



Department of Justice

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**FORMER BUNCOMBE COUNTY SHERIFF MEDFORD AND DEPUTIES INDICTED
IN CONNECTION WITH ILLEGAL WESTERN NORTH CAROLINA
VIDEO POKER MACHINE BUSINESSES**

***Bobby Medford and Three Others Charged with Conspiracy
to Commit Extortion Under Color of Official Right and Other Crimes***

ASHEVILLE, NC - Robert Lee Medford, also known as Bobby Medford, John Harrison, also known as Johnny Harrison, Ronnie Eugene Davis, also known as Butch Davis, and Guy Kenneth Penland have been charged in a federal bill of indictment with conspiring to enrich themselves unlawfully by extorting money from persons involved in the illegal video poker machine business in Buncombe County, within the Western District of North Carolina beginning October 1, 2000 and continuing through December 3, 2006. The indictment, filed under seal in U.S. District Court in Asheville on December 11, charges, among other allegations, that the defendants deprived the citizens of Buncombe County of the right to their honest services, performed free from deceit, favoritism, self-enrichment, self-dealing, concealment, and conflict of interest, by participating in an alleged conspiracy related to illegal video poker machine businesses while employed as sheriff and sheriff's deputies for Buncombe County.

Today's announcement is made by United States Attorney Gretchen C.F. Shappert for the Western District of North Carolina; Nathan T. Gray, Special Agent in Charge of the Federal Bureau of Investigation (FBI) in North Carolina; Charles Hunter, Special Agent in Charge, IRS Criminal Investigations in North and South Carolina; Robin Pendergraft, Director, North Carolina State Bureau of Investigation, and Michael D. Robertson, Director, NC Division of Alcohol Law Enforcement. In addition, substantial assistance in this ongoing criminal investigation to date has been provided by the Sheriffs' Offices of Buncombe, Cleveland, and Rutherford Counties and the Police Department of Shelby, North Carolina.

Bobby Medford, 62, of Weaverville, John Harrison, 66, of Asheville, Ronnie Eugene Davis, 60, of Alexander, and Guy Kenneth Penland, 76, of Asheville have been arrested on various conspiracy, mail fraud, and obstruction of state and local law enforcement charges. Medford, Harrison, Davis and Penland will be afforded initial appearance hearings today, conducted by Federal Magistrate Judge Dennis L. Howell of the Western District of North Carolina at the U.S. Courthouse in Asheville, North Carolina.

Each defendant is charged in the indictment (Docket Number: 1:07CR122) with one count of conspiracy to commit extortion under color of official right, five counts of mail fraud in connection with official North Carolina video poker registration stickers, one count of conspiracy to commit mail fraud, one count alleging conspiracy to commit money laundering,

and one count of obstruction of state and local law enforcement. Ronnie Eugene Davis is charged individually in one count with making false statements to FBI and IRS investigators.

The allegations contained in the indictment describe a conspiracy allegedly conducted while Bobby Medford was the elected sheriff of Buncombe County; John Harrison and Ronnie Eugene Davis were lieutenants for the Buncombe County Sheriff's Office, and Guy Kenneth Penland was a special deputy for the Buncombe County Sheriff's Office, working at the time under Sheriff Medford's employ. According to the indictment the extortion conspiracy was accomplished over a period of time primarily in three ways: (1) defendants organized golf tournaments that generated significant monies for themselves in both election and non-election years; (2) defendants made direct demands for cash from various video poker machine businesses; and (3) defendants worked on behalf of video poker machine operators and received cash for convincing store owners to place machines in their businesses.

According to the allegations contained in the indictment the defendants provided business owners and/or video poker machine operators with benefits and services ranging from the non-enforcement of video poker laws, to the falsification of community service records on behalf of a video poker machine operator's agent charged with criminal offenses. The indictment also alleges instances where one or more of the defendants provided business owners and/or video poker machine business operators with grand jury surveillance, with information that would be known only to law enforcement officers, and with transportation and video poker machine placement. The indictment also contains allegations that the defendants provided business owners and/or video poker machine operators with Special Buncombe County Sheriff's Office Deputy badges, and that the defendants vouched for the video poker machine business employees with other law enforcement agencies. The indictment also alleges that Davis made telephone calls from his office at the Buncombe County Sheriff's Office to warn certain illegal video poker machine operators that search warrants were being executed. The indictment further alleges extortion activity by the defendants in connection with two owners of businesses that put video poker machines in Buncombe County, two video poker machine businesses, and three local owners and operators of illegal gambling businesses.

If convicted, the defendants face the following maximum statutory penalties:

The conspiracy to commit extortion under color of official right carries a maximum statutory penalty of 20 years imprisonment and a \$250,000 fine, or both. Mail fraud carries a maximum statutory penalty of 20 years imprisonment and a \$250,000 fine, or both. Conspiracy to commit mail fraud carries a maximum statutory penalty of 20 years imprisonment and a \$250,000 fine, or both. Conspiracy to commit money laundering carries a maximum statutory penalty of 20 years imprisonment and a fine of either \$250,000 or twice the amount of the money laundered, and obstruction of state and local law enforcement carries a maximum statutory penalty of 5 years imprisonment and a fine of \$250,000, or both. Making false statements carries a maximum statutory penalty of 5 years imprisonment and \$250,000 fine, or both.

The indictment includes a Notice of Forfeiture and Finding of Probable Cause that Defendants Medford, Harrison, Penland, and Davis forfeit to the United States all of the property involved in the offenses with which they are charged in the indictment, and all property traceable to such offenses. Currency and monetary instruments listed in the Notice of Forfeiture include

the sum of approximately \$287,776 in proceeds, the sum of approximately \$18,000 in U.S. currency seized from Davis's residence, and the sum of \$19,866.42 in U.S. currency from a certificate of deposit account in the name of Ronnie Eugene Davis.

The case is being investigated by the FBI, the IRS Criminal Investigation Division, the North Carolina SBI, and the NC Division of Alcohol Law Enforcement, with cooperation from a number of local Western North Carolina law enforcement agencies. The prosecution is being handled for the government by Assistant United States Attorneys Richard L. Edwards and Corey Ellis of the U.S. Attorney's Office for the Western District of North Carolina in Asheville.

The details contained in the indictment are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

In a separate, but related indictment, also filed in U.S. District Court in Asheville on December 11, 2007, six (6) additional individuals and a business (Western Amusement, Inc.) have been charged with conspiring to conduct an illegal gambling business in the Western District of North Carolina by making cash payouts on video poker machines in violation of the laws of the State of North Carolina.

Owner Jack Willis Shepherd, and five other persons have been charged alongside of, and in connection with Western Amusement, Inc., with one count of conspiracy to conduct an illegal gambling business and with one count of conducting an illegal gambling business. Jack Willis "Jackie" Shepherd was also arrested this morning and will be afforded an initial appearance hearing today, conducted by Federal Magistrate Judge Dennis L. Howell of the Western District of North Carolina at the U.S. Courthouse in Asheville, North Carolina.

Jack Willis Shepherd, also known as Jackie Shepherd, 62, of Weaverville, NC
Western Amusement, Inc. located in Weaverville, NC

The indictment remains sealed as to the five other defendants.

According to the indictment relating to Western Amusement, Inc., it is alleged that the business was a North Carolina corporation owned by Jack Willis Shephard, and that from October 1, 2000 and continuing through about July 1, 2007, Western Amusement, Inc. owned and operated video poker machines in Buncombe and Madison Counties, NC. The indictment alleges that video poker machines owned by Western were placed in businesses (stores) where the machines were operated illegally, with the store owners and the defendants splitting the profits from the machines. The indictment alleges that the operators made illegal cash payouts to persons who had played and won on the machines and that the defendants knew that the machines were being used for illegal gambling purposes, facilitated such illegal activity, and profited from it.

If convicted, Jack Willis Shepherd faces a maximum statutory penalty of 5 years imprisonment and a \$250,000, or both, on the conspiracy count, and a maximum statutory penalty of 5 years imprisonment and a \$250,000 fine, or both, on the conducting an illegal gambling business count.

However, as to all defendants in both bills of indictment, it is important to note that any sentence received upon conviction will be influenced by the Federal Sentencing Guidelines, which the Court consults in order to determine each defendant's actual sentence. Sentences are based upon a formula that takes into account the severity and characteristics of the offense and each defendant's criminal history, if any.

The second indictment (U.S. v. Shepherd, et al, Docket Number 1:07CR123) also contains a Notice of Forfeiture and Finding of Probable Cause that the defendants forfeit to the United States all of the property involved in the offenses with which they are charged in the indictment, and all property traceable to such offenses. Real property listed in the Notice of Forfeiture includes addresses in Weaverville (Buncombe County) and an address in Madison County. The forfeiture notice also specifically lists two motor vehicles.

The details contained in the Shepherd illegal gambling business indictment are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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