



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**TODD P. GRAVES**

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**FOR IMMEDIATE RELEASE**

## **THREE MEN INDICTED IN FRAUD SCHEMES TO SELL DAMAGED VEHICLES**

**SPRINGFIELD, Mo.** – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Joplin man and two out-of-state owners of car dealerships (including one in Reeds Spring, Mo.) were indicted by a federal grand jury today in a fraud scheme to sell water-damaged vehicles to unsuspecting customers. One of those defendants was also indicted in a salvage car fraud scheme.

**Kenneth Wayne Elliot**, 64, of Longwood, Florida; **John L. Graves**, 54, of Joplin, Mo., and **Randall Tullis**, 41, of Little Rock, Ark.; were charged in a 10-count indictment returned by a federal grand jury this afternoon.

**Elliot** is an owner of Jackie's Auto Sales, which had a location in Reeds Spring, Mo., through which he engaged in the business of buying, rebuilding, and selling wrecked used motor vehicles. **John Graves** was involved in the business of buying and selling used motor vehicles through East Side Auto, Inc., in Joplin. **Tullis** is the owner and operator of Tullis Auto Sales in Little Rock, which buys and sells used vehicles.

### **WATER-DAMAGED CAR FRAUD SCHEME**

Count One of the indictment alleges that from Oct. 30, 1998 to Sept. 10, 1999, all three defendants conspired to defraud others by selling water-damaged vehicles without disclosing that damage.

According to the indictment, **John Graves** and **Elliot** purchased water-damaged vehicles then resold them to buyers in Oklahoma and elsewhere, falsely representing to the buyers and others that the vehicles had not been water damaged. The indictment alleges that the defendants obtained new titles for these motor vehicles from the Arkansas Department of Finance and Administration. They allegedly applied for these new motor vehicle titles by submitting false

declarations concerning the water damage to the vehicles in order to get “clean” or “washed” titles that did not indicate any water damage to the vehicles. They allegedly used these titles to hide from subsequent purchasers and others the water damage to these motor vehicles. The defendants, the indictment alleges, falsely made, forged, altered and counterfeited motor vehicle titles for use in the sale of these motor vehicles.

According to the indictment, **Elliot** (through Jackie’s Auto Sales) purchased 73 motor vehicles at an auction in Louisiana on Oct. 30, 1998. All of these motor vehicles were water damaged, and sold as such.

On Nov. 4, 1998, **Elliot** sold 55 of the water damaged vehicles to **John Graves**, acting for East Side Auto. **Elliot** and **John Graves** called **Tullis** on Dec. 2, 1998, asking him to obtain “clean” Arkansas titles for the water damaged vehicles. On three separate occasions between December 1998 and February 1999, according to the indictment, **John Graves** sent a total of 55 titles branded with the mark “WATER DAMAGE” to **Tullis**, then received “clean” titles without the water damage mark in return.

On Feb. 12, 1999, and March 26, 1999, **John Graves** caused the sale of four of those vehicles at an auction in Oklahoma, claiming falsely that the vehicles had not been water damaged.

On Sept. 10, 1999, **John Graves** caused East Side Auto to send 12 bogus wholesale orders to **Tullis**. Each bogus wholesale order indicated the sale of a motor vehicle from East Side Auto to Tullis Auto Sales, when in fact no such sale had occurred.

Count Two of the federal indictment alleges that **Elliot** and **John Graves** engaged in wire fraud in furtherance of the conspiracy, by making a telephone call.

Counts Three and Four of the federal indictment allege that **Elliot** and **John Graves** engaged in mail fraud in furtherance of the conspiracy, by causing the mailing of motor vehicle titles and wholesale orders for vehicles.

Counts Five and Six of the federal indictment allege that **Elliot** and **John Graves** caused the transport of falsely made, forged, altered and counterfeited securities in interstate commerce by transporting certificates of title relating to motor vehicles from Arkansas to Missouri.

### **SALVAGE CAR FRAUD SCHEME**

Count Seven of the federal indictment alleges that **Elliot** bought and sold damaged motor vehicles through Jackie’s Auto Sales in Reeds Spring, falsely representing to the buyers the extent of the damage and repairs.

According to the indictment, **Elliot** purchased numerous severely damaged vehicles. Among them were many pairs of the same and similar make and model of vehicles. The indictment alleges that **Elliot** caused others at Jackie’s Auto Sales in Reeds Spring to cut the

damaged portions off of each vehicle of such a pair, then weld the remaining portions of the two vehicles together, resulting in one vehicle which consisted of the front end of one wrecked vehicle and the back end of another. This procedure of rebuilding wrecked cars is known as “clipping.”

**Elliot**, the indictment alleges, hid the true extent of the damage and “repairs” of those clipped cars from subsequent purchasers.

Count Seven of the federal indictment alleges that part of the scheme to defraud also involved making interstate facsimile transmissions to auto auctions in attempting to sell the rebuilt wrecks, and the transfer of money taken in payment for rebuilt wrecks.

Counts Eight, Nine, and Ten of the federal indictment allege three separate instances in 1998 and 1999 in which **Elliot** caused the transport in interstate commerce of checks for payment of those rebuilt wrecks, knowing the money was taken by fraud.

U.S. Attorney Todd Graves cautioned that the charges contained in the indictment 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.

The case is being prosecuted by Allan Gordus, trial attorney for the U.S. Department of Justice. It was investigated by the Federal Bureau of Investigation and the Missouri State Highway Patrol.

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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  
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