

Daughter of mayor in drug money probe: Court testimony implicates daughter in laundering bags of cash from ex-husband's cocaine dealings.; [Main Edition]

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Federal agents are investigating whether a daughter of Atlanta Mayor Shirley Franklin helped launder money for her former husband's transcontinental drug trafficking ring.

Kai Franklin, 34, handled tens of thousands of dollars from cocaine sales in 2004 and 2005, according to court records and testimony last month in South Carolina.

Franklin twice received bags of drug money --- one containing \$25,000, the other \$20,000 --- at the direction of her former husband, Tremayne Graham, one of his co-defendants testified.

In addition, another defendant said, Franklin received portions of \$150,000 in drug money invested in an airport concessions company run by her father, the mayor's former husband.

The allegations surfaced at an April 17 hearing in U.S. District Court in Greenville, S.C., at which a judge sentenced Graham to life in prison. Graham, 33, admitted his role in shipping at least 1,000 kilograms of Mexican cocaine from Los Angeles to Atlanta and South Carolina.

Federal agents said in court that they have established a paper trail of cash transfers from Graham to Franklin in the seven months that he was a fugitive from drug charges.

Franklin divorced Graham in 2005. Efforts to reach her in recent days were unsuccessful. Her lawyer, James Dearing, said she would have no comment.

Authorities have filed no charges against Franklin, nor have they presented all the evidence that might incriminate her. Much of the testimony concerning her came from defendants in the drug case, who cooperated with investigators in exchange for lighter sentences.

But the sentencing transcript and other court documents reveal the extent to which Franklin is implicated in the drug case.

An Internal Revenue Service agent testified that both the IRS and the U.S. attorney in South Carolina are investigating Kai Franklin for alleged money laundering.

And Mark Moore, an assistant U.S. attorney who prosecuted Graham, gave a judge a broad outline of Franklin's possible involvement:

"Her husband is a fugitive. OK? She knows where he is. She isn't telling law enforcement where he is. And, in fact, what she is doing is taking dope money from him while she knows he is a fugitive. ... Taking money from a drug dealer that you know or suspect to be drug proceeds is money laundering."

Federal officials said this week they could not comment on the status of the investigation.

Prosecutors alleged that Graham lied when he told federal agents that Franklin was not involved in his drug business --- partly to protect her, but also to minimize his own culpability.

Moore told a judge that Franklin "may have very critical information" about Graham's connections to the killings of another defendant and that man's girlfriend in Atlanta three years ago. Prosecutors allege Graham ordered the killings of Ulysses Hackett III and Misty Denise Carter. No one has been charged in the double homicide.

A co-defendant testified that Graham told him shortly after the killing that he planned to move into the mayor's house to deflect suspicion from himself by making it appear he feared for his life.

Aides to the mayor would not answer questions about whether Graham actually went to her house or, if he did, for how long or if his wife accompanied him.

The mayor would not discuss the case in detail.

"I ran for mayor --- none of my children did," she said last week. "They are subject [to] the law, as they should be. They are expected to live their lives accordingly."

In court last month, one of Graham's lawyers said some of the money Graham sent Kai Franklin came from gambling winnings. The lawyer, Jessica Salvini, acknowledged Graham had told federal agents that his wife had seen him with as much as \$60,000 or \$70,000 in cash. But Salvini said Graham had not told Franklin he was a drug dealer.

Federal authorities allege that Graham was a key member of a drug ring called the Sin City Mafia. Authorities also allege that the money Graham sent Franklin came from his drug business, and that she had to have known that.

Franklin and Graham remained in regular contact, even after he skipped bond and she filed for divorce, citing abandonment, according to testimony at his sentencing hearing. Two of Graham's co-defendants testified that he sent drug money to Franklin while he was a fugitive.

Eric Rivera, who received a 40-month sentence, testified that Graham told him to take \$25,000 in cash to his Cobb County house, where Franklin was then living alone. Graham gave him a security code to enter the residence, Rivera testified, and he left the cash on the stairs.

Another time, Rivera said, he put \$20,000 of drug money in a duffel bag at Graham's instruction and waited outside his Atlanta hotel for Kai Franklin. When she arrived, he testified, he put the money in the back seat of her Lincoln Navigator and she drove away.

Graham allegedly funneled more money to Franklin through her father's airport concessions business.

Scott King, who was Graham's partner in the drug business, testified that Graham invested \$150,000 of their money in David Franklin's Atlanta-based company, Franklin and Wilson Airport Concessions Inc.

King, who has been sentenced to 24 years in prison, said he expected to regularly receive checks from Franklin and Wilson, giving the impression that he had legitimate income. Instead, he testified, the company sent a check each month only to Kai Franklin.

Prosecutors did not establish in court when the alleged payments were made or how much of the \$150,000 ended up with Kai Franklin.

David Franklin said Tuesday the investment "never happened. I wouldn't let strangers put any money in."

Franklin's company operates three retail outlets at the city- owned Hartsfield-Jackson International Airport. The firm's contracts are approved by the City Council, but the mayor has said she played no role in selecting the company. The couple divorced in 1986.

Kai Franklin made no mention of payments from her father's company when she filed for bankruptcy in March 2005.

In court papers, she said her only income was \$2,000 a month in unspecified "family contributions."

She listed debts of more than \$300,000, not counting the mortgage on a house in Cobb County. She said she had just \$1,250 in the bank, \$250 in cash and jewelry worth \$10,000.

Witnesses at her former husband's sentencing contradicted her claims, however.

King said Franklin routinely sent bills to Graham while he was a fugitive. Graham, King said, paid them through postal money orders. IRS Agent Wayne Wright testified that federal agents obtained about 60 such money orders that paid credit card and mortgage bills for Graham and Franklin. Wright said Franklin bought the money orders in a "structured fashion."

"There were multiple money orders that were purchased either at multiple post offices in Atlanta on the same day or ... in the same post office on the same day at different lines," Wright testified.

He said each money order was issued for less than \$3,000. That amount triggers federal reporting requirements intended to detect illicit transactions.

The "structuring," Wright said, "could be an offense in and of itself. ... It's also an indicator of money laundering."

Franklin used money from Graham to make payments on two Porsche sports utility vehicles while he was a fugitive, witnesses said.

Both cars ended up in the hands of a Detroit-based drug gang, the *Black Mafia Family*, court records show. Prosecutors said the gang had invested in a luxury auto dealership, 404 Motorsports, that Graham ran on Cheshire Bridge Road.

Moore, the prosecutor, asked Wright, the IRS agent: "Would it be hard for [Franklin] to deny that perhaps she was aware that the source of the money was drug dealing when, at that point, her husband was indicted for drug dealing and was a fugitive from law enforcement?"

Wright answered, "That is correct."

CAPTION: KURK JOHNSON / Special In this 2002 photo, Kai Franklin (left) is with her then-husband Tremayne Graham and her siblings Kali and Cabral Franklin.

Credit: STAFF