Much-smuggled Gem Aids al-Qaida
By Daniel Pearl

MERERANI, Tanzania, Nov. 16 - In the shadow of Mount Kilimanjaro, miners with flashlights tied to their heads crawl hundreds of feet beneath the East African plain, searching for a purple-brown crystal that will turn into a blue gem called tanzanite. Many of the rare stones chipped off by the spacemen, as the miners are called, find their way to display cases at Zales, QVC or Tiffany. But it's a long way from these dusty plains to U.S. jewelry stores, and the stones pass through many hands on their journey. Some of those hands, it is increasingly clear, belong to active supporters of Osama bin Laden.

A TRADE GROUP called the Tanzanian Mineral Dealers Association denies that bin Laden's al-Qaida has any role in the tanzanite trade. But in the bars and cafes that dot the streets of Tanzania's mining community, the radical connections are no secret. According to miners and local residents, Muslim extremists loyal to bin Laden buy stones from miners and middlemen, smuggling them out of Tanzania to free-trade havens such as Dubai and Hong Kong.

“Yes, people here are trading for Osama. Just look around and you will find serious Muslims who believe in him and work for him, says Musa Abdallah, a Kenyan who has worked as a tanzanite miner for six years.

EMBASSY BOMBINGS

Many details of the trade remain murky, such as whether its main role is to earn money for the militants or simply to help them move funds secretly about the world. Still, William Wechsler, a former National Security Council member in charge of counterterrorism under President Clinton, says there is little doubt that bin Laden's links to gemstones, including tanzanite, have been used at times to help fund his terror activities. Al-Qaida's dealings in tanzanite in the 1990s were detailed at length during the recent federal trial that convicted four bin Laden men in connection with the U.S. embassy bombings in Tanzania and Kenya.

Alex Magyane, a Tanzanian government official actively investigating the tanzanite trade, says he has recently traced bin Laden-linked smuggling of rough stones through Kenya to bazaars in the Middle East. “Beyond any doubt, I am 100 percent sure that these Muslim gem traders are connected to Osama bin Laden, the official says.

Tanzanite is so rare it is mined in only one place on earth, a five-square-mile patch of graphite rock here in northeastern Tanzania. Legend has it that Masai tribesmen discovered the gem when a bolt of lightning set fire to the plains, and some crystals on the ground turned blue. In 1967 an Indian geologist identified the stone as a rare form of the mineral zoisite and determined that it turned a velvety blue when heated to 400 degrees Fahrenheit. Tiffany & Co. named it Òtanzanite and promoted it as Òthe most important gemological discovery in 2,000 years. Tanzanite became a U.S. marketing phenomenon, second in popularity only to sapphire among colored stones.
HEART OF THE OCEAN

Its popularity soared when movie fans learned that the sapphire heart-shaped pendant Kate Winslet hurled into the sea in the movie ÒTitanic was actually tanzanite. By then, the U.S. was selling $380 million of tanzanite jewelry a year.

Yet Tanzania's official exports of uncut tanzanite crystal totaled a mere $16 million last year. Rampant smuggling spirits as much as 90 percent of the production out of the country, Tanzanian government statistics show. Local traders often buy plastic bags full of rough stones, paying cash and exchanging none of the paperwork that would trigger a 3 percent export duty. And in faraway places where the rough tanzanite is cooked, cut and polished, such as the Indian city of Jaipur, dealers say they don't question suppliers closely about sources.

Mererani, which is a 30-minute drive from the mines along a treacherous dirt road, is reminiscent of a Gold Rush town, with shacks, bars, brothels and hordes of young men hoping for a strike. Besides a few big mechanized mining operations, hundreds of individuals hold tiny, 50-yard-square claims that they mine as best they can. Working with the Òspacemen who descend the tunnels are Òsnakes, the term for boys who sift piles of grit on the surface and sometimes wriggle into the crevices too small for adults. Restaurants play on the dreams of prosperity, taking names like New York and The Big Apple. But alongside the dreams and the decadence, a religious radicalism is brewing.

Tanzania's Muslims, who make up about 40 percent of the populace, have long practiced a Òsoft Islam, tolerant of drinking, revealing dress and their many Christian neighbors. But Muslim radicalism began to rise in the early 1990s, fueled by poverty and financial support from Islamic charities abroad. It included the al-Qaida cell that bombed the U.S. embassy in Tanzania three years ago.

In Mererani, a new mosque called Taqwa has brought an openly radical Muslim presence to the tanzanite district. Taqwa's imam, Sheik Omari, has issued edicts that Muslims miners should sell their stones only to fellow Muslims. The diktats breed resentment. ÒThe fundamentalists have established a mafia to dominate the trade, says Abdallah, the Kenyan spaceman. ÒEven if non-Muslims offer better prices for our stones, we are harassed by the fundamentalists not to sell to anyone but them. Many Muslim miners obey because they are scared of them.

The Taqwa mosque is still under construction on a dusty side street. Inside a temporary prayer hall of wood and corrugated metal, miners are taught the importance of avenging the Òarrogance of America and defending Afghanistan from ÒU.S. oppression. Support for bin Laden is a duty, miners are told. The faithful of Taqwa often address one another as Jahidini, a Swahili word that means Muslim militant. Some routinely greet one another as ÒOsama.
After prayers, the mosque's courtyard becomes an open-air gem-dealing space, where Sheik Omari and other mosque leaders trade tanzanite with small-time miners. In between haggling, the elders preach the virtues of suicide attacks as a way to defend their faith.

'TICKET TO PARADISE'

"Remember, Islam teaches us that your body is a weapon," Sheik Omari tells a group of young men in Swahili. "But if you die, you should take as many of your enemy with you as you can. This will be your ticket to paradise.

Asked if he works with or belongs to al-Qaida, Sheik Omari gives a vague answer, as do others at the mosque. 'Al-Qaida' means 'base.' I don't know any base. But Islam says we must support our brothers and sisters and those who defend Islam from its enemies, Sheik Omari says.

The mosque traders, who aren't licensed as dealers but act as informal middlemen, make clear the gem business must serve their militant brand of Islam. "We as Muslims must unite in dealing in gemstones to help one another and to generate funds to defend Islam from those who want to destroy it," says Aman Mustafa, a Kenyan gem broker and teacher at the mosque, who says he has studied Islamic law in Sudan.

U.S. investigators of al-Qaida's business say that it is designed to create self-sustaining networks and cells. Here in Mererani, some proceeds from the tanzanite trade are plowed back into expanding Taqwa's influence. "This mosque is being built with tanzanite," Sheik Omari says. "Our Islam is stronger with our efforts to create a Muslim force in this gemstone.

KENYAN CONNECTION

Magyane, whose government title is regional mine officer, says some of the stones bought by the Muslim militants are smuggled through "rat routes to the Kenyan city of Mombasa. That city is a stronghold of al-Qaida sympathizers and was a base for the 1998 embassy bombings.

Throughout the embassy-bomber trial this year in New York, several bin Laden associates or former ones, both state witnesses and defendants, referred to dealings in tanzanite in the mid-1990s. Testimony described how the stones moved through Kenya to Hong Kong via one of two al-Qaida companies, Tanzanite King or Black Giant, set up by defendant Wadih el Hage, a gem dealer and former personal secretary to bin Laden. El Hage is serving a life sentence for his role as the bombers' financial facilitator.

Bin Laden supporters trading tanzanite today face no interference from Tanzanian authorities. "We have no proof they are involved in terrorist activities," says the mining area's regional governor, Daniel Ole Njoolay.

Adadi Rajabu, head of Tanzania's counterterrorism police, adds that before 1998, we never knew there were people smuggling gemstones on behalf of a terrorist group. But it is not an
area we have looked at carefully. Most of our attention since 1998 has been focused on operatives who were likely to be engaged in activities like bombings, not business.

ROAD TO DUBAI

Sheik Omari and Mustafa say they sell their stones to a prominent local dealer, Abdulhakim Mulla, who Mustafa says sends some of the gems on to Dubai. The dealer denies the Dubai connection. In any event, on a recent day Sheik Omari could be overheard telling miners to bring perfect stones to the mosque, because “our market in Dubai only wants perfect stones.

To Westerners in the gem business, mention of Dubai raises alarms. For one thing, the emirate is known as a center of money laundering and the underground cash-transfer system known as hawala, much-favored by bin Laden. Dubai also has no gem-cutting industry. It lies far outside normal channels for the trade in rough gemstones, most of which go to Jaipur, to Bangkok or to a few other traditional centers of cutting and polishing.

“Dubai is the kind of place that should throw up a flag that something is definitely askew, says Cap R. Beesley, president of American Gemological Laboratories in New York, which tests colored stones. “When you see any rechanneling through nontraditional destinations like Dubai, it means someone is finding some financial incentive not to play by the book.

U.S. law-enforcement officials have identified Dubai as a haven for al-Qaida business interests. The FBI and the Treasury Department are currently trying to help the United Arab Emirates, of which Dubai is a part, to crack down on the abuse of Dubai’s free-trade zones by terrorists and criminals. While this effort mainly focuses on gold smuggling, the U.S. also has reports that al-Qaida uses tanzanite as a way to move funds around the world, says a U.S. government investigator familiar with Dubai.

Out of more than 12,000 pounds of official tanzanite exports from Tanzania last year, a mere 13 pounds were sold to Dubai dealers. But Magyane estimates that a hundred times that amount actually made its way to Dubai, through smuggling.

CASH BUSINESS

In Dubai, on a strip of small jewel shops along a creek, Africans often go door to door trying to sell plastic bags full of unrefined gold and sometimes uncut gemstones for cash. D.B. Siroya, an Indian dealer based in Dubai for two decades, says he has sometime acquired rough tanzanite in Dubai on behalf of Indian friends, buying from sellers he knows.

The cash element is part of what makes the gem trade attractive to al-Qaida, according to Wechsler, the former U.S. counterterrorism official. He says the gem business is also attractive because it is tiered, with many layers of brokers, traders, cutters, polishers and wholesalers between miner and consumer.
A U.S. government-funded report last year for Tanzania's mining industry noted that the country's gem industry was "subject to abuse by money launderers, arms and drug dealers. Afgem Ltd., a South African mining company, has been trying to change that. It advocates branding tanzanite stones with tiny laser-etched logos and bar codes, plus other regulations to discourage smuggling. But its plan last year ignited clashes with small miners, who, Tanzanian intelligence claims, were funded by foreigners with a stake in the current loose system.

The many tiers in the business make it possible for unsavory players to get in and out without leaving much of a trace. In the U.S. jewelry industry, which consumes nearly 80 percent of tanzanite gems, many participants say they have heard industry reports of tanzanite links to al-Qaeda only recently, and tend to discount them.

QVC Inc. says it has met with its seven tanzanite vendors to make sure they comply with its ethics code, which says QVC won't knowingly deal in gemstones "that originate from a group or a country which engages in illegal, inhumane or terrorist activities. Darlene Daggett, executive vice president of merchandising, says that if tanzanite 'definitively can be linked to terrorist activities, we will not continue to sell it.

Zale Corp. says it has heard "bits and pieces about such a link, but not enough to know if it needs to change procedures. "It comes down to knowing who we do business with and knowing where they get their stones, says spokeswoman Sue Davidson. "But all we really know is what they're telling us. Without some kind of gemstone authorization, certification and tracking system in place, we cannot guarantee that no stone has been smuggled.

Zale CEO Robert DiNicola adds: "If it came to light that there is a problem with tanzanite, we wouldn't deal with it.

Jewelers of America, a retail jewelers' trade group, says it has been focusing on the "far more significant consequences to human life of "blood diamonds, those whose sale helps to fuel African conflicts. "I'm not suggesting we are not willing to look at other connections, but we need more information, says the group's chief executive, Matthew Runci.

Ann Zimmerman contributed to this article.