

The United States Attorney's Office

# Southern District of Florida

## Press Release

### FORMER GLOBETEL CEO PLEADS GUILTY TO SECURITIES AND TAX FRAUD CONSPIRACY

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April 6, 2010

#### FOR IMMEDIATE RELEASE

Jeffrey H. Sloman, United States Attorney for the Southern District of Florida, Daniel W. Auer, Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division, and John V. Gillies, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Office, announced that defendant **Timothy Huff** pled guilty today before U.S. District Court Judge Donald Middlebrooks. Huff pled guilty to a one count criminal Information that charged him with a dual object conspiracy to commit securities fraud and to defraud the United States, the United States Treasury Department and the Internal Revenue Service ("IRS"), in violation of 18 U.S.C. § 371. Sentencing has been set for July 26, 2010 at 9:30 a.m.

According to the Information, Huff was the CEO of GlobeTel Communications, Corp. ("GlobeTel"), which purported to be in the wholesale telecommunications business. During 2002, 2003, and 2004, Huff conspired with Thomas Y. Jimenez, the CFO of GlobeTel, and others, to create fictitious revenue, purportedly from Trans Global Ventures, Inc. ("TGVI"), and GTCC Qualnet Mexico, LLC ("Qualnet Mexico"). Huff and his co-conspirators then caused GlobeTel to report that fictitious revenue on its books and in periodic filings with the SEC.

To execute the scheme, Huff and Jimenez created fraudulent invoices and fraudulent technical documents, known as "call detail records" ("CDR's"), that appeared to corroborate the fictitious revenue GlobeTel was reporting. Huff and Jimenez provided the fraudulent CDR's and invoices to GlobeTel's independent auditor to mislead the auditors into believing that GlobeTel had, in fact, received the purported revenue. In this way, according to the Information, Huff and Jimenez reported more than \$22,600,000 in fraudulent revenue.

Also part of the conspiracy, Huff and Jimenez deposited \$300,000 into a SunTrust account in the name of a GlobeTel subsidiary and fraudulently recorded the transfer on GlobeTel's books as a payment by TGVI. Additionally, Huff and Jimenez made six wire transfers between May, 2004 and February, 2005, totaling approximately \$980,500. These funds were purported to be the proceeds of a stock-loan

transaction between Huff and other GlobeTel executives. In fact, however, the transfers were the proceeds of a fraudulent stock sale.

Additionally, Huff, Jimenez and others caused stock to be issued as compensation to themselves and other GlobeTel officers and directors. Rather than reporting the stock as compensation, Huff, Jimenez, and others, disguised the transaction as a loan, by transferring the stock to C&M Management Consulting, Inc. ("C&M"), knowing that C&M would not hold the stock as collateral but would sell the stock. Huff and Jimenez fraudulently applied some of the proceeds from the stock transaction to falsely reduce GlobeTel's accounts receivable. Thereafter, Huff and Jimenez failed to have Forms 1099 issued for the stock transaction, and failed to report the proceeds of the stock transaction on their personal tax returns for 2001 through 2005.

Mr. Sloman commended the investigative efforts of the Internal Revenue Service, Criminal Investigation Division, and the Federal Bureau of Investigation. This case is being prosecuted by Assistant U.S. Attorney Thomas P. Lanigan and Trial Attorneys Gregory R. Bockin and Kathryn Ward of the Department of Justice's Tax Division.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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