

FILED
IN OPEN COURT

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U.S. DISTRICT COURT

1:05-cr-00224-JWS

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

UNITED STATES OF AMERICA

NO. 4:05CR

v.

18 U.S.C. § 1957(a)

18 U.S.C. § 1956(h)

18 U.S.C. § 4

CHESTER CLINTON (C.C.) BAIRD, JR., and
PATSY M. BAIRD

18 U.S.C. § 3571

18 U.S.C. § 3013

FELONY INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

COUNT 1

THE MONEY LAUNDERING CONSPIRACY

A. INTRODUCTION

CHESTER CLINTON (C.C.) BAIRD, JR., conspired and agreed with Patsy Baird, who is named but not charged herein, to engage in monetary transactions in criminally derived property of a value greater than \$10,000.00 knowing that the property involved was derived from the specified unlawful activity, as defined in **Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1)**, of mail fraud.

The mail fraud was accomplished when payments for dogs and cats were made through the United States mail and by private and commercial interstate carriers by research facilities to C.C. BAIRD, JR., d/b/a Martin Creek Kennels.

These payments were induced by false and fraudulent representations and certifications made and caused to be made by **C.C. BAIRD, JR.** and **Patsy Baird** to the effect that the dogs and cats sold to the research facilities were acquired in compliance with the **Animal Welfare Act (AWA) Title 7, United States Code (U.S.C.) §§ 2131 - 2159**, when in fact **C.C. BAIRD, JR.** and **Patsy Baird** knew that they were not so acquired.

B. BACKGROUND

At all times material to this Information:

1. The **United States Department of Agriculture [USDA]** was an agency of the United States government.

2. The **AWA** existed to effectuate the intent of Congress to:

- (a) insure that animals intended for use in research facilities or for exhibition purposes or for use as pets are provided humane care and treatment;
- (b) assure the humane treatment of animals during transportation in commerce; and
- (c) protect the owners of animals from the theft of their animals by preventing the sale or use of animals which have been stolen.

3. The **Animal and Plant Health Inspection Service [USDA-APHIS]** was a sub-agency of the United States Department of Agriculture charged with enforcement of the **AWA** and **9 Code of Federal Regulations (C.F.R.) §§ 1.1 - 4.11**, the regulations thereunder;

4. **Title 7, United States Code, Section 2134** stated that no dealer shall sell or offer to sell or transport or offer for transportation, in commerce, to any research facility, unless and until such dealer shall have obtained a license from the Secretary of Agriculture and such license shall not have been suspended or revoked.

5. **C.C. BAIRD, JR.** and **Patsy Baird** (the **BAIRDS**) were husband and wife.

6. **C.C. BAIRD, JR. d/b/a Martin Creek Kennels, and Patsy Baird, d/b/a Pat's Pine Tree Farm**, were licensed as **USDA Class B** and **Class A** dealers, respectively, with license numbers **71-B-0108** and **71-A-0688**, pursuant to **Section 2.1(a)(1) 9 C.F.R., subpart A.**

7. The **BAIRDS** operated in commerce for compensation and profit to breed, transport, buy, sell, and negotiate the purchase and sale of dogs and cats for research and teaching purposes.

Together they operated an approximately 300 to 800 dog Class B dealer facility, and an approximate 50 cat and 50 dog Class A breeding facility. The facilities were collocated at 441 Martin Creek Road in Williford, Sharp County, Arkansas.

8. In December, 2002, **C.C. BAIRD, JR., d/b/a Martin Creek Kennels**, certified to **USDA-APHIS**, on his Application for License, Annual License Renewal, for his Class B dealer's license, that in calendar year 2001 he purchased approximately 2,500 animals and sold approximately 2,450 animals to **research** facilities.

9. **C.C. BAIRD, d/b/a Martin Creek Kennels**, and **Patsy Baird** purchased or otherwise acquired dogs and cats at four primary locations:

- (a) 441 Martin Creek Road, Williford, Sharp County, Arkansas;
- (b) Ripley Trade and Sale Days, a flea market located in or near Ripley, Mississippi;
- (c) Trade Day, a flea market in or near Poplar Bluff, Missouri; and
- (d) Dog Sale/Trade Day, a flea market in or near Joplin, Missouri.

10. The facilities to whom **C.C. BAIRD, JR., d/b/a Martin Creek Kennels**, sold dogs and cats included universities, community colleges, pharmaceutical companies, teaching and other hospitals, medical foundations, laboratories, lab animal resource centers, and animal health corporations.

11. Specifically, in calendar year 2001, **C.C. BAIRD, JR., d/b/a Martin Creek Kennels**, conspired and agreed with **Patsy Baird** to sell to and receive payments totaling approximately \$584,000.00 for dog and cats, from AgResearch Consultants, Inc.; Allegheny Singer Research Institute; Biomedical Enterprises, Inc.; Catholic HealthCare West; CAVL, Inc.; Cheri-Hill Kennel and Supply; Colorado State University; East Tennessee State University; Jefferson College, Missouri; Loyola University Chicago - Stritch School of Medicine; Masonic Medical Research Laboratory; Mississippi State University; Morehouse School of Medicine; Mount Ida College; Northeastern Ohio University College of Medicine; Alton Ochsner Medical Foundation; Professional Laboratory and Research Services; Ricerca - Biosciences, LLC.; Southwest Bio-Labs, Inc.; University of Florida; University of Nebraska Medical Center; State of West Virginia; Stillmeadow, Inc.; TRS Labs, Inc.; Tulane Educational Fund - Tulane University; University of Arkansas for Medical Sciences; University of Illinois; University of Miami - School of Medicine;

University of Mississippi Medical Center; University of Missouri - Columbia; University of Pittsburgh; University of South Alabama - College of Medicine; University of Tennessee - Office of Research; University of Texas Health Science Center; University of Virginia; Virginia Commonwealth University; West Virginia Medical Corporation; West Virginia University Foundation, Inc.; and Young Veterinary Research Services.

12. The **AWA** and regulations³ thereunder distinguished between the procurement of purpose-bred dog and cats (non-random source dogs and cats) and random source animals for use in research. Purpose-bred animals are animals bred specifically for use in research. Non purpose-bred animals are referred to as random source animals. The **AWA** and regulations thereunder made it a misdemeanor for a Class B dealer to obtain any dog or cat other than a purpose-bred dog or cat, i.e., a dog or cat bred and raised by an individual on their own premises, or a **random source dog or cat** from other licensed dealers, or from animal pounds and humane societies.

13. **Bunchers** were individuals who collected [bunched together] random source dogs and cats which were not bred and

³9 C.F.R § 2.132.

raised on their own premises for the purpose of selling them to other **bunchers**, Class B dealers, and other entities regulated under the **AWA**. Under the **AWA** and regulations, bunchers were prohibited sources of dogs and cats.

14. **Bunchers** obtained prohibited random source dogs and cats in a number of different ways, including but not limited to purchasing dogs and cats at flea and other markets; picking up dogs and cats running loose; responding to "free to good home" advertisements and misrepresenting their intentions; and stealing and causing to be stolen pets from fenced and unfenced yards and from unattended vehicles.

15. Class B dealers such as the **BAIRDS** were required by the **AWA** and regulations thereunder² to make and keep records which fully and correctly disclosed:

- (a) the name and address of the person from whom a dog or cat was acquired, whether or not the person was required to be licensed or registered under the **AWA**;
- (b) the **USDA** license or registration number of the person, if applicable;

²9 C.F.R. § 2.75

- (c) if the person was not licensed or registered with **USDA**, the vehicle license number and state, and the driver's license number and state of the person;
- (d) the date a dog or cat was acquired;
- (e) the official **USDA** tag number or tattoo assigned to the dog or cat as the **AWA** and regulations thereunder³;
- (f) a description of each dog or cat, to include:
 - (1) the species and breed or type;
 - (2) the sex;
 - (3) the date of birth or approximate age; and
 - (4) the color and any distinctive markings.

16. The **AWA** and regulations thereunder⁴ stated that a Class B dealer could not sell, provide, or make available to any person a random source dog or cat unless the Class B dealer provided the recipient of the dog or cat with a certification that contained, inter alia,

- (a) a description of each dog or cat being sold, provided, or made available;

³ 9 C.F.R. §§ 2.50 - 2.55.

⁴ Title 7, United States Code, Section 2158(b) and 9 C.F.R. § 2.133(b).

- (b) the name and address of the person, pound, or shelter from which the dog or cat was acquired by the Class B dealer;
- (c) and the date the dealer acquired the dog or cat from the person, pound, or shelter.

17. Research facilities, as well as dealers, were prohibited by the **AWA** and regulations thereunder⁵ from buying, selling, exhibiting, using for research, transporting, or offering for transportation, any stolen animal.

18. Research facilities which acquired any random source dog or cat from a Class B dealer were required by the **AWA** and regulations thereunder to obtain the certification described in paragraph 16 above, and was required to keep, maintain and make available for **USDA-APHIS** inspection the original for at least three (3) years following disposition of the dog or cat.

19. The **AWA** and regulations thereunder⁶ provided that any person who sold 25 or more dogs and/or cats per year which were born and raised on his premises (i.e. purpose-bred, or nonrandom

⁵9 C.F.R. § 2.60.

⁶9 C.F.R. § 2.1(a)(3)(iv).

source dogs and cats) for research, teaching, or testing purposes, or to any research facility, had to obtain a **USDA** Class A license."

20. The **AWA** and regulations thereunder⁹ required that any live dog or cat acquired by a Class B dealer be held for a period of not less than five (5) full days, not including the day of acquisition, after acquiring the dog or cat, except that any dog or cat acquired from a private or contract animal pound or shelter was required to be held by the Class B dealer for a period of not less than ten (10) full days, not including the day of acquisition.

C. THE SPECIFIED UNLAWFUL ACTIVITY

It was a part of the mail fraud scheme constituting the specified unlawful activity herein that **C.C. BAIRD, JR. d/b/a Martin Creek Kennels**, and **Patsy Baird** knowingly and intentionally:

1. received random source dogs and cats from prohibited sources, namely persons [**bunchers**] who had not bred and raised

⁹ C.F.R. 2.1(a)(1).

⁸ C.F.R. § 2.101.

the dogs or cats on their own premises, in violation of 9 C.F.R. §§ 2.60 and 2.132, and contrary to Title 7, United States Code, Section 2131.

2. prepared false and fictitious paper and electronic acquisition records intended to deceive and designed to:

- (a) misrepresent random source dogs and cats from prohibited sources, i.e. **bunchers**, as nonrandom source, purpose-bred dogs and cats;
- (b) fictitiously conceal through the use of straw men the true source of the purported nonrandom source dogs and cats, which in fact were obtained from **bunchers**, in order to make it appear that the purported nonrandom sources of dogs and cats each sold fewer than 25 purported nonrandom source dogs and cats per year and therefore were eligible for the licensing exemption set forth in the **AWA** and regulations thereunder⁹; specifically, the **BAIRDS** used and caused to be used the names and other required identifying data of wives, sons, daughters, girlfriends, mothers, fathers, other relatives, neighbors and friends of **bunchers** as straw men to prevent any one unlicensed source from

⁹9 C.F.R. § 2.1(a)(3)(iv).

appearing in the **BAIRDS'** acquisition records to have sold more than 25 dogs and cats in a calendar year; and (c) falsely backdated and caused to be backdated the date of acquisition of dogs and cats in order to defeat the holding period required by the **AWA** and regulations thereunder¹⁰ so that dogs and cats could be sold and shipped sooner to facilities; and to obfuscate the date of acquisition of any dog or cat matching the description of a lost, stolen, or missing pet.

3. delivered and caused to be delivered to research facilities dogs and cats which had been obtained from prohibited random sources, or **bunchers**, and which had not been held for the required holding period, all in violation of the **AWA** and regulations thereunder;

4. in order to obtain payment for dogs and cats from research facilities, certified and caused to be certified, as required by the **AWA** and regulations thereunder¹¹, that dogs and cats delivered by **C.C. BAIRD, JR. d/b/a Martin Creek Kennels** were:

¹⁰9 C.F.R. § 2.101(a).

¹¹9 C.F.R. § 2.133(b)(1)-(5) and (6)(f).

- (a) acquired on dates which satisfied the holding period requirements of the **AWA** and regulations thereunder¹², when in fact the **BAIRDS** then well knew that the acquisition dates were fictitious; and
- (b) from nonrandom sources, when in fact the **BAIRDS** then well knew that the dogs and cats had been acquired from **prohibited sources**, or **bunchers**; and
- (c) were nonrandom source dogs and cats acquired from persons meeting the under 25 dog and cat exemption to the **AWA** licensure requirement, when in fact the **BAIRDS** then well knew that they were acquired through the use of straw men;

Said deliveries of the falsely certified dogs and cats generated payments from research facilities to **C.C. BAIRD, JR. d/b/a Martin Creek Kennels**;

Such payments were sent and delivered by the United States Postal Service, and by private and commercial interstate carriers, and received by **C.C. BAIRD, JR. d/b/a/ Martin Creek Kennels** and **Patsy Baird**.

The **BAIRDS** then utilized the proceeds of the mail fraud scheme constituting the specified unlawful activity described herein to engage in financial transactions greater than

¹²9 C.F.R. § 2.101(a).

\$10,000.00, each of which violated **Title 18, United States Code, Section 1957(a)**.

D. THE CONSPIRACY

From on or about January 1, 2001, to December 31, 2001, in the Eastern District of Arkansas and elsewhere, and within the jurisdiction of the Court, the defendant

CHESTER CLINTON (C.C.) BAIRD, JR.

did knowingly conspire and agree with **Patsy Baird**, who is named but not charged herein, to commit the following offense against the United States: knowingly engaging in monetary transactions in criminally derived property of a value greater than \$10,000.00 knowing that the property involved was derived from specified unlawful activity, to wit, mail fraud, a violation of **Title 18, United States Code, Section 1341**, which therefore violated **Title 18, United States Code, Section 1957(a)**.

E. MANNER AND MEANS

The said unlawful conspiracy and agreement was to be and was accomplished by the following means and in the following manner:

1. It was a part of the conspiracy that the defendant **C.C. BAIRD, JR.**, and **Patsy Baird**, who is named but not charged herein,

created and caused to be created checking and investment accounts managed by financial institutions located in the Eastern District of Arkansas and elsewhere which were controlled directly and indirectly by **C.C. BAIRD, JR.**, and **Patsy Baird**;

2. It was further a part of the conspiracy that proceeds from the specified unlawful activity of mail fraud, as described in Section A above, **C.C. BAIRD, JR.** and **Patsy Baird** conspired and agreed to engage in financial transactions greater than \$10,000.00 by depositing and causing to be deposited said mail fraud proceeds into, and transferring and causing to be transferred said proceeds among the checking, savings, and investment accounts created and caused to be created by them.

All in violation of **Title 18, United States Code, Section 1956(h)**.

COUNT 2

MISPRISION OF A FELONY

From on or about January 1, 2001, until about December 31, 2001, in the Eastern District of Arkansas and elsewhere

PATSY M. BAIRD

having knowledge of the actual commission of a felony cognizable by a court of the United States, to wit, mail fraud, a violation

of Title 18, United States Code, Section 1341, by C.C. Baird, Jr., who is named but not charged herein, did conceal the same by preparing false and fictitious paper and electronic acquisition records intended to deceive and designed to misrepresent random source dogs and cats under the **Animal Welfare Act (AWA) Title 7, United States Code (U.S.C.) §§ 2131 - 2159, and 9 Code of Federal Regulations (C.F.R.) §§ 1.1 - 4.11**, the regulations thereunder from prohibited sources, i.e. bunchers, as nonrandom source dogs and cats bred and raised by the persons from whom they were acquired and did not as soon as possible make known the same to some judge or other person in civil or military authority under the United States, all in violation of **Title 18, United States Code, Section 4.**

FORFEITURE ALLEGATION

Pursuant to **Title 18, United States Code, Section 982(a)(1)**, the defendant,

CHESTER CLINTON (C.C.) BAIRD, JR.

shall forfeit to the United States the following property:

All right, title and interest in any and all property involved in the offense set forth in **Count 1**, a violation of **Title 18, United States Code, Section 1956** for which the defendant is convicted, said property being:

A. \$200,000.00

B. The following described real property:

The Northwest Fractional Quarter (left bank of Spring River) of Section 31, Township 19 North, Range 3 West 124 acres, more or less, **LESS AND EXCEPT THE FOLLOWING TRACT:** A part of the North Half of Section 31, Township 19 North, Range 3 West, being more particularly described as follows: Starting at the West 1/16th corner between Sections 30 and 31; thence South along line 13 chains, 18 1/4 links to the point of beginning; thence East 20 chains to the East side of the NE1/4 NW1/4; thence South along forty line 6 chains, 81 3/4 links, (150 yards) to the Southeast corner of the NE1/4 NW1/4; then East along South side of NW1/4 NE1/4, 17 chains to Martin's Creek; thence South 30 degrees 24 minutes East along said creek 7 chains 48 links to North side of St. Louis-San Francisco railroad right of way; thence along fence North 83 degrees 20 minutes West, 10 chains and 24 links; thence continuing around curve North 88 degrees West 21 chains 50 links; thence with fence South and West 14 chains; thence continuing along fence south 51 degrees 33 minutes West 21 chains 50 links to a point 50 feet East of Road crossing railroad right of way; thence North 3 chains 53 links to South side of Highway Number 62 and 63 as now located; thence North 48 degrees and 46 minutes East 2 chains and 11 links; thence continuing along East side of Highway North 39 degrees 15 minutes East 4 chains 3 links; thence North 10 degrees 11 minutes East 9 chains 88 3/4 links; thence East 3 chains to point of beginning containing 46.51 acres, more or less.

The South Half of the Northwest Quarter; the North Half of the Southwest Quarter of Section 9, Township 19 North, Range 3 West, less and except the following described land: Beginning at the Northwest corner of the Southwest Quarter of the Northwest Quarter of said section Nine (iron stake) thence South along said quarter section line 495 feet; thence East 495 feet thence North 495 feet to the quarter section line; thence West along quarter section line back to the point of beginning, said exception containing 5 acres, more or less, and containing in the aggregate 155 acres, more or less.

The Southeast quarter (SE1/4), 165.4 acres; the Southwest quarter (SW1/4) of the Northeast quarter (NE1/4) 41.3 acres; and that part of the Southeast quarter (SE1/4) of the Northeast quarter (NE1/4) (37.7 acres) lying West of Martins Creek containing in the aggregate Two hundred forty-four and four tenths acres (244.4 acres) all lying in Section Eight (8), Township Nineteen (19), North, Range Three (3) West.

The E1/2 of the SW1/4 of Section 8;
Part of the NE1/4 of the NE1/4 of Section 17, more particularly described as being all that part of forty lying West of the County Road, containing approximately 2 acres;
Part of the NW1/4 of the NE1/4 of Section 17, more particularly described as follows:
Beginning at the Northeast Corner of said Quarter;
thence South on Forty line to where County Road intersects said line;
thence with meandering of County Road to a point approximately 20 rods from the South Line of said forty, and also to a private road;
thence with meandering of said private road to the West Line of said forty to a point approximately 25 rods from the South Line of said forty;
thence North with West forty line to where Martin's Creek intersects said line;
thence Northeast with meandering of Martin's Creek to North Line;
thence East to point of beginning, containing approximately 13 acres, more or less; and
Part of the NE1/4 of the NW1/4 and
Part of the NW1/4 of the NE1/4 of Section 17, described as all that part of said forty acre tracts lying on the West Side of Martin's Creek, containing 25 acres, more or less, all the above described land in Township 19 North, Range 3 West.

East Half Northeast Fractional Quarter, Section 36, Township 19 North, Range 4 West, except 50 acres off the West Side of said tract in the form of a parallelogram.

The North Half of Section 31, Township 19 North, Range 3 West and the East Half of Section 36, Township 19 North, Range 4 West, described as being all that land lying West of Martin's Creek, North of Spring River, East of a creek known as Garner Creek and South of the St. Louis-San Francisco Railroad. **ALSO:** a part of Northeast Fractional Quarter, Section 31, Township 19 North, Range 3 West, more particularly described as follows: Beginning at the mouth of Martin's Creek; thence West with meandering of Spring River to West line of said Northeast Fractional Quarter; thence North to South line of right-of-way of St. Louis-San Francisco Railroad as now located; thence East with said right-of-way to West side of Martin's Creek; thence South to beginning point, (left bank of river).

Commencing at the Northeast corner of the Northwest Quarter of the Southeast Quarter of Section 36, Township 19 North, Range 4 West; thence Northerly along the East line of said Southwest Quarter of the Northeast Quarter a distance of 163.5 feet to a

point on the Southerly right-of-way line of Frisco Railway Company (said right of way being 220 feet in width, that is to say 100 feet on South and 120 feet on the North of said Railway Company's main tract center line as same is located and constructed as o January 20, 1972); thence Southwesterly along said South railway Company's right-of-way 1198 feet to point of beginning; thence Southeasterly at right angles a distance of 40 feet; thence Southwesterly at right angles a distance of 120 feet; thence Northwesterly at right angles a distance of 90 feet to a point 50 feet perpendicularly distant in a Southerly direction from said Railway Company's main tract center line; thence Northeasterly at right angles a distance of 120 feet; thence Southeasterly at right angles 50 feet to point of beginning. Contains 0.25 acre. Subject to easements and other restrictions of record.

The Southwest Quarter of the Southwest Quarter of Section 30, Township 19 North, Range 3 West, **LESS AND EXCEPT THE FOLLOWING:** a Part of the SW 1/4 SW 1/4 of Section 30, Township 19 North, Range 3 West, described as follows: Beginning at NE corner of SW1/4 SW1/4 of said Section, township and range, thence South 330 feet; thence West 100 feet to State Hwy. #58; thence meandering with said Hwy. No. #58, 330 feet; thence East 60 feet to point of beginning.


The Southeast quarter, Southeast quarter (SE 1/4 SE 1/4), Section 25, Township 19 North, Range 4 West

A TRACT OF LAND LOCATED IN THE East Half of Section 36, Township 19 North, Range 4 West, being more particularly described as follows: Starting at the centerline of the Frisco-Railroad and the center of railroad bridge No. 386 at Williford, Arkansas, and going South 39° East for 50 feet to the Southeast Right-of-way line of said railroad for the point of beginning in center of creek ditch; thence meandering down said creek South 66 1/2° East for 85.1 feet; thence South 52 1/2° East for 391 feet; thence South 55° East for 477 feet; thence South 86° 45' East for 632 feet; thence South 84 1/4° East for 59.5 feet to the intersection of creek and Spring River; thence meanders down center of Spring River North 56° 45' East for 160 feet; thence North 40 1/2° East for 663 feet; thence North 65° 50' East for 522 feet; thence North 39 1/4° East for 102.8 feet to the East line of Section 36; thence North along said East line for 496 feet to the Northeast corner of the NE1/4 SE1/4 of Section 36; thence West along North line of said NE1/4 SE1/4 for 1,382 feet to the Northwest corner of said NE1/4 SE1/4; thence North 9 1/2° East along fence for 155 feet to the Southeast Right-of-way line the Frisco Railroad being 100 feet off the centerline of said railroad at this point;

thence South 51° West along said right-of-way line for 1,301.25 feet; thence North 39° West for 50 feet to the right-of-way line being 50 feet off the centerline of said railroad at this point; thence South 51° West for 120 feet along said right-of-way back to the point of beginning. This tract of land containing 49.43 acres, more or less.

All in accordance with Title 18, United States Code, Section 982(a)(1), and Rule 32.2(a), Federal Rules of Criminal Procedure.

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