



U.S. Department of Justice

United States Attorney Eastern District of Arkansas

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FORMER ARKANSAS STATE TREASURER MARTHA ANN SHOFFNER GUILTY ON FEDERAL CHARGES OF EXTORTION AND RECEIPT OF BRIBES

LITTLE ROCK - Christopher R. Thyer, United States Attorney for the Eastern District of Arkansas, and David Resch, Special Agent in Charge of the Little Rock Field Office of the Federal Bureau of Investigation, announced today that a federal jury found former Arkansas State Treasurer Martha Ann Shoffner, age 68, of Newport, guilty on six counts of extortion under color of official right, one count of attempted extortion under color of official right, and seven counts of receipt of a bribe by an agent of a state government receiving federal funds. A forfeiture allegation of \$4,020 is also included in the indictment.

Martha Shoffner was elected as Treasurer for the State of Arkansas in 2006 and 2009. The United States presented testimony that historically, the Treasurer's Office had used between 10 and 15 bond brokers throughout the state to purchase federal agency bonds for investment. During Shoffner's first term in office, the bond inventory levels between the brokers was relatively comparable. In mid-2010, Shoffner approached Steele Stephens, a broker with St. Bernard Financial, and requested that he purchase a house in Little Rock for her to stay in free of charge, but Stephens feared such an arrangement would be discovered. As an alternative, Shoffner suggested that Stephens make payments of \$1,000 per month to her. Ultimately, it was agreed that he would pay Shoffner \$6,000 every six months.

In mid-2010, Stephens made the first \$6,000 payment to Shoffner at the Capitol, resulting in Stephens' bond inventory increasing above that of other brokers for the State of Arkansas, ultimately reaching over \$600 million in bond inventory in August 2012. In total, Stephens received approximately \$2 billion in bond business, earning approximately \$2.5 million in commissions. Stephens made a total of six payments of \$6,000 from mid-2010 through December 2012. Two payments were made at the Capitol, two payments were made at Shoffner's Little Rock residence, and two payments were made at Shoffner's home in Newport, Arkansas. Stephens testified that he concealed the \$6,000 payments in a pie box when he delivered money to Shoffner in Newport, Arkansas.

In January 2013, Stephens began cooperating with the Federal Bureau of Investigation. As

part of his cooperation, he recorded a meeting with Shoffner at her home in Newport, Arkansas, wherein Shoffner acknowledged the agreement regarding the \$6,000 payments and receipt of payments. Shoffner also admitted to lying during the September and December 2012 legislative audit hearings about receiving money from Stephens and would take it to her grave. In May 2013, Stephens delivered an apple pie to Shoffner with \$6,000 in FBI funds in the pie box. After the broker left Shoffner's house, Special Agents with the FBI executed a search warrant at Shoffner's house. Shoffner had taken the cash out of the pie box and placed it in a cigarette box in a kitchen drawer. She also told the FBI that she still had \$4,020 from the December 2012 payment hidden in a cigarette box. Shoffner was arrested.

Testimony also presented that in September 2009 and November 2010, Stephens provided cash for campaign events, which was not reported by Shoffner on her campaign finance reports. According to testimony, Shoffner kept the cash and never deposited it into her campaign account.

The statutory penalty for extortion and attempted extortion under color of official right, in violation of 18 U.S.C. § 1951(a), is not more than 20 years' incarceration in the Bureau of Prisons with a possible fine of up to \$250,000, and not more than 3 years supervised release. The statutory penalty for receipt of a bribe by an agent of a state government receiving federal funds, in violation of 18 U.S.C. § 666(a)(1)(B), is not more than 10 years' incarceration in the Bureau of Prisons with a possible fine of up to \$250,000, and not more than 3 years supervised release.

The investigation was conducted by the Federal Bureau of Investigation.