



*U.S. Department of Justice
United States Attorney John C. Anderson
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PRESS RELEASE

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**FIVE MEN, TWO BUSINESSES CHARGED WITH ILLEGALLY IMPORTING
NATIVE AMERICAN-STYLE GOODS AND SELLING THEM AS AUTHENTIC**

ALBUQUERQUE – Federal law enforcement officials have announced charges against five men and two businesses for conspiracy, smuggling goods into the United States, and misrepresentation of Indian produced goods and products. The charges, which are contained in a five-count indictment, arise from a multi-year scheme to import Native American-style jewelry, arts, and crafts into the United States from the Philippines and sell these goods to customers based on false representations that the merchandise was made by Native Americans.

According to the indictment, which was returned on December 19, 2018, Sterling Islands Inc., located in Albuquerque, N.M., imported Native American-style goods from a factory in the Philippines. These goods were not indelibly marked with the country of origin as required by customs law. The indictment alleges that Jawad Khalaf, 70, of Albuquerque, N.M., is the owner and president of Sterling Islands Inc. Nader Khalaf, 41, of Albuquerque, N.M., is a manager.

As alleged, Al-Zuni Global Jewelers, Inc., a wholesale business in Gallup, N.M., received these illegally imported goods and distributed them to customers. Nashat Khalaf, 71, of Gallup, N.M., is the owner and president of Al-Zuni Global Jewelers, Inc. Zaher Mostafa, 51, of Gallup, N.M., is a manager.

The indictment further charges that on or about August 3, 2012, Nader Khalaf sent an email message to the Philippines ordering Native American-style canteens. This email included a note from Mostafa requesting production. On or about November 24, 2014, Mostafa sold

canteens to a customer that he represented as made by Navajo when the canteens were actually made in the Philippines.

As alleged, on or about July 23, 2013, Nader Khalaf processed an order from Taha Shawar, 47, of Breckenridge, Colo., for jewelry stamped "E.Y." On August 5, 2014, Shawar sold a necklace stamped "E.Y." to customers, claiming the necklace was made by an actual Navajo artist with those initials.

"Native Americans make tremendous contributions to the cultural and artistic heritage of our nation," said New Mexico U.S. Attorney John C. Anderson. "This case demonstrates the Justice Department's commitment to preserving and protecting the rich culture and heritage of New Mexico's Pueblos and Tribes while promoting confidence in New Mexico's native art market."

The U.S. Fish and Wildlife Service is committed to safeguarding the rich culture, art and heritage of Native Americans," said Edward Grace, Acting Assistant Director of the Office of Law Enforcement for the U.S Fish and Wildlife Service. "We will continue to hold to account those who would attempt to sell fraudulent Indian art and craftwork in order to further their business dealings. We thank the U.S. Attorney's Office, Federal Bureau of Investigation, Homeland Security Investigations, U.S. Marshals Service, Drug Enforcement Administration, New Mexico Department of Game and Fish, and Indian Arts and Crafts Board for their assistance with this case."

"People from all over the country come to New Mexico to buy Native American jewelry, and they expect the real thing," said Special Agent in Charge James C. Langenberg of the FBI Albuquerque Division. "When it's not, not only are they cheated, but so are the Native American artists who work hard to preserve their heritage. The FBI and our partners are committed to vigorously investigating and prosecuting the counterfeiters who would threaten one of our country's most precious cultural resources."

"HSI special agents will continue to use their full authority to pursue the criminal organizations responsible for exploiting our tribal lands and cultural patrimony," said Jack P. Staton, Special Agent in Charge of HSI El Paso. "HSI's unique cross-border authority is vital to the success of these investigations and we will continue to work with our federal, tribal, state, and local law enforcement partners to protect the Native American heritage of the pueblos and tribes in New Mexico."

"The Indian Arts and Crafts Board is charged by statute to protect federally recognized American Indian and Alaska Native artists and their creative work through the Indian Arts and Crafts Act, thereby promoting tribal economies and preserving American Indian and Alaska Native cultural traditions," said Indian Arts and Crafts Board Director Meridith Stanton. "The Indian Arts and Crafts Board commends the Office of the U.S. Attorney in the District of New Mexico and the U.S. Fish and Wildlife Service Office of Law Enforcement for their outstanding work on the Al Zuni Indian Arts and Crafts Act investigation to protect the integrity and vitality of authentic Indian art. This is particularly important in New Mexico, which relies on the creation and sale of authentic Indian art and craftwork as an important tourist draw and economic engine."

The defendants face a maximum of 20 years in prison if convicted of the conspiracy and smuggling offenses. They face up to 5 years in prison if convicted of misrepresentation of Indian produced goods and products.

Allegations in indictments are only accusations. Criminal defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

This investigation was led by the Office of Law Enforcement for the Southwest Region of the U.S. Fish and Wildlife Service with assistance from the Albuquerque Division of the FBI, Homeland Security Investigations, the Indian Arts and Crafts Board, the Drug Enforcement Administration, the U.S. Marshals Service, and the New Mexico Department of Game and Fish. Assistant U.S. Attorneys Sean J. Sullivan, Kristopher N. Houghton, and Brandon L. Fyffe are prosecuted the case.

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