



**U.S. Department of Justice**

***United States Attorney  
Eastern District of Arkansas***

**FOR IMMEDIATE RELEASE**  
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**FORMER MARMADUKE SUPERINTENDENT AND TWO SCHOOL  
DISTRICT RETIREES INDICTED FOR CONSPIRACY TO DEFRAUD  
THE ARKANSAS TEACHER RETIREMENT SYSTEM**

**Little Rock** - Jane W. Duke, United States Attorney for the Eastern District of Arkansas, Colonel Winford E. Phillips, Director of the Arkansas State Police, and William C. Temple, Special Agent in Charge of the Little Rock Division of the Federal Bureau of Investigation, announced today the indictment of Jerry Don McIntosh, age 62; Ray Mike Graham, age 53; and James Mark Graham, age 53; all of Marmaduke, Arkansas. All three men have been charged with one count of conspiracy to commit mail fraud and wire fraud, in violation of Title 18, United States Code, Section 1349.

The Indictment alleges that from at least 1998 until 2002, the Grahams entered into contracts with the Marmaduke School District to drive buses. The contracts allowed the Grahams to accrue years of service necessary to obtain reduced retirement benefits from the Arkansas Teacher Retirement System. During the years in which the Grahams were under contracts, they did not actually drive the buses the number of days necessary to accrue a year of service. Instead, the Grahams enlisted other uncharged individuals to drive the buses for them. According to Duke, the Grahams' contracts were recommended by McIntosh, who was then the Superintendent of the Marmaduke School District. The contracts were then voted on and approved by the School Board.

In Arkansas, retirement benefits for public school district employees are calculated based, in part, on the years of service the employee accrued. From the time of their retirement until present, the Grahams have received retirement benefits from the Arkansas Teacher Retirement System. Duke explained that but for the illusory contracts to drive buses, the Graham brothers would not have been eligible for retirement benefits until the year 2014. Further, she stated that the benefits would have been less than what they received as a result of the contracts.

"These types of cases shake the foundation of trust our citizens have in their school officials. That is why this case in particular has been a priority for our department. We want to send a clear message to the public that this type of criminal enterprise will not be tolerated," said Colonel Phillips. SAC Temple agreed, stating, "Public corruption is one of the FBI's highest priorities and we will continue to aggressively investigate violations of the public trust."

The statutory penalty for the offense is not more than twenty years imprisonment, a fine of not more than \$250,000 or both, and not more than three (3) years supervised release. However, before imposing any sentence, the court would have to consider the United States Sentencing Guidelines, as well as the factors set forth at Title 18, United States Code, Section 3553.

This case was investigated by the Federal Bureau of Investigation and the Arkansas State Police. It is being prosecuted by Karen Whatley.

An Indictment is only an allegation of wrong doing and the defendants are presumed innocent until proven guilty.

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