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THE UNITED STATES ATTORNEY'S OFFICE  
NORTHERN DISTRICT OF ALABAMA

**Government Contractor in Huntsville Pleads Guilty in \$14 million Fraud Scheme**

**FOR IMMEDIATE RELEASE**

**August 15 , 2013**

BIRMINGHAM – A federal government contractor in Huntsville pleaded guilty today in federal court to charges related to a scheme to defraud the government of nearly \$14 million in contract payments over six years.

JOSEPH SHANE TERRY, 40, of Meridianville, Ala., and sole owner of Government Technical Services, entered his plea before U.S. District Judge R. David Proctor to charges of wire fraud, false statements to the Small Business Administration, false statements on loan applications, and money laundering. As part of his plea agreement, Terry is to forfeit a minimum of \$1 million to the government as proceeds of illegal activity. No sentencing date has been set.

U.S. Attorney Joyce White Vance; Internal Revenue Service, Criminal Investigation, Special Agent in Charge Veronica Hyman-Pillot; Department of the Army, Criminal Investigation Command Special Agent in Charge James Wallis; Department of Defense, Defense Criminal Investigative Service Special Agent in Charge John F. Khin; and Small Business Administration Inspector General Peggy E. Gustafson announced the plea.

"This case was the result of a four-year investigation involving multiple federal investigative agencies," Vance said. "Fraud against the government costs every taxpayer and harms communities, such as Huntsville, whose economy relies heavily on the defense industry. We are committed to investigating and prosecuting fraud by defense contractors against the United States," she said.

According to Terry's plea agreement, he carried out his scheme to defraud the government as follows:

In 2003, Terry applied for and obtained a small disadvantaged or minority-owned business status from the SBA by submitting fraudulent tax returns. In order to maintain that status, Terry also submitted false tax returns to the SBA for each year from 2004 through 2008. Having the special status with the SBA enabled GTS to bid on and win government contracts specifically set aside for small disadvantaged businesses.

Terry submitted personal and corporate returns to the SBA for the tax years 2002 through 2007 to show he was current on filing his taxes, but he had never filed the returns with the IRS.

Terry's wire fraud scheme culminated in GTS obtaining a \$961,551 contract in September 2006 to install metal roofing on three buildings at Fort Polk, La. In order to obtain authorization to start work on this contract, GTS submitted forged performance and payment bonds and a power of attorney from a Mississippi bond company and its parent surety company in Louisiana. GTS won the contract, but was terminated in April 2008 for failing to perform the work and for providing fraudulent bonds. In all, Terry employed the scheme to fraudulently obtain more than \$14 million in government contracts.

Terry pleaded guilty to five wire fraud counts that involved separate electronic fund transfers totaling more than \$500,000. The money was transferred from the Defense Finance and Accounting Service in Indiana, an agency of the Department of Defense, to a bank account of Terry's in Huntsville in 2007. The five transfers were all payments to GTS on the Fort Polk roofing contract.

Terry also pleaded guilty to three counts of mortgage fraud in the Madison County area by inducing banks to make mortgage loans totaling \$480,000 based on his false tax returns and other false financial documents.

The money laundering that Terry pleaded guilty to is related to one of the false statements he made on a loan application. Terry admitted that in 2008 he induced his then-girlfriend to apply for a loan and supplied documents falsely claiming that GTS employed her. Terry admitted to money laundering for using the fraudulently obtained loan proceeds for his own purposes.

The normal statute of limitations on fraud against the United States is five years. However, certain charges in this indictment were prosecuted under the Wartime Suspension of Limitations Act, which operates to suspend the statute of limitations for crimes involving fraud against the Government during a time when the United States is at war or there is an Authorization for Use of Military Force in effect, such as for Afghanistan and Iraq. This case represents the first time that this suspension statute has been used in this district.

Terry faces a maximum penalty of 30 years in prison and a \$1 million fine.

IRS, Criminal Investigations; U.S. Army Criminal Investigation Command; SBA, Office of Inspector General; and Department of Defense, Defense Criminal Investigative Service, investigated the case. Assistant U.S. Attorneys David Estes and Jennifer Murnahan are prosecuting the case.