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Government Contractor in Huntsville Indicted for \$7 million Fraud Scheme

October 30 , 2012 BIRMINGHAM - A federal grand jury today indicted a federal government contractor in Huntsville for a scheme to defraud the government of nearly \$7 million in contract payments over six years.

JOSEPH SHANE TERRY, 39, of Meridianville, Ala., and sole owner of Government Technical Services, is charged in a 14-count indictment filed in U.S. District Court. He is charged with wire fraud, false statements to the Small Business Administration, false statements on loan applications, and money laundering.

U.S. Attorney Joyce White Vance; IRS, Criminal Investigations, Special Agent in Charge Donald B. Yaden; 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 today's indictment.

"This defendant's fraud took advantage of both the Small Business Administration and the U.S. Department of Defense," Vance said. "Stopping this kind of fraud is a priority of the Justice Department and the U.S. Attorney's Office," she said.

From 2003 through 2008, Terry submitted fraudulent tax returns to the SBA in order to obtain and maintain certification for his company as a small disadvantaged business, according to the indictment. That 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 Internal Revenue Service, according to the indictment.

To obtain one \$961,551 contract in September 2006 to install metal roofing on three buildings at Fort Polk, La., Terry submitted forged performance and payment bonds and a power of attorney from a Mississippi bond company and its parent surety company in Louisiana, the indictment states. GTS was awarded the contract, but was terminated in April 2008 for failing to perform the work and for providing fraudulent bonds.

The indictment's five wire fraud counts involve separate electronic fund transfers, totaling more than \$500,000, 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 is charged with one count of money laundering, which is related to one of the charges for making a false statement on a loan application. According to the indictment, Terry induced an individual to apply for a loan and he supplied documents falsely claiming that the individual was employed by GTS. The money laundering count stems from Terry's use of the fraudulently obtained loan proceeds for his own purpose.

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