

Operation Crash

Operation Crash is an ongoing nationwide criminal investigation led by the U.S. Fish and Wildlife Service that is addressing all aspects of U.S. involvement in the black market rhino horn trade.

The first phase of this probe, which has focused on the unlawful purchase and outbound smuggling of rhino horn from the United States, has resulted in 15 arrests and nine convictions to date.

Charges filed against these defendants include conspiracy, smuggling, money laundering, tax evasion, bribery, and making false documents as well as violations of the Endangered Species Act and Lacey Act (a law that protects wildlife and plants from illegal trafficking).

Eight of those arrested were taken into custody in February 2012 as part of a nationwide “takedown” that involved more than 140 law enforcement officers executing search warrants in 13 States. Successes in 2013 include the arrests and indictments of several other individuals (including Chinese and U.S. antiques dealers) who were operating a second large-scale rhino horn and elephant ivory smuggling network.

Sentencing Summary

- **Michael Slattery:** On January 10, 2014, this Irish national, known to be a member of a crime organization operating out of Ireland, was sentenced to serve 14 months in prison by a Federal judge in Brooklyn, New York, after having pleaded guilty to conspiracy to violate the Lacey Act in connection with rhino horn trafficking. Slattery was also ordered to pay a \$10,000 fine and forfeit \$50,000 in illegal proceeds. He was arrested by Service special agents on September 18, 2013, at Liberty International Airport in Newark, New Jersey, as he was boarding a flight to London. In his plea agreement, he admitted that he and others traveled throughout the United States buying and selling rhino horn.
- **Qing (aka Jeffrey) Wang:** This New York antiques dealer, who was among a group of linked defendants arrested in January and February 2013, pleaded guilty to conspiring to smuggle rhino horn and elephant ivory artifacts out of the United States to Hong Kong in violation of U.S. wildlife protection laws. On December 5, 2013, Wang was sentenced to serve 37 months in Federal prison and three years of supervised release; he was also ordered to forfeit ivory items that remained in his possession.
- **“Jimmy” and Felix Kha:** Between January 2010 and February 2012 (when they were arrested), these Los Angeles businessmen bought up rhino horns valued at as much as \$2.5 million from suppliers across the country so they could export them overseas. Both made payments to Vietnamese customs officials to ensure clearance of horns sent to that country.

In September 2012, each pleaded guilty to five felony counts: conspiracy, smuggling, wildlife trafficking in violation of the Lacey Act, money laundering and tax evasion.

On May 15, 2013, Jimmy Kha and Felix Kha were sentenced to serve 42 months and 46 months in prison; spend 5 and 3 years on supervised release; and pay \$20,000 in criminal fines and a \$185,000 tax penalty and assessment. Both had already abandoned their interest in \$2 million worth of rhino horns and two vehicles seized by investigators to the government.

The judge also ordered that some \$800,000 in cash, gold, jewelry and precious stones that represent profits from rhino trafficking be turned over to the Multinational Species Conservation Fund for use in protecting rhinos in Africa.

Jimmy Kha's company, Win Lee Corporation, was also charged with smuggling and wildlife violations and was sentenced to pay \$100,000 in criminal fines. All fine money will go to the Lacey Act Reward Account in support of wildlife law enforcement efforts.

- **Jin Zhao Feng:** A Chinese national who was also arrested in February 2012, Feng admitted that he tried to smuggle a black rhino horn obtained from the Khas from the United States to China by mail. The horn was concealed in the bottom of a package that was declared to the U.S. Postal Service as containing "handcraft decorations," chocolate and candy.

Feng pleaded guilty to smuggling in Los Angeles on August 29, 2012. In October of that year, he was sentenced to 7 months in prison and was immediately deported after his release.

- **David Hausman:** In February 2012, Service special agents arrested this New York City antiques dealer at his Manhattan residence, where they seized four rhino heads, six black rhino horns, numerous carved and partially carved rhinos horns, fake rhino horns, and \$28,000 in cash. Hausman was engaged in illegally buying and selling rhino horn while offering his services to FWS special agents as an antiques expert who purportedly wanted to help the agency investigate this crime.

In July 2012, Hausman pleaded guilty to obstruction of justice and creating false records. He was sentenced on February 14, 2013, to serve six months in prison and one year of supervised release. He was also ordered to pay a \$10,000 criminal fine and \$18,000 in restitution to the Multinational Species Conservation Fund to support rhino conservation.

- **Shusen Wei:** Chinese business executive Shusen Wei was arrested by Service special agents in February 2013 for paying commissions to another individual to buy rhino horn in the United States and smuggle these items to China. He pleaded guilty in Federal court in Miami to a felony count of smuggling and was sentenced on April 29, 2013, to time served and fined \$5,000.

Other Convictions to Date

- **Zhifei Li:** This defendant, the owner of an antiques business in China, pleaded guilty on December 19, 2013, in Federal court in New Jersey to 11 felony counts (including conspiracy, smuggling, making false documents, and wildlife trafficking) in connection with his orchestration of a black market network that smuggled 30 raw rhino horns and objects made from rhino horn and elephant ivory collectively worth more than \$4.5 million out of the United States to China.

Li was the "boss" of three U.S. antiques dealers, including New York businessman Qiang Wang, whose 37-month prison sentence was noted above. These accomplices made rhino horn

and ivory purchases at Li's direction, buying up both raw horn and ivory and carvings. The trio concealed this contraband by wrapping the objects in duct or electrical tape and (in some cases) hiding them in porcelain vases and shipped the packages to Hong Kong with false customs and shipping documents. In Hong Kong, additional collaborators received the items and re-smuggled them to Li in China, where he sold the raw rhino horns to factories that carved them into fake antiques. The pieces leftover were then "salvaged" for sale in the medicinal trade.

Li was arrested by Service special agents in January 2013 while in Miami to attend an antiques show. His "business" in that city included buying two endangered rhino horns for \$59,000 from an undercover officer in a Miami Beach hotel room. Sentencing will occur in 2014.

- **Jarrold Wade Steffen:** A former Texas rodeo performer, Steffen used money provided by the Khas to buy horns for them. As their major supplier, he purchased and mailed dozens of rhino horns to the pair and made at least 10 trips to California to pick up payments for horns already bought and to collect money for additional purchases. On the last of these trips, he and two travel companions were stopped at the airport in Long Beach; officers recovered \$337,000 from their luggage. On June 14, 2012, Steffen pleaded guilty in Los Angeles to conspiracy, smuggling, wildlife trafficking and money laundering. His sentencing has been postponed multiple times.

Prosecutorial Partners

- Federal prosecutions of defendants in Operation Crash have been, or are being conducted, by:

U.S. Department of Justice's Environmental and Natural Resources Division
U.S. Attorney's Office for the Central District of California
U.S. Attorney's Office for the Southern District of New York
U.S. Attorney's Office for the District of New Jersey
U.S. Attorney's Office for the Southern District of Miami
U.S. Attorney's Office for the Eastern District of Texas
U.S. Attorney's Office for the Western District of Texas

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