

MEMORANDUM

TO: Chuck Banks
Mac Dodson

FROM: Bob Govar *RG*

DATE: February 13, 1990

RE: Saline County Investigation

The purpose of this memorandum is to provide each of you with a status report pertaining to the Saline County Investigation. As of this date, February 13, 1990, we have interviewed approximately 22 witnesses in connection with the Saline County Investigation. The names of those witnesses are as follows: (1) Kellie Crisco; (2) Bill Rummel; (3) Mike Samples; (4) Carl Samples; (5) Bernice Samples; (6) Jo Ann Winters; (7) Marissa Lynn Bragg; (8) Fred Bankston; (9) Woodrow "Woody" Mays; (10) Timothy M. Lincoln; (11) Myron Harrison; (12) Jim Clouette; (13) Scott Tracy Mattingly; (14) Tommy Madison; (15) Richard Sampley; (16) Michael Bearden; (17) Pamela Gwyn Cook; (18) Cindy Boshears Tucker; (19) Teresa Harmon; (20) James Michael Seamon; (21) Michael Hughes Skasick; and (22) Everett Vanderburg. As of this date seven witnesses have appeared before the federal grand jury for the Eastern District of Arkansas. Their names are: Carl Samples, Jo Ann Winters, Marissa Lynn Bragg, Fred Bankston, Pamela Gwyn Cook, Cindy Boshears Tucker and Teresa Harmon. Also, as of this date, seven witnesses have been immunized. Their names are: Carl Samples, Marissa Lynn Bragg, Woodrow "Woody" Mays, Myron Harrison, Tommy Madison and Richard Sampley. As of this date we have indicted one person in connection with the Saline County grand jury investigation and that person is James Calloway. James Calloway was indicted for providing a firearm for use in the commission of a crime of violence and his case is currently pending jury trial. We indicted Calloway on this federal offense because he purchased a sawed-off shotgun which was used in the robbery of a crap game in Lonoke County on July 20, 1989. A man by the name of Richard Winters was one of the robbers and was shot to death during the course of the robbery. The reason we indicted this case federally is because we have information that Calloway headed a significant cocaine distribution operation in Saline County during 1987 and 1988. Details of this operation will become more apparent in the summary of the witnesses statements which will be outlined below. James Calloway is also currently under federal indictment in the Central District of California, Los Angeles, where he has been charged by indictment with eleven counts of mail fraud involving a scheme to obtain over two million dollars worth of merchandise on credit from various sources which was not paid for. He was

indicted with two other individuals in that case. On February 20, 1990, we will present to the federal grand jury for the Eastern District of Arkansas another proposed indictment in connection with the Saline County investigation. The proposed indictment will be against W. E. Ross. We intend to charge W. E. Ross with one count of manufacture of marijuana and one count of possession of marijuana with intent to distribute. We are going to indict Ross federally in connection with this case because it looks awful "fishy". W. E. Ross was arrested by Saline County Investigators on May 6, 1988, and found in possession of 240 marijuana plants as well as a number of pieces of equipment necessary to the manufacture and cultivation of marijuana. I have reviewed the investigative file and find that there is no legal error and that the search of Mr. Ross' premises was a legal search since the officer was there pursuant to a valid state search and seizure warrant. Furthermore, W. E. Ross gave a tape-recorded statement wherein he confessed to the manufacture of the marijuana and stated emphatically that he intended to sell the marijuana for money. Notwithstanding these facts, however, Richard A. Garrett, the former Deputy Prosecuting Attorney for Saline County, noll prossed the case on December 13, 1988, his last month in office. The order dismissing the case was signed by a Circuit Judge on exchange named Robert W. Garrett. The dismissal of the Ross drug case six months after his arrest without any explanation of record is quite puzzling and disturbing. As stated above, there does not appear to be any legal reason why the case should have been dismissed. The search appears to be a lawful one and certainly the time limit, under the speedy trial provisions of state law, had not run since the case was dismissed six months after it was filed. I interviewed the investigator who made this case, Saline County Investigator Leonard Lewis, and he told me that he was not informed that the case was dismissed by the prosecutor nor was he told any reason why the case was dismissed. He told me that he did not have any conversation with Richard Garrett concerning this case and that he only knew the case had been dismissed after I called him and asked him about it during 1990. In fact, Investigator Lewis indicated some measure of surprise when I told him the case had been dismissed and he told me he wondered what happened to it. Incidentally, we have narcotics intelligence information from the State Police that indicates that W. E. Ross moved from Saline County to Perry County and that he is currently engaged in a marijuana growing operation with his son, W. E. Ross, II. Obviously, our primary motive in prosecuting this case beyond the fact that it needs to be prosecuted is we hope to develop information which would explain the extraordinary dismissal of this case by the State Prosecutor during his last month of office.

The Saline County Sheriff's Office is currently preparing an investigative file on an individual by the name of John Roland. I have discussed this case with State Prosecutor Gary Arnold and Gary Arnold has agreed that we should handle this

case federally as a part of our Saline County investigation. John Roland was caught in the act of growing marijuana in Saline County. In fact, at the time of his arrest he was actually in the field pulling up plants. According to what I have been told, a couple of neighbors who lived by the marijuana field were asked by John Roland to come and assist him in pulling up the marijuana plants since the "cops were on their way". It occurs to me that someone had to tip off John Roland that the Saline County Drug Investigators were on the way to the property with a search and seizure warrant. Roland was arrested on a Monday and on the previous Friday Saline County Drug Investigators had made application for a search warrant on the land where the marijuana was growing through Judge Pete Lancaster. From what I have been told by the investigators Judge Lancaster lives in the same area where Roland was growing his marijuana. Although the search warrant was ultimately obtained from Bryant Municipal Judge Darrell Davis, the warrant was not executed until the following Monday. Since this occurred during the fourth of July weekend 1989, whoever tipped him off may not have been able to get hold of him over the holiday weekend. Apparently someone did get in contact with him on the Monday morning following the fourth of July weekend and told him that the police were coming with a search warrant to seize the marijuana. The investigators involved in this case are currently trying to locate the two neighbors who were asked to help John Roland pull the marijuana so that they can be interviewed in connection with this case and we can find out exactly what Roland said to them and what their response was.

During the course of this investigation to date, we have determined the identities of two significant drug traffickers operating in Saline and Garland counties. One of the traffickers, James Calloway, is currently under federal indictment for using or providing a firearm during a crime of violence. As stated above the current indictment deals with the fact that he provided a sawed-off twelve gauge shotgun which was used in the armed robbery of a crap game in Lonoke County in July of 1989. During that robbery attempt Richard Winters was shot to death supposedly by the person running the crap game, Sylvania Peak. Witnesses who support the allegations that James Calloway planned this robbery and provided the shotgun that was used in the robbery are: Mike Samples, Carl Samples, Bernice Samples, Jo Ann Winters and Everett Vanderburg. Everett Vanderburg has given a tape-recorded statement that he sold James Calloway the sawed-off shotgun that was used in the robbery of the crap game on the same night as the robbery. Vanderburg stated that he had purchased the sawed-off shotgun from another individual identified as Richard Smith. Richard Smith apparently told a friend of Calloway's by the name of Vinis Criswell that Vanderburg had purchased the gun and had it. According to Vanderburg on the night of the robbery, three men came to his home. Those three men were James Calloway, Tony Mullins and Carl Samples. Calloway

told Vanderburg that he needed to buy the gun so that Mullins would have protection from his in-laws who had been threatening him. Calloway later gave the sawed-off shotgun to Tony Mullins who in turn gave it to Carl Samples. Samples has given a sworn statement and grand jury testimony that the sawed-off shotgun was used in the robbery at the crap game. The sawed-off shotgun was later tossed in a ditch by Interstate 30 running east and west from Little Rock to Memphis. We recovered the shotgun by having Carl Samples take us to where the gun had been ditched. It had been laying in the same weeded area along the Interstate since July of 1989. The gun was actually recovered in December of 1989. Carl Samples has given a lengthy statement regarding the robbery of the crap game, including information that James Calloway planned the robbery. In addition to providing the details of the planning of the robbery and the persons who participated in it, Carl Samples provided the grand jury with sworn testimony as to James Calloway's cocaine dealings in Saline County. James Calloway had employed Carl Samples to work at his car lot in Bryant, Arkansas, doing odd jobs. While employed in that capacity Carl Samples told the grand jury under oath that he observed a Mexican and Richard Garrett arrive at James Calloway's car lot. The Mexican delivered boxes which, on at least one occasion, Samples saw the contents to be packages of white powder which he believed to be cocaine. The Mexican male involved in this transaction was subsequently found shot to death in White County, Arkansas, and was being held at the State Crime Laboratory under a John Doe. Carl Samples, at my request, traveled with investigators to the Arkansas State Crime Laboratory and viewed the body of the dead Mexican male. Carl Samples identified the dead Mexican as the person who had traveled to the car lot with Richard Garrett for the purpose of delivering cocaine to James Calloway.

Since the interview and grand jury appearance of Carl Samples we have also identified other witnesses who can provide information concerning the drug dealings of James Calloway. On Monday, February 12, 1990, I interviewed witness Woodrow "Woody" Mays. Mays provided a lot of information concerning drug dealing in Saline County but he also indicated in the course of giving this information that he knew James Calloway, knew that Calloway owned a car lot in Bryant, Arkansas; and remembered on at least one occasion when he had obtained some marijuana from Calloway. Mays pointed out that he did not actually get the marijuana from Calloway himself but had another person go to him and obtain a quantity of marijuana so that Mays would have some to smoke. Two other witnesses have also implicated James Calloway in drug dealing. One of those witnesses is named Tommy Madison. Tommy Madison, who is currently incarcerated at the Cummins Unit of the Arkansas Department of Correction has been interviewed by investigators and gave a written statement on January 30, 1990. Madison told investigators that during 1987 and 1988 he was buying cocaine trying to help a friend of his out. He identified

several sources of cocaine including Russell Settlers, Gary Pullion and Kent Cook. Madison stated that as his dealings in cocaine continued he had occasion to meet James Calloway. He stated that he had been introduced to Calloway by Kent Cook. Kent Cook and James Calloway used to work for AP&L in Alexander, Arkansas. During the course of his statement Madison identified a number of occasions when he actually purchased cocaine from Calloway. On the first occasion he alleged that he bought cocaine from Calloway at his home, approximately 1/4 gram for \$25. Madison stated that the second time he bought cocaine from Calloway was in the parking lot of the church in Alexander and that he purchased 1/4 gram of cocaine from Calloway for \$25. Madison stated that the third time he purchased cocaine from Calloway he had called Kent Cook at Cook's home and Cook told him to meet Calloway in Alexander. On this third occasion Madison stated that he met Calloway and purchased 1/4 gram of cocaine for \$25. Madison stated that the last time he actually bought cocaine directly from Calloway was in about January of 1988. On that occasion he and Kent Cook went over to James Calloway's car lot where Cook gave Calloway \$100. Calloway left and they had to wait for Calloway to get back to the car lot. On this particular occasion Cook obtained either a gram or a one-sixteenth paper of cocaine. James Calloway's drug dealing were also documented in a written statement by witness Richard Sampley on January 30, 1990. Sampley is currently incarcerated at the Varner Unit of the Arkansas Department of Correction. In his statement Sampley stated that he has known James Calloway for approximately six years and that he has lived at Calloway's house off and on several times. Sampley stated that while he lived with Calloway he used to test cocaine for him and would tell Calloway whether the cocaine was good or bad by the rush that he got from the drug. Sampley stated that he would perform these tests on the cocaine at the kitchen table in James Calloway's house. Sampley stated that during 1987 he sold at least ten ounces of cocaine for James Calloway. During the 1987 Oaklawn race season Sampley, James Calloway, Dan Harmon and Richard Garrett all went to the horse races in Hot Springs. The trip was made in James Calloway's black Marquis automobile. On the way to the races James Calloway pulled out a half-gram of cocaine and handed it to Richard Garrett. Richard Garrett snorted some of the cocaine and then handed the paper to Dan Harmon, who did some of it. Harmon then handed the paper of cocaine to Richard Sampley and Sampley finished it. Sampley stated that he told them to get all they wanted because he was going to finish it when it got to him. Sampley stated that on several occasions while he lived with James Calloway he saw Dan Harmon and Richard Garrett come to James Calloway's house. They would always go to James' bedroom and close the door and talk. Sampley did not know what they talked about but he did know that that is where James Calloway kept his cocaine. Sampley also stated that he knew that James Calloway did most of his cocaine dealing from the bedroom in his

house. Sampley stated that there was a closet in the bedroom in which James Calloway kept his cocaine and that there was cocaine in this closet on every occasion when Dan Harmon and Richard Garrett were there. Sampley stated that he watched James Calloway give people cocaine to sell on several occasions. Sampley stated that he saw Calloway give Kent Cook drugs on a number of occasions and one time he watched Cook carry about a kilo of cocaine out of James Calloway's house. During the time that Sampley was associated with James Calloway Sampley alleges that he watched Calloway move about 20 kilos of cocaine. Sampley stated that he was giving James Calloway about \$750 to \$800 an ounce depending on the dope. Sampley stated that on numerous occasions he saw Richard Garrett come to James Calloway's car lot. Sampley also stated that a Mexican which he knows by the name of Carlos would get out of Garrett's car and carry an attache or brief case into the car lot office. Sampley stated that he saw this Mexican stay a very few minutes and then return to the car that Garrett was in and they would drive off. Sampley stated that he was sure that Garrett was driving the car on these occasions.

During this point of the investigation Dan Harmon, an attorney from Benton, Arkansas, has been identified as a target in this investigation. Dan Harmon has served in the past as the special prosecutor in charge of the Saline County special grand jury which looked into the death of Don Henry and Kevin Ives on August 23, 1987. Kevin Ives and Don Henry were found dead on some railroad tracks in Saline County on that date. The grand jury investigated the cause of death of the two boys and the circumstances surrounding their death as part of the special grand jury's investigation. On Monday, February 12, 1990, I interviewed Woodrow "Woody" Mays, an acknowledged drug dealer from Saline County, Arkansas. Mays is a 31 year old white male, 5'6", weighing 155 pounds, having blond hair and blue eyes. He has a tattoo on his shoulder which is of the letter "F". Mays has never been granted immunity before and has never testified as a witness in a criminal case. Mays has a number of felony convictions including two felony convictions in Pulaski Circuit Court in 1984 or 1985 for burglary and theft of property. He was sentenced in 1985 to two five year concurrent terms of imprisonment with two years suspended. Altogether he served nine months in the Arkansas Department of Correction. Woody Mays has also been convicted of a felony in Ohio. He received a sentence of one to five years for aggravated assault as a result of a stabbing incident in a bar fight. This conviction occurred in 1974 or 1975. As a result of this conviction he served three years in the Ohio State Penitentiaries at Mansfield and Lebanon, Ohio. Woody Mays stated that he met Danny "Boonie" Bearden through Eugene Coney during the summer of 1988. Brian Coney, Eugene Coney's brother, grew marijuana for Joe Davis. Davis is currently serving a term of imprisonment for robbery in the Arkansas Department of Correction. Boonie Bearden started buying eight balls of cocaine from Woody Mays shortly after they met.

It wasn't too long before Boonie Bearden started buying an ounce of cocaine every day from Mays. According to Woody Mays, Boonie Bearden bought at least 30 ounces of cocaine from him in a two month period. Mays stated that his source of cocaine for the most part during this period of time was Marvin Stegall, who has been previously identified as a significant drug trafficker operating in Garland and Saline Counties. According to Mays, Marvin Stegall was fronting him anywhere from two or three ounces of cocaine per week. Woody Mays has agreed to meet with State Police Investigators and show them the drop site and method of operation of Marvin Stegall. According to Mays, Marvin Stegall meets a person on a weekly basis who flies cocaine into the state of Arkansas from Texas. The individual is met at the airport and they then go to a Waffle House or a nearby location and exchange the drugs and money. Mays claims to have been present on occasion when this was done. Woody Mays stated that he first met Marvin Stegall in 1986 or 1987 right after he got out of prison. Mays couldn't exactly remember who introduced him to Stegall but he believes it was either Carlo Hibbard or Mark "Bubba" Ray. Mays stated that he started dealing with Stegall right after he met him in the latter part of 1987 or the first part of 1988. Mays stated that he got some drugs from Stegall about every week. Mays stated that he would obtain three to eight pounds of marijuana at a time and anywhere from one to three ounces of cocaine at a time from Marvin Stegall. Mays stated that his drug dealing with Stegall ended in July of 1989 when Mays left the state of Arkansas. At the time Mays left Arkansas he owed Stegall approximately \$8,800 for seven pounds of marijuana and three or four ounces of cocaine. Mays stated that Stegall usually fronted him both marijuana and cocaine and that he had been fronted the marijuana and cocaine that he owed Stegall for. Mays stated that Stegall owns a business which hangs ceilings and that he believes that Stegall uses this business as a front to launder his drug money. According to Mays, Stegall is in his 30's and has a lot of wealth and property that is not apparent. Mays stated that during the time he dealt with Stegall, from 1987 through July of 1989, Stegall provided him with approximately 100-150 pounds of marijuana and anywhere from a kilo to a kilo and a half of cocaine. Stegall identified the following persons as persons who dealt drugs for Marvin Stegall: (1) Tammy Harmon, the daughter of attorney Dan Harmon; (2) Mark "Bubba" Ray; (3) Woody Mays; and (4) Carlo Hibbard. Mays stated that Marvin Stegall is a major source of drugs in Saline County and that if Stegall is busted it will probably eliminate the major source of drugs in that county. Mays stated that he never got busted the entire time that he was selling drugs in Saline County because either Tammy Harmon or Carlo Hibbard would tell him "Dan says you are getting hot". He indicated that he never got busted because Tammy Harmon or Carlo Hibbard would warn him every time the authorities were getting ready to arrest him. He indicated that he was warned by Harmon, through Tammy Harmon or Carlo Hibbard, at least four or five times. He stated that that is why

he moved so often while he was living in Saline County. Mays recalled that he was at Dan Harmon's house both when Harmon lived in the Summer Woods Apartments and later when he moved and lived in a house. He recalled that he was in Harmon's house on one occasion shooting up with his daughter, Tammy, when Harmon was present in the house. He also recalls an occasion when Harmon was present while Woody Mays was snorting cocaine with Harmon's former wife, Teresa Harmon. Woody Mays stated that Teresa Harmon bought cocaine from him on at least four or five separate occasions. He stated that Teresa Harmon usually bought \$50-100 worth at a time. Mays described Marvin Stegall as a white male, 5'9" to 5'10" in height, brown shortcut hair, medium build, weighing approximately 160-170 pounds and further described as being very bowlegged. Woody Mays stated that Marvin Stegall was clean shaven in the past but he was now wearing a full beard and mustache. Mays stated that Stegall meets his Texas source for cocaine at the Little Rock airport on a weekly basis. When Stegall meets this individual who Mays knew only as "Dave", Stegall would either drive a new maroon Bronco automobile or a small pickup truck which he described as being beige over brown.

Woody Mays stated that Carlo Hibbard is still in the drug business. According to information from the Saline County Sheriff's Office, Carlo Hibbard is a fugitive and has current state charges of distribution of controlled substances out of Saline County Circuit Court. According to Mays, Carlo Hibbard is running dope from Houston, Texas, and Jacksonville, Florida, to Richmond, Indiana. Mays stated that he has seen Carlo Hibbard in Richmond, Indiana, and that Carlo Hibbard currently lives with his mother in Richmond, Indiana. Mays described Hibbard's vehicle as being a green Chevelle with two big white stripes running from the back of the automobile to the front. The car has Florida tags and is usually parked on the corner of South Seventh and "H" or "G" streets in Richmond, Indiana. Other witnesses have provided information during the course of this investigation pertaining to the drug activities of Benton attorney Dan Harmon, his former wife, Teresa Harmon, and Dan Harmon's daughter, Tammy Harmon. During the latter part of 1989, Little Rock attorney Jim Clouette, provided investigators working on the Saline County investigation with information pertaining to the drug activities of Dan Harmon. Clouette, who used to practice law with Dan Harmon, stated that he met Harmon and drove around with him in Saline County on one occasion recently after Harmon had called Clouette at Clouette's office. During this meeting Harmon told Clouette that he had acquired a hydroponic system and was going to establish a marijuana growing operation in a building with a restaurant in the top of the building. According to Clouette, Harmon stated that this would be a perfect front for a marijuana growing operation and that the growing end of the operation was the place to make money.

Witness Myron J. Harrison was interviewed by investigators working on the Saline County Investigation on August 31, 1989. During the course of his statement, Harrison said that he first met Dan Harmon on a casual basis in 1984. At the time he first met Harmon he was just merely a speaking acquaintance and did not really socialize with him or have any business transactions with Harmon. Later, however, Teresa Harmon, Dan Harmon's ex-wife, started buying cocaine from Harrison. Teresa Harmon's cocaine purchases began toward the end of 1987 while Harrison was still living at the Pines Apartments on Baseline Road in Little Rock. At this particular time Teresa Harmon was buying grams of cocaine. In February of 1988 Myron Harrison lived at 3940 Arapaho Trail in Southwest Little Rock. Teresa Harmon would come by Myron Harrison's house and buy eight balls of cocaine from him. Harrison stated that Teresa Harmon bought cocaine from Harrison a couple of times at that location before she introduced him to her husband, Dan Harmon. Harrison stated that in March of 1988 he met Dan Harmon at the El Chico restaurant in Southwest Little Rock to talk to him as an attorney in reference to some domestic problems that Harrison was having. Harrison recalled that during the conversation Harmon asked him how much cocaine Teresa Harmon was buying. Other than that one reference to cocaine, Harrison stated that their conversation was merely small talk. Harrison stated that in April of 1988 Teresa Harmon came to his house on Arapaho Trail and told him that Dan Harmon was waiting to talk to him at Sawyer's Market at Baseline and Hilario Springs Road. According to Harrison, he went to Sawyer's Market and met with Dan Harmon alone. This was the first time, according to Harrison, that Dan Harmon had mentioned hydroponics to him. Harmon told Harrison that the only way to make money out of marijuana was to be on the manufacturing end. During the course of this conversation Harrison asked Harmon if it was okay to continue to front cocaine to Teresa Harmon. Harmon stated that it was okay but to not let it get out of hand. According to Harrison, during May of 1988, Teresa was supposed to come to his house and pick up some cocaine. She couldn't make it so Dan Harmon came instead. Harrison stated that he and Harmon met at the El Chico Restaurant in Southwest Little Rock where they talked about the hydroponics again. During the course of this meeting Dan Harmon discussed some of the testimony being given to the Saline County grand jury about the deaths of Kevin Ives and Don Henry. At this meeting Harrison gave Dan Harmon an eight ball of cocaine on the front for his wife, Teresa. Harrison stated that at this particular time Dan Harmon and Teresa Harmon owed him approximately \$1,800 for cocaine and Dan told Harrison that he would pay him after he got paid for a case he was working on. Harrison stated that in June of 1988 Dan Harmon paid him \$1,800 with a check that was drawn on the law firm. Teresa Harmon brought Harrison the check and picked up half an ounce of cocaine at the same time. According to Harrison, Teresa Harmon paid for the most of the ounce and left owing Harrison about \$200. According to Harrison, Teresa Harmon began buying cocaine

from him on a daily basis shortly thereafter. Between June of 1988 and December of 1988, according to Harrison, Teresa Harmon bought several eight balls of cocaine and on several occasions picked up quarter ounces of cocaine. Harrison stated that in August she got two full ounces of cocaine from him and sold both ounces. During this same period of time, Harrison met with Dan Harmon at the El Chico Restaurant and on two occasions gave him quarter ounces of cocaine. Teresa Harmon was paying Harrison some money along but there was a bill with Harrison getting pretty high. In August or September of 1988, Dan Harmon got into a bind over some hot checks and asked Harrison if he could borrow some money. According to Harrison he loaned Dan Harmon \$700. About two weeks later Harrison loaned Dan Harmon \$1,000 and about two weeks after that Harrison loaned him another \$1,000. At that time Dan Harmon and Teresa Harmon owed Harrison \$2,300 for cocaine and according to Harrison, still do. According to Harrison, in October, 1988, Dan Harmon contacted him and told him to cut Teresa off. Harrison stated that the first time he loaned Dan Harmon a \$1,000 Harmon talked to him about Pay Taylor Cook's testimony before the Saline County special grand jury and how the testimony related to Myron Harrison. Harrison stated that on several occasions he asked Dan Harmon to check people out before he sold drugs to them which Harmon did.

Teresa Harmon, the former spouse of Benton attorney Dan Harmon, appeared before the United States Grand Jury for the Eastern District of Arkansas on Tuesday, October 17, 1989. Ms. Harmon acknowledged that she had personally observed her husband, Dan Harmon, use cocaine in their home on at least five occasions prior to her pregnancy in 1987. She stated that she did not ask her husband where he got the cocaine because the quantity was so small she figured that someone just gave it to him. No questions were asked concerning Teresa Harmon's use or sale or distribution of controlled substances since she is also a target of the Saline County investigation for her own drug use and distribution. I felt like if we went into questions which would incriminate her personally she would probably invoke the Fifth Amendment since her attorney, David Smith, was present outside of the grand jury room during her testimony.

Cindy Boshears Tucker appeared before the grand jury to testify on Tuesday, September 19, 1989. Ms. Tucker stated that she worked for Dan Harmon as a legal secretary during the middle of 1986. She stated that she had known Mr. Harmon since she was about ten years old and that he had been her softball coach. She stated that she worked for Dan Harmon until December of 1987 and quit working for him because her payroll checks were coming back insufficient funds. Ms. Tucker stated that during the period of time she worked for Dan Harmon in his law office she saw him use cocaine on two occasions. The first occasion was in 1987. She stated that she came to work early one morning and there were no cars outside and she came in the front door and walked on in.

She stated that Mr. Harmon didn't know that she was coming in early and she just walked on in his office. She said that he was doing lines of cocaine which he had laid out on his desk. She said she observed him doing these lines of cocaine with a straw. She stated that this incident occurred in February or March of 1987. The second occasion she saw Mr. Harmon use drugs was in November of 1987. She came back from lunch and Dan Harmon was in his law office using drugs. She stated that she told her husband about the incident and her husband told her to start looking for another job so she could quit. Ms. Tucker stated that she saw Teresa Harmon use drugs on three or four occasions at her house. She stated that she observed these drug usages because she used to watch Teresa Harmon's little boy for her a lot. She stated that Ms. Harmon used cocaine. In fact, Ms. Tucker admitted that she had used cocaine with Teresa Harmon at her home on one occasion in 1987. She also stated that Teresa Harmon had given her an eight ball of cocaine for a wedding present. According to Ms. Tucker she was married to her current husband on July 21, 1987, and Ms. Harmon had given her the cocaine prior to their marriage. Ms. Tucker stated that Teresa Harmon gave her the eight ball of cocaine at Teresa Harmon's husband's law office, the law office of Dan Harmon. Ms. Tucker stated that Teresa Harmon came to the office and told her that she had left a gift in there on her husband's desk and it was wrapped up. Ms. Tucker stated that the cocaine was in a brown sack and it was taped up. Ms. Tucker stated that she actually got this cocaine from Teresa Harmon after the date of her marriage, which would be July 21, 1987. Ms. Tucker acknowledged that it was pretty much a matter of common knowledge in Saline County that Teresa Harmon has sold drugs but she also acknowledged that she has never been prosecuted in that County for drug sales nor has she ever been arrested for it. Ms. Tucker further acknowledged that Tammy Harmon, Benton attorney Dan Harmon's daughter, has a reputation in the County for being a drug dealer.

Timothy M. Lincoln was interviewed by Investigator Robert Gibbs with the Arkansas State Police in connection with his knowledge of this case. Lincoln told Investigator Gibbs that he has known Dan Harmon for a period of time, less than one year. Lincoln told Investigator Gibbs that during the period he knew Dan Harmon he personally witnessed Dan Harmon purchase cocaine on two occasions from a white male known to Lincoln as Marty Vanberg. Lincoln stated that he has personal knowledge of cocaine transactions between Marty Vanberg and Dan and Teresa Harmon but that he did not personally witness these transactions. Lincoln stated that Marty Vanberg received his cocaine from an unknown white male who flies into the Little Rock Airport every Monday from Dallas, Texas. This unknown white male sometimes flies Southwest Airlines from Love Field in Dallas and sometimes flies on Delta Airlines from the Dallas/Fort Worth Airport. Following his meeting with the unknown white male, Marty Vanberg

usually goes to Benton where he will deliver an unknown amount of cocaine to Dan or Teresa Harmon.

Scott Tracy Mattingly was interviewed by Investigator Robert Gibbs with the Arkansas State Police in connection with this case. Mattingly told Investigator Gibbs that he had known Teresa Harmon for about ten years and had purchased various types of narcotics and controlled substances from her on numerous occasions. Mattingly told Investigator Gibbs that during 1987 he purchased drugs from Teresa Harmon at her home while her husband, Dan Harmon, was there. Mattingly stated that Dan Harmon witnessed both of these drug transactions. One of the deals was for two or three hits of acid (LSD) and the other deal was for a quarter ounce of marijuana. In February of 1988, Teresa Harmon told Mattingly that Dan Harmon was getting nervous about her dealing drugs out of their house because of his position in the community. At about the same time, February of 1988, Teresa and Mattingly were talking about some cocaine and Teresa made the statement that "Danny gets only the good stuff". Mattingly took this to mean cocaine. After February of 1988 if Mattingly wanted to buy drugs from Teresa Harmon he would go to Kelly Green's house in Benton and Kelly would call Teresa for him. Teresa Harmon would then bring the drugs over which Mattingly wanted. Mattingly told Investigator Gibbs that he knows that Teresa Harmon gets some of her dope from Doug Knowles. Mattingly stated that Teresa Harmon gets marijuana, acid, coke and crank from him. Mattingly described Doug Knowles as a white male, about 23 years old, 5'9" in height, weighing approximately 160 pounds and having dark hair. Mattingly stated that the last time he bought anything from Teresa Harmon was on or about February 13, 1988, when he bought one-quarter ounce of marijuana from her at her house. Mattingly said that Dan Harmon was at the house when this deal occurred but he doesn't remember if Dan Harmon actually witnessed the deal. Mattingly told Investigator Gibbs that Teresa Harmon has lived in Benton all of her life and the fact that she is dealing drugs is common knowledge to the people that live in the area. Mattingly described Teresa Harmon as a white female, approximately 23 years of age, red hair and freckles, a pug nose, about 5'4" in height and weighing approximately 100-105 pounds. Mattingly stated that Teresa Harmon drives a 1985 Toyota Celica which is tan in color. Mattingly could not say how many times he has purchased drugs from Teresa Harmon but he did say that he has bought from her ever since he has known her. During 1987 Mattingly said that Teresa Harmon was the only one he did business with.

On August 3, 1989, witness Michael Bearden was interviewed at the Cummins Unit of the Arkansas Department of Correction by Saline County Sheriff Larry Davis and Saline County Sheriff's Investigator Leonard Lewis. Bearden is currently serving a state sentence for murder. The murder case involved the murder of Michael Bearden's wife at a time when he lived on

Carywood Drive in Bryant, Arkansas. Bearden told the investigators that he was represented on the murder charge by Benton attorney Dan Harmon. Bearden told the investigators that on one evening while he was home he received a telephone call from his attorney, Dan Harmon. Harmon told Bearden that he needed to discuss something with him but he couldn't talk over the phone. Bearden told Harmon that he was on the way to his office. When Bearden got to Dan Harmon's office Harmon confronted him with a proposition that if Bearden bought the Prosecuting Attorney a Corvette, his murder case would be dismissed. Bearden stated that Jo Hardin was the Prosecuting Attorney for Saline County at the time. Bearden told Harmon that he hadn't done anything to have to do that other than to just pay Harmon his fee to present his case. Bearden told the investigators that he was willing to testify about the Corvette deal before the federal grand jury. Bearden told the investigators that there was a \$65,000 life insurance policy on his wife and that Bearden was the beneficiary under the policy. According to information developed during Bearden's interview, the insurance company was not willing to pay off on the proceeds of the policy as long as the murder charge remained against Bearden. Bearden stated that he signed a contingency fee contract with Harmon whereby Harmon would receive a percentage of the policy proceeds as his fee for representing Bearden on the murder case. According to Bearden, part of the insurance proceeds was also to be used to buy the Corvette for the Prosecuting Attorney so that the murder charges could be dismissed. Bearden stated that he never received any money from the insurance company himself but that he did sign some papers which his mother-in-law had sent to the penitentiary which would have released the money to her. Bearden stated that he was contacted by the insurance company one time about the settlement on the policy proceeds but he directed the insurance company to get in touch with his attorney, Dan Harmon. Bearden stated that he has not heard anything else about the insurance policy proceeds since that time. Bearden indicated that the life insurance policy on his wife was carried by the Delta Farm Insurance Company which is located out of state.

Pamela Gwyn Cook was interviewed by me in the United States Attorney's office on Wednesday, October 11, 1989. The information provided by Ms. Cook was lengthy and is recorded in a memorandum of interview dictated by me on October 11, 1989. A copy of that memorandum is attached to this memo. Following my interview with Pamela Cook on October 11, 1989, she appeared before the United States Grand Jury for the Eastern District of Arkansas on October 17, 1989, for the purpose of giving testimony under oath in connection with the Saline County Grand Jury investigation. A copy of her grand jury testimony is attached to this memo. Lastly, Pamela Cook was again interviewed by Detective Tom James of the LRPD Intelligence Division on November 7, 1989, to determine additional information. A copy of this last interview with her is attached to this memo.

The Internal Revenue Service has assigned Special Agent Glen Perciful to do a background tax investigation on former Saline County Sheriff James Steed. He was recently assigned to this investigation and has just begun his work. As of this date I have not yet received any reports concerning his investigative efforts pertaining to the former Sheriff of Saline County. The initial investigation by S/A Perciful will be to determine whether Sheriff Steed's lifestyle is consistent with his apparent income. In that same vein, we have received additional information concerning the former Sheriff from Arkansas State Trooper Jeff Ramsey. Ramsey used to work as a Deputy Sheriff in the Saline County Sheriff's Office at a time when James Steed was the Sheriff. Ramsey has mentioned two occasions to us which require further investigation. One of them involved a seizure of cash on a drug arrest which occurred in Saline County. The investigator that brought the money in had counted the money previously and had determined there to be approximately \$19,000 in currency. Sheriff Steed wanted the state investigator to sign a receipt indicating that there was \$3,000 or \$4,000 less in currency than there was actually there. Investigator Ramsey stated that the person that brought in the cash declined to sign the receipt because the receipt did not accurately reflect the amount of currency which had been seized. Trooper Ramsey claims to have witnessed this particular transaction. Trooper Ramsey also told investigators about a situation which occurred when he was a Deputy Sheriff in Saline County under Sheriff Steed. Trooper Ramsey stated he was on duty one evening and received a telephone call from Richard Sampley. Sampley stated that a large scale gambling operation was going on at a house at Lake Norrell in Saline County, Arkansas, and agreed to come down and give the investigator information concerning the gambling operation. Trooper Ramsey stated that he went back to the location of the gambling operation with Richard Sampley and observed the house with the lights on as described to him previously by Sampley. Trooper Ramsey then stated that he and Sampley returned to the Sheriff's office and made preparations to raid the house. One of the other officers suggested that Sheriff Steed be contacted before the raid occurred so that he could participate. The Sheriff told them that he was on the way and not to do anything before he got to the office. Trooper Ramsey stated that while Sheriff Steed lived only four or five blocks from the Saline County Sheriff's office, it took him over 40 minutes to get there. By the time Sheriff Steed did get there he told one of the investigators to go home and told Investigator Ramsey that he would go with him and look at this so-called gambling operation. According to Trooper Ramsey Sheriff Steed made statements which indicated to him that the Sheriff did not think the gambling operation was any big deal. Trooper Ramsey stated that when he and the Sheriff drove back to the location of the gambling operation previously shown him by Richard Sampley that the house was shut down, locked up and that lights were out. Trooper

Ramsey firmly believes that Sheriff Steed warned Mr. Peach, the operator of the gambling house, before they arrived. According to Sampley, Mr. Peach provided payments of \$2,000 to State Prosecutor Joe Hardin, Circuit Judge John Cole, Sheriff James Steed and Municipal Judge Pete Lancaster each Monday.

On Monday, February 12, 1990, I received an anonymous telephone call which relates to information in the Saline County investigation. The caller refused to identify herself despite numerous attempts by me to get that information. The caller sounded like a mature white female but would not give me her name, address or any information. The caller stated that an individual named Donna Ramsey used to work at Landers Auto in Benton, Arkansas. The caller stated that this person has made statements that James Steed, the former Sheriff of Saline County, routinely came by Landers Auto and picked up envelopes containing large sums of cash. According to the anonymous caller Donna Ramsey currently lives in Benton, Arkansas, and could probably be found and interviewed. The caller did not know the purpose for the delivery of these sums of money to Sheriff Steed.

The investigative goals in this case remain as follows: (1) continue to develop information on the cocaine-marijuana distribution activities of the organization headed by James Calloway. As of this date we have developed testimony from three different witnesses who have indicated that Calloway was responsible for large scale cocaine distribution within Saline County. One witness, Richard Sampley, has indicated that James Calloway has distributed approximately 20 kilos of cocaine during the period of time that he was associated with Calloway. Calloway also seems to be involved in one or more murders which may be drug related in Saline County. There is a possibility that he may have been involved, indirectly, in the murders of Kevin Ives and Don Henry on the railroad tracks in Saline County, there is also the possibility that he was involved in the murder of an unidentified Mexican drug dealer who is currently in cold storage at the Arkansas State Crime Laboratory and lastly, he is probably involved in the killing of Richard Winters who was shot to death during an attempted robbery of a crap game in Lonoke County, Arkansas, in July of 1989. The murder of the Mexican drug dealer appears to be connected to Calloway since Carl Samples has identified the Mexican as the person who went to Calloway's car lot in Bryant, Arkansas, with cocaine in the company of Richard Garrett. (2) All available intelligence information seems to indicate that Marvin Stegall who resides in Hot Springs, Arkansas, is the biggest supplier of cocaine and marijuana in Garland and Saline Counties. Witnesses have told us that Marvin Stegall is the major source of drugs in Saline County and that if we arrest Stegall we will eliminate the primary source of drugs in that county. As of this date we have developed a lot of information on Stegall through narcotics intelligence and also through the testimony or statements of drug dealer Woody Mays. Since Mays is an immunized witness we must do

everything possible at this point to try and corroborate the details of his testimony. On Wednesday, February 14, 1990, I directed Investigator Robert Gibbs of the Arkansas State Police to take Woody Mays to the State Police Headquarters for a thorough debriefing. The State Police is also going to prepare a video-taped statement from Woody Mays. The purpose of the debriefing will be to identify the drop sites which Marvin Stegall uses and his method of operation for bringing in drugs into Arkansas from Texas. Mays says he uses the same MO in every situation, he meets an unidentified male known only as Dave at the Little Rock Airport, takes him to a nearby Waffle House where they exchange drugs and money and then Stegall takes Dave back to the airport for the return flight to Texas. Mays says that he has observed this on a number of occasions and that is the way that Stegall always gets his cocaine. According to Mays, Stegall will meet this person at the Little Rock Airport as many as two or three times a week if Stegall needs that much cocaine. As a part of this investigative effort we have, in the past, placed Marvin Stegall's house under surveillance. One night while officers were surveilling his house in Hot Springs, two individuals named Gerald Davis and Linda Carol Smart were observed pulling into Stegall's driveway. Both individuals exited the car while the motor was still running, went into the house, stayed a very short period of time and returned to the car. One of the surveilling officers radioed a marked State Police unit and told the marked unit that the car being operated by these two individuals was followed to a liquor store where both individuals got out, again with the motor running, and went into the liquor store. Surveillance was continued on the car and it was noticed that they were driving erratically and that the car had no taillights. The marked unit effected a traffic stop and placed the driver under arrest for DWI and no taillights. The passenger in the car, Linda Smart, was given a breath test and she was determined to also be intoxicated. Since she could not lawfully operate the vehicle in that condition, the arresting trooper called for a wrecker to have the car towed to the Saline County Sheriff's Office. Linda Smart asked to have her purse back but before the trooper would give it to her he searched it and found it to contain a plastic bag with approximately 3 1/2 ounces of marijuana in the bag. Subsequent interview of the subjects revealed that the subject known as Davis had purchased the marijuana from a friend but he would not name the source of the drugs. Linda Smart, who was found in possession of the drugs, would not make any statement concerning the source of the marijuana. Based on the surveillance that was done in this case it is quite apparent that Marvin Stegall provided the marijuana to Linda Smart and Gerald Davis were subsequently arrested with. I anticipate indicting their case in the March session of the grand jury for the sole purpose of applying leverage to them to make them identify Stegall as the source of the drugs they were arrested with. (3) As of this date we have developed a pretty substantial amount of information concerning the drug use and

dealing activities of Teresa Harmon and Dan Harmon. It appears from the information that we have so far that Dan Harmon was not only involved in the use of cocaine but that he distributed it. Witness Marissa Bragg is one of the people who can actually state that Dan Harmon gave her cocaine. Under federal law if you give someone cocaine you have distributed it whether you make any money off the transaction or not. Our investigative focus in this case with regard to Dan Harmon should also relate to his official corruption activities. We need to follow-up on the allegation that he attempted to have a murder case dismissed in return for buying the prosecutor a Corvette, as in the case of Michael Bearden, and some other cases which appear to be quite suspicious. With regard to his law partner, Richard Garrett, I am most distressed about some cases that do not appear to make any sense. Richard Garrett was the Prosecutor who dismissed the marijuana cultivation case against William Edward Ross six months after Mr. Ross was arrested with the marijuana and after he had given a confession that he intended to sell the marijuana. There does not appear to be any legal justification or explanation for the dismissal of this case. We have also developed information that a witness we had previously interviewed, Everett Vanderberg, has a son who was driving under the influence of alcohol and drugs when his car struck and killed an individual in Saline County, Arkansas. We are in the process of trying to find out the name of the attorney that represented Everett Vanderberg's son but apparently Vanderberg's son was never arrested or charged in connection with the vehicular homicide. This situation is quite suspicious since Everett Vanderberg is a close friend of James Calloway who in turn is close friends with Richard Garrett and Dan Harmon. Everett Vanderberg was the individual who sold the sawed-off shotgun to James Calloway which was used in the armed robbery of the Lonoke County crap game in July of 1989 when Richard Winters was killed. As a part of this investigation we should at some point have someone go through all of the criminal cases that were handled by Deputy Prosecuting Attorney Richard Garrett during 1987 and 1988 to determine if there were dismissals of these cases under suspicious circumstances. (4) As one of the investigative goals in this case we will continue to try to find witnesses to verify public corruption allegations involving the former Sheriff of Saline County, James Steed. As a part of that continuing investigative effort we need to locate the individual identified as Donna Ramsey and interview her concerning the delivery of packets of money to Sheriff Steed while Ramsey was employed at Landers Auto Company in Benton, Arkansas. We need to get some kind of explanation as to who told her to make these payments and where the money came from and what the purpose of the payments was. S/A Glen Perciful of the IRS will continue to focus on the tax aspect of the former Sheriff of Saline County. As stated earlier he has just gotten involved in this investigation and I don't expect to hear from him until he gets going. (5) Last week I had a meeting with the investigators involved in this case as well as Saline County Prosecuting

Attorney Gary Arnold. Gary Arnold was in complete agreement that our office should handle the prosecution of John Roland which involves marijuana growing. We need to investigate allegations that Roland was warned that police officers were on their way to his marijuana patch with a search warrant. We need to try to determine who, if anyone, warned him of the impending police raid of his marijuana patch. Because of the heavy grand jury schedule in February, we will need to bring a number of witnesses before the federal grand jury during the March session. Those witnesses should include Marissa Lynn Bragg, who will testify about an occasion where she met with Dan Harmon in a motel room and Harmon gave her cocaine. The following witnesses should appear before the grand jury in upcoming months in connection with the Saline County investigation, Woody Mays, Timothy Lincoln, Myron Harrison, James Clouette, Scott Tracy Mattingly, Tommy Madison, Richard Sampley and Michael Bearden. In addition to this grand jury testimony we have tape-recorded conversations between Myron Harrison and Dan Harmon which should be played before the grand jury. As additional investigative steps in connection with this case we need to prepare photo lineups of Richard Garrett and Dan Harmon and show these photo lineups to Carl Samples and Richard Sampley in order to get them to identify these individuals by picture. Future indictments in this case include the following: In the February session of the grand jury indict W. E. Ross for manufacture marijuana. In the March session of the grand jury indict Linda Carol Smart and Gerald Davis for possession of marijuana with intent to distribute. The purpose of this indictment will be to secure the identity of the source of the marijuana which is believed to be Marvin Stegall, a significant trafficker in Garland and Saline Counties. Also in the March session of the grand jury we should indict John Roland for manufacture of marijuana in an attempt to identify the identity of the person who warned him about the search warrant in the case. A grand jury subpoena for the telephone toll records of James Calloway for telephone numbers 501-847-4754 and 847-0967 should be issued for a period of one year. These telephone toll records should identify all out-of-state long distance calls for that period and possibly lead us to his source of cocaine. Also these telephone toll records should supply us with in-state numbers which may establish sources of drugs or points of delivery. During the meeting with the investigators and the Saline County Prosecutor during the week of February 5, 1990, we discussed the possibility of conducting an undercover drug buy operation similar to those being utilized in our JJ cases in Forrest City and Jonesboro. I intend to meet with Major Doug Stevens of the Arkansas State Police and Special Agent Don Kidd of the FBI and Gary Worden of the DEA in order to formulate a plan for such an undercover operation. As I envision this operation, undercover investigators will go to Saline County and purchase drugs for a period of 60-90 days at which time we will conduct a massive arrest of the dealers. Hopefully the arrests of these dealers will allow us to document and develop

information concerning the source of the drugs being dealt within Saline County. In addition to this undercover operation we currently have two young men from Saline County who are making undercover drug buys at the present time for us in connection with this case. I interviewed both of these young men in the U. S. Attorney's office on February 9, 1990. The first individual is James Michael Seamon and the second individual is Michael Hughes Skasick. Both of these individuals came in and decided to cooperate following the arrest of a drug dealer in Saline County named Amy Murphy. I currently have Amy Murphy scheduled to appear in the March session of the grand jury. Amy Murphy sold cocaine to an informant under the surveillance of investigators from the Saline County Sheriff's Office. Skasick and Seamon told me that they have been involved in the sale and distribution of a Schedule I controlled substance known as "ecstasy" (MDMA) for the last several months in Saline County. The two individuals told me that they obtained quantities of ecstasy tablets ranging from 200-300 tablets per transaction from a Mexican male in Texas named Marino. Marino's source of supply is another Mexican by the name of Lopaz. The two individuals told me that these ecstasy tablets were being manufactured in college laboratories by college students at the University of Texas. On Monday, February 12, 1990, and Tuesday, February 13, 1990, Skasick engaged in tape-recorded telephone conversation with his source of ecstasy in Texas, Marino. Marino stated that he would be willing to come to Arkansas with 300 tablets of ecstasy which he would sell to Skasick for the sum of \$9.00 a tablet or \$2,700 total. I attempted to obtain funds to make this undercover drug buy on behalf of Saline County Sheriff Larry Davis from the FBI. The FBI indicated that they were not interested in furnishing buy money for ecstasy. The DEA apparently didn't have any buy money available to fund this purchase and the Arkansas State Police did not have sufficient money available to assist in this effort also. We are presently trying to formulate some other plan to make this drug buy and a prosecutable case against these ecstasy dealers in Texas without having to go through the FBI or DEA. Sheriff Davis reported to me on Tuesday, February 13, 1990, that he was pleased that Skasick and Seamon had made a number of undercover buys for them but Sheriff Davis informed me that he would have to shut the operation down shortly inasmuch as his office was running out of buy money.

PROBLEMS WITH THIS INVESTIGATION

The main problems with this investigation to this date are that we do not have sufficient manpower to adequately work this investigation. Detective Patti Watson with the LRPD has recently been employed by the U. S. Marshal's Service and is currently undergoing 13 weeks of training at Quantico, Virginia. Arkansas State Police Investigator Allen Swint broke his shoulder while trying to apprehend a subject and has undergone surgery and

currently is unable to work. As of this date neither the DEA nor the FBI has provided any investigative manpower to this case. I have talked to Don Kidd of the FBI about it and he tells me that he will assign someone to this case as soon as he can. According to what I have heard from the DEA they simply do not have any investigators to assign to this investigation at the present time. Right now we are down to the following individuals as investigators in this case: LRPD Detective Tom James, State Parole Officer Bobby Bell, State Parole Officer Jim Lovett, State Parole Officer Kay Aist and ASP Investigator Robert Gibbs. Saline County Sheriff Larry Davis has tried to help as much as he can but he is also short of manpower. In order to develop a substantial drug prosecution we must have manpower and money to do it. It is difficult to carry on a drug investigation when no law enforcement agency is willing to cough up \$2,700 in buy money to arrange for the arrest and prosecution of a significant ecstasy dealer. Apparently, some law enforcement agencies, such as the FBI, do not feel that ecstasy, a Schedule I controlled substance which has literally flooded the streets, is not a significant problem. We will continue to do the best we can through the grand jury and through the investigators that are available and see what happens. I will provide future reports as we update the investigation.