

**Testimony of William Woody, Chief, Office of Law Enforcement  
U.S. Fish and Wildlife Service, Department of the Interior  
Before the Senate Committee on Indian Affairs on Modernizing the Indian Arts and Crafts  
Act to Honor Native Identify and Expression**

**July 7, 2017**

**Introduction**

Good afternoon Vice Chairman Udall and Senator Heinrich. I am William Woody, Chief of the Office of Law Enforcement for the U.S. Fish and Wildlife Service (Service), in the Department of the Interior. I appreciate the opportunity to testify before you today on our work to enforce the Indian Arts and Crafts Act (Act) and address fraudulent Native American art and crafts in the United States.

The Office of Law Enforcement's primary responsibility is to focus on significant threats to wildlife resources—illegal trade, unlawful commercial exploitation, habitat destruction, and environmental hazards. The Office of Law Enforcement investigates wildlife crimes; regulates wildlife trade; helps Americans understand and comply with wildlife protection laws; and works in partnership with international, Federal, State, and tribal counterparts to conserve wildlife resources.

The Service's Office of Law Enforcement has a workforce comprised of special agents, conservation law enforcement officers, and wildlife inspectors stationed at ports of entry, regional locations, and field offices across the country, as well as attachés stationed at various embassies around the world. When fully staffed, we have 140 wildlife inspectors and 261 special agents. Our wildlife inspectors work at major ports of entry across the nation to facilitate legal trade in wildlife and wildlife products and check inbound and outbound shipments for illegal wildlife and wildlife products. Service inspectors also utilize seven canine detector dogs to facilitate cargo searches for illegal wildlife and wildlife products. Our special agents conduct complex investigations to detect and document international illegal wildlife trafficking, unlawful destruction and harm of endangered species and other trust species such as migratory birds, and crimes involving the unlawful exploitation of native and foreign species in interstate commerce. Our International Attaché program places special agents in U.S. embassies to investigate international wildlife trafficking, share and coordinate intelligence, expand training programs, provide technical assistance, and work collaboratively with partners in the regions they are stationed. Attaché locations include: Bangkok, Thailand; Dar es Salaam, Tanzania; Gaborone, Botswana; Lima, Peru; Beijing, China; and Libreville, Gabon.

With this technical expertise, investigative capability, and international presence, the Service is uniquely suited within the Department of Interior to enforce the Act. The protection of tribal nations is of the utmost importance to the Department, and safeguarding tribal art and crafts is integral to that mission and vital to the livelihoods and culture of tribal nations. The Service is committed to fulfilling this role on behalf of the Department and in partnership with the Indian Arts and Crafts Board (Board).

Since 2012, the Service has maintained a Memoranda of Agreement with the Board to serve as the enforcement arm of the Department and lead criminal investigations into alleged violations of the Act. The Board provides funding to the Service to cover the salaries of assigned agents, their travel, supplies, equipment, and other needs. These agents are specifically assigned to work cases related to the Act and have led our investigations to date.

### **Operation Al Zuni**

Operation Al Zuni is a multi-year investigation that centered around two organized networks who have been in the Native American jewelry business for years, and who perpetrated an international scheme to illegally sell Filipino-made jewelry as authentic Native-American-made. Through our investigations, we learned that members of both networks established and operated manufacturing facilities in the Philippines for the purpose of replicating and producing Native American-style jewelry and crafts. The items were then exported to business associates in the United States and sold in stores in Albuquerque, Gallup, Santa Fe, and Zuni, NM, and Calistoga, CA as genuine Native American items. The businesses imported Native American-style jewelry with an approximate *declared* value of \$11 million. However, the networks were able to turn a large profit at the retail level on these items, as the value of this jewelry sold as authentic Native American-made items is substantially higher.

Operation Al Zuni is the largest investigation to date into fraudulent Native American jewelry sales under the Act. Over a period of four years, special agents based in the Southwest built the case by collaborating with the Federal Bureau of Investigation (FBI), Homeland Security Investigations (HSI), and our own attaché in Bangkok to visit the manufacturing facilities in the Philippines. Wildlife inspectors and special agents would document and mark the fraudulent jewelry, track the shipment to the final destination in the U.S., and follow it to its distribution and ultimate display in retail locations in New Mexico and California. Our agents were also able to purchase marked fraudulent items through undercover purchases. The Service partnered with numerous state, federal, and foreign agencies throughout the investigation, including on the day of the execution of the search warrants and arrest warrants, when we worked closely with the FBI, HSI, U.S. Marshals Service, Drug Enforcement Administration (DEA), the Bureau of Indian Affairs, New Mexico Department of Game and Fish, California Department of Fish and Wildlife, tribal law enforcement authorities, and the Philippine National Bureau of Investigations.

The investigative activity has been extensive and far-reaching, taking place in New Mexico, Arizona, Texas, California, Colorado, Alaska, Nevada and the Philippines. Our work led to the execution of sixteen search warrants and three arrest warrants with the seizure of approximately \$320,000 in funds, over 200,000 pieces of jewelry, and one vehicle. To date, six of the subjects have been indicted, pending trial. In addition to charges of violating the Act, federal prosecutors have also charged the defendants with violations of federal fraudulent importation, money laundering, wire fraud and mail fraud laws. Through the course of this investigation, other businesses and individuals have been identified but not yet charged.

Those charged to date include Imad Aysheh, formerly of Gallup, NM, and Iyad Aysheh, of Lodi, CA. Imad is the owner and operator of Imad's Jewelry, a jewelry manufacturing business in the

Philippines. Iyad is CEO and agent for IJ Wholesale, Inc., a California corporation that imports jewelry into the United States. The Aysheh family built the international scheme, established the production facilities, sent authentic Native American items to the Philippines to be mass reproduced, and then imported the fraudulent pieces into the U.S. for illegal sale.

Also charged were Nael Ali and Mohammad Abed Manasra, both of Albuquerque, NM; Nedal Aysheh, formerly of Gallup, NM; and Raed Aysheh, of American Canyon, CA. Ali is the owner of two jewelry stores, Gallery 8 and Galleria Azul, in Albuquerque's Old Town that purport to specialize in the sale of Native American jewelry. Manasra is a wholesaler of Native American jewelry, and Raed and Nedal are partners managing Golden Bear & Legacy, LLC, a retail store in Calistoga, CA that specializes in Native American-style jewelry. These individuals distributed and sold the jewelry that was made in the Philippines and transported to the U.S. by the Aysheh family.

As a result of the actions taken in this investigation, numerous business and networks identified throughout this case have either discontinued the production and importation of fraudulent Native American jewelry, or changed their business practices to include properly labeling items with the country of origin.

### **Scope of the Problem**

Despite the successful results of Operation Al Zuni, we believe we have just scratched the surface of the illegal activity occurring in the southwestern United States, and across the country. As evidenced by the 2011 Indian Arts and Crafts GAO report, there is much more that can be done to enforce the Act. In addition, our investigative work has shown that there is a significant presence of fraudulent Native American jewelry for sale in retail stores in the four-corners region of the Southwest. This influx of fraudulent jewelry drives legitimate Native American artists out of a flooded market and in some cases forces them to cooperate with the distributors in order to maintain a livelihood. Further, our investigation has only examined markets for fraudulent jewelry. We have not begun to take a comprehensive look into the markets for other Native American items in the Southwest, including pottery, paintings, blankets, etc., where there is likely similar fraudulent activity that is occurring.

Furthermore, we believe this is not just a problem for the markets in the Southwest. Other locations across the country that have high volume sales for tourists and visitors are prime targets for illegal activity to sell fraudulent Native American art and crafts. We have seen evidence to that effect. The Service has built cases in Alaska and Hawaii, with very similar circumstances involving areas with high tourist sales, but involving different types of art. They help exemplify and illustrate the potential scope and geographic reach of this illegal activity.

In southeast Alaska, the Service began an investigation in May 2014 based on complaints from tourists regarding the illegal misrepresentation of bone art carvings as genuine Alaska Native products. Our investigation found that the products were actually made by local non-native carvers and were being fraudulently labeled as genuine Alaska Native products. Charges were filed against four business owners and one employee for violations of the Act. These resulted in four convictions, thousands of dollars in fines and restitution, and twelve years of combined probation.

In Hawaii, our investigations took a slightly different turn in that we found fraudulent Native American art and crafts being made with illegal wildlife products. As part of a joint undercover investigation with the National Oceanic and Atmospheric Administration from 2013 to 2015, the Service uncovered a smuggling ring in Honolulu run through Hawaiian Accessories, Inc. The company was found to be selling illegally acquired ivory, bone, and coral carvings and jewelry made from whale, walrus, black coral and other wildlife. The illegal wildlife products were sent to the Philippines to be carved and then smuggled back to Hawaii to be sold and fraudulently labeled as genuine Hawaiian-made products. As a result of our investigation, the president of Hawaiian Accessories, Inc. and several employees were sentenced for felony charges of conspiracy, smuggling wildlife into and out of the U.S., and violations of the Lacey Act.

Another area of concern uncovered by our investigations is individual, high profile artists utilizing false tribal affiliations. These artists promote a fraudulent cultural standing within the Native art community and take lucrative art show slots away from legitimate Native artists. For example, in response to a complaint to the Board, the Service investigated an individual for utilizing a fraudulent tribal identification card to sell his Indian artwork at fairs and on-line. Our investigation, which included an undercover buy, confirmed that Terry Lee Whetstone, of Odessa, MO was using a fraudulent Cherokee Nation of Oklahoma enrollment card in conjunction with the sale of his products. The Cherokee Nation verified that Terry Lee Whetstone is not a citizen of the Cherokee Nation. Whetstone pled guilty and was sentenced to three years of probation in 2015.

### **Conclusion**

Investigations conducted by Service special agents, specifically Operation Al Zuni, have been very successful in enforcing the Indian Arts and Crafts Act and finally bringing criminals who have illegally sold fraudulent Native American art for years to justice. However, the scope of the problem is far larger than expected. The U.S. Fish and Wildlife Service has established a strong partnership with the Indian Arts and Crafts Board to enforce the Act, educate consumers about the issue of fraudulent art, and deter further illegal activity. The protection of tribal nations is of the utmost importance to the Department of the Interior, and safeguarding tribal art and crafts is integral to that mission and vital to the livelihoods and culture of tribal nations. The Service is committed to continuing this important work and looks forward to working with you to raise awareness of the issue and improve implementation of the Indian Arts and Crafts Act.