



Department of Justice

UNITED STATES ATTORNEY SALLY QUILLIAN YATES
Northern District of Georgia

FOR IMMEDIATE RELEASE

11/23/10

<http://www.justice.gov/usao/gan>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

THREE MEN SENTENCED TO FEDERAL PRISON FOR PAYING AND RECEIVING KICKBACKS

Customer Paid Kickbacks to Plant Managers for Reduced Prices for Coated Steel Coils

ATLANTA, GA - STEVEN R. BYERS, 54, of Dallas, Georgia; GARY GOFF, 58, of Acworth, Georgia; and LONNIE CARROLL, 64, of Brandon, Mississippi, were sentenced to prison early this evening by United States District Judge Julie E. Carnes on charges that GOFF paid kickbacks to BYERS and CARROLL in exchange for unauthorized reductions in the prices of finished steel coils produced by plants managed by BYERS and CARROLL.

United States Attorney Sally Quillian Yates said, "Instead of selling products for their true value, Defendants Byers and Carroll--acting on behalf of their respective companies-- agreed to fraudulently downgrade the quality and price of the steel coils they sold to Defendant Goff in return for receiving hundreds of thousands of dollars in kickbacks from Defendant Goff. The 'profit' they enjoyed for a brief time has now been eclipsed by the imposition of a prison sentence and an order of restitution."

"The Secret Service will continue to work collaboratively with its federal law enforcement partners to aggressively investigate those who commit fraud," said. Reginald Moore, Special Agent in Charge, United States Secret Service-Atlanta Field Office.

"U.S. Postal Inspectors are intent on preserving the integrity of the U.S. Mail through vigorous law enforcement," said Martin D. Phanco, Inspector in Charge, Atlanta Division. "When allegations are made that the U.S. mail has been violated criminally, it is the United States Postal Inspection Service's mission to restore America's confidence in the integrity of its postal system and help bring the violators to justice."

BYERS was sentenced to 1 year, 3 months in prison to be followed by 3 years of supervised release, and has been ordered to pay restitution in an amount yet to be determined by the Court. BYERS pleaded guilty to the charges on April 5, 2010.

GOFF was sentenced to 1 year, 2 months in prison to be followed by 3 years of supervised release, and has been ordered to pay restitution in an amount yet to be determined by the Court. GOFF pleaded

guilty to the charges on April 5, 2010.

CARROLL was sentenced to 1 year, 6 months in prison to be followed by 3 years of supervised release, ordered to pay a special assessment of \$1,300, and ordered to pay restitution in the amount of \$364,064. CARROLL pleaded guilty to the charges on July 26, 2010.

According to United States Attorney Yates, the charges and other information presented in court: BYERS was the assistant plant manager for the Marietta, Georgia plant operated by "Metal Coaters of Georgia," a subsidiary of "NCI Group, Inc." CARROLL was the plant manager for the Jackson, Mississippi plant operated by "Doublecote," another subsidiary of NCI Group, Inc. GOFF owned "Cannon Services" located in Dallas, Georgia.

As part of the manufacturing and selling process, Metal Coaters and Doublecote would receive raw, unfinished steel coils from customers for the purpose of painting and coating them. If a steel coil was processed with no errors, then it was returned to the customer as primary quality coil. If there were errors in processing all or part of a coil, then Metal Coaters and Doublecote would retain the improperly finished coil. Depending upon the nature and severity of the defects in a coil, an improperly finished coil would be rated as either "secondary" or "scrap" product. Metal Coaters and Doublecote would then sell the secondary and scrap coils to Cannon Services and other businesses. The sales price for secondary quality coils would be significantly less than the market price for a primary quality coil and the sales price for a scrap quality coil would be significantly less than the market price for a secondary quality coil.

Between March 1, 2001 and December 8, 2005, GOFF paid BYERS \$110,470.35 in kickbacks. In return BYERS sold GOFF's company primary quality finished steel coils at secondary quality prices. In order to do so, BYERS manipulated Metal Coaters' record keeping system to make it appear that primary quality steel coils were of secondary quality. Because of the fraud, Metal Coaters lost over \$900,000.

Between November 8, 2001 and March 29, 2006, GOFF paid CARROLL \$252,796.70 in kickbacks. In return CARROLL sold GOFF's company secondary quality finished steel coils at scrap quality prices. In order to do so, CARROLL manipulated Doublecote's record keeping system to make it appear that secondary quality steel coils were of scrap quality. Because of that fraud, Doublecote lost \$364,064.42.

This case was investigated by Special Agents of the United States Secret Service and Inspectors with the United States Postal Inspection Service.

Assistant United States Attorney William L. McKinnon, Jr. prosecuted the case.

For further information please contact Sally Q. Yates, United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.justice.gov/usao/gan.