



U.S. Department of Justice

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

FOR IMMEDIATE RELEASE
October 8, 2009

CONTACT: Jane W. Duke
United States Attorney
501-340-2650

**TIMBER COMPANY OWNER
INDICTED ON MAIL FRAUD CHARGES**

Little Rock - Jane W. Duke, United States Attorney for the Eastern District of Arkansas, announced that Tracy Clemons, age 44, of Quitman was indicted today by a federal grand jury on 65 counts of mail fraud. The fraud charges stem from Clemons' theft of timber from Deltic Timber Corporation between 2005 and 2007.

Clemons and his wife owned Clemons Timber Incorporated ("CTI") in Quitman, Arkansas. CTI was a logging company which was contracted to harvest timber in portions of Arkansas for Deltic Timber Corporation ("Deltic"). Clemons served as the president of CTI.

Deltic and CTI entered into a written "Cutting and Hauling Agreement" ("Agreement") for each tract of land from which CTI, as an independent contractor, was to cut and remove timber. Each Agreement entered into between Deltic and CTI identified the mill names and locations to which specific types of harvested wood were to be delivered by CTI in Deltic's name. Pursuant to each Agreement, pine saw logs cut and harvested were to be delivered by CTI to Deltic's sawmill at Ola, Arkansas. CTI employed log truck drivers to transport harvested timber to the mills specified in the Agreement. Clemons was present at the tract site and personally directed his log truck drivers to make deliveries to specific mills.

From August 2005 through February 2007, Clemons directed his log truck drivers to divert some loads of pine saw logs harvested from Deltic tracts to a mill in Menifee, Arkansas owned by Green Bay Packaging ("Green Bay"), a competitor of Deltic, instead of delivering them to Deltic's mill in Ola, Arkansas as required by each Agreement.

To implement the scheme, Clemons instructed his log truck drivers to identify the pine saw logs delivered to Green Bay as being brokered through North Arkansas Wood, Inc. ("NAW"), a large volume wood broker owned and operated by Clemons' mother. NAW

maintains vendor contracts with various timber mills in Arkansas which authorize delivery under NAW's name of wood produced by small, independent timber owners and timber companies who do not have the minimum timber volume or the ability to contract with, or deliver to, large mills. Clemons provided his drivers a NAW card to show at Green Bay at the time of delivery and instructed them to fictitiously identify themselves as the person whose name appeared on the NAW card.

Clemons' delivery of Deltic's pine saw logs to Green Bay, and his representation that the wood was brokered through NAW, resulted in Green Bay making payment by U.S. Mail on at least 65 occasions to NAW for Deltic's wood. NAW in turn made payment to CTI as the "owner" of the wood, and kept a brokerage fee for itself. From August 2005 through January 2007, NAW made payments to CTI totaling approximately \$417,000. These payments include payments of at least \$350,000 for pine saw logs harvested from Deltic tracts but delivered under NAW's name.

"Combating fraud is a priority for this office," stated Duke. "To use one's position of trust, established through written contractual agreements, for personal benefit cannot be tolerated."

The maximum statutory penalty for each count of mail fraud is 20 years imprisonment plus a potential fine of \$250,000 for each count.

The investigation was conducted by the El Dorado Field Office of the Federal Bureau of Investigation and the Arkansas Forestry Commission. The case is being prosecuted by Assistant United States Attorneys Patricia Harris and Angela Jegley.

An indictment contains only allegations. The defendant is presumed innocent unless and until proven guilty.

###