

# Prosecutor's Memory Is Questioned by Three

By Mike Grim

Times-Dispatch Staff Writer

An IRS investigator denied yesterday that senior Assistant U.S. Attorney Raymond A. Carpenter Jr. told him about allegations surrounding a Bank of Virginia senior vice president, and one of Carpenter's assistants said his boss's memory is bad.

A federal judge took under advisement charges against IRS Agent William H. Clyborne and said he would make a decision today.

In what could have been damaging testimony to the prosecution's case against Clyborne on a charge that he squelched an investigation of the bank official, Assistant U.S. Attorney David A. Schneider said that his boss's memory is "flawed."

Schneider, called as a defense witness, said Carpenter tends to "embellish facts."

U.S. District Judge Robert R. Merhige

Jr. almost jokingly asked Schneider if it was his opinion that Carpenter's memory was as "bad as the judge's."

Schneider replied in a serious tone, "Yours is much better."

Merhige said, "Then, he's in trouble."

The defense called another IRS investigator, George E. Shaheen, who also testified that Carpenter's memory is "faulty." Merhige asked Shaheen if Carpenter's memory is any more "faulty" than the average person's and Shaheen replied, "Yes."

Then, Shaheen explained that he thought Carpenter's recollection is not always clear.

AT THE CONCLUSION of the prosecution's case, Merhige dismissed one charge against Clyborne. That involved alleged failure to report to his superiors the information Carpenter supposedly gave him. Merhige agreed with

the defense that the charge was almost the same as another.

Clyborne is now facing a charge of failing to investigate allegations of tax violations involving Kenneth W. Sledd Sr., the bank official, and three counts of making false statements involving personal bank loans. The prosecution dropped another charge of making a false statement.

Clyborne, 39, who has been with the IRS since June 1966, testified that he hurriedly filled out the forms and it was not his intention to make a false statement. Also, Clyborne said he made addition errors.

The charge involving Clyborne's alleged failure to do his duty seems to boil down to whether to believe the defendant or Carpenter. The prosecution did not call any other witness who could say that Clyborne had been told about the allegations. An FBI agent, Edward F. Sulzbach, testified on Tuesday, the first

day of the trial, that Carpenter asked him to make a file on Sledd available and he agreed.

Sulzbach said he made the file available to an IRS agent but doesn't remember who. Sulzbach said he hardly ever has contact with IRS agents.

In the matter involving Sledd, prosecutor Schneider said it was he who declined to prosecute because there were no federal laws dealing with the manipulation of bank holding company, which operated Bank of Virginia's Master Charge card.

Sledd, who also testified as a defense witness, said he and Clyborne became friends in the summer of 1977. This occurred, Sledd testified, because he had some tax problems with an employment agency he and his wife operated.

Sledd said he talked with a friend, C.L. Teachworth, who is general manager of the Virginia State Fair, and Teachworth volunteered that he knew Clyborne. Sledd

and Clyborne said that they met in March 1977. Clyborne told Sledd whom to see about the tax problem. Sledd testified that an additional \$8,600 in taxes was eventually paid.

Sledd said that after he and Clyborne became friends, he made personal loans to him as he had done with others, saying, "I'm a soft touch." Sledd also said that the bank now has a policy that employees cannot make personal loans to bank customers. (A bank spokesman, S. Joseph Ward, said that he couldn't conceive that such a rule would not exist but said he is not aware of a new one being implemented.)

Eventually, Clyborne was hired through Sledd to be a consultant to the Master Charge card division, in an effort to cut down on fraud. The contract was between October 1978 and March 1979.

DURING CROSS-EXAMINATION, Sledd was questioned several times about testimony before a federal grand jury in

October in what appeared to be an effort to get Sledd to contradict that testimony. That brought objections from a defense lawyer, and Merhige agreed that there was no apparent difference between the testimony.

At the beginning of the trial, a prosecutor alleged that because of the friendship, Sledd upped Clyborne's Master Charge card limit from \$1,500 to \$5,000. Sledd said he might have mentioned to the person who has the authority to raise the limit to raise it.

He testified that he might have asked a dozen times a week to have limits raised for other card holders.

Before Sledd testified, Merhige warned him that he could invoke his Fifth Amendment right not to incriminate himself, but Sledd did not do that.

In closing arguments, Assistant U.S. Attorney Eliot Norman claimed that Clyborne was "adept at manipulating and

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## Concert Promoter Ready for 80,000

By Bill McKelway

Times-Dispatch Staff Writer

The promoter of a Franklin County country music festival this weekend that has prompted unprecedented security measures said yesterday that he will post a \$50,000 bond Friday for the event and is prepared to welcome up to 80,000 concertgoers.

But Franklin County Sheriff W.Q. "Quint" Overton says that the Franklin County Speedway, 11 miles east of Rocky Mount at Callaway, probably can handle only 20,000 visitors and he is prepared to turn away people that cannot be adequately handled.

Overton, who faces possibly the greatest onslaught of music lovers ever to attend an outdoor concert in Virginia, has called in more than two dozen agents from the state Alcoholic Beverage Control Department and more than 60 state troopers, and has about 100 other deputies from surrounding localities prepared to assist him during the two-day event that concludes Sunday night.

COUNTRY MUSIC SINGER Johnny Paycheck, who will perform twice Saturday, and Willie Nelson, who will close the show at 7 Sunday night, lead the list of

attractions featuring 13 other bands.

Donald "Whitey" Taylor, owner of the three-eighths-mile speedway and the operator of a Roanoke nursing home, said he has worked almost two years to put the show together. "I told people the next time I put on a show they wouldn't have to ask who the star was and this is it," he said.

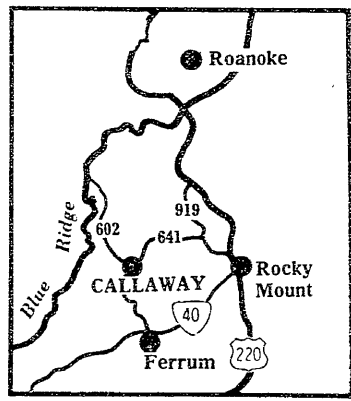
Taylor said that cars began streaming into the Callaway area yesterday and that he has lined up parking for 80,000 people. He promised continuous music from 10 a.m. Saturday, when the concert begins, until Nelson completes the show sometime Sunday night.

"WHEN THE BANDS stop at midnight Saturday, we'll set up stereos by the microphones and keep going all night," Taylor, 30, said.

Overton said that deputies will check for firearms at the gates of the speedway but that his men will not search containers for alcoholic beverages.

"That's just asking for too much time and too much manpower," Overton said. But he vowed that "the law will be enforced." It is a misdemeanor in Virginia to consume alcoholic beverages in public in an unlicensed area.

"WE'RE NOT GOING to go around



Concert Site

Sheriff Ready to Act

sniffing paper cups to see what people are drinking," Overton said, adding that law enforcement efforts will be guided by "common sense" and officers will be "playing conditions by ear." Overton said he will empty the Franklin County Jail to make way for people arrested at the concert.

He said that he will definitely take steps to limit the number of concertgoers if it appears that the number of people at the event threatens to reach uncontrollable proportions.

Overton said that vehicles would be rerouted from the Callaway area, possibly after members at the speedway begin to exceed 20,000. The sheriff said he had no idea how many people will attend the event.

## Lawmen Recall Banker Helped Informal Group

By Joseph Gatins

Times-Dispatch Staff Writer

Kenneth W. Sledd Sr., the Bank of Virginia senior vice president investigated in connection with alleged bank-connected kickback schemes, also had financial ties, ironically, with a little-known network of government agents and private investigators set up to share information.

Some people also remember that Sledd paid cash for at least one "elaborate cocktail" party previously sponsored by that loose association of law enforcement officials and private sleuths.

"He [Sledd] used to set the banquets, and they were expensive, too," said Marshall T. Bailey, a Hanover County deputy sheriff who is a member of the group.

"I don't know where the cash came from," Bailey said yesterday, "but that's true" that Sledd paid cash for the banquet costs.

Sledd, who has surfaced as a central figure in the trial of an IRS agent accused of squelching a tax investigation against Sledd, declined to comment after his court

appearance yesterday.

"There's nothing I can say to you," said Sledd, even before a reporter could ask him about the information-sharing network organized under the corporate heading, Virginia State Crime Clinic, Inc.

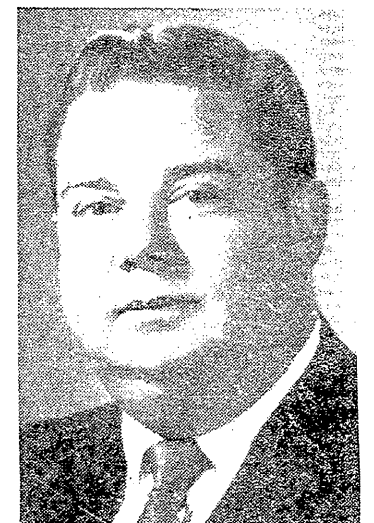
S. Joseph Ward, another Bank of Virginia vice president who has sought to defuse the adverse publicity given the bank during the trial, said, "I have never heard of that one," when asked about Sledd's involvement with the "crime clinics."

A key question appears to be whether Sledd, while under investigation on alleged kickback "manipulations," as one prosecutor called them yesterday, may have been linked to agencies conducting those probes.

Ward issued an official bank statement yesterday, pointedly noting that the government "has not brought charges against Mr. Sledd."

"Our employees, like everyone else, are innocent until proven guilty," Ward continued.

He also said that he had not had the time



Banker Kenneth W. Sledd Sr.

'Nothing I Can Say'

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Charles McDowell

## The Democrats On 7th Avenue

NEW YORK — After the Yankees play three crucial baseball games with Baltimore at the stadium over the weekend, and after the Giants and Jets play exhibition football games with the Steelers and the Bears on Saturday and Sunday nights, and after the off-track bettors box their exactas and wheel their daily doubles Monday morning — after all that, New Yorkers in the neighborhood of Madison Square Garden might well take a passing interest in the Democratic National Convention, which opens Monday at midday.

For now, the Garden and the Statler hotel, on each side of raffish old Seventh Avenue at 32nd Street, are a sort of island of preoccupation with politics.

Inside the Garden — "New York Loves a Winner," says the sign over the entrance — workmen have just about finished converting the Rangers' hockey rink into a convention floor filled with red chairs. The vast platform is up, and so is the patriotic backdrop. Miles of counters have been built in the loges where the press will work. And the television starships are hovering over all, and beginning to glow.

The Statler is the convention headquarters. It currently contains a few young Democratic volunteers doing pre-convention chores, a good many television technicians stringing cables, and a great many Japanese and German tourists wondering why the hotel has removed all the furniture from the lobby.



McDowell

THE PRESS ENCAMPMENT on the mezzanine is the center of political awareness in the neighborhood. But even here it is less than total.

A painter, touching up the door of this newspaper's temporary office, looked up a few minutes ago and said, "When is this convention, anyway?"

It starts Monday, he was told.

"Oh," he said. Long silence. Then: "Democrats, right?"

Right. Another long silence. Then: "Is Billy coming?"

Almost certainly not.

"Too bad. At least Billy's interesting."

The news people at the hotel spend most of the time worrying about getting hundreds of telephones hooked up and acquiring the right passes for access to the right places in the Garden across the street. These are proper preoccupations, I suppose, when you are preparing to cover an event at which a sitting president might be repudiated by his party.

Nobody here seems to have any information that makes the defeat of President Carter likely. But most of us agree with Jim Wieghart, who wrote in the Daily News yesterday that the president is no better than even money to defeat the "open-convention" notion advanced by Sen. Edward Kennedy and others.

Kennedy probably can't win the nomination, anyway. Even to win the open-convention rule, he might have to withdraw his candidacy.

Our seminars in the Statler keep coming to the consensus

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Staff Photo by Rich Crawford

## 'Teeny Toy' Sets Record

A horse dubbed Teeny Toy and called the world's smallest by its owner, was born last week at the Hobby Horse Farm in Hanover County. Measuring 13 3/4 inches high and weighing only 12 pounds at birth, Teeny Toy has undercut the record held by Tiny Tina, born more than two years ago

at the farm, said Bob Pauley, the farm's owner. Tiny Tina weighed 18 pounds at birth and is taller now than Teeny Toy is expected to be when grown. Pauley said Teeny Toy probably will not grow taller than 20 inches.

## White House Asserts Falwell Was Lying

By Jim Roberts

Times-Dispatch Staff Writer

Lynchburg's controversial evangelist, the Rev. Jerry Falwell, says a story he once told about a conversation with President Carter concerning homosexuals was just an anecdote, but White House officials aren't laughing about it.

In fact, the president's top religion adviser said yesterday that Falwell, pastor of Lynchburg's Thomas Road Baptist Church, lied when he recounted an alleged conversation with Carter about homosexuals in the White House.

"The conversation never occurred," said Robert L. Maddox, an aide to presidential assistant Anne Wexler. "It's not true. It's a lie. Any way you cut it, it's not true."

Denied Telling It

When first questioned about the remarks, Falwell denied telling the story, but yesterday he admitted that he told the story as "an anecdote."

"So now Jerry is saying it is a joke," Maddox said in a telephone interview yesterday. "But we don't think it was funny."

The squabble culminated yesterday in the release of a 2 1/2-page statement by Falwell's office in Lynchburg which charged that a group of liberal church leaders had met with White House officials recently to discuss ways of discrediting Falwell and other evangelists.

According to the statement, the group decided that "information would be leaked to the Dallas Morning News" concerning a meeting Falwell had with the president Jan. 22.

Not the Source

However, a spokesman for the Dallas newspaper called that statement ridiculous, adding that the White House was not the source for a story the newspaper printed in yesterday's editions concerning the meeting.

According to Maddox, the White House first learned of Falwell's tale about two months ago, when a friend of a White House staff member mentioned that he had heard Falwell's statements in Alaska.

"We had begun to hear that they were playing fast and loose with the facts," Maddox said. Later, the friend obtained a tape of the remarks, made in a sermon at the Baptist Temple in Anchorage March 18.

Jan. 22 Breakfast

In the sermon, Falwell referred to a conversation he had had with Carter during a White House breakfast Jan. 22. About a dozen other church

leaders attended the meeting, Maddox said, and discussed such topics as prayer in the schools and abortion.

The Associated Press gave the following account of Falwell's sermon:

"We had breakfast with the president about a month ago, and we were discussing national events, all these issues, and I

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## SBA Aid for 43 State Localities Asked by Dalton

By Jerry Lazarus

Times-Dispatch Staff Writer

Continued heat and a lack of soaking rain yesterday raised the prospects of greater damage to crops.

Gov. John N. Dalton, estimating that \$110 million in crops and pasture had been ruined in the drought already, asked that 43 localities east of the Blue Ridge Mountains be declared eligible for low-cost loans from the Small Business Administration.

That damage estimate may be low, according to S. Mason Carbaugh, commissioner of agriculture and consumer services, who reported after a four-day tour of Virginia that he was alarmed at the state of the crops. He hinted that the damage could rival the losses in the drought of 1977.

He reported that in addition to the large failure of the corn crop in southeastern Virginia, corn yields have been cut dramatically in the moisture-short northern and valley areas.

IN ADDITION, he said that the soybean crop, now in the midst of producing fruit, is wilting in the major growing areas of the southeast, while "prospects for an excellent peanut crop are diminishing due to the critical need for rainfall. Some of the peanuts I saw were wilting at a crucial time in their growing season."

He said the potato harvest on the Eastern Shore probably will be reduced 40 percent because of the drought, while the cucumber harvest is estimated to have been cut by one-third. Carbaugh forecast that net farm income in Virginia will be cut by half from that of a year ago.

A better picture of what damage has occurred will be provided Monday when the U.S. and Virginia crop prospect reports are issued, according to the state Crop Reporting Service.

However, crop losses are already being estimated by local boards, Dalton said in his request for SBA assistance. The following localities reported suffering the worst damage:

Accomack County, \$10.3 million; Suffolk, \$7.7 million; Isle of Wight County, \$6.5 million; Northampton County, \$5.6 million; Essex and Northumberland counties, each more than \$4 million; and Virginia Beach and King and Queen, King

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