

**THE EXPLOITATION OF CULTURAL  
PROPERTY: EXAMINING ILLICIT  
ACTIVITY IN THE ANTIQUITIES  
AND ART TRADE**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON TERRORISM  
AND ILLICIT FINANCE  
OF THE  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTEENTH CONGRESS  
FIRST SESSION

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# **THE EXPLOITATION OF CULTURAL PROPERTY: EXAMINING ILLICIT ACTIVITY IN THE ANTIQUITIES AND ART TRADE**

**Friday, June 23, 2017**

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TERRORISM  
AND ILLICIT FINANCE,  
COMMITTEE ON FINANCIAL SERVICES,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:15 a.m., in room 2128, Rayburn House Office Building, Hon. Stevan Pearce [chairman of the subcommittee] presiding.

Members present: Representatives Pearce, Pittenger, Rothfus, Messer, Tipton, Poliquin, Hill, Emmer, Zeldin, Davidson; Perlmutter, Maloney, Himes, Foster, Kildee, Sinema, Vargas, Gottheimer, and Kihuen.

Also present: Representative Royce.

Chairman PEARCE. The Subcommittee on Terrorism and Illicit Finance will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of the Subcommittee on Terrorism and Illicit Finance may participate in today's hearing.

Today's hearing is entitled, "The Exploitation of Cultural Property: Examining Illicit Activity in the Antiquities and Art Trade."

I now recognize myself for 2 minutes to give an opening statement.

Most of the statement is going to be simply presented into the record, but just to talk about the nature of the sale of historical artifacts, archaeological artifacts—the ISIS groups are now destroying entire cultural properties and putting them on the market for sale. Many times, the money goes into terrorism. That is what we are here to discuss today. The rest of my statement will be just printed into the record.

I now yield 2 minutes to the gentleman from Colorado, Mr. Perlmutter.

Mr. PERLMUTTER. Thanks, Mr. Chairman.

History has shown that art and cultural antiquities have always been trafficked due to their value. Trafficked. Trafficked. Sorry. Trafficked. Due to their value. Sorry about that. I am going to start over.

Is that okay, Mr. Chairman? Can I start that over?

Chairman PEARCE. I will yield you an additional 5 minutes. It looks like you are going to take them.

Mr. PERLMUTTER. In fact, I am on TV.

History has shown that art and cultural antiquities have always been trafficked due to their value. The Nazis famously stole countless works of art during World War II, which will never fully be recovered. We know that war and chaos create instability and an environment where cultural heritage sites and antiquities are easily pillaged.

According to INTERPOL, the black market in works of art is becoming as lucrative as those for drugs, weapons, and counterfeit goods. Evidence suggests some 50,000 to 100,000 works of art are stolen each year worldwide. Not surprisingly, only about 10 percent of stolen art is recovered, and successful prosecution occurs even less frequently. We must give credit to U.S. law enforcement agencies which, from all accounts, appear to be working collaboratively with each other as well as international bodies in the private sector to address this problem.

I would hope that the U.S. Government continues to make the prevention of illegal trafficking of art a priority and encourages strong interagency efforts. Some of the questions I hope we can answer today are: How can we better regulate marketplaces where these valuable pieces of art are exchanged? Who are the buyers of stolen art, and how can we track them better? What steps can be taken to better safeguard works of art and vulnerable cultural sites? And how are funds related to these antiquities being used to underwrite terrorist organizations?

I look forward to learning more from our witnesses, and I yield back, Mr. Chairman.

Chairman PEARCE. The Chair yields 1 minute to the gentleman from North Carolina, Mr. Pittenger.

Mr. PITTENGER. Mr. Chairman, and Mr. Ranking Member, thank you for hosting this important hearing today relative to the illicit antiquities trade and how it funds terror.

As you know, last year the Task Force to Investigate Terrorism Financing held a similar hearing on this matter. And I am pleased that our new subcommittee is continuing our work on this issue.

The United States Government must posture strongly against any and all financing methods for ISIS. Antiquities trafficking is no exception. Not only does this practice provide ISIS with a steady stream of material support, but it also devastates priceless historical locations throughout Iraq and Syria. We must create an enforcement and an investigative structure that fits to the antiquities industry and that is strong enough to impact ISIS resourcing.

Mr. Chairman, I look forward to working with you and your staff to promote an effective sanctions policy that puts an end to ISIS and its usage of antiquities trafficking to fund terror.

I yield back.

Chairman PEARCE. The gentleman's time has expired.

Today, we welcome the testimony of our witnesses. First, we have Ms. Alyson Grunder. Ms. Grunder is the Deputy Assistant Secretary for Policy in the Bureau of Educational and Cultural Affairs at the U.S. Department of State. Ms. Grunder is a veteran



foreign service officer with 26 years of experience in policy formulation and advancement through bilateral and multilateral engagement, international program development and management grants, and budget oversight and evaluation performance measures. From 2014 to 2015, Ms. Grunder served as Minister Counselor for Public Affairs at the U.S. Embassy in Baghdad, leading the mission strategic communications in public diplomacy outreach efforts in the wake of the 2014 incursions of ISIS into Iraq and Syria.

Dr. Brian Daniels is a Research Associate at the Smithsonian Institution, where he pursues his scholarly work about cultural property protection, the antiquities trade, and the intentional destruction of cultural and religious sites during conflict. Dr. Daniels is also the Director of Research and Programs for the Penn Cultural Heritage Center at the University of Pennsylvania Museum. Also, he is concerned with the preservation of indigenous heritage, and has worked for over 18 years with Native American communities in the United States on issues related to political sovereignty, cultural repatriation, and heritage preservation. Dr. Daniels holds a Ph.D. in anthropology and history from the University of Pennsylvania; an M.A. in history from the University of Pennsylvania; and a B.A. and an M.A. in anthropology from San Francisco State University.

Mr. Raymond Villanueva is the Assistant Director for International Operations, U.S. Immigration and Customs Enforcement, Homeland Security Investigations, U.S. Department of Homeland Security. He is responsible for a budget of more than \$160 million and the operation and oversight of 62 offices in 46 countries, 8 Department of Defense liaison offices with over 400 personnel. Mr. Villanueva has served in numerous key positions, including group supervisor for the Financial Crimes and Asset Forfeiture and Removal Group in Buffalo, New York; section chief for the Illicit Finance and Proceeds of Crime Unit in Washington, D.C.; unit chief for the Trade Transparency Unit in Washington, D.C.; assistant special counsel agent in charge for the San Juan office; and most recently, deputy assistant director for HSI International Operations.

Each of you is going to be recognized for 5 minutes to give an oral presentation of your testimony. And without objection, each of your written statements will be made a part of the record.

Ms. Grunder, you are now recognized for 5 minutes.

**STATEMENT OF ALYSON GRUNDER, DEPUTY ASSISTANT SECRETARY FOR POLICY, BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, U.S. DEPARTMENT OF STATE**

Ms. GRUNDER. Thank you, Chairman Pearce, Ranking Member Perlmutter, and members of the Subcommittee on Terrorism and Illicit Finance, for inviting me and my colleagues from DHS and the Smithsonian to testify this morning on the topic of illicit trade in cultural property by terrorists and criminal groups.

Earlier, I submitted detailed written testimony on the State Department's efforts over decades to reduce the pillage and trafficking of cultural property. This work is mandated by multiple U.S. laws and U.N. conventions related to cultural property protection.

The Bureau of Educational and Cultural Affairs, or ECA, has the lead on cultural heritage protection and preservation for the State Department through its Cultural Heritage Center.

The 1983 Convention on Cultural Property Implementation Act, or CPIA for short, implements obligations of the United States under the 1970 UNESCO Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. The CPIA provides a general legal framework by which the United States Government can combat pillage and trafficking of cultural property through bilateral agreements. These agreements or memoranda of understanding impose import restrictions on certain categories of archaeological and ethnological material determined to be in jeopardy of pillage.

Import restrictions are intended to reduce incentives for looting and trafficking by keeping looted material out of the U.S. art and antiquities market, which is the world's largest. To date, pursuant to the CPIA, we have concluded bilateral agreements with 16 countries and implemented import restrictions on an emergency basis, pursuant to legislation enacted by Congress in 2004 and 2016, respectively, for Iraq and Syria.

In addition to negotiating bilateral agreements to protect cultural property, the State Department serves a coordinating role for the interagency. We convene the Cultural Heritage Coordinating Committee, or CHCC, consistent with the sense of Congress in the 2016 Protect and Preserve International Cultural Property Act and chaired by the ECA assistant secretary. The CHCC includes senior representatives from the Departments of Homeland Security, Interior, Defense, and Justice, including the FBI, as well as the Smithsonian Institution.

ECA also chairs the Cultural Antiquities Task Force, or CATF, established by the Department in 2004 at the direction of Congress, and now a working group of the CHCC. Originally charged with responding to looting in Iraq and Afghanistan, its mandate has been expanded to combat antiquities traffic and looting of archaeological sites around the world by identifying and supporting effective law enforcement, as well as diplomatic and training programs.

CATF concluded its most recent program, a training for 25 Customs and Border Patrol and Immigration and Customs Enforcement agents in April of this year, which included a full day at the Smithsonian's Museum Conservation Institute, where these agents had hands-on exposure to the cultural property and artifacts that are typically trafficked.

With our interagency colleagues, the State Department has also been active in international fora on cultural heritage matters. March was a banner month for cultural heritage protection with the unanimous adoption and U.S. cosponsorship of U.N. Security Council Resolution 2347, the first Security Council resolution devoted to cultural heritage protection in conflict situations.

In addition, Acting Under Secretary for Public Diplomacy and Public Affairs Bruce Wharton led the U.S. delegation to the first G7 Cultural Ministerial in Florence, Italy, which was an important meeting of significant market countries at which cooperation on cultural heritage preservation was a primary topic of discussion.

Yet the destruction of cultural patrimony at the hands of terrorists continues. For more than 800 years, the al-Nuri mosque, with its distinctive leaning minaret, stood as a testament to the cultural heritage of the city of Mosul in Iraq. This week, ISIS blew up the mosque and its famous minaret destroying these ancient edifices in an instant.

We strongly condemn this despicable act, which only further proves that the terrorists have no respect for Iraq's identity, culture, and religion. The United States will continue to stand with the Iraqi people, the free people of Syria, and our partners around the world in our shared fight against ISIS until it is defeated.

I am happy to answer any questions that you may have.

[The prepared statement of Ms. Grunder can be found on page 28 of the appendix.]

Chairman PEARCE. Thank you very much.

Dr. Daniels, you are now recognized for 5 minutes.

**STATEMENT OF BRIAN I. DANIELS, RESEARCH ASSOCIATE,  
SMITHSONIAN INSTITUTION**

Mr. DANIELS. Chairman Pearce, Ranking Member Perlmutter, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to discuss criminal and terrorist groups' use of the illicit antiquities trade. I study the subject as a Research Associate at the Smithsonian Institution, and I would like to highlight a few key points from my submitted testimony.

There is now growing concern and compelling evidence that archaeological site looting is implicated in the financing of organized criminal activity and other terrorist networks. It is my view that these developments may represent a recent innovation and a restructuring of the overall antiquities and art trade.

For much of the past 50 years, the illicit antiquities trade has involved regional networks of looters, intermediaries who purchase from looters, distributors who purchase from intermediaries, and collectors in the United States and Western Europe. These networks assert as stable, hierarchical, and functional multi-decade supply chains. Existing laws in the United States, such as the Convention on Cultural Property Implementation Act of 1983, and current law enforcement responses are oriented toward identifying, forfeiting, and repatriating artifacts that are traded through these illicit networks.

In recent years, reports have linked criminal and terrorist groups to antiquities sales more directly. Some of these accounts are more credible than others. Commentators have implicated members of the Haqqani Network, which is allied with the Taliban and al-Qaida, in collecting protection money from traffickers moving looted artifacts from Afghanistan into Pakistan.

There have also been suggestions of links between the insurgency following the second Gulf War and the illicit antiquities trade in Iraq. Archaeological site looting began early in the Syrian civil war and has been widespread in regions under the control of the Assad regime and in areas held by various rebel groups.

Since 2014, more attention has been given to the activities of Daesh in Syria and Iraq. Although media stories have attributed

Daesh's income from the illicit antiquities trade to monetary figures that strain all reasonable belief, this hype should not distract us from the fact that looted antiquities have been found in the possession of Daesh leaders and militants with documentation about their direct involvement in the trade.

Additionally, in late 2016, the Italian Government confirmed that Daesh had expanded its organized looting activity into Libya as part of a collaborative enterprise with the Calabrian mafia.

How might traditional supply chains for the antiquities trade change in response to the interest of criminal and terrorist groups? We would expect the looters to remain the same but the intermediaries purchasing antiquities from those looters to be different. These buyers are likely to be opportunistic and to treat antiquities as a resource similar to other illicitly trafficked conflict resources, such as diamonds, oil, and coltan. We would also anticipate that their participation would vary according to the underlying market value of the antiquities, access to distributors, collector demand, and the perceived and actual success of international efforts to restrict the sale of illicitly trafficked antiquities on legal art markets.

It is also important to note that the association between archaeological site looting and criminal groups is not only an international problem. In the United States, Native American archaeological sites are targeted by looters, particularly in the Southwest, who are searching for pottery and other materials for sale to intermediaries.

At the border of Oregon and California where I conduct an archaeological project, recent prosecutions broke up a criminal gang selling methamphetamines and looted archaeological material. At present, we do not have sufficient consultation with Tribal communities or the basic research completed to understand how these domestic illicit networks might operate in a transnational context.

In summary, there is good reason to suspect that the illicit antiquities trade is going through a reconfiguration that involves the integration of organized criminal networks and terrorist groups. Unlike the more traditional illicit antiquities trade, which archaeologists have known well, these developments require additional study and interdisciplinary collaboration with criminologists and political scientists, who are more familiar with research about illicit criminal networks and terrorists.

In an effort to develop precisely these collaborations, a group of 15 U.S. international universities and museums came together to form the Conflict Culture Research Network. I coordinate this project, and the National Science Foundation supported its planning. Our knowledge about the illicit antiquities trade, as well as the amount of funding earned by criminal and terrorist actors from it, will only improve as additional research is done.

I am happy to answer any questions you may have. Thank you very much.

[The prepared statement of Dr. Daniels can be found on page 24 of the appendix.]

Chairman PEARCE. Thank you, Dr. Daniels.

And Mr. Villanueva, you are now recognized for 5 minutes.

**STATEMENT OF RAYMOND VILLANUEVA, ASSISTANT DIRECTOR FOR INTERNATIONAL OPERATIONS, U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT, HOMELAND SECURITY INVESTIGATIONS, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. VILLANUEVA. Good morning, Chairman Pearce, Ranking Member Perlmutter, and distinguished members of the subcommittee. Thank you for the opportunity to appear before you today to discuss Immigration and Customs Enforcement Homeland Security Investigations', what we refer to as efforts to protect cultural property, art, and antiquities, and to mitigate their trafficking both into and out of the United States.

Before I move any further, the men and women of ICE extend our best wishes and stand with the Members of Congress as our Nation was confronted with the awful occurrence last week.

This morning, I would like to describe HSI's cultural property, arts, and antiquities efforts, also known as our CPAA program, and discuss the important collaboration with our partners on this issue. Lastly, I would like to highlight some of our cultural property cases.

I am often asked, why is HSI involved with CPAA? There are a couple of reasons for that. Federal customs law prohibits smuggling and trafficking of all merchandise to include CPAA. Additionally, HSI's border authority provides us with a responsibility and the unique tools to take a lead role in investigating crimes involving the import, export, and distribution of stolen or looted cultural property.

As the largest investigative agency within DHS, HSI works with Tribal, Federal, State, and local law enforcement, private institutions, intergovernmental organizations, and foreign governments on these cases. We also work with the Department of Justice and other competent authorities to prosecute the individuals and organizations responsible for these crimes.

To ensure the appropriate effort on investigating these crimes, we established the CPAA program based in our Office of International Operations. The program has a three-part mission. The first one is training and education. As Ms. Grunder mentioned, we actually partner with the Department of State, and the Smithsonian Institution, and we have trained more than 400 law enforcement professionals, including HSI special agents; Customs and Border Protection, or CBP officers; prosecutors; interagency partners; and foreign law enforcement officers on the preservation, protection, and investigation of cultural property.

The second one is investigations support. The CPAA program helps identify subject matter experts to authenticate items that might have cultural and religious significance and acts as a liaison to the INTERPOL, FBI, and other law enforcement agencies. Through the program, we support over 6,000 special agents, HSI special agents, in more than 200 domestic offices throughout the United States. But we also work through our network of international offices at 67 embassies and consular offices throughout the world where our investigators collaborate with partners, such as the Carabinieri Tutela del Patrimonio Culturale, which is Italy's force responsible for combatting arts and antiquities crimes.

And third is the repatriation. The CPAA program facilitates the legal forfeiture process and eventual repatriation of cultural items seized as a result of HSI investigations to the rightful owners. Whether through a simple exchange, or a grand ceremony held at the embassies here in Washington, D.C., these events highlight the stories behind the objects themselves as well as the women and men who brought the criminals to justice.

Since 2007, HSI, in coordination with CBP, the Department of State has returned more than 8,000 historical objects or artifacts to more than 30 countries around the world. One of our largest cultural property efforts is Operation Hidden Idols led by one of our two specialized teams located in New York and Los Angeles. The case began in 2007 out of our New York team and has resulted in the seizure of over 3,000 artifacts, 6 arrests, 5 convictions, and the execution of more than 50 search warrants.

Thank you again for the opportunity to testify, and for your continued support not only of HSI but of the law enforcement mission as a whole. We remain committed to working with this committee and our partners to mitigate the trafficking of cultural property, regardless of the source.

And finally, I would like to direct your attention to the pictures that provide some examples of the incredible pieces of history we have seized and properly returned. Thank you very much, and I will be happy to answer any questions you may have.

[The prepared statement of Mr. Villanueva can be found on page 39 of the appendix.]

Chairman PEARCE. Thank you, Mr. Villanueva.

I now yield myself 5 minutes for questions.

So if I were going to make this more personal, to give the example of, about 5 years ago I received a call from a good friend of mine who was one of the officers in one of the Tribes in New Mexico. While surfing the internet, he had come across a mask, a cultural mask that had come from his Tribe 150, 200 years before, and so he went online and bought it. About \$23,000, I think was the purchase price. There was a second one in the next lot. Being on an Indian reservation, the internet went down and he missed the second one.

Now, his description to me about the effect is what really caught my attention, that he and his wife had lost a child in childbirth, and he said when the internet went down, losing that second article was equivalent, and made him feel as bad as when he lost the child in childbirth. So then it began to penetrate that we need to be doing more.

So, Mr. Villanueva, how long does it take to track and prosecute a case, just a simple case, just roughly? And we have a lot of questions here, so—

Mr. VILLANUEVA. Sir, thank you for the question. All cases are different. We look at cases on a case-by-case basis. These cases, when we talk about cultural property, arts and antiquities, and following the explanation of Dr. Daniels, which is very pointed, these organizations are extremely compartmentalized from the looters to the intermediaries, and they can be quite complicated.

Chairman PEARCE. Complicated in years, is kind of what I want to hear.

Now, say the top left artifact there, what is the value on that?

Mr. VILLANUEVA. Sir, as far as the values, I have to say we do use a value system, but it is actually for the legal side of it, whether we are going to do—

Chairman PEARCE. I understand. I am trying to get to the incentive. What is the financial incentive?

Dr. Daniels, do you have an opinion about what something like that would cost on the black market?

Mr. DANIELS. It depends on which level of the market that it is actually being trafficked. An object like that at the top left might be worth in the tens of thousands of dollars on the black market.

Chairman PEARCE. Okay. So you have, basically, rights and title. Once the thing is in trade back and forth, it can stay in trade in a particular market for years. Is there any way to regulate that particular transfer back and forth? Is it being regulated now?

And, Mr. Villanueva, and I would guess that Ms. Grunder, you may have an opinion on this.

Mr. VILLANUEVA. Do you mind repeating the question, sir?

Chairman PEARCE. Yes. So once an article has been acquired and sold into a market, it can then be traded back and forth between collectors who know each other and never leave the country. Is there any way to regulate that chain of ownership right now?

Mr. VILLANUEVA. So if that piece was actually imported into the United States—

Chairman PEARCE. No, I didn't say that. If it just stays out there circulating in a country, no way to track—people are actually identifying it, they are insuring it, they put it on their inventory, but there is no way to track it, is there?

Mr. VILLANUEVA. To your point, you are absolutely correct. If the piece is outside of the United States, our ability to track that as U.S. law enforcement is limited. We then rely on the art markets, the vendors, and the supply chain to notify law enforcement of the existence of the piece. But to your point, sir, you are correct.

Chairman PEARCE. Ms. Grunder, very quickly, if you could address that, if you have an opinion.

Ms. GRUNDER. Primarily in the area of training and building awareness of the illicit trade, and we work very closely with DHS on that sort of activity.

Chairman PEARCE. Okay. So the stimulation is always money, right? I read your testimony, and we are talking about focusing on repatriation. Sometimes we focus on prosecution, but it seems to me that the better—just my perspective—way is to affect the value.

So I imagine that open sourcing, just people out there who are aware that a property is being destroyed and taken, if they had some way to enter into a database, block chain analysis or whatever it is, that this—we see this property being taken, they are not even in the product distribution, anything like that, but then you can imagine that if we appeal to the collectors, surely one out of 100 would have some sort of moral sense that, I just can't let it go by that, I have been approached to buy something I think is illegal. They just enter that into the system, the system begins to identify, just maybe scattered here, there, down the future 5 years, ooh, here it is again. Now we see that somebody reported it back here.

It surfaced briefly here, it is there, but each one of those identification points drives the value down.

If you can affect the value, people are less likely to get in. If they don't think they can get their million bucks back, they are not going to put a million bucks into a very significant piece. So I just think that we have to be thinking at least in some way to interdict the value. That is going to be much easier than the prosecution; it is going to be much easier than the inventory tracking. So let's think more about it.

My time has expired. I recognize the gentleman from Colorado, Mr. Perlmutter, for 5 minutes.

Mr. PERLMUTTER. Thanks, Mr. Chairman.

My experience with all of this comes mostly from watching TV, "Madam Secretary" and the different episodes they have had on stolen art and the destruction of antiquities and that kind of stuff. So I apologize for not really understanding this.

Dr. Daniels, there are a couple of sentences in your testimony today that I would just like to inquire about a little bit more so that we actually understand, to the best of our ability, how this works, how eventually, from these antiquities, from the art works, from the artifacts, somebody gets money to do bad things around the world. So first, the theft is bad, and then they underwrite activities that are detrimental to America.

So you talked about your workshop that you conducted back in 2014 before Daesh advanced into Syria. And you say we learn more about the cultural risks of the professionals who are trying to study these antiquities. I would like to know a little more about that. Then you talk about Daesh, what they did was they had a tax, in effect, across the territory where they allowed looters to come in to a particular area, take stuff, and then there was a 20 percent tax. I would like to know a little more about that.

And then during your testimony and in your report, you say that, "nevertheless, such hype should not distract us," and I want to know what you meant by that. So if you would, sir.

Mr. DANIELS. Thank you very much. Let me take the first question about the workshop that we held in 2014 in southern Turkey. That particular workshop gathered together a group of Syrian cultural heritage professionals in areas outside of the control of the Assad regime who were caught in the conflict and caught in the crossfire and deeply concerned with preserving cultural property under their jurisdiction in those areas. It was primarily focused on archaeological sites in northwestern Syria and in museums and mosaics in what we call the Dead City area.

And what we learned from them was they were deeply concerned about extremism. They were deeply concerned about entities such as Daesh, but they were also very concerned about barrel bombs by the Assad regime, and this was their primary concern about how they could protect collections from aerial bombardment. And this is in large measure what our discussions actually focused on in that context.

As far as the tax that we learned about that was being conducted, the 20 percent tax, it was variable according to area and the type of artifact that was actually discovered. That was something that appeared to be a new innovation in terms of organized



and systematized looting. I understand that the committee has been briefed by the FBI on developments subsequent to 2014, in particular regard to the Abu Sayyaf raid. And what this really represented was an organized way for a criminal and terrorist organization to benefit from the antiquities trade in ways that—

Mr. PERLMUTTER. So let me just stop you, because I am trying to figure that out. So did somebody from Daesh hire an art appraiser to say, okay, this is what this stuff is worth, and then did the Daesh militants, whomever they were, the ISIS folks, say to the looters, okay, we have appraised this, and you are going to pay us 20 percent, you can take it?

Mr. DANIELS. Generally speaking, they impressed archaeologists and other cultural heritage professionals into their service.

Mr. PERLMUTTER. Okay. To appraise it?

Mr. DANIELS. To appraise.

Mr. PERLMUTTER. All right.

Mr. DANIELS. And so when I mention the “hype” in my remarks, one of the concerns that we have in the archaeological community is speculation about how much an entity like Daesh or any other terrorist organization actually earns from the illicit antiquities trade. I have been in fora both in the United States and internationally where numbers such as \$600 million or \$2 billion have been floated. That strains my imagination.

Mr. PERLMUTTER. Okay.

Mr. DANIELS. And I think that it is incumbent upon us as archaeologists who research this to be circumspect in the kinds of claims that we make, because it is such a strong claim to talk about the looting of antiquities and the market. And so we need to be realistic about the kinds of monetary figures that we share with Members of Congress and other policymakers such as yourselves.

Mr. PERLMUTTER. All right. Thank you.

And I yield back, Mr. Chairman.

Chairman PEARCE. The gentleman’s time has expired.

The gentleman from Colorado—or from North Carolina, Mr. Pittenger, is recognized.

Mr. PITTENGER. Thank you, Mr. Chairman. I do like Colorado.

I thank each of you for being with us today and for your expertise that you offer our committee.

I would like to know what Congress can do and what more can be done to strengthen our sanctions laws or any policy tools that we could pursue to ensure that we can put an end to Daesh and its antiquities trade. Who would like to comment on that? Don’t fight over it now.

Ms. GRUNDER. Thank you, Congressman Pittenger. We welcome the engagement of Congress in this really important issue, and I just wanted to add to the comments of Dr. Daniels. The exploitation of cultural property by terrorist groups like ISIS is dual-edged, and we just can’t underestimate the terror value of blowing up and destroying these sites.

Mr. PITTENGER. I appreciate that. What I need to find out, though, is whether there is anything more we can be doing in Congress to facilitate our capabilities?

Ms. GRUNDER. As you know, we set up the Cultural Heritage Coordinating Committee in response to the sense of Congress from

last summer's legislation, and we are going forward with that very senior coordinating body to strengthen our enforcement as much as possible.

Mr. DANIELS. Sir, to your question, to date, we have treated the antiquities trade primarily as a problem of trade and import restrictions to reduce the incentives to loot and also access to U.S. markets for those looted materials. That is an important first step.

But to date, there has not been any really creative thinking about how we would address the issue of antiquities looting around financial crimes. And there hasn't been the kind of conversation about what laws or policies would actually look like at that nexus.

Mr. PITTENGER. I would like to delve into technology. What technology is being used right now to address this illicit trafficking that—you are aware of the image recognition. Are varnish solutions applied to certain objects? Are we sophisticated enough in our technology or are we adequate or do we have capabilities there?

Mr. DANIELS. Image recognition software to date is primarily based on facial recognition and shadows as a technology, and, unfortunately, those kinds of technologies don't actually translate well to flat surfaces like pottery. And so we are not quite at that level of technical sophistication to really kind of make an app for that as it were.

Mr. PITTENGER. How about trade-based money laundering, does this enter in—do they use trade-based money laundering as a means to transfer these objects?

Mr. VILLANUEVA. Sir, from the trade-based money laundering perspective, it will take money from an illicit source to buy a commodity and then ship that commodity across international boundaries. So, yes, it is very possible that it is something that could happen.

Mr. PITTENGER. The subterfuge of shipping out something from one country to another—

Mr. VILLANUEVA. Absolutely. And you are changing the shape of the money, the cash, into a commodity, shipping the commodity, selling that commodity, and, therefore, laundering illicit funds, so it is a possibility. We have the trade transparency unit, which is one of my old jobs that dedicates their time and effort 100 percent to pursue trade-based money laundering by working with the customs administrations of the world in exchanging trade data to do that type of work. So it's something that we, in law enforcement, are looking at, and it is very possible, sir.

Mr. PITTENGER. Do we need to strengthen our capabilities in terms of TBML? And other countries, are they collaborating with us? Do you see a commitment, in terms of our partners, in being able to have the technology and the commitment to oversee TBML?

Mr. VILLANUEVA. Yes, sir, we do. We work very well with the international community. A little bit of a difference that sometimes we encounter is that some customs administration, they are not law enforcement, where in the United States we carry a law enforcement mission, but then we work with the national police force and the customs administration, so there is a good partnership. There is many countries that are willing to work with us under the customs mutual assistance agreements that are in place throughout the world.

Mr. PITTENGER. Okay. My time is about up. Thank you so much. I yield back.

Chairman PEARCE. The gentleman's time has expired.

The Chair now recognizes the gentleman from Illinois, Mr. Foster.

Mr. FOSTER. Thank you. Thank you to everyone here. It is a very tragic subject.

I was wondering, what is the rough fraction of, say, Daesh's secondary market in terms of regions of the world: Western Europe; Asia; the Gulf states and other Arab states; and North America, just in rough terms? And are there trends in that? How effective have we been, for example, in Western Europe and North America to at least restrict purchases to well-documented, things that have been documented to be in museums and then disappear, and as well as items that were lifted out of the ground without documentation at all in the last couple of years?

Mr. DANIELS. Sir, I think that the short answer to that question is that, generally speaking, in a conflict-looting environment, our research to date suggests that it takes 6 to 9 years for the antiquities themselves to surface publicly at the sort of end stage of the distribution node.

What we do know about the antiquities that we have seen looted from Syria, more broadly, that are not at the moment possible to link to Daesh itself, is that they are generally being transshipped through Southeast Asia and through countries such as Singapore, Indonesia, and Thailand, and then back to markets in Western Europe.

Western Europe predated the United States in placing import restrictions on looted material from Syria. The European Union was very quick on this particular issue, and Germany very much so has been very focused on clamping down this kind of trade.

So we are not, at the moment, able to actually parse out in strict percentages where, say, Daesh's material is specifically going to different market countries and market destinations. What we can say is that we suspect that this material is in the pipeline, again, from transshipment records that we have seen from Southeast Asia.

We can also suspect that, as Ms. Grunder mentioned, the United States is the largest art market nation. Other significant art market nations include China, Russia, the Gulf states, Saudi Arabia, Qatar, and the Emirates. And so our suspicion is that we may see some kind of restructuring as these materials begin to surface, and they may not necessarily appear in, say, Western Europe as we might have typically expected, say, after the Iraq war.

Mr. FOSTER. Certainly in the traditional modern and more modern art markets, China is a huge player and Asia generally. It would not be surprising to find them equally large.

So we have no way of even guessing the percentage of stuff that is transshipped to Southeast Asia and then doesn't even head for North America?

Mr. DANIELS. Sir, at the moment we have not actually been able to review the transshipment records from a research perspective, and I really don't know the extent to which there may be ongoing law enforcement investigations in the United States on that subject.

Mr. FOSTER. How important is the documentation of an artifact to its value on the secondary market?

Mr. DANIELS. The preliminary research that we have done suggests that documentation of an artifact will increase the value of the objects somewhere on the order of 40 percent. So you can count that as a discount, if the object is completely unprovenanced without documentation.

Mr. FOSTER. Is the technology to make fake artifacts sufficiently advanced such that it is watering down the value of nondocumented artifacts or not yet?

Mr. DANIELS. One of the interesting things about the Syrian crisis is that there has been a flourishing of a fake antiquities market inside Syria that in many ways showed up first in the United States and in Western Europe, and these are very clearly fake. But there is enough expertise that exists within the international art market to actually determine the difference between a fake and a real object that I am not sure it has had any kind of effect on depressing prices.

Mr. FOSTER. Okay. In a funny way, it is maybe encouraging that the real theft is being diluted by competent forgeries.

A couple of years ago, Daesh started issuing gold coins with the intention of destroying the U.S. dollar. And I was wondering, have those—I presume they are pretty much worthless, except for their intrinsic value—started to acquire value on the secondary market as just a coin of another dead or dying country?

Mr. DANIELS. I have not seen any evidence to date of extensive collection of the Daesh coins, although I have heard from law enforcement officials outside the United States that there is a collectors' market for some objects in the Gulf states.

Mr. FOSTER. I guess my time is up, so thank you.

Chairman PEARCE. The gentleman's time has expired.

The Chair now recognizes the gentleman from Arkansas, Mr. Hill.

Mr. HILL. Thank you, Mr. Chairman. I thank the ranking member for bringing this important subject back. And certainly I want to thank Dr. Daniels for the Smithsonian's work around the United States in museum education and repatriation of cultural artifacts in coordination with our Native Americans around the country. It has been a great 20 years of the work that the Smithsonian has done on that.

When I think about this subject, to me, from my reading, destruction, simple, malicious terrorist destruction seems really an equal or greater motivation than making money as a channel for the Islamic State.

One of my favorite books last year was reading the *Bad-Ass Librarians of Timbuktu*, which I commend to my colleagues is a terrific book in Mali of just simply the Sub-Saharan terrorist organizations connected with al-Qaida and the Islamic State and others, just their relentless effort to destroy thousands of years of Islamic manuscripts just because they could.

So I hope that you will recommend to the Treasury Department that when Secretary Mnuchin goes to the Gulf this year to discuss this Gulf states-headquartered terror finance unit, that this issue of antiquities transfer be put on his agenda in the Gulf states, be-

cause I have no doubt that if you wanted a relic from the Levant, it seems like that would have high value among Gulf State actors with funding.

Following up on Mr. Foster's comments about the buy side, on the sell side, where is, in your view, the major leakage of cultural artifacts? Are they primarily exiting through Turkey to these other markets you described or to the coast somewhere on the Mediterranean? Talk to me about where you think we should be most vigilant at looking for the leakage.

Mr. DANIELS. Thank you for the question, sir. The Turkish law enforcement has actually very much stepped up to the current crisis about archaeological site looting, and the numbers of artifacts that the Turkish police forces have actually recovered is quite extraordinary and points to the effectiveness of their law enforcement response.

My own view on this is that much of the large antiquities, not the small antiquities, but the large antiquities, were actually smuggled from Syria into Iraq to Mosul itself. And some of the members may be aware that not all plane flights stopped to Mosul during the present Iraq crisis, and my suspicion is that—or my working theory is that many of those artifacts were smuggled in those plane flights, particularly the large plane flights, and then to the Southeast Asian route that we have actually seen crop up.

Some smaller artifacts, especially earlier in the conflict, were likely smuggled out through the regional networks that have long been established and routed through Lebanon, which has been a major transshipment point and sales point for antiquities in the Middle East for the better part of the last 75 or 100 years.

Mr. HILL. Thank you. That is responsive. I think it guides the committee and also the Department of State, I would think, on where to place emphasis in trying to step up working with our customs people and our experts on how to target the stopping of those that do get transshipped.

On a separate subject, we center all of our money laundering work on the banking system, because we always believe that people will try to turn whatever they have in the global market to cash, and, therefore, the nicest place to track that is in a financial institution. Of course, we know that now in today's society, that is not necessarily accurate.

So do you think that the international art community should be required, perhaps, to file a suspicious activity report through to some place or among each other on a self-regulatory or cooperative basis? I would be interested in your views on that, how you think those red flags could be used in maybe a more effective way. Whomever would like to respond to that.

Mr. VILLANUEVA. That is an interesting question, actually. On the money side of the house, art dealers, as part of a business transaction, if they receive more than \$10,000 in cash, they will have to do the Form 8300. As far as suspicious activity reports, that will entail a change in legislation because they are not a money service business. They are an arts dealer. I would defer to experts in terms of suspicious activity reports as it pertains to the art market.

But as far as the money side of the house, that would entail a little bit of a change, because they are not necessarily known as a money service business. However, there are mechanisms in place to contact law enforcement, and some of them have done that quite proactively, when they come across differing artifacts that are questionable to their expertise. They are the experts. So if we think of using your analogy, sir, if you think in terms of the art dealers as we think of the banks, which are the front line of defense for financial transaction, then art dealers are the first line of defense for us when it comes to the selling of looted artifacts, and we would love to work more with them. We are doing a lot of work with that community in terms of outreach, using their expertise, but I will defer to my colleagues at the table on the CPAA or the cultural properties out of the house.

Chairman PEARCE. Thank you. The gentleman's time has expired.

The Chair now recognizes the gentleman from Nevada, Mr. Kihuen.

Mr. KIHUEN. Thank you, Mr. Chairman, and Mr. Ranking Member. And I thank you all this morning for being here with us, talking about such an important subject.

I just have a couple of questions. In your opinion, how has ISIS' approach to collecting payments from looters changed since the coalition air strikes in 2014 began to choke off other sources of revenue, including the sale of oil? And that is for any of you.

Mr. DANIELS. I think two things on this. I think that the information that we actually—that we understand about how this market actually operates certainly became much more fragmented, in my view, since the coalition air strikes actually began. And so in some ways we are operating in an environment where it is not entirely clear.

What I am aware of is that about the time the coalition air strikes began, it became harder to move material, and this is what my colleagues whom I have been working with in Syria tell me. And at that juncture there was also a problem of actually determining the price point of many of these antiquities, and many of the first buyer intermediaries began to misidentify in many ways the value of the antiquities, either grossly overvaluing or grossly undervaluing, pointing to a fact that maybe some of the expertise that they were relying on may have escaped or there wasn't as much coordination because of the disruption caused by the coalition air strikes.

Mr. KIHUEN. Got it.

And, Mr. Villanueva, your testimony notes that your agency has a robust international presence through a network of attaches at 67 different embassies and consulates. Of these attaches, how many of them have expertise dealing with art and antiquities? And, in your view, is additional training for such personnel warranted?

Mr. VILLANUEVA. Thank you for the question, sir. So, yes, we do actually—as a part of our training, as Ms. Grunder mentioned, we actually train some of our agents stationed abroad. There are some offices that are heavily engaged. I mentioned the Italian

Carabinieri. Our office in Rome within the embassy under the chief of mission works very closely with our foreign partners on that.

But let me say this: We do have subject matter experts in our office in D.C. We work very close with the Smithsonian, and with the Department of State. So if any of our agents, any of our 6,000 agents, whether domestically or abroad, comes across to a case, an allegation involving CPAA, even if they are not trained, they do have resources available immediately, people that we can deploy, people who can talk to them on the phone to help guide that investigation.

Mr. KIHUEN. Got it. Thank you.

And then just my last question, and you might have answered this before I got here, but what portion of the funds are raised from direct looting by ISIS itself versus through imposing taxes and licenses on the civilian population?

Mr. DANIELS. Sir, I think that one of the issues with the amount of money identified from ISIS is that we are really not clear right now about parsing out the exact dollar figure from ISIS. The best information I think that exists to date on that is the financial information that was retrieved from the Abu Sayyaf raid, and again, my understanding is that the committee was briefed on that particular raid in closed session.

Mr. KIHUEN. Okay. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman PEARCE. The Chair now recognizes the gentleman from somewhere east of the Mississippi River, Mr. Poliquin.

Mr. POLIQUIN. Mr. Chairman, that would be the great State of Maine, Vacationland. If you haven't booked your summer vacation to Maine, you should do so now.

Thank you, gentlemen, and Ms. Grunder, for being here today. We really appreciate this. This is a concern to all Americans who want to make sure we preserve world history and culture, including here in the United States.

We spend a lot of time talking about this illicit trade over in the Middle East and other parts of this great Earth, but what about right here in America? We have a real problem in our great State of Maine with an opioid and heroin addiction—an epidemic, I should say. It is a real concern. It is affecting all of our families or most of our families.

And there has been a little bit of discussion today about illicit trade in antiquities here, right here, in historical artifacts right here in America. I would like to ask you, each of you, if you can weigh in as quickly as you can so I can get to some other questions, Ms. Grunder, we will start with you, do you have any feel for how much of this illicit trade in antiquities and historical artifacts has an impact on illicit drug trade here in America?

Ms. GRUNDER. Thank you for the question. We believe that there are commonalities between all the different forms of illicit trade, but I would have to leave it to the experts for—

Mr. POLIQUIN. Thank you.

Dr. Daniels?

Mr. DANIELS. Right now, we really do not have a very good sense about the relationship between Native American looting and the illicit drug trade, except insofar as many of the Native American cul-

tural property cases that have emerged have drug ties to either methamphetamines or to opioids.

Mr. POLIQUIN. Okay. But it is happening?

Mr. DANIELS. It is definitely happening. My own view on this and my working theory on this is that the looting of the archaeological sites actually provides a form of base capital for drug producers to begin their operations.

Mr. POLIQUIN. I see.

Mr. Villanueva, we have to choke off the financing to anybody who is trying to sell this poison to our kids and our families, whether it be in Maine, New Hampshire, or any other part of the country. Do you have any information here for the panel on this?

Mr. VILLANUEVA. You mentioned financial as it pertains to drug trafficking. Our agency brings many years, over 40 years of financial investigation expertise. As a matter of fact, I have worked my career of over 25 years as a money laundering investigator.

Mr. POLIQUIN. Thank you for doing that, but do we have a connection between the illegal drug trade and heroin and opioid in America with respect to the selling of our historical artifacts here within our borders?

Mr. VILLANUEVA. What I can say in this forum at this point is that we have not seen any investigations on CPAA specifically cautioning on opioids, but I have to limit my comments at this point just to that.

Mr. POLIQUIN. Okay. Thanks.

Let's dig in to another issue here. Dr. Daniels, I will start with you. Tell us a little bit about how a free port works and how a free port might have an impact on the illicit trade of historical artifacts in fueling the drug trade across the world.

Mr. DANIELS. Generally speaking, sir, with a free port—we expect the antiquities trade to actually follow the free ports. Free ports have served as gallery spaces for distributors to actually show—

Mr. POLIQUIN. There are warehouses at different ports of entry around the world. Is that correct?

Mr. DANIELS. That is correct, sir.

Mr. POLIQUIN. Okay.

Mr. DANIELS. And so these warehouses serve as both showrooms. They serve as conservation centers. They serve as areas for the long-term holding of antiquities while they increase in value or the taint that is associated with their looting disappears over the passage of time.

Mr. POLIQUIN. Okay.

And, Mr. Villanueva, do you have any comment on that issue in particular?

Mr. VILLANUEVA. Sir, I agree with Dr. Daniels. What I want to highlight is that free trade zones in the United States are a little bit different than those abroad. Free trade zones in the United States are heavily regulated. Customs and Border Protection does great work in that space, and any merchandise in the United States going in and out of a free trade zone is subject to shipping documents, such as country of origin, description, and valuation, very similar to the shipping information when they are actually



bringing merchandise into our commerce or out of the United States—

Mr. POLIQUIN. Since this has an impact on terrorism financing around the world, does the United States Government have any kind of jurisdiction in those free zones in other countries in other parts of the world?

Mr. VILLANUEVA. Only if it pertains to merchandise coming into our commerce once it comes into the United States.

Mr. POLIQUIN. I see.

Thank you, Mr. Chairman, very much. I yield back my time. And thank you all for being here today.

Mr. PITTENGER [presiding]. The Chair recognizes the gentlelady from New York, Mrs. Maloney.

Mrs. MALONEY. I thank all of the panelists for being here, and I thank the chairman and the ranking member for holding this important hearing on the theft of cultural antiquities. It has long been an interest of mine, and this is hardly a new practice.

In the early 1800s, when Greece was under Ottoman rule, a British nobleman took over 100 pieces of the historic Parthenon in Athens, and under very questionable circumstances, he then sold these artifacts known as the Parthenon Marbles or sculptures to the British museum, where they remain today. This is probably the most important antiquities in Greece prepared, developed by Greek artists, owned by the Greeks, and yet a representative of an occupying nation sold them. He certainly didn't have the right to sell them, so in effect, in my opinion, they were stolen.

And I have introduced a resolution that calls for the two countries to negotiate a return of the Parthenon Marbles, because these artifacts have incredible cultural significance to the Greek people. But the story of the Parthenon Marbles in many ways mirrors the modern problems that we face in the illegal antiquities market. The British nobleman Thomas Bruce took these artifacts while the Ottomans were ruling Greece and then was able to profit when he sold them to a museum.

Like today, there are terrorist organizations like ISIS who steal cultural artifacts in territories that they occupy and then convert them to cash by selling them on the black market in order to fund their terrorist organizations. Of course, if there were not a secondary market for stolen antiquities, then terrorists and criminals would not see these artifacts as potential sources of revenue in the first place.

So I have two questions to ask the panel, and I would like to start with Mr. Villanueva.

First, is it the lack of agreed-upon and enforceable standards in the antiquities market that makes it so attractive to criminals and terrorists to sell these artifacts or are the terrorists just using the antiquities market simply because the area they currently occupy happen to have lots of valuable antiquities?

And we have been called to a vote.

Mr. VILLANUEVA. I would say that when we are talking about cultural property, arts and antiquities trafficking, we are talking about, perhaps, the oldest crime in the books of law. Ever since we have had civilization, and we have had art, we have had the smuggling and looting of arts and antiquities.

But what I would say is that you talk about the area I occupy. I would also mention that there are regions with civil unrest, with rich history, traditions, arts and antiquities. So we do have, as far as the United States—I feel comfortable enforcing the laws we have, issues working with the international community to prevent the looting specifically as it pertains—

Mrs. MALONEY. Do we have standards to prevent this in the antiquities market? Are people who buy these, do they have standards and laws against doing this? What are the standards that could prevent this from happening? Dr. Daniels?

Mr. DANIELS. One of the issues in the broader antiquities market is that it has existed for a very long time, as you rightly point out. And for much of that time, there has been very little oversight or regulation or due diligence required in the passage of antiquities throughout the supply chain and then, ultimately, on to collectors.

This has actually changed in recent years with the vigilance of the FBI Art Crime Team, and the State Department working well with them to enforce the memorandum of understanding that we have for the specific 16 countries and the other two special cases.

Our principal issue, though, is that that does not represent international coverage, and there is a real lack of standards about what constitutes the documentation required for legal title for the sale of an object through that supply chain and the expectation to receive that kind of title information.

Mrs. MALONEY. So how would you create the international standards? Through the Hague? How would it be created? What entity? The United Nations? How would you make this happen internationally?

Mr. DANIELS. Right now, the approach has been very much piecemeal country by country, according to the laws of possessor title in each country.

Mrs. MALONEY. Do you think it would be good to go to the United Nations with this effort?

Mr. DANIELS. I am not sure there would be concurrence in the United Nations for such an actual project, and in that way I am a realist, politically, about what is possible in that way. But I think that there are certainly possibilities that this committee and the United States Congress can explore in regard to legitimate title.

Mrs. MALONEY. Thank you.

Mr. PITTINGER. The gentlelady's time has expired.

The Chair recognizes Mr. Royce, chairman of the House Foreign Affairs Committee.

Mr. ROYCE. I thank the chairman.

The Foreign Affairs Committee's ranking member, Eliot Engel, and I last year passed the Protect and Preserve Cultural Property Act, and the goal there was to deny funding to ISIS, but also to improve our ability, our government's ability to work with our partners there in Syria and in Iraq. And since that time—and I was at the Iraq museum last year—we have seen the destruction of the Great Mosque in Mosul.

And I was going to ask in that vein, I would ask the panel what the practical impact of this legislation has been both as it relates to stopping the illicit trade in antiquities and in the coordination among the respective agencies that have a stake in this fight, and

also, are there other countries experiencing conflict in which illicit antiquities might enter the U.S. markets just as these antiquities taken down by ISIS has been found to have entered the U.S. market?

Ms. GRUNDER. Thank you, Congressman Royce. The State Department has stood up the Cultural Heritage Coordinating Committee in response to the sense of Congress in the legislation from last summer, and we have had three meetings of that senior inter-agency committee since last summer.

I think it genuinely has increased coordination among our agencies at a senior level. One result that I would highlight is a recent agreement between the Smithsonian and the State Department to fund a project in northern Iraq to do emergency stabilization at the site, the ancient site of Nimrud.

Mr. DANIELS. Sir, thank you for drawing attention to the Protect and Preserve International Cultural Property Act and your bipartisan leadership with Mr. Engel on this particular issue.

I also want to emphasize just the importance of the increased coordination capacity that has increased across the interagency after the CHCC was stood up.

What I also want to add in this regard is that the Protect and Preserve International Cultural Property Act was specific to Syria and looted material from Syria in order to choke off the Daesh funding. There are, of course, other countries experiencing conflict. Afghanistan, Nigeria, and South Sudan all have looting issues, and all have antiquities that have the potential to enter the flow of commerce.

I recently returned after a prolonged trip to Europe speaking with law enforcement. And after my conversations in those meetings, I am at this point almost more concerned about the nexus between looting and al-Qaida and Afghanistan than I am about Daesh and Syria and Iraq. But there is no protection. There are no import restrictions for Afghanistan.

Mr. ROYCE. Thank you.

Any other commentary?

Mr. VILLANUEVA. Sir, as far as the different topics, I will defer to my colleagues. No further comments from law enforcement.

Mr. ROYCE. Thank you, Mr. Chairman. I appreciate it, and I yield back.

Mr. PITTEMBER. The gentleman yields back.

The Chair recognizes Mr. Gottheimer for 1 minute.

Mr. GOTTHEIMER. Thank you, Mr. Chairman. And thank you, Mr. Ranking Member, and all of the witnesses for appearing today.

Mr. Villanueva, late last month, The Wall Street Journal quoted a former customs officer in New York, who handled more than 16 antiquities seizures saying, "It is still surprisingly easy to smuggle stolen objects here," pointing to the use of courier services, air cargo, and even stashing objects in passenger luggage.

What additional steps is DHS, ICE, or TSA taking to disrupt and prevent this pathway into the lucrative U.S. market? Thank you.

Mr. VILLANUEVA. Thank you for the question, sir. As we mentioned: training. Training capacity building is paramount to what we do, understanding this crime and the smuggling, the routes, the techniques, concealment, what have you, is important to both in-

investigators and to Customs and Border Protection working at the front lines.

So we bring the CBP officers to training. We talk about the different concealment techniques. We talk about the investigative side of the houses. We talk about the handling and the preservation of the pieces. We also work with the interagency and with our international partners to learn about the pieces that are out there in the market, whether the great market or the legitimate auction houses that might be coming through the border, so that when our officers come across with that piece, a red flag goes up.

So there are actually actions in place. There are efforts underway through Customs and Border Protection, Immigration and Customs Enforcement using our border search authority to prevent that.

Mr. GOTTHEIMER. Thank you, Mr. Chairman. Thank you.

Mr. PITTENGER. Thank you. The gentleman's time has expired.

We regretfully must adjourn this hearing. Thank you so much for being with us today and for your wise counsel.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

[Whereupon, at 10:25 a.m., the hearing was adjourned.]

# **A P P E N D I X**

June 23, 2017

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STATEMENT

OF

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REGARDING A HEARING ENTITLED

“THE EXPLOITATION OF CULTURAL PROPERTY: EXAMINING ILLEGAL ACTIVITY IN  
THE ANTIQUITIES AND ART TRADE”

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON TERRORISM AND ILLICIT FINANCE

June 23, 2017  
9:15 a.m.  
2128 Rayburn House Office Building

Chairman Pearce, Ranking Member Perlmutter, and distinguished Members:

Thank you for the opportunity to appear before you today to discuss criminal and terrorist groups' use of the illicit antiquities trade.

Archaeological site looting occurs in situations where conflict or political instability is present, there is a lack of commitment to international norms of heritage protection, or economic incentives for an individual or group outweigh other legal or cultural considerations.

I study this subject as a Research Associate at the Smithsonian Institution. Smithsonian Research Associates are senior experts in their fields who maintain a formal scholarly affiliation with the Smithsonian as well as to their home academic institution, which, in my case, is the University of Pennsylvania Museum. Research Associates bring their own outside expertise and knowledge to the Smithsonian and contribute to its mission for the increase and diffusion of knowledge. I have been appointed as a Smithsonian Research Associate since 2008, and have pursued scholarly work about cultural property protection, the antiquities trade, the intentional destruction of cultural and religious sites during conflict, and the collection of archaeological artifacts by museums. At the University of Pennsylvania Museum, I am the Director of Research and Programs for the Penn Cultural Heritage Center.

As an archaeologist and an historian, I am sensitive to how archaeological site looting results in the loss of information about where an object was found—the information that enables us to understand the past. Concerns about looting have led professional associations such as the American Alliance of Museums and the International Council of Museums to adopt ethical codes of conduct that recommend against the acquisition of looted materials in museum collections. Most museums do not want to incentivize the looting of archaeological materials or risk the reputational harm that comes with acquiring antiquities from the illicit antiquities trade. A few major U.S. institutions, such as the Smithsonian and the University of Pennsylvania Museum, adopted strong internal policies against the acquisition of such material in the early 1970s.

However, there is now growing concern and compelling evidence that archaeological site looting is implicated in the financing of organized criminal activity and other terrorist networks. It is my view that these developments may represent a recent innovation and a restructuring of the overall antiquities and art trade.

For much of the past fifty years, the illicit antiquities trade has involved regional networks of looters, intermediaries who purchase from looters, distributors who purchase from other intermediaries, and collectors. Some intermediaries and distributors are also connoisseurs with formal training in art history or archaeology. These networks have served as stable, hierarchical, and functional multi-decade supply chains. Existing laws in the United States, such as the Convention on Cultural Property Act of 1983, and current law enforcement responses are oriented toward identifying, forfeiting, and repatriating artifacts that are traded through these illicit networks.

Because of the longevity of these networks and the effect of their damage to ancient sites, many archaeologists have become familiar with the distributors and the collectors at the end stages of these supply chains. In some cases, they may be aware of the looters who pillage archaeological sites. For these reasons, the archaeological community has frequently been able to act as a resource to law enforcement investigators about the illicit antiquities trade by identifying the looters, prominent distributors, and famous collectors and collecting museums.

Many of these established networks are now unraveling. Efforts by the FBI Art Crime Team and the U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations' (HSI) cultural property unit, as well as international law enforcement agencies such as the Italian Carabinieri Art Squad, have dismantled some of the most notorious networks. A major Greco-Roman antiquities smuggling network, coordinated by the connoisseur intermediaries and distributors Robert Hecht and Giacomo di Medici since the 1960s, has now been effectively terminated due to the work of the Carabinieri and the collaboration of U.S. law enforcement agencies. Operation Hidden Idol, led by HSI, is now breaking apart a looting network led by Subhash Kapoor in India that has targeted religious sculpture. Such law enforcement actions have been determinative in disrupting regional illicit antiquities networks.

In recent years, an increasing number of reports have circulated linking organized criminal and terrorist activities to antiquities sales. Some of these accounts are more credible than others, but their frequency is sufficient to suggest that they warrant further investigation and that changes are occurring to the structure of the illicit antiquities trade. Commentators have implicated, among others, members of the Haqqani Network—which is allied with the Taliban and Al-Qaeda—in collecting protection money from traffickers moving looted artifacts from Afghanistan into Pakistan. There have also been suggestions of links between the insurgency following the Second Gulf War and the illicit antiquities trade in Iraq. Archaeological site looting began early in the Syrian Civil War and has been widespread both in regions under the control of the Assad regime and in areas held by various rebel groups. Based upon the prior experience of the Iraq insurgency, speculation has been widespread about the role of extremist groups in the illicit antiquities trade, such as the Islamic State of Iraq and the Levant (ISIL), or Daesh.

Shortly before Daesh's territorial advance across Syria and Iraq in 2014, I travelled to southwestern Turkey with colleagues from the Smithsonian, University of Pennsylvania Museum, and Shawnee State University to train a group of Syrian activists and museum staff members on how to protect cultural heritage during times of war. During our workshop, we learned more about the risks cultural heritage professionals have been facing when trying to carry out their work as well as substantive information about archaeological site looting by Daesh.

Upon returning, two Syrian colleagues and I published an opinion piece in the *New York Times*, which ran on September 2, 2014, where we outlined what we had learned about Daesh's looting activities. Based upon our conversations with our Syrian colleagues, we learned that Daesh permitted looting at archaeological sites in exchange for a percentage of the monetary value of any finds. The amount levied for this "tax" varied across the territory Daesh administered, but began at a base of 20 percent and increased according to the type of object recovered. Looters operated with a "license" from Daesh, and a representative might be assigned to oversee their work to ensure the proper use of heavy machinery and to verify accurate payment of the tax. Some excavations were conducted by semiprofessional field crews who came to Syria from Iraq and had prior experience looting ancient sites there.

Since 2014, media stories have attributed Daesh's income from the illicit antiquities trade to monetary figures that strain all reasonable belief. Nevertheless, such hype should not distract us from the fact that looted antiquities have been found in the possession of Daesh leaders and militants. The Abu Sayyaf raid by U.S. Special Forces inside Syria, which targeted a key financial manager, resulted in the recovery of antiquities, Islamic-period coins, and an antique religious manuscript. In recent weeks, other artifacts from the Mosul Museum have been recovered from the home of Daesh militants. Additionally, in late 2016, the Italian government confirmed that Daesh had expanded its



organized looting activity into Libya as part of a collaborative enterprise with the Calabrian 'Ndrangheta.

In my opinion, concluding that definitive evidence exists to establish a relationship between an organized criminal network or terrorist group and the illicit antiquities trade requires a particularly high threshold of confidence in the underlying accuracy of the information. As researchers, we can only make these interpretations with careful investigation. Unlike the more traditional illicit antiquities trade, which archaeologists have known well, these recent developments require additional study and interdisciplinary collaboration with criminologists and political scientists who are more familiar with research about illicit criminal networks and terrorist groups. The Conflict Culture Research Network, a group of fifteen U.S. and international universities and museums, is now beginning to develop these collaborations. I coordinate this research network, and the National Science Foundation supported its planning.

How might the stable, hierarchical, and functional multi-decade supply chains that have fed the illicit antiquities trade to date be changing? With the introduction of organized criminal and terrorist actors into the illicit trade, we might expect the supply chains to remain hierarchical but to become irregular and adaptable. The looters engaged in pillaging an ancient site are likely to remain the same because some basic knowledge is required for recovering archaeological material. But, the intermediaries purchasing antiquities from looters are likely to be different. This stage of the supply chain is the most probable entry point for organized criminal and terrorist actors. These buyers are likely to be opportunistic and to treat antiquities as a resource similar to other illicitly trafficked conflict resources such as diamonds, oil, and coltan (an ore for electronics). We would expect criminal and terrorist actors to be involved with the illicit antiquities trade only in so far as it was profitable. We would also anticipate that their participation would vary according to the underlying market value of the antiquities, access to distributors, collector demand, and the perceived and actual success of international efforts to restrict the sale of illicitly trafficked antiquities on legal art markets.

Finally, it is also important to note that the association between archaeological site looting and criminal groups is not only an international problem. In the United States, Native American archaeological sites have been targeted by looters, particularly in the Southwest, who are searching for pottery and other materials for sale to intermediaries and distributors in domestic and international art markets. At the border of Oregon and California, where I conduct an archaeological project, looters target Native American arrowheads and human remains. Arrowheads are sold to local intermediaries and distributors, while human remains, in particular, human skulls, enter a U.S. illicit market about which we know very little. What we do know is that these activities have been associated with other criminal enterprises, including the illegal sale and distribution of methamphetamines. Recent investigations by the U.S. Forest Service, Bureau of Land Management, U.S. Fish and Wildlife Service, Oregon State Police, and the Klamath Tribes have resulted in successful arrests and convictions. The extent to which there is a nexus between Native American archaeological site looting and large-scale, drug-related criminal networks is unknown.

In summary, there is good reason to suspect that the illicit antiquities trade is going through a reconfiguration that involves the integration of organized criminal networks and terrorist groups. The extent of their involvement will only become clear as additional research is conducted. Researchers at the Smithsonian and other collaborating institutions in the archaeological community are looking to address this topic in order to ensure the protection of cultural heritage for future generations. I am happy to answer any questions from the Committee, as I am able.

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Testimony from the Department of State, Bureau of Educational and Cultural Affairs on

The Exploitation of Cultural Property: Examining Illicit Activity in the Antiquities and Art Trade

Before the

United States House of Representatives  
Committee on Financial Services  
Subcommittee on Terrorism and Illicit Finance  
June 23, 2017

- Thank you to the Honorable Steve Pearce, chairman, the Honorable Ed Perlmutter, ranking member, and the members of the Subcommittee on Terrorism and Illicit Finance for inviting me here today to testify on the topic of criminal and terrorist groups' use of the antiquities and art trade to engage in illicit activity and finance their operations.
- The Department of State has been involved for decades in efforts to prevent the pillage and trafficking of cultural property. We recently submitted a report to Congress, as required by the Protect and Preserve International Cultural Property Act, on executive-branch efforts to protect this kind of heritage around the world since the law was signed in May 2016. Today, I would like to emphasize several notable examples of the State Department's efforts, primarily in the Middle East, and offer our assessment of the scale and some features of the threats to cultural heritage posed by criminal and terrorist groups.
- The 1983 Convention on Cultural Property Implementation Act, or C-P-I-A for short, implements obligations of the United States under the 1970 UNESCO Convention on the

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Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property. The CPIA provides a general legal framework by which the United States Government can combat pillage and trafficking of cultural property through bilateral agreements. One important feature of these agreements, entered into with partner countries pursuant to the CPIA and administered by the Bureau of Educational and Cultural Affairs' Cultural Heritage Center, is the imposition of import restrictions on certain categories of archaeological or ethnological material determined to be in jeopardy of pillage.

- Import restrictions are intended to reduce the incentive for looting and trafficking of these kinds of objects by closing off the U.S. market for art, antiques, and antiquities, which is the world's largest such market with 43% of global market share according to 2016 statistics by The European Fine Art Foundation. To date, pursuant to the CPIA, we have concluded bilateral agreements with 16 countries and implemented import restrictions on an emergency basis, pursuant to legislation enacted by Congress, for Iraq and Syria.
- The State Department also coordinates interagency efforts to promote law enforcement and other activities designed to interdict trafficked cultural property. The highest level body we convene is the Cultural Heritage Coordinating Committee (CHCC), which was established last year consistent with the Sense of Congress in the Protect and Preserve International Cultural Property Act. The CHCC is chaired by the Assistant Secretary for Educational and Cultural Affairs and comprises senior representatives from the Departments of State, Homeland Security (DHS – Immigration and Customs

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Enforcement (ICE) and Customs and Border Protection (CBP)), Interior (National Park Service (NPS)), Justice (DOJ, including the Federal Bureau of Investigation (FBI)), and Defense (DOD), and the Smithsonian Institution. The CHCC has met three times, in November 2016, March 2017, and June 2017, and will next meet in September of this year. The CHCC established two working groups (on technology and on partnerships and public awareness) that have each met twice, in February and May 2017. A third group, the DOS-led Cultural Antiquities Task Force (CATF) which focuses on law enforcement collaboration and training, met most recently on June 7, 2017. The role of CHCC is to help coordinate interagency efforts on cultural heritage protection and preservation, to share information about new developments and best practices and to provide policy guidance and direction to the working groups and CATF.

- CATF was established by the Department in 2004 at the direction of Congress. Originally charged with responding to looting in Iraq and Afghanistan, its mandate has been expanded to combat antiquities trafficking and looting of archaeological sites around the world by identifying and supporting effective law enforcement as well as diplomatic and other programmatic measures.
- CATF comprises representatives from the Departments of State, Homeland Security, Justice, Defense, and Interior, as well as the Internal Revenue Service. It works with DHS and the Smithsonian Institution to provide training on the application of U.S. laws and international agreements and the identification of looted and stolen antiquities for U.S.

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customs personnel. State, DHS, and the Smithsonian concluded the most recent training for approximately 25 CBP and ICE agents in April of this year.

- CATF supports international workshops to promote regional cooperation to protect heritage sites and prevent trafficking of cultural objects. It also provides support for international law enforcement efforts to combat theft, looting, and trafficking of historically and culturally significant objects originating in foreign countries.
- CATF supports the production of “Red Lists of Cultural Objects at Risk,” produced by the International Council of Museums. Red Lists are compact, illustrated guides designed to show categories of cultural objects most at risk of pillage and trafficking. One of the most recent CATF-sponsored workshops was a two-day program in Athens, in 2016, that brought together officials and professional staff of the Greek Ministry of Culture, Hellenic National Police (HNP) Antiquities Division, HNP Organized Crime, Greek Customs, Ministry of Finance, Financial & Economic Crime Unit (SDOE), and the Hellenic Coast Guard with representatives of US law enforcement agencies to discuss and develop a plan for improving cooperation to prevent trafficking of looted and stolen cultural objects in the Mediterranean region.
- Another CATF -sponsored project is the Illicit Pathway Attack Strategy, or IPAS [eye-pass], which is a series of studies by DHS on illicit and trafficked antiquities. For these studies, subject-matter experts at State, ICE, and CBP identified and prioritized the most significant illicit pathways of Cultural Property, Art and Antiquities (CPAA) trafficking.

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These law-enforcement sensitive products inform ICE and other U.S. government decision-makers of key trafficking source countries, transshipment cities, and destination cities. They have been used to both identify countries and cities of interest, and share best practices for the conduct of cultural property investigations with law enforcement partners.

- Along these lines, recently the State Department's Bureau of Counterterrorism and Countering Violent Extremism issued a call for proposals for a project to improve understanding of the antiquities trafficking networks and destination markets, as well as to develop tools, mechanisms, and best practices to interdict and prevent the trafficking of cultural property that could finance terrorism. This project aims to identify the individuals, entities, and networks used to trade Iraqi and Syrian cultural property, as well as understand and prioritize capability and capacity gaps of key law enforcement agencies responsible for taking countering-terrorist-finance action in identified countries where the purveyors of the cultural property are located. This project is scheduled to begin in September 2017 and will last one year.
- The State Department has laid the groundwork for these and other efforts by working to document the scale of the problem. For example, ECA's Cultural Heritage Center staff regularly examines satellite imagery documenting looting in the Middle East, in our partner bilateral countries, and elsewhere. This work allowed the Department in 2014 to bring to the world's attention the massive looting at the important ancient Syrian city of Dura Europos [DUR-a you-ROPE-us], a Classical-period site on the Euphrates River near

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the border with Iraq, where some of the world's oldest preserved churches and synagogues had been discovered. Although we do not know who looted the site, it is located in an area that at the time was under the control of extremist groups including Jabhat Al Nusra and ISIS.

- To acquire this kind of information more systematically, the State Department's Near Eastern Affairs (NEA) Bureau funded the Safeguarding the Heritage of the Near East Initiative by the academic research organization the American Schools of Oriental Research, or ASOR, in 2015 and 2016. ASOR recorded thousands of heritage sites in Iraq and Syria at risk of looting or damage from conflict and monitored damage and looting to these places using open-source reporting, in-country sources, and satellite imagery analysis. Their work showed that hundreds of sites have been pillaged or damaged since 2011, potentially supplying large amounts of cultural property to illicit trade. The partnership with ASOR has recently been renewed through March 2018; its mandate for monitoring and reporting has been expanded to include Libya in addition to Iraq and Syria.
- The State Department has also provided first-hand evidence of involvement in looting and trafficking by terrorist organizations, notably ISIS. At an event at the Metropolitan Museum of Art in 2015 the State Department made public previously classified documents seized during a U.S. special operations action at the residence of ISIS leader Abu Sayyaf in Syria. According to receipts among these documents, more than \$265,000 in taxes was assessed, suggesting total sales transactions worth more than \$1.25 million

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in a period just from December 2014 to March 2015. On the same day it shared these documents, the State Department announced a Rewards for Justice program offering up to \$5 million for information leading to the significant disruption of the sale or trade of oil and antiquities by, for, on behalf of, or to benefit ISIS. That announcement made headlines around the world, and gave pause, we hope, to some of the shadowy middlemen who make the illegal trafficking possible.

- The State Department also worked closely with the Department of Justice and the U.S. Attorney's Office in Washington, DC to file complaints seeking forfeiture of antiquities associated with ISIS in December 2016. The lawsuit marked the first time that the United States filed an action to forfeit antiquities that are foreign assets of ISIS. The action specifically seeks the forfeiture of a gold ring, two coins and a carved stone depicted in photographs found during the raid of a residence of Abu Sayyaf. These items date to ancient times and are believed to be worth hundreds of thousands of dollars.
- Along with other USG bodies, the State Department has also been active in various international venues on this matter. Acting Under Secretary for Public Diplomacy and Public Affairs Bruce Wharton led the U.S. delegation to the recent G-7 culture ministerial, the first ever devoted to culture, at which cultural heritage preservation was one of the main topics of discussion. The U.S. supported the adoption of UN Security Council Resolutions 2199 and 2347, the latter of which particularly being important in this context as the first-ever UN Security Council Resolution devoted to cultural heritage protection in conflict situations. To take one other example, the State Department showed early leadership on this issue when it convened, together with UNESCO, a roundtable in

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Paris in 2015 on cultural heritage preservation at the occasion of the launch of the updated ICOM Red List for Iraq.

- The State Department has highlighted the ties between trafficking in illicitly acquired antiquities and terror finance in the Counter-ISIS Finance Group. This Group, which includes nearly 40 countries that are part of Global Coalition to Counter ISIL, has focused on ensuring full implementation of the multiple U.N. Security Council resolutions that prohibit all forms of financial support directly or indirectly to ISIS, including funds raised from the illicit trade in stolen cultural heritage objects.
- In all of these international efforts, the State Department has forged and maintained close relations with relevant international and intergovernmental bodies, such as ICOM, the Counter-ISIS Finance Group, the World Customs Organization, the UN Office on Drugs and Crime, other UN bodies such as the UN Security Council Resolution 1267 Monitoring Team, whose excellent staff have taken a close interest in cultural property matters, and INTERPOL, just to name a few.
- As I bring this section to a close I would like to stress that although the Middle East, and especially Syria and Iraq, receive the most attention, the problem of looting and trafficking of cultural property is by no means limited to these areas. There is clear evidence for serious concerns about looting and trafficking in many other areas of the world. Within the United States itself, there are concerns about illegal acquisition and trafficking in cultural objects, including items important for American Indian Tribes, and where there are indications that such items are being illicitly exported, the Department of

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State is working to respond, together with other Federal agencies such as the Departments of Justice, Interior and Homeland Security.

- On the specific topic of criminal and terrorist groups' use of the antiquities and art trade to engage in illicit activity and finance their operations, here is the summary of the best information available to the Department of State on the current situation, again focusing on the situation in the Middle East:
- We know that pillage and looting of cultural heritage sites is taking place on a massive scale. This is clearly demonstrated by several different lines of evidence, including the archival record provided by the Abu Sayyaf documents, documentation by our partner ASOR of widespread looting in Syria, and by the satellite imagery of places like Dura Europos – an ancient city whose history has been largely destroyed through looting.
- The scale of the looting at places like Dura Europos and Apamea [a-puh-MAY-uh] (both in Syria) – two cities whose urban area has been almost entirely covered by looters' pits – strongly suggests that, at least in some places, this looting is not opportunistic but rather is systematic, presumably making use of pre-existing smuggling routes and middlemen and likely being carried out with probable markets in mind.
- The Abu Sayyaf documents make it clear that terrorist organizations such as ISIS are involved in and benefitting from this illicit activity. These documents also make it clear

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that ISIS depends on other actors to assist with carrying out this activity. ISIS, and likely other such groups, do not act alone.

- Preliminary analysis indicates that the focus of looting is at Classical-period sites – that is, sites that can supply Greek and Roman artifacts such as the Classical sites of Dura Europos and Apamea. However, looting at pre-Classical sites is also a major problem. The site of Mari [MAR-ee], also in Syria on the Euphrates River near the border with Iraq, provides a good example. This site dates to the 2<sup>nd</sup> millennium B.C. Because regular archaeological excavations had been carried out there since the 1930s, we know it would be a likely source for objects such as cuneiform tablets and statues.
- We assess, based on the subject-matter expert and law enforcement sources available to us, that at least some material from this illicit trade is entering the United States, by far the world's largest market for art, antiques, and antiquities.
- We are not able to provide any estimate as to the quantity of materials, the monetary value of such objects entering into the United States or in circulation elsewhere in the world, or the primary beneficiaries of this trade (for example, ISIS or some other terrorist or criminal organizations).
- One or more members of the Intelligence Community might be better positioned to further investigate these particular questions, perhaps making use of recent State

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Department-funded products like the Illicit Pathway Attack Strategy studies. We stand ready to offer any further assistance we can to the Intelligence Community on this topic.

- Thank you again for your invitation to participate in this committee hearing. I look forward to your questions.

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# U.S. Immigration and Customs Enforcement

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STATEMENT

OF

RAYMOND VILLANUEVA  
ASSISTANT DIRECTOR  
INTERNATIONAL OPERATIONS  
HOMELAND SECURITY INVESTIGATIONS

REGARDING A HEARING ENTITLED

"THE EXPLOITATION OF CULTURAL PROPERTY: EXAMINING ILLEGAL ACTIVITY  
IN THE ANTIQUITIES AND ART TRADE"

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON TERRORISM AND ILLICIT FINANCE

Friday, June 23, 2017  
9:15 a.m.  
2128 Rayburn House Office Building

Chairman Pearce, Ranking Member Perlmutter, and distinguished Members:

Thank you for the opportunity to appear before you today to discuss the efforts of U.S. Immigration and Customs Enforcement (ICE) to protect cultural property, religious items, art, and antiquities, and to mitigate their illicit trafficking both into and outside of the United States.

***Cultural Property, Art and Antiquities Program***

As the largest investigative agency within the U.S. Department of Homeland Security (DHS), ICE investigates a wide range of domestic and international activities arising from the illegal movement of people, goods, and money with a nexus to the borders of the United States. Federal customs laws regarding smuggling, trafficking, and border search authority provide ICE Homeland Security Investigations (HSI) with the authority and responsibility to take a lead role in investigating crimes involving the import, export, and distribution of stolen or looted cultural property; HSI also works with the Department of Justice to prosecute the individuals and organizations responsible for these crimes.

To conduct its complex investigations, ICE may collaborate with tribal, federal, state and local law enforcement; private institutions; intergovernmental organizations; and foreign governments. ICE works directly with cultural property practitioners to support these collaborative investigations.

ICE established the Cultural Property, Art and Antiquities (CPAA) program with a three-part mission: to conduct training on the preservation, protection, and investigation of cultural heritage and property; to coordinate and support investigations involving the illicit trafficking of cultural property from countries around the world; and to facilitate the repatriation of illicit cultural items seized as a result of HSI investigations to the objects' and artifacts' lawful and rightful owners.

***Education and Training***

With funding provided by the U.S. Department of State (DOS) and support from the Smithsonian Institution, ICE continues to train law enforcement officers on the handling, investigation, and seizure of items that are another nation's cultural property.

Since 2007, approximately 400 ICE special agents, U.S. Customs and Border Protection (CBP) officers, prosecutors, and representatives of foreign law enforcement have been trained by subject-matter experts in the fields of cultural property law, targeting, intelligence, archeology, and museum conservation. Our goal is to train as many law enforcement officers as possible in order to broaden the base of expertise in cultural property investigations. Today, ICE is working more closely than ever with CBP to ensure the efforts of our agents and officers are integrated throughout the lifecycle of a case.

In the last two years, the CPAA program has also participated in conferences and workshops in Canada, France, Greece, Italy, Saudi Arabia, Tajikistan, and Tunisia, and the program is working with several federal government and international agencies to develop additional training and capacity-building workshops for future delivery.

In these workshops, we raise awareness of the threats facing cultural property, especially in conflict zones. Unfortunately, these threats are not new, and criminals have, for many years, taken advantage of civil unrest to loot and pillage artifacts and objects that make up a culture's history.

Education extends beyond the classroom. In January 2017, CBP, a key partner in stopping the trafficking of art and antiquities, issued its first-ever Cultural Property Alert regarding the looting of an ancient Iraqi tablet, located in terrorist-held territory and at high-risk of being trafficked by terrorist or criminal organizations. The alert was issued to CBP targeting offices, to provide awareness and enhance their capability to prevent the illicit importation of cultural objects from Iraq. Furthermore, CBP continues to create detailed alerts and informational documents to build awareness among its field personnel regarding the illicit import and export of cultural property.

Education is not limited to law enforcement personnel directly involved in investigations and prosecutions. ICE continues to educate brokers and potential purchasers of cultural property on the importance of provenance (history of ownership) through its website, personal outreach,

and participation in cultural property symposia, and encourages individuals to report any encounters with individuals seeking to sell illicit artifacts to the HSI Tip Line.

### ***Investigations***

Investigations into cultural property trafficking can result from a variety of leads, including: a routine border search or interdiction by CBP; foreign-country notification of an auction house or online sale; the CPAA program; ICE Attachés; or a line of inquiry during various investigations generated by ICE special agents.

The CPAA program plays a supporting role in cultural property investigations by identifying subject-matter experts to authenticate items that may have cultural and religious significance, by coordinating leads with other offices, and by acting as a liaison to INTERPOL and other law enforcement agencies. The program supports ICE's more than 6,000 special agents in more than 200 domestic offices throughout the United States. We also have a robust international presence through our network of Attachés at 67 U.S. embassies and consulates, where agents work closely with partners—such as Rome's *Carabinieri Tutela del Patrimonio Culturale*, the Italian force responsible for combatting art and antiquities crimes—and for apprehending thieves, looters, and traffickers.

While any ICE special agent may work a cultural property case at some point in his or her career, HSI New York has a team of special agents that works exclusively on cultural property cases. HSI Los Angeles has also recently established its own specialized team whose focus will include cultural property investigations.

Preventing cultural property in jeopardy from pillage from entering the U.S. market reduces the incentive to destroy cultural heritage sites through illicit excavation targeting marketable objects, or through removal of architectural sculpture or murals to be sold as art. The Department of Homeland Security (DHS) enforces the cultural property import restrictions agreed to in bilateral agreements the United States has concluded with 16 countries (Belize, Bolivia, Bulgaria, Cambodia, China, Colombia, Cyprus, Egypt, El Salvador, Greece, Guatemala, Honduras, Italy, Mali, Nicaragua, and Peru). These bilateral agreements protect cultural



property by restricting U.S. import of certain categories of archeological and/or ethnological material. In times of conflict, a foreign government may not be in a position to request a bilateral agreement under the Convention on Cultural Property Implementation Act (CPIA) of 1983. In two such instances – the conflicts in Iraq and Syria – Congress passed special laws authorizing imposition of emergency import restrictions on their respective cultural property.

However, even with import restrictions in place, a single cultural property investigation can result in complex cases involving multiple domestic and international ICE offices, as well as other law enforcement agencies, and can last for years. For example, one of ICE's largest, ongoing cultural property investigations, Hidden Idols, began in 2007 and has resulted in the seizure of more than \$150 million in artifacts. In Fiscal Year (FY) 2016, ICE worked 238 domestic and 79 international cultural property investigations.

The criminal networks and individuals that trade in illicitly obtained antiquities, and cultural, and religious items, tend to also trade in other illicit commodities such as drugs and illegal weapons. We see this tendency manifest in cases in which ICE investigations of smuggled drugs end up revealing cultural items that are also part of the criminals' cache of illegal items.

#### ***Cultural Repatriation***

Naturally, our cultural property investigations often result in the physical seizure of cultural property, which must be repatriated to its lawful owners through a legal forfeiture process. After this process is completed, the CPAA program oversees these cultural repatriations, which can be a simple exchange, or a grand ceremony that commemorates the items' return held at the country's embassy in Washington, D.C. or even within the country itself. These ceremonies highlight the investigations and the stories behind the objects themselves that were smuggled or stolen, as well as the women and men who brought the criminals to justice.

Whatever the venue, returning a piece of a country's history and heritage to its people is a celebration, and an event in which ICE is particularly proud to participate.

ICE has returned a wide variety of items, including paintings, pottery, sculptures, fossils, and sarcophagi. In FY 2016 alone, we repatriated a first-edition of Charles Darwin's book, *Origin of the Species*, to Canada; terra cotta figures, jade implements, and a 115-million-year-old microraptor fossil to China; a dinosaur skull to Mongolia; imperial decrees to Russia; and several million dollars in statuary and sculptures of cultural and historical significance to the Prime Minister of India during his official visit to the United States. In FY 2017, ICE has repatriated property to the Dominican Republic, Egypt, Italy, and Peru, and ICE has several other repatriations planned before the end of the year. Since 2007, we have returned more than 8,000 items to more than 30 countries.

***Trafficking of Cultural Property and Funding of Transnational Criminal Organizations***

Illicit trade in antiquities likely predates the illegal trade in drugs and weapons, two of the major revenue streams for transnational criminal organizations. This trade is part of a global pattern that includes looting and destruction of archeological sites, smuggling of cultural property, and the sale of illicit antiquities that often benefits international terrorist and transnational criminal organizations. To further understand this issue, ICE developed an Illicit Pathways Attack Strategy (IPAS): a coordinated approach with other federal partners to identify this illegal activity and combat transnational organized crime.

In September 2015, ICE Office of Intelligence (Intel) completed an analysis of geographic nodes that have been exploited for trafficking in cultural property, artifacts and antiquities. This analysis was conducted with subject matter experts from DOS's Cultural Heritage Center, ICE, and CBP who focus on mitigating the illicit trade of cultural heritage and transnational organized crime. IPAS supports larger efforts to dismantle smuggling and trafficking routes by: attacking criminal networks within and beyond our borders; prioritizing networks and pathways that pose the greatest threats; participating in and facilitating robust interagency engagement; and pursuing a coordinated, regional approach that leverages foreign partners.

ICE's findings support the assessment that cultural property and antiquities trafficking is likely to remain attractive to transnational criminal organizations due to international demand for

cultural property, its profitability, and lower relative risk to other illicit goods, such as narcotics. Selling cultural property is seen by the perpetrators as one more way to fund their criminal activities, or one more way to launder the profits they have made from other illegal efforts. Further, the transnational nature of illicit cultural property movement is likely beyond any one law enforcement agency's capacity to detect and deter, since some cultural property can be somewhat easily obtained and transported. Certain countries, such as Iraq, Syria, Afghanistan, and Egypt are source countries that are of greatest concern to ICE, due to the advent of the Islamic State in Iraq and Syria (ISIS).

Follow-on analysis performed by ICE Intel has characterized ISIS's role as institutionalizing efforts to profit from the looting and trafficking of cultural property in Iraq and Syria. The findings, which were based in part on documents recovered from the May 2015 Abu Sayyaf raid in Syria, identified ISIS as having established systematic procedures to extort illegal excavation operations to generate revenue.

ICE Intel conducted an analysis of trends in cultural property and antiquities trafficking observed between FY 2015 and FY 2016. Reporting identified Middle Eastern countries—including Iraq, Syria, Egypt, and Turkey—as countries of origin in slightly more than ten percent of CPAA program investigations opened during that time frame. A body of reporting identified several of these countries as source and transit countries of illicit cultural property and antiquities looted and trafficked by terrorist groups, such as ISIS, to finance their activities.

However, while there is clearly a connection between terrorism and cultural property trafficking, the connection between an individual piece of cultural property and terrorists is rarely clear. The nature of trafficking and limits to the data available—such as long delays before illicit items enter the market and ambiguous sourcing of illicit goods—complicate any attempt to directly link individual artifacts to specific terrorist groups.

### ***Conclusion***

Thank you again for the opportunity to testify and for your continued support of ICE and its law enforcement mission. ICE remains committed to working with this committee and

to continuing our strong relationship to help prevent and combat the trafficking of cultural property, regardless of the source.

I would be pleased to answer any questions.

