



U.S. Department of Justice
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Press Release

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Two men, two businesses plead guilty to selling imported Native American-style goods and products in New Mexico in violation of federal Indian Arts and Crafts Act

ALBUQUERQUE, N.M. – Jawad Khalaf, 72, of Albuquerque, New Mexico, Nashat Khalaf, 73, of Gallup, New Mexico, Sterling Islands, Inc., a wholesale jewelry business in Albuquerque, and Al-Zuni Global Jewelry, Inc., a wholesale jewelry business in Gallup, pleaded guilty in federal court in Albuquerque today to misrepresentation of Indian produced goods and services in an amount greater than \$1000 as part of a scheme to import Native American-style jewelry from the Philippines and sell it to customers in the United States as authentic.

A grand jury previously returned an indictment on Dec. 19, 2018, charging these defendants and three other people with conspiracy, smuggling goods into the United States and misrepresentation of Indian produced goods and products. In pleading guilty, the defendants admitted that on Oct. 28, 2015, they displayed and offered for sale miniature canteens at Al-Zuni Global Jewelry in Gallup. These canteens were not actually Indian-produced but could have reasonably been mistaken for authentic Indian-produced canteens.

“These defendants endeavored to cheapen the cultural heritage of Native American artists by passing off imported trinkets as authentic Indian jewelry,” said U.S. Attorney John C. Anderson. “In so doing, they undermined confidence in New Mexico’s vibrant market for traditional Native artwork. The U.S. Attorney’s Office commends the U.S. Fish and Wildlife Service for leading the investigation of this important case and sending a clear message that federal law enforcement will hold those who exploit Indian cultures and traditions accountable for their offenses.”

“The protection of the rich culture, art and heritage of Native Americans is a priority for the U. S. Fish and Wildlife Service,” said Edward Grace, Assistant Director of the Office of Law Enforcement. “These guilty pleas should serve as a notice to those individuals and businesses that are selling fraudulent Indian art and craftwork in order to further their illegal businesses. We will continue to vigorously investigate those who unlawfully counterfeit this work and steal Native American culture for their own ill-gotten gains. Thank you to our law enforcement partners at the federal, state, local, and tribal agencies that work with us to conserve, protect, and enhance this tradition for all future generations of Native Americans.”

“Tourism plays a vital role in New Mexico’s economy, and visitors need to have confidence when they take home a treasure from Indian Country that they have purchased authentic Indian art and craftwork,” said Meridith Stanton, Director of the Indian Arts and Crafts Board, U.S. Department of the Interior. The Board by statute is responsible for enforcement of the Indian Arts and Crafts Act, which includes criminal penalties for marketing counterfeit Indian art and craftwork, to protect the economic livelihoods of Indian artists and artisans. “The Board commends our colleagues at the Office of the U.S. Attorney for the District of New Mexico and the U.S. Fish and Wildlife Service’s Office of Law Enforcement for their extraordinary dedication, diligence, and commitment in working with us to combat the sale of counterfeit Indian art.”

“One of our nation’s most precious resources is the art and culture of its Native American tribes,” said James C. Langenberg, Special Agent in Charge of the FBI’s Albuquerque Field Office. “The FBI, which has been working closely with our Indian partners for more than a century, is committed to holding accountable those who would enrich themselves by cheating these communities out of their heritage.”

“Homeland Security Investigations is committed to ensuring that those who attempt to profit from selling merchandise misrepresented as Native American works are prosecuted to the fullest extent of the law,” said Erik P. Breitzke, Acting Special Agent in Charge of HSI El Paso. “In coordination with our law enforcement partners, HSI is resolved to protect the cultural heritage of Native American artists and communities in New Mexico.”

“Our state is so rich in its culture and art and these individuals exploited that beauty,” said Sonya K. Chavez, United States Marshal for the District of New Mexico. “This case is a reflection of how law enforcement agencies, at all levels, have collaboratively prioritized the preservation of our New Mexico Native assets.”

“The Department and our officers are proud to have been a part of this multi-jurisdictional prosecution in support of the diverse cultures found in New Mexico,” said Michael Sloane, Director of the New Mexico Department of Game and Fish. “This investigation is an example of the great work that comes from partnerships. We look forward to continued cooperation that benefits all New Mexicans.”

Jawad Khalaf and Nashat Khalaf face a sentence of up to 12 months in prison under the terms of their plea agreements. The corporate defendants, Sterling Islands, Inc. and Al-Zuni Global Jewelry, Inc., have agreed to serve five-year terms of probation. The defendants have also agreed to pay \$300,000 to the Indian Arts and Crafts Board to “promote the economic development of Native Americans and Alaska Natives through the expansion of the Indian arts and crafts market.” The defendants have also agreed to forfeit \$288,738.94 seized by investigators in October 2015.

Jawad Khalaf and Nashat Khalaf will remain out of custody pending sentencing. As part of the negotiated disposition of this case, the prosecution agreed to move to dismiss the pending charges against co-defendants, Nader Khalaf, 45, of Albuquerque, and Zaher Mostafa, 52, of Gallup. Another defendant, Taha Shawar, 49, of Breckenridge, Colorado, remains a fugitive.

The Office of Law Enforcement for the Southwest Region of the U.S. Fish and Wildlife Service led the investigation of this case 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 Jonathon M. Gerson, Sean J. Sullivan, Kristopher N. Houghton, and Stephen R. Kotz are prosecuting the case.

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