

FBI Unravels Plot Behind Midwest Bank Robberies

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The young man in jeans walked onto the used-car lot in Des Moines, pointed at the white 1979 Buick LeSabre, and bought it on sight for \$750 cash.

“He didn't test-drive it, didn't even start it up,” remembers Jay Helton, manager of Mr. Lee's Autoland. “He asked me if the thing ran, and I said: ‘It's a good ol' car.’”

Something about the buyer made Helton queasy. So he photocopied the man's Alabama driver's license that balmy March afternoon in 1995.

Helton still had the copy a year later, when the FBI agents came.

The Iowa car dealer's instincts were right. The man wasn't from Alabama. He was from Ardmore, Pa. -- Haverford High, Class of '86.

Somehow, the FBI said, he and his friend, a Philadelphia teen-ager, fell in with two older men from the Midwest and went on a bank-robbing spree that started after Thanksgiving 1992 and didn't end 'til last Christmas. The ring hit 22 banks in seven states, including three in Wisconsin -- in Green Bay, Glendale and last Aug. 30 in Madison, at the Bank One at East Towne.

Federal court documents portray a strange, latter-day sort of James Gang that roamed the Midwest in harrowing style -- and may have been bankrolling groups on the nation's white-supremacist fringe. The robberies netted at least a quarter of a million dollars, none of which has been recovered.

The robbers left unexploded bombs behind in banks and abandoned getaway cars. They spoke to each other in gibberish. Their disguises included hard hats, law-enforcement insignia, Bill Clinton masks, even Santa Claus hats.

They tweaked their FBI pursuers with mocking cartoons and letters sent to local newspapers. They lived in motels and rode around in used cars, like the LeSabre, purchased in other people's names -- sometimes in the names of retired FBI agents. They packed automatic weapons -- and Aryan Nation literature.

Scott Anthony Stedeford, 27, engineer's son, commercial artist, rock musician, Haverford High grad, is one of four men charged, so far. Also charged is his former roommate, an orphaned teen named Kevin McCarthy. He turned 19 in June.

Both said they were not guilty.

At a recent hearing in Des Moines, a federal prosecutor said the gang called itself the Aryan Republican Army, espoused the overthrow of the government, and planned to use the bank booty to finance white-supremacist groups.

One suspect, Richard Lee Guthrie Jr., 38, confessed and agreed to cooperate with investigators. He said the gang gave money to far-right groups, but he hasn't named them publicly.

But, Guthrie, awaiting sentencing in Covington, Ky., hanged himself in his cell with a bedsheet Friday, nine days after he pleaded guilty. He left two notes, one to his public defender and the other to his brother, the U.S. attorney's office said.

Prosecutors had agreed to recommend Guthrie serve no more than 30 years in prison.

FBI agents in Cincinnati arrested Guthrie in January after a car chase. Two days later, Peter K. Langan, 37, was nabbed after a shootout with the FBI in Columbus, Ohio.

In the murky world of white-supremacist groups, the accused men have crossed paths with some notorious people. McCarthy stayed for a time in the same Oklahoma compound that has been mentioned in the Oklahoma City bombing investigation. And Guthrie told the FBI that he met Stedeford through a Berks County, Pa., right-wing leader named Mark Thomas.

Thomas, 44, who faces no criminal charges, has been to the Idaho right-wing compound once frequented by Randy Weaver, the key figure in the 1992 Ruby Ridge standoff.

Stedeford and McCarthy had no prior criminal record. The two older defendants in the bank-robbery spree had previous felony convictions.

Langan, born in the Mariana Islands, is the son of a CIA employee. He ran away from home at 16.

Guthrie tried to join the elite Navy Seals' underwater squad -- but left after being court-martialed in 1983.

In court documents, federal investigators said a search of the bank robbers' "safe house" in Columbus yielded pipe bombs, guns, extremist literature, bomb-making equipment, federal law-enforcement apparel, and ammunition.

FBI agents found similar items in a search of a storage locker the group had rented in Shawnee, Kan. Included was a copy of Adolf Hitler's "Mein Kampf."

Guthrie's confession -- and a trail of documents, including the bogus Alabama driver's license -- led investigators 1,000 miles east, to Philadelphia.

On May 22, FBI agents arrested Stedeford at Sound Under, the Upper Darby, Pa., recording studio where he had worked as a guitarist.

Two days later -- the same day McCarthy was arrested in the Bustleton section of Philadelphia -- federal agents searched a Camden apartment where Stedeford had lived since December.

There, they confiscated more of the same: a Ruger handgun, a shotgun, boxes of ammunition, a police scanner, false Social Security cards, blank birth and death certificates, supremacist literature, a walkie-talkie, T-shirts with law-enforcement insignia -- and a stack of CDs recorded by Stedeford's band, Cyanide, which played the loud, ``speed-metal" music.

Natural `follower'

Any link between Stedeford and hate-inspired bank robberies baffles his old friends in Delaware County, Pa.

``He was just the guy next door, a nice guy," said Haverford classmate Timothy Walsh, who has known Stedeford since kindergarten days at St. Denis' Parish. ``I never heard him get in an argument or a fight. I never heard him use any racial slurs."

But friends also have described Stedeford as easily led and quick to embrace new friends and ideas.

Guthrie has told authorities he was introduced to Stedeford by Thomas, the middle-aged white supremacist who lives in a ramshackle farmhouse near Allentown, Pa., and spreads his beliefs on the Internet.

Young people ``talk about him (Thomas) as someone they would follow," said Ann Van Dyke, an official with the state Human Relations Commission who monitors hate-group activity across Pennsylvania. ``He has become a father figure to many of them."

Thomas also has ties to Elohim City, a militant Christian sect's compound in Oklahoma. In a recent interview, Elohim City leader Robert G. Millar said Thomas sent Kevin McCarthy to study there.

Elohim City -- described by Millar as a spiritual place where every family ``has a weapon . . . and most of them are crack shots" -- has been in the news before. Timothy McVeigh, the accused Oklahoma City bomber, placed a call to Elohim City before last year's explosion, federal investigators said.

Experts said it was not unusual for hate groups to reach out to the young and impressionable.

``They have methodically, strategically looked for young people to draw into the movement," said one hate-group expert who has advised government agencies. ``They cannot be underestimated."

Stedeford, recalled a friend and former coworker, was a soft-spoken, impressionable ``follower" who plunged headlong into new friendships and interests.

``I've seen him meet people, become their friends, and then take on the way they talk and behave," said the friend, Pat Clinton. ``It seemed like he was looking for something to latch on to, something to belong to."

By the early 1990s, Stedeford had latched on to the trappings of the skinhead world.

Clinton described running into his old friend around 1992 at the Cellblock, a Bensalem, Pa., club. Stedeford was passing out leaflets from a white-supremacist group, he said.

``He came up and said, `Yo,' and I didn't even recognize him," Clinton recalled. ``He had his head shaved, with the combat boots and flight jacket and camouflage pants. I said, `What? Are you into this stuff?' He said, `I think you'd really like it. You ought to check it out.' "

Clinton said Stedeford introduced him to a friend who was similarly attired. His name: Kevin McCarthy.

`Ambitious boy'

Kevin McCarthy was smart but unruly, disruptive yet likable, resourceful but easily led. To many who knew him, he was potential unfulfilled.

Unlike Stedeford, McCarthy seemed to have discipline problems throughout his youth. His mother died when he was small. His father, who was seldom around, died later. For most of his life, McCarthy lived with his grandmother.

``He's a very ambitious boy," said his grandmother, who asked not to be named. ``That's why it's so heartbreaking for something like this to come up."

When McCarthy was on the cusp of adolescence, his grandmother and her husband moved to the Jersey Shore. It was there, against a Wildwood backdrop of ferris wheels, roller coasters and taffy shops, that he first began associating with skinheads, said Sean McCoy, who met McCarthy when the boy was 12 or 13.

``He started hanging out with these guys he met up on the boardwalk, and it seemed like he got into all this radical stuff," McCoy said. ``Anytime I'd see him around, he'd be dressed in these weird clothes and Army boots."

At the time, McCarthy's grandmother was married to Edward J. O'Neill. According to his son, Tim O'Neill, of Philadelphia, the stepfather tried in vain to rein in the boy before the couple divorced a few years ago.

``There wasn't much discipline with him," Tim O'Neill said of McCarthy.

In the early 1990s, the grandmother returned to Philadelphia. Around that time, McCarthy had become acquainted with Mark Thomas and, according to Thomas, lived for several months on Thomas' Berks County property.

In a recent interview, Thomas initially said he could not talk about McCarthy because he was the young man's minister, requiring confidentiality.

``I love him," Thomas said, tears welling in his eyes. ``I mention his name every night in prayers."

Thomas said he could not remember many details of their friendship. Nor could he recall how McCarthy came to live with him.

According to the grandmother, it was Thomas who helped the boy gain entry to what she described as a Christian academy in Oklahoma.

Thomas denied this. He said he ``tried for more than a year" to enroll McCarthy in a local high school, only to be rebuffed by local officials. But he insisted that he had no role in sending the youth to Elohim City.

``I don't know how he got there," Thomas said. ``He went on his own initiative."

Whatever the impetus, the move was disastrous for McCarthy, Tim O'Neill said.

``I think that was the downfall of everything," O'Neill said.

Oklahoma separatists

In the rolling, wooded hills near the Oklahoma-Arkansas border, between hardwood forests and fields speckled with bales of hay, small churches dot the landscape everywhere.

But Elohim City, the 1,000-acre Christian Identity compound founded 24 years ago by itinerant pastor Robert Millar, is a place apart -- virtually invisible to the surrounding society, eight miles from the nearest paved road.

``We came here to be able to control the environment," explained Millar, 70, who leads a community of about 100 adherents who live in a cluster of 10 to 20 mobile homes and rough-hewn buildings.

The Canadian-born Millar, a small, white-haired man known to his followers as ``Grandpa," sat recently inside a chapel built of stone, wood and hardened foam. Three flags -- the American, the Confederate and the flag of the Church of Jesus Christ -- sprouted from poles above the entry.

He said he remembered McCarthy fondly and that Thomas arranged McCarthy's stay at Elohim City. But Millar denied any connection between his community and the spree of bank robberies.

``If what they allege is true, I wonder who on Earth could have influenced a nice boy like that to get involved in such things," he said of McCarthy. ``He was a nice, quiet, cooperative, intelligent person. Law enforcement will have our complete cooperation."

As for Elohim's beliefs, Millar denied that the group was antigovernment.

``We are opposed to governmental misuse of tax money," he said. ``We are opposed to governmental agencies' acting contrary to the American government's constitutional principles. We are opposed to `some' of the actions of government. We're not `antigovernment.' . . . Our people are all self-employed, and we all pay taxes."

The men and women of Elohim are all self-employed, mostly in construction-type jobs. They live together but not communally. Each man is responsible for his own family and for putting groceries on his own table, Millar said. They grow vegetables and hunt deer for meat. Children are home schooled.

``We are racist," Millar acknowledged, ``but we aren't anti-Semitic. I think it's better for races and cultures . . . to have relationships within their own ethnic group. That doesn't mean isolationism, but it means separatism."

Millar said that he has known Mark Thomas for about eight years and that he couldn't be sure how many people had Thomas sent him over that time.

``Now, with Kevin, (Thomas) particularly thought we might be able to help him - with education," Millar said, adding that McCarthy stayed for several months. ``A teenager looking for help is pretty hard to turn down. . . . We don't advertise. We don't seek recruits."

Millar acknowledged being questioned by the FBI but said he doubted that the government suspects him of having had any influence over the bank robberies.

``To the best of my knowledge, I don't think the government agencies are considering that approach."

Clouded recollections

Thomas, who represents a common thread running between at least three of the suspects, would not say whether the FBI had questioned him.

The self-proclaimed Christian Identity preacher operates a major regional outlet for right-wing propaganda from his trash-strewn farm. He lives with his 21-year-old wife, Wendy, and their year-old daughter on the farm, where for years he held skinhead and neo-Nazi rallies, sponsoring the Hitler Youth Festival in April 1994 and White Pride Day last October.

In an interview June 28, Thomas, who wears an Aryan Nations belt buckle, said he had been under a lot of stress because of the reports about the bank robberies. He said questions from reporters had been unending.

He spoke only guardedly of McCarthy, saying he had seen him recently in prison but only in Thomas' capacity as a minister. And, contrary to what Millar and McCarthy's grandmother have said, he insisted that he had sent only one person - his son -- to Elohim City.

Thomas also said he remembers Scott Stedeford only vaguely. He said Stedeford had never attended rallies at his farm. Nor had he ever lived there.

And Thomas could not recall introducing Stedeford to Guthrie, as Guthrie has told the FBI.

``I introduce hundreds of people," Thomas said. Any introduction would have been ``only social, not to engage in any criminal activity. . . . I don't engage in any criminal activity."

He added that all information Guthrie has given the FBI ``comes from a polluted source" -- a confessed bank robber.

Even Thomas' recollection of his relationship with ``Grandpa" Millar appeared clouded. He said they met in 1990 at the Aryan Nations compound in Idaho. He said he had only stopped in Elohim City while passing through Oklahoma and never for more than a day.

When he spoke with reporters, Thomas portrayed himself as a moderate, made a point of praising the work of newspapers, and cited a Jewish reporter's work as exceptional.

``I don't hate anybody because of the color of their skin," he said.

Floyd Cochran, a former white supremacist, said he had talked on the phone several times in recent weeks with Thomas, whom he met in 1990 when both were living in the Aryan Nations compound in Idaho.

Four years ago, Cochran, now of Coudersport, Pa., renounced his racist views. He now gives lectures about the dangers of white-supremacist activity.

Cochran said Thomas ``was boo-hooing, saying maybe he should make a change in life, maybe he would quit being a racist."

In a recent edition of his Internet publication, *The Watchman* -- subtitled *The Voice of the Christian Posse Comitatus In Pennsylvania* -- Thomas wrote:

``While I place the preservation of the White Race above any other consideration, I do not desire to follow the party line of mindless race-hatred so commonly associated with racialist organizations . . ."

Where's the money?

Federal authorities have sealed most of the court documents relating to the bank robberies, saying the investigation is not over.

But one document -- a seven-page sworn affidavit by FBI Special Agent Kenneth E. Moore, one of the agents who cracked the case -- surfaced in court here.

Moore described the robbers' methods and how three masked gunmen pulled off the March 29, 1995, heist in West Des Moines. At about 10:15 a.m., ``three masked gunmen entered the Boatmen's Bank. . . . As one robber ordered everyone to the floor, the two other gunmen vaulted the teller counter and emptied the teller drawers. . . . Eyewitnesses described the robbers as white males, 5 feet, 8 inches to 5 feet, 10 inches tall, thin to medium build, all wearing some type of facial disguise, including a white hard hat, camouflage green jacket, and some type of camouflage. . . ."

Afterward, he wrote, a search of the bank ``revealed an Easter basket containing an eight-to-nine-inch, gold, colored, galvanized pipe bomb."

Later, Moore wrote, authorities found a Buick LeSabre -- not the one allegedly purchased by Stedeford. (Guthrie would later tell the FBI that he had been upset with ``Scott" for letting a car dealer photocopy his bogus Alabama license.)

Tucked between the cushions of the Buick's back seat was a blue hand grenade. It was a dud, Moore wrote.

(In the Madison robbery, police reported bombs, at least one of them fake, were left in the bank and getaway car.)

The robbers like gestures. Last December, several newspapers received letters nominating St. Louis FBI Agent Jim Nelson for a civic award. News accounts had quoted Nelson about the heists.

``The Midwestern Bank Bandits are proud to appoint Jim Nelson as our new spokesman for 1996. We're sure Jim will do a better job than Larry has done in the past," the letter said -- referring to another FBI spokesman, Agent Larry Holmquist.

But it wasn't all tweaks. When defendant Langan's van was cornered by the FBI in Columbus in January, he opened fire on them. The agents returned fire, wounding him slightly, and arrested him.

Later, when Guthrie confessed, he told the FBI of young men he knew only as Scott and Kevin. He said that they were from Philadelphia -- and that he had been introduced to Scott by Mark Thomas.

The FBI obtained the copy of the Alabama license that the car dealer Helton made back in Des Moines last year. They showed it to Guthrie, who said the photo was of the man he knew only as Scott.

It's not clear exactly how the authorities tracked down Stedeford, but his Camden landlady, Sara Palilonis, said that the FBI told her they had tailed him and his friends for 90 days. She added that Stedeford took care of her when she was eight months' pregnant.

The FBI searched her rowhouse for nine hours last month.

``I stood outside and cried," Palilonis said.

The day before he was arrested, Scott Stedeford sat, plucking his acoustic guitar, in the lunchroom of the print shop where he had worked for seven years after graduating Haverford High. He surrendered quietly the next day at Sound Under studio.

Authorities said he was carrying a semiautomatic pistol.

When the robbery spree ended, big questions remained unanswered, questions like: Where's the money?

In a phone interview from jail in April, Guthrie told the Chicago Tribune that he and Langan were giving money to groups he refused to identify.

``We really didn't give all that much," Guthrie said, ``but we didn't really have a chance to get started. It wasn't until the latter part of last year that we started to grow."

Authorities are not saying whether they know where some, or all, of the \$250,000 wound up or whether any more arrests are possible.

One senior law-enforcement official said: ``Stay tuned on the bank robberies.''