



## NEWS RELEASE

### GREENE COUNTY PROSECUTING ATTORNEY

DAN PATTERSON

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Contact: Rhonda Ogden, Office Manager – (417) 868-4061  
1010 Boonville  
Springfield, MO 65802

12/17/2012

FOR IMMEDIATE RELEASE

#### **GREENE COUNTY BUSINESS OWNERS AMONG 21 DEFENDANTS INDICTED IN MULTI-MILLION DOLLAR K2 DISTRIBUTION**

SPRINGFIELD, Mo. – Greene County Prosecuting Attorney Dan Patterson is pleased to announce that the United States Attorney's Office for the Western District of Missouri and the Greene County Prosecuting Attorney's Office are working together to stop the distribution of synthetic cannabinoids, commonly known as K2.

In doing so, the United States Attorneys Office has designated Chief Assistant Prosecuting Attorney Todd Myers and Senior Assistant Prosecuting Attorney Benjamin A. McBride as Special Assistant United States Attorneys. As Special Assistants to the United States Attorneys Office, Mr. Myers and Mr. McBride will be appearing in federal court in furtherance of the prosecution of several named defendants involved in the distribution of K2 substances.

In this effort, the United States Attorney's Office has reported that a series of six total indictments were returned under seal by a federal grand jury in Springfield last week. The indictments were unsealed and made public on Friday, December 14, 2012, following the arrests and initial court appearances of several of the defendants. The indictments handled by the Greene County Prosecuting Attorney's Office are the result of a large-scale investigation by local, state and federal law enforcement agencies into the distribution of K2.

Mr. Patterson cautions that the charges contained in the indictments are merely allegations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine a defendant's guilt or innocence.

For a more detailed review of the facts and allegations of the entire series of indictments, please see the the attached News Release from David M. Ketchmark, Acting United States Attorney for the Western District of Missouri.

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# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**DAVID M. KETCHMARK**

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106  
[www.justice.gov/usao/mow/index.html](http://www.justice.gov/usao/mow/index.html)

**DECEMBER 14, 2012  
FOR IMMEDIATE RELEASE**

## **BUSINESS OWNERS AMONG 21 DEFENDANTS INDICTED IN MULTI-MILLION DOLLAR K2 DISTRIBUTION**

SPRINGFIELD, Mo. – David M. Ketchmark, Acting United States Attorney for the Western District of Missouri, announced today that 21 individuals involved in the ownership and operation of 13 retail outlets and other businesses in Springfield, Mo., Joplin, Mo., and elsewhere have been indicted by a federal grand jury – in separate but related cases – for distributing millions of dollars of synthetic drugs, commonly referred to as K2.

A series of six indictments were returned under seal by a federal grand jury in Springfield this week. The indictments were unsealed and made public today following the arrests and initial court appearances of several defendants.

The indictments are the result of a large-scale investigation by local, state and federal law enforcement agencies into the distribution of K2, the slang term for synthetic cannabinoid products. K2 is a mixture of plant material that has been sprayed or mixed with a synthetic chemical compound similar to THC (tetrahydrocannabinol), the psychoactive ingredient in marijuana. K2 products are often labeled as “incense,” but in reality are intended for human consumption as a drug.

Currently, there are hundreds of synthetic cannabinoid compounds in these products. Synthetic cannabinoid products are commonly purchased in novelty shops, head shops, tobacco shops, convenience stores, adult stores and over the Internet. Users of these products have reported effects similar to marijuana, but many times greater, including paranoia, panic attacks, increased heart rate and increased blood pressure.

*USA v. Franklin, et al*

Brandon D. Franklin, 26, his father, Douglas K. Franklin, 54, and his sister, Caitlyn E. Franklin, 24, all of Springfield, were charged in the original indictment that was returned on Nov.

6, 2012. A 15-count superseding indictment returned on Tuesday, Dec. 11, 2012, includes additional defendants and charges.

The federal indictment alleges that the Franklins engaged in a \$6.7 million mail fraud scheme by selling and shipping (via FedEx) Kryp2nite products, which were falsely labeled as "incense" and "not for human consumption." The Franklins allegedly manufactured and distributed K2 to retail outlets in Springfield, Joplin and elsewhere through their Springfield business, ThirdEye.

Along with the Franklins, Jesse Hudson, 26, Dayne T. Nail, 24, and Travis L. Elliott, 36, all of Springfield; Austin B. Nail, 24, and DeWayne T. Barnhart, 35, both of Joplin; Ray O. McCall, 69, of Douglas County, Mo., and Jeremy W. Elliott, 40, of Rogers, Ark., were also charged with participating in the conspiracy to commit mail fraud and the conspiracy to distribute a controlled substance. Jeremy and Travis Elliott and Austin and Dayne Nail are all brothers.

McCall is the owner of Good Vibes Convenience Store in Springfield and Ray's Country Store in Mountain Grove, Mo. Jeremy Elliott is the owner of Mr. Nice Guy; Austin Nail manages the Joplin store and Barnhart manages the Webb City, Mo. store. Travis Elliott is the owner of A Head of Our Times and Dayne Nail manages the Springfield store. Hudson is the owner of Karma's Bazaar in Springfield.

In addition to the two conspiracies, the Franklins are also charged with one count of conspiracy to commit money laundering. The alleged money laundering conspiracy is related to conducting financial transactions involving the proceeds of unlawful activity, which were designed to conceal or disguise the nature, location, source, ownership and control of the proceeds.

McCall is also charged with two counts of aiding and abetting others to distribute a controlled substance. McCall is also charged with one count of maintaining a place for the purpose of storing and distributing a controlled substance at Ray's Country Store.

Jeremy Elliott and Austin Nail are charged together in two counts of possession with intent to distribute a controlled substance. Jeremy Elliott and Barnhart are charged together in one count of possession with intent to distribute a controlled substance. Jeremy Elliott and Barnhart are also charged together in two counts of maintaining a place for the purpose of storing and distributing a controlled substance at the Mr. Nice Guy stores in Joplin and Webb City.

Travis Elliott and Dayne Nail are charged together in one count of possession with intent to distribute a controlled substance. Travis Elliott and Dayne Nail are also charged together with one count of maintaining a place for the purpose of storing and distributing a controlled substance at A Head of Our Times.

Brandon Franklin and Hudson are charged together in one count of possession with intent to distribute a controlled substance. Hudson is charged with one count of maintaining a place for the purpose of storing and distributing a controlled substance at Karma's Bazaar.

The federal indictment contains several forfeiture provisions, which would require the Franklins to forfeit to the government any property derived from the proceeds of the alleged offenses, including a money judgment of \$6,760,041; real estate in Springfield, Mo., Rogersville, Mo., Springfield, Ore., and Redding, Calif.; a 2010 Toyota Tacoma and an INTE enclosed trailer; the funds contained in several bank accounts totaling more than \$535,000; and investment funds totaling more than \$318,000.

This case is being prosecuted by Supervisory Assistant U.S. Attorney Michael S. Oliver. It was investigated by the Drug Enforcement Administration, the FDA Office of Criminal Investigations, IRS-Criminal Investigation, the Jasper County Drug Task Force, the Jasper County, Mo., Sheriff's Department, the Joplin, Mo., Police Department, the Webb City, Mo., Police Department, the South Central Drug Task Force, the Missouri State Highway Patrol, the Springfield, Mo., Police Department, the Newton County, Mo., Sheriff's Department and the Greene County, Mo., Prosecuting Attorney's Office.

USA v. Reynolds, et al

Stephen Brian Reynolds, 33, of Eldridge, Mo., and his brother, Eric Scott Reynolds, 30, of Lebanon, Mo., were charged in a 23-count indictment returned on Tuesday, Dec. 11, 2012.

Stephen Reynolds is the owner of Lucky's Botanicals in Eldridge and Lucky's Novelties in Lebanon. Eric Reynolds is employed at Lucky's Novelties.

The federal indictment charges both defendants with participating in a conspiracy to commit mail fraud since October 2009, a conspiracy to distribute a controlled substance and a conspiracy to commit money laundering.

In addition to the conspiracy charges, Stephen and Eric Reynolds are charged together in eight counts of distributing a controlled substance, six counts of possession with intent to distribute a controlled substance, one count of attempting to possess with intent to distribute a controlled substance and one count of maintaining a place for the purpose of storing and distributing a controlled substance at Lucky's Novelties in Lebanon.

Stephen Reynolds is also charged with illegally possessing a firearm. He allegedly possessed a Ruger AR-15 rifle in furtherance of the drug-trafficking conspiracy alleged in the indictment.

Stephen Reynolds is charged with two counts of money laundering and Eric Reynolds is charged with one count of money laundering.

The indictment also contains a forfeiture allegation, which would require Stephen and Eric Reynolds to forfeit to the government any property derived from the proceeds of the alleged offenses, including a money judgment of \$1,167,990, real estate in Eldridge, funds in bank accounts, approximately \$128,000 that was seized from Stephen Reynolds's residence and a safe

deposit box, a 2012 Jeep Grand Cherokee, a 2007 Ducati 1098 motorcycle, three pistols, two rifles and a shotgun.

This case is being prosecuted by Supervisory Assistant U.S. Attorney Michael S. Oliver. It was investigated by the Drug Enforcement Administration, IRS-Criminal Investigations, the Laclede County, Mo., Sheriff's Department, the Lebanon, Mo., Police Department and the Lake Area Narcotics Enforcement Group (LANEG).

USA v. Basford, et al

Travis Basford, 28, Kerry Long, 27, and Sean O'Connor, 38, all of Springfield, were charged in a seven-count indictment returned on Tuesday, Dec. 11, 2012. Basford and Long are the owners of Doobies Novelties in Springfield; O'Connor was a store manager. Basford, Long and Stephen B. Reynolds (who is not charged in this indictment) are partners in a second Doobies location in Springfield.

The federal indictment charges Basford, Long and O'Connor with participating in a conspiracy to distribute a controlled substance since Nov. 30, 2011.

In addition to the conspiracy, Basford and Long are charged together in one count of distributing a controlled substance and two counts of possession with the intent to distribute a controlled substance. Basford, Long and O'Connor are charged together in one count of possession with the intent to distribute a controlled substance.

Basford and Long are also charged together in two counts of maintaining a place for the purpose of storing and distributing a controlled substance at the two Doobies stores.

The federal indictment also contains a forfeiture allegation, which would require the defendants to forfeit to the government any property obtained from the proceeds of the alleged offenses, including approximately \$3,105 seized from the two stores and a Taurus handgun seized from O'Connor at Doobies.

This case is being prosecuted by Special Assistant U.S. Attorney Benjamin A. McBride. It was investigated by the Springfield, Mo., Police Department, IRS-Criminal Investigations and the Missouri State Highway Patrol.

USA v. Parrett, et al

Donald P. Parrett, 40, of Springfield, Clyde Hicks, 50, of Aurora, Mo., and Lola Hall, 41, address unknown, were charged in a six-count indictment returned on Wednesday, Dec. 12, 2012.

Parrett and Hicks own and operate DC Wholesale. Parrett owns the Head Kase stores in Springfield and Joplin. Hicks and Hall manage and assist in the store operations.

Parrett, Hicks and Hall were charged together in one count of participating in a conspiracy to distribute a controlled substance since July 18, 2011.

In addition to the conspiracy, Parrett and Hall are charged together in one count of possession with intent to distribute a controlled substance. Parrett and Hicks are also charged together in two counts of possession with intent to distribute a controlled substance.

Parrett and Hicks are also charged together in one count of maintaining a place for the purpose of storing and distributing a controlled substance at the Head Kase store in Springfield. Parrett, Hicks and Hall are charged together in one count of maintaining a place for the purpose of storing and distributing a controlled substance at the Head Kase store in Joplin.

This case is being prosecuted by Special Assistant U.S. Attorney Todd Myers. It was investigated by the Springfield, Mo., Police Department, the Drug Enforcement Administration, the Jasper County Drug Task Force, the Jasper County, Mo., Sheriff's Department, the Joplin, Mo., Police Department and IRS-Criminal Investigations.

USA v. Dewitt

Kimberly S. Dewitt, 41, of Springfield, was charged in a two-count indictment returned on Wednesday, Dec. 12, 2012. Dewitt is the store manager at Incense and Peppermints in Springfield.

The federal indictment charges Dewitt with one count of distributing a controlled substance and one count of possession with intent to distribute a controlled substance.

This case is being prosecuted by Special Assistant U.S. Attorney Benjamin A. McBride. It was investigated by the Springfield, Mo., Police Department and the Missouri State Highway Patrol.

USA v. Browning, et al

Matthew Paul Browning, 36, and Kent Tich Tran, 32, both of Springfield, were charged in an eight-count indictment returned on Dec. 12, 2012. They are the owners of Simple Herb, Cosmic Kratom and Simple Distribution, which have offices in their residences and allegedly distributed K2 to various retail stores.

The federal indictment charges Browning and Tran with participating in a conspiracy to distribute a controlled substance since July 8, 2011.

In addition to the conspiracy, Browning and Tran are charged together in two counts of possession with intent to distribute a controlled substance analogue. Browning is also charged with one count of possession with intent to distribute a controlled substance and one count of possession with intent to distribute a controlled substance analogue. Tran is also charged with possession with intent to distribute a controlled substance analogue.

Browning and Tran are each charged with one count of maintaining a place for the distribution of a controlled substance.

The indictment also contains a forfeiture count, which would require Tran to forfeit to the government any property obtained from the proceeds of the alleged offenses, including a 2011 Audi.

This case is being prosecuted by Special Assistant U.S. Attorney Ami Harshad Miller. It was investigated by the Drug Enforcement Administration, the FDA Office of Criminal Investigations, IRS-Criminal Investigations, the Jasper County Drug Task Force, the Springfield, Mo., Police Department and the Greene County, Mo., Prosecuting Attorney's Office.

### Synthetic Designer Drugs

Over the past several years, smokable herbal blends marketed as being "legal" and providing a marijuana-like high have become increasingly popular, particularly among teens and young adults, because they are easily available and, in many cases, they are more potent and dangerous than marijuana. These products consist of plant material that has been coated with dangerous psychoactive compounds that mimic THC, the active ingredient in marijuana. These synthetic cannabinoids are sold at a variety of retail outlets, in head shops and over the Internet. Brands such as Spice, K2, Blaze, and Red X Dawn are labeled as incense to mask their intended purpose.

K2 is a controlled substance analogue, which is any product with a chemical structure substantially similar to the chemical structure of a controlled substance and which has similar effects on the central nervous system as a controlled substance. While many of the designer drugs being marketed today are not specifically prohibited in the Controlled Substances Act, the Controlled Substance Analogue Enforcement Act allows these drugs to be treated as controlled substances if they are proven to be chemically and/or pharmacologically similar to a Schedule I or Schedule II controlled substance. This analogue provision specifically exists to combat these new and emerging designer drugs.

Ketchmark cautioned that the charges contained in these indictments are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at <http://www.justice.gov/usao/mow/index.html>

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