

## **Sheppard Air Force Base Employees And Contractors Indicted In Conspiracy To Unlawfully Disclose And Obtain Sensitive Government Contract Information In Violation Of The Procurement Integrity Act**

FOR IMMEDIATE RELEASE

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**FORT WORTH, Texas** — A federal grand jury in Fort Worth returned an 11-count indictment late yesterday charging two government employees at Sheppard Air Force Base (SAFB) in Wichita Falls, Texas, and two government contractors each with one count of conspiracy to defraud the United States and conspiracy to unlawfully disclose and obtain sensitive government contract information, and at least one substantive count of the same, in violation of the Procurement Integrity Act, announced U.S. Attorney Sarah R. Saldaña of the Northern District of Texas.

“I commend the joint investigative efforts of the Defense Criminal Investigative Service and the Air Force Office of Special Investigations, whose cooperation and collaborative efforts directly contributed to the charges brought in this indictment,” said U.S. Attorney Saldaña. “My office will continue to work closely with these agencies to ensure those who violate the Procurement Integrity Act are brought to justice.”

“This type of alleged criminal activity undermines the confidence of the American public who demand a military procurement system that spends their tax dollars wisely and responsibly. These charges highlight the federal government's continuing resolve to investigate and prosecute suspected fraud and corruption in military contracting,” said Special Agent in Charge Janice M. Flores of the Defense Criminal Investigative Service.

“AFOSI takes each fraud inquiry or complaint very seriously. All of the agents assigned to this case took an aggressive, steady approach, knowing up front that this investigation would take a long time and that it would require coordination at many levels,” said Brig. Gen. Kevin J. Jacobsen, Air Force Office of Special Investigations commander. “The results of today’s indictment speak loudly for all the hard work done by them during this investigation.”

John Torrance Gilmore, III, 53, of Wichita Falls; Larry Thomas Ballard, 60, also of Wichita Falls; James Carmon Freeman, 50, of Vernon, Texas; and Miguel Angel Hughes, 63, of Fort Worth, Texas; are each charged with one count of conspiracy to defraud the U.S. and conspiracy to unlawfully disclose and obtain sensitive source selection information. In addition, Gilmore is charged with one count, and Ballard is charged with four counts, of unlawful disclosure of sensitive source selection information. Freeman is also charged with three counts, and Hughes with two counts, of obtaining sensitive source selection information. Gilmore, Ballard and Freeman are scheduled to make their initial appearance in federal court in Wichita Falls tomorrow at 10:00 a.m. Hughes is scheduled to appear tomorrow at 2:00 p.m. in federal court in Dallas.

Gilmore served as the Lead Civil Engineer in the Civil Engineering Squadron’s engineering department, supervising several engineers, including co-defendant Ballard. The Civil Engineering Squadron’s mission was to maintain SAFB facilities and provide civil engineering support to the base.

Defendant Hughes owned Hughes and Guzman Construction Services, LLC, (Hughes Building Services) a roofing contractor and subcontractor, with offices in Fort Worth, Dallas and Balch Springs, Texas. Defendant Freeman owned Freeman Construction, a road-building and paving contractor, with offices in Wichita Falls and Vernon, Texas.

The indictment alleges that the four defendants conspired together to impair and obstruct the government’s ability to have a competitive and unbiased selection of contractors — depriving the government of its right to exclusive use and control over sensitive source selection information, to include contractor bid information, government pricing and cost estimates and contractor proposal information. The indictment also alleges that the defendants conspired together to knowingly disclose and obtain

sensitive source selection information related to several contracts' specifications, including those for roof and pothole repairs and the liquid oxygen maintenance facility.

According to the indictment, the purpose of the conspiracy was for government employees Gilmore and Ballard to unlawfully give sensitive source selection information to their friends, Freeman and Hughes, to provide Freeman and Hughes with a competitive advantage or financial benefit in connection with multiple government contracts. Freeman and/or Hughes, in turn, paid thousands of dollars in cash bribes, provided travel expenses and other gifts to Gilmore and Ballard.

An indictment is an accusation by a federal grand jury, and a defendant is entitled to the presumption of innocence unless proven guilty. However, if convicted, each count of the indictment carries a maximum statutory sentence of five years in prison and a \$250,000 fine. Restitution could also be ordered.

Assistant U.S. Attorney David Jarvis is in charge of the prosecution.