, 2013, police in Ankara, Istanbul and other cities in Turkey have [arrested](#) more than 52 persons in a wide-ranging corruption probe. Those arrested include some prominent persons and sons of AKP cabinet ministers on charges of bribery, illicit gold trading and payoffs on tenders for construction deals. The state-run *Andalou News Agency* [cited](#) the range of arrests and detentions, the outgrowth of a two year investigation:

*Sixteen people, including the sons of two [ministers](#), have been charged in connection with a sweeping corruption investigation targeting allies of the Prime Minister, Recep Tayyip Erdogan.*

*Suleyman Aslan, the general manager of state-owned Halkbank, was also formally arrested and charged alongside Baris Guler, the son of the Interior Minister, and Kaan Caglayan, the son of the Economy Minister, Turkey's state-run news agency reported. The son of a third minister, a construction magnate, was freed from custody pending trial.*

As 2014 dawns there were even allegations of money laundering to Al Qaeda opposition militias in neighboring war torn Syria. These allegations involve a son of Premier Erdogan, the Turkish intelligence service (MIT), the Premier's security detail head and a shadowy Saudi billionaire. Erdogan appears determined to remain in power. The question is whether this crisis will result in bringing an end to the 11 year AKP reign in Ankara. Further, how will this crisis of confidence in the Erdogan government impact US policies in an already frayed and uncertain Middle East with both the Iran nuclear program and Syrian cease fire negotiations hanging in the balance? Let's examine the important threads in this complicated story.



Premier Erdogan/Sheikh Gulen

Gezi Park Protest Rally

Istanbul June 2013

## **The conflict between the two Islamists allies: AKP Premier Erdogan versus Sheikh Gulen**

The Turkish corruption investigations surfaced a running ideological war between two Islamists, Premier Erdogan versus shadowy Sheikh Muhammad Fethulleh Gulen, head of the multi-billion dollar [Gulen Movement \(GM\)](#) or Hizmat in Turkish. He lives in exile in a fortified compound in the Poconos Mountains in Eastern Pennsylvania. He fled to the US in 1999 to avoid prosecution by the then Turkish secular government. The election of an Islamist Premier in 2003, head of the Turkish AKP party and former mayor of Istanbul, Recep Tayyip Erdogan brought to the fore a competitive Islamist with ties to the Muslim Brotherhood. A sweep of parliament elections for a second term by the AKP in 2007 encouraged pro-Gulen prosecutors to conduct the "Ergenekon trial" that convicted a number of prominent Turkish secularist generals and alleged coup plotters.

The trigger for those arrests on corruption charges appeared to be Erdogan's move to close down the *dershane* private school system operated by the GM that produced tens of millions in fee income. Their schools espoused the GM's cultic Hizmat, World Islamic Order achieved through commitment of personal service, education and modernization. The national police in Turkey and the judiciary had been penetrated by Gulenists facilitating the corruption arrests. The GM also controls a major national newspaper, [Today's Zaman](#).

A virtual war has broken out in the wake of the corruption arrests which may affect Erdogan and the AKP in upcoming March 2014 municipal elections. Further, it may imperil his quest to change the laws and powers of Turkey's Presidency so that he might become the head of an elected Caliphate. The irony is that the incumbent Turkish President Abdullah Gul is a member of the GM. Gul could turn out to be the winner in the current tangle between Erdogan and Gulen that might see him [returned](#) as Premier, if Erdogan is blocked. The previous Ottoman Caliphate that controlled vast swaths of the Middle East and North Africa ended with the Treaty of Lausanne in 1923 that created the Republic of Turkey. The protests in Istanbul at Gezi Park, Ankara and other cities in June 2013 revealed vocal opposition in Turkey to Erdogan's autocratic rule.

*The International Business Times* noted the rising divide between Premier Erdogan and the reclusive 70 year old cleric in Pennsylvania, "[Fethullah Gulen: Is Islamic Cleric in Self-Exile Behind Turkey's High-Profile Arrests](#)"?:

Tensions between the reclusive Muslim cleric and Erdogan have boiled over in recent months, and ultimately exploded after the Turkish government announced plans to outlaw private schools, including those run by the Gulen movement.

From his retreat in Pennsylvania, Gulen “strongly denied” allegations that the latest Turkish probe was launched as part of a rift between the government and *Hizmet* (The Service) – another name for [his] movement.

“Some bureaucrats, well-known businessmen and relatives of ministers have been detained by the Istanbul chief public prosecutor in the past two days. Claims of corruption, bribery and smuggling can be seen in any country. That is why there are independent judicial bodies to investigate such claims,” said Gulen.

Over the past months, however, the cleric made veiled criticism of Erdogan's increased authoritarian style. Following the [anti-government protests](#) that swept across [Turkey's largest] cities in May, Gülen said:

“If you claim that protesters are not seeking their rights, then you would ignore the innocent demands of some.” The reference was to Erdogan labeling demonstrators as “looters” or “small fringe groups”.

“Underestimating negative developments reveal a problem in judgment, mind and logic,” he continued.

One European source knowledgeable about developments in Turkey wrote via email:

*The rift became particularly visible to the public after the government announced plans to shut down private education centers, known as “dershanes,” many of which are owned by Gulen supporters. It appears now there were Gulen supporting police squads who were investigating AKP ministers, their families and friends. Forty-nine arrests were made and the big question is who will Gulen support in the coming municipality elections? Today it seems that many wish Erdogan to lose the elections and thus shelve the national referendum on changing the constitution. Gulen it appears is at great odds with Erdogan.*

The Obama Administration had relied on Turkey to aid the opposition rebel forces in the 34 month civil war in adjacent Syria with an estimated 130,000 killed and [nearly 2.3 million refugees](#) who fled into adjacent countries; Jordan, Lebanon and Turkey. Turkey has more than [1.5 million Syrian refugees](#). Further Turkey has served as the conduit for delivery of humanitarian aid and arms to adjacent rebel held areas in Syria.



## Gulen Charter School in Louisiana Schools in US

## Location of Gulen

### The Gulen US Connections

The GM connections here in the US are of interest, because of the controversy over the movement's control of dozens of Math and Science academies operating with taxpayer funding as charter schools. According to one [source](#) there are more than 135 Gulen charter schools with an enrollment of 45,000 students in over 20 states in the US. The staffs of these US charter schools are manned by Turkish Gulenists who enter the US under the HI-B Visa program. There have been [exposes](#) on the US Gulen science academies in Texas and elsewhere published by the *New York Times*. We [posted](#) on FBI raids of a Gulen science academy in Louisiana. Because of the problems with the Gulen charter schools, many states have either passed or are considering legislation that would control the proportion of HI-B Visa staff employed at Gulen-sponsored charter schools. The Gulen movement charter school program has been supported by the Gates and [Walton Family Foundations](#). The Walton Family Foundation contributed more than \$1 million for Gulen schools in California, alone. Former President Bill Clinton has gone on record [supporting](#) the GM interfaith dialogue and educational development program in 2008. GM members were alleged to have contributed to Hillary Clinton's failed Presidential Campaign in 2008.

Gulen's immigration status came into question in the same year, 2008, in actions brought by the US Department of Homeland Security. Note what the *Investigative Project on Terrorism* (IPT) [reported](#):

*In 2008, negative U.S. Department of Homeland Security and U.S. Citizenship and Immigration Service decisions threatened to deny Gulen's [application](#) for permanent residency. A federal court reversed the rulings after receiving 29 letters on Gulen's behalf. One of those letters came from [Prof. John] Esposito [of Georgetown University]... after his Prince Alwaleed Bin Talal Center for Muslim-Christian Understanding received donations from the [GM] and sponsored a conference in [Gulen's] honor.*

What we may have in Turkey is a contest between two Islamists, Erdogan, seeking to convert the country into a Caliphate with a onetime election to an executive Presidency, versus, Gulen "the world's most dangerous Islamist" slowly perfecting the same goal.



## US Ambassador to Turkey, Francis T. Ricciardone      Turkish protest against Ambassador Ricciardone

### Erdogan Suggests “International Plot” Attacking Controversial Turkish Corruption Probe

In order to cover his exposure in the alleged corruption probe Premier Erdogan suggested that an international plot was behind it. He said at a rally in Samsun, Turkey, “an ill-intentioned move of local and foreign actors targeting the government. This is an operation with international dimensions and local sub-contractors.” US Ambassador to Ankara Francis T. Ricciardone [issued](#) a statement refuting the allegation that the US was behind the graft probe to which the Turkish Foreign Ministry concurred. Sheikh Gulen we noted had denied any involvement although his followers had penetrated both the police and judiciary.

Premier Erdogan [dismissed](#) 25 police heads in the Istanbul police department in the midst of the corruption probe. He also withdrew a ranking prosecutor from implementing arrests in a second investigation that may involve his son Bilal and other insiders in money laundering to al Qaeda militias active in Syria via a shadowy Saudi billionaire.

Premier Erdogan is seen as very autocratic given his draconian handling of protests in major Turkish cities In June 2013, especially in the Gezi park affair in Istanbul. That and the current confrontation with the GM, have raised questions about the AKP’s viability. Municipal elections and Erdogan’s proposed referendum to grant executive powers to Turkey’s Presidency are scheduled in March 2014. Ironically, the current incumbent in the largely ceremonial post of President, Abdullah Gul, is a leading Gulenist. He is rumored to be contemplating running for the Premiership, should Erdogan opt to run for the Presidency. Erdogan, who has regional Muslim Brotherhood ties including Hamas, is promoting a national referendum on proposed changes to the Presidency granting the position wide executive powers. There are fears that if the referendum is approved and Erdogan opts to run for the Turkish government executive post, he might become an Islamist autocrat seeking to reinstate a Turkish Caliphate, a throwback to the Ottoman Empire. Ironically, the GM controlled prosecutors following the 2007 AKP sweep of parliamentary elections tried and convicted a number of secular Turkish Generals charged with conspiring to overthrow the Islamist regime of Premier Erdogan. One of the more prominent of those convicted secular conspirators, retired [Turkish Gen. Çevik Bir](#) was released by prosecutors giving rise to speculation that a possible Gulenist Secularist alliance may be in the offing directed at removing Erdogan.

According to *The Hurriyet Daily News*, the country’s leading business group, TÜSIAD, has waded into the controversy, [decrying](#) the government’s interference with the Judiciary in this

“landmark” corruption probe and police purge. That comment by TÜSIAD’s leaders, reflected concerns over the weakening of the Turkish Lira in foreign exchange trading markets as reported by *The Wall Street Journal*, [“Turkish Lira Falls to Fresh Lows.”](#) The *WSJ* market report on December 20, 2013 noted, “Turkey's currency and bonds slumped again, dented by domestic and international stress that are piling further pressure on a central bank that is short on cash and lacking in investors' confidence. A Goldman Sachs emerging markets analyst, Sam Finkelstein cited the current domestic crisis not helping to assuage international investors' confidence in Turkey's economy, saying, “This political crisis is destabilizing, adding a set of dark clouds to an already difficult situation.”

The raging conflict between the two Islamist groups in Turkey over the corruption probe, coupled with both domestic and international political and economic concerns could add more complications to the already roiling Middle East. Given a stalemate in the 34 month civil war in neighboring Syria, to be addressed in the upcoming January 2014 Geneva II discussions, and the P5+1 negotiation with Iran over its nuclear program, Erdogan’s AKP is engaging in risky business.



Secularist Retired Turkish Gen. Cevik Bir  
Iranian Azeri Businessman

Reza Zarrab

#### **Could a Gulenist Secularist Alliance Topple Erdogan’s Government?**

[Harold Rhode](#), former Pentagon Islamic Affairs and expert on Turkey introduced the players in the illegal gold trading by Halkbank by addressing whether an emerging alliance of the Gulen and Secular opponents might topple Erdogan, [“Are Erdogan’s Days Numbered”?](#)

On December 25, 2013, Erdogan, fresh from a brief trip to Pakistan, [reshuffled](#) his cabinet making 10 new appointments. The departing Environment Minister Bayraktar [called](#) upon Erdogan to resign implying that others close to the Premier had also been involved with some of the corruption. The following day Erdogan sacked the prosecutor, who was in the midst of completing a second corruption investigation that allegedly might have reached into the core of the Erdogan regime. This touched off a [further drop](#) in the Turkish Lira in trading against major currencies.

Rhode’s analysis suggests that Erdogan’s tenure may not be long. Here are his observations:

According to rumors circulating in Turkey, some of Erdogan’s relatives are also

involved in the plot; the facts are still unclear. The central figure in this corruption scandal is an Iranian Azeri, [Reza Zarrab](#) – married to a popular Turkish singer – who was illegally trading with Iran. Zarrab is charged with bribing the sons of the Turkish ministers – some of Erdogan’s closest associates.

[...]

Further, the judiciary released from jail the retired General Çevik Bir, who had been a strong advocate of U.S.-Turkish-NATO relations. ...Bir was ... one of the major architects of the Turkish-Israeli rapprochement in the 1990s, and a strong opponent of Fethullah Gulen, whom he apparently saw as an Islamic fundamentalist and a long-term danger to Turkey's secular and democratic Ataturkist Republic. Because of Bir's outspoken animosity against the Islamists, which included the powerful Gulen, Bir seems to have been an important factor in Gulen’s decision to flee the country.

So why was Bir – an opponent of Gulen – released by a heavily Gulenist judiciary? Although the reason behind Bir’s release are not yet clear, as an opponent of the Erdogan government ...he could now be an ally of Gulen.

Where Turkey's once highly influential military stands is unclear. So far, it has been silent. It has historically been – and its senior officers still are – steeped in the Ataturkist secular and pro-Western tradition. At least for the moment, the Islamist Gulenists seem to have forged an alliance of convenience with Turkey's secularists. The beneficiaries of this political upheaval could well be the West, the U.S., NATO, and Israel. Stay tuned.



Halkbank source: Kerem Uzel/Bloomberg

Turkish Gold Lira  
Flags

Iranian and Turkish

### **What Lies Behind the Turkish Illicit Gold Trade with Iran?**

Suleyman Aslan, the head of Halkbank at the center of the illicit gold trading had been prominent among the 52 [arrested](#) in the swirl of events in the current Turkish corruption scandal. Jonathan Schanzer and Mark Dubowitz of the Washington, DC-based Foundation for Defense of Democracy published an article in *Foreign Policy Magazine* (FPM) covering their research into the Turkey “gas for gold” scheme that the Obama Administration failed to stop, “[Iran’s Turkish Gold Rush](#).”

Messrs. Schanzer and Dubowitz drew attention to the two principals at the center of the “gas for gold” trade between Turkey and Iran:

The drama surrounding two personalities are particularly eye-popping: Police [reportedly discovered](#) shoeboxes containing \$4.5 million in the home of Suleyman Aslan, the CEO of state-owned Halkbank, and also [arrested](#) Reza Zarrab, an [Azeri] Iranian businessman who primarily deals in the gold trade, and who allegedly [oversaw deals](#) worth almost \$10 billion last year alone.

The *FPM* article on the Turkey/ Iran “gas for gold” trade described how it worked:

The Turks exported some \$13 billion of gold to Tehran directly, or through the UAE, between March 2012 and July 2013. In return, the Turks received Iranian natural gas and oil. But because sanctions prevented Iran from getting paid in dollars or Euros, the Turks allowed Tehran to [buy](#) gold with their Turkish lira – and that gold found its way back to Iranian coffers.

Earlier this year in May 2013 the FDD teamed with Roubini Global Economics and conducted an investigation into the dynamics of the gold trade and its significant alleviation of currency restrictions under sanctions against Iran’s nuclear program. The FDD report, [“Iran’s Golden Loophole”](#) indicated the scope and impact of the ‘gas for gold’ scheme:

These foreign exchange reserves are Iran's principal hedge against a severe balance of payments crisis, and help Iran withstand international pressure over its nuclear [program](#). Since July 30, 2012, when the Obama administration issued an executive order prohibiting gold exports to the government of Iran, Iran has received over \$6 billion in payment in gold for its energy exports—the value of the lack of enforcement of the golden loophole—mainly as gold payments to the Central Bank of Iran. These gold exports to the Central Bank of Iran already are a sanction able activity under existing U.S. law; gold exports to *any* entity in Iran will become sanction able as of July 1, 2013. This report estimates that, unless gold sanctions are enforced, Iran could receive up to \$20 billion a year, representing around thirty percent of Iran’s projected 2013 energy exports.

Schanzer and Dubowitz questioned why Turkey, a NATO ally of the US, had engaged in the gold trade with Iran:

The Turks – NATO allies who have assured Washington that they oppose Iran's military-nuclear program – brazenly conducted these massive gold transactions even after the



Obama administration [tightened sanctions](#) on Iran's precious metals trade in July 2012.

Turkey, however, chose to exploit a loophole that technically permitted the transfer of billions of dollars of gold to so-called “private” entities in Iran. Iranian Ambassador to Turkey Ali Reza Bikdeli recently [praised Halkbank](#) for its “smart management decisions in recent years [that] have played an important role in Iranian-Turkish relations.” Halkbank [insists](#) that its role in these transactions was entirely legal.

The U.S. Congress and President Obama [closed](#) this “golden loophole” in January 2013. At the time, the Obama administration could have taken action against state-owned Halkbank, which processed these sanctions-busting transactions, using the sanctions already in place to cut the bank off from the U.S. financial system. Instead, the administration lobbied to make sure the legislation that closed this loophole did not take effect for six months – effectively ensuring that the gold transactions continued apace until July 1. That helped Iran accrue billions of dollars more in gold, further undermining the sanctions regime.

In defending its decision not to enforce its own sanctions, the Obama administration [insisted](#) that Turkey only transferred gold to private Iranian citizens [perhaps a reference to Reza Zarrab]. The administration argued that, as a result, this wasn't an explicit violation of its executive order.

Perhaps as the authors point out, the Administration had other reasons for not disturbing the relations with the Erdogan regime regarding the latter's role in the regional alliance contending with the 34 month Syrian civil war. There was Turkey's support for rebel factions and the safe haven it provided the massive stream of 1.5 million refugees. However could it have been the nearly \$6 billion “the golden loophole” provided Iran in the way of an “olive branch” used during the secret negotiations by the Obama Administration that led up to the November 24, 2013 P5+1 interim agreement?

According to a *Zaman Today* article, cited by the authors, the illicit “gas for gold” trade between Iran and Turkey could be vastly more significant, “The suspicious transactions between Iran and Turkey [could exceed](#) \$119 billion – nine times the total of 'gas-for-gold' transactions reported.”

There are suspicions about whether the “gas for gold” scheme enabled Iran to pay for machinery used in the production a new class of centrifuges [announced](#) by AE0I head Ali Akbar Salehi. That prompted New Jersey Democrat US Senator Robert Menendez, Chairman of the powerful Foreign

Relations Committee to suggest to vacationing President Obama that the first order of business following the recess should be passage of the bi-partisan [Nuclear Weapons Free Iran Act of 2013](#) introduced on December 19, 2013. Then there is the question of payments for Russian contractors and personnel engaged in projects like the Arak heavy water reactor that would enable Iran to produce plutonium. And lest we not forget the waivers granted by the US in the Iranian oil trade with China and others. Clearly the current corruption probe in Turkey may lift the veil on covert transactions. They could have enabled Iran to continue, if not accelerate, achievement of their nuclear weapons program objective: nuclear hegemony destabilizing the Middle East and the World.



Turkish Premier Erdogan and son Bilal

Saudi billionaire Yasin al-Qadi

### **Al Qaeda Connections in Erdogan Corruption Scandal**

The revelations of duplicity in the Turkish corruption investigations have apparently reached Premier Erdogan and his family. Could these unraveling developments destabilize relations with the Obama Administration over both Iran and Syria?

Now there is more on why Premier Erdogan wanted to quash investigations and prevent a prosecutor from making arrests; possible al Qaeda connections. Those connections involve a shadowy Saudi billionaire who the US has designated a terrorist financier, [Yasin al-Qadi](#). Also involved was the Turkish intelligence service, (MIT) and Erdogan's son Bilal. They conspired to use Muslim charities to channel funds to an al Qaeda affiliate in Syria, the Al-Nusrah Front.

What is troubling is that Turkey is a NATO member, ostensibly an ally of the US. Obama placed great trust in forging a partnership with Erdogan dealing with problems in the region. If these reports are confirmed it raises questions about the wisdom of the Administration's dealing with Erdogan on Iran's nuclear program. US policy opposes Erdogan's covert support of the Al Qaeda's agenda in neighboring Syria.

American Enterprise Institute Middle East Scholar, Michael Rubin, in a December 27, 2013 *Commentary* blog *Contentions*, and *Today's Zaman* columnist, Emre Uslu present those allegations in articles, [Turkey Scandal's Al-Qaeda Angle](#) and [Yasin al-Qadi and the Erdogan Family](#).

Rubin in the *Contentions* blog post notes the al-Qadi/Erdogan connection and al Qaeda money laundering:

Now it seems that the corruption being exposed also has an al-Qaeda angle that harkens back to the Yasin al-Qadi affair. In that case, Cuneys Zapsu, a close Erdogan confidant, donated money to Qadi, a Saudi businessman [designated](#) by the [U.S. Treasury Department](#) to be a “specially designated global terrorist.” Rather than distance himself from Zapsu, the prime minister [doubled down](#) and lent Qadi his personal endorsement.

Fast forward to the present day: According to Turkish interlocutors, there are consistent irregularities in 28 government tenders totaling in the tens of billions of dollars, in which kickbacks and other payments were made, a portion of which Turkish investigators believe ended up with al-Qadi’s funds and charities. These funds and charities were then used to support al-Qaeda affiliates and other radical Islamist groups operating in Syria like the Nusra Front. Erdogan thought he had plausible denial, but it seems that Turkish government funds supported the growth of these groups, which are responsible for the deaths of tens of thousands and which subsumed the more moderate opposition.

Uslu, in his *Today’s Zaman* column tells us when the al-Qadi/ Erdogan connections first surfaced:

Saudi billionaire Qadi is a well-known figure within the security bureaucracy of the West. Right after the 9/11 attacks in the US, the EU as well as many other countries froze the Saudi billionaire's assets. In recent years, the EU and many Western countries have unfrozen his financial assets; however, [security services](#) still suspect him of having links to al-Qaeda networks.

Last June Mr. Qadi and his close associate Qutb were involved in a traffic [accident](#) in Istanbul and taken to a hospital. When they had the traffic accident, the prime minister's chief of security was with them in the same car. More importantly, the prime minister's son, Bilal Erdogan, was the first person to visit them in the hospital and “cleaned” the hospital records of the fact that they had had an accident while the prime minister's chief of security was with them.

Even the pro-government *Star* daily confirmed an allegation that Qadi had met with the M?T chief. After the meeting, they returned to Istanbul and were involved in the traffic accident while Prime Minister Erdo?an's chief of security, Ibrahim Y?ld?z, was with them in the car.

In that piece, I questioned Mr. Qadi's relations with the prime minister and MIT and

stressed the following: "Mr. Qadi may or may not have any relations with any illegal network; that is not important. What is important is that all of these examples create a fuzzy picture for the international community as to whether Turkey has become a center of a range of illegal activities, from nuclear smuggling to money laundering and helping terrorists." (*Today's Zaman*, Sept. 29, 2013)

Uslu tells what stopped Turkish prosecutors from arresting Qadi and Qutb:

The details of the investigation have been revealed to the media. Mr. Qadi and Mr. Qutb are two key figures the prosecutor had asked the police to arrest; however, the police refused to comply with the order perhaps because Ankara did not want them to [listen](#) to what the prosecutor had ordered.

It seems that the prosecutor had gotten evidence that made AKP officials so panicked that they blocked the whole investigation process and created a political crisis that has deeply affected the economy.

Now, that these alleged al-Qadi/Erdogan connections funding al Qaeda affiliates are out in the open, one can understand the massive protests and calls for Erdogan's resignation in Turkey. Will these damaging revelations in the Erdogan corruption scandals blowback against US efforts in the roiling Middle East? Despite sanctions relief granted in the P5+1 agreement could the revelations in the Turkish "gas for gold" trade with Iran derail Administration efforts endeavoring to conclude a definitive nuclear agreement? Could these disclosures of Erdogan family connections with alleged money laundering via Muslim charities to al Qaeda affiliate, the al Nusrah Front, upend the scheduled Geneva II discussions in late January 2014 seeking a truce in the 34 month civil war in Syria? Stay tuned.

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Also see Jerry Gordon's collection of interviews,