

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TENNESSEE  
AT GREENEVILLE

10/17/12

10:56

UNITED STATES OF AMERICA,

Plaintiff,

v.

DALE EDWARD STANLEY,

Defendant.

CASE NO. 2:12-CR-106

Judge Greer

INDICTMENT

The Grand Jury charges:

COUNTS ONE THROUGH TWENTY-TWO  
(Wire Fraud)

At all times material herein:

A. Introduction and Background

1. Dale Edward Stanley was a resident of Clintwood, Virginia.
2. Mountain Energy Resources, Inc. (hereinafter "Mountain Energy") was a corporation organized under the laws of the Commonwealth of Virginia having its principal place of business in Norton, Virginia, and was owned by Dale Edward Stanley. Mountain Energy engaged in the business of selling coal.
3. Eastman Chemical Company (hereinafter "Eastman") was a corporation organized under the laws of the State of Delaware with a principal place of business in Kingsport, Tennessee, and was engaged in the manufacture and sale of chemicals, fibers, and plastics.

4. In its operations, Eastman used large quantities of steam coal (a grade of coal between bituminous and anthracite) and purchased the coal from multiple vendors, to include Mountain Energy, with most of the coal shipped to Eastman by train.

5. Eastman required that coal purchased for certain operations have a BTU (British Thermal Unit) rate of approximately 12,500 BTUs or higher and an ash rate of approximately 10% or lower. Eastman paid a higher price for coal with the higher BTU rate and lower ash rate because coal with a higher ash rate increased wear and tear to Eastman's equipment and coal with a lower BTU rate increased Eastman's costs and expenses.

6. Eastman issued purchase orders to Mountain Energy setting forth the minimum acceptable BTU rate and maximum acceptable ash rate for the coal to be provided by Mountain Energy, along with the quantity of coal to be purchased, the price per ton, and the formula for calculating the BTU premium or penalty for coal with a BTU rate above or below the specified rate.

7. Eastman contracted with a third party inspection and testing company to sample and test coal which Eastman was purchasing, the samples to be taken where Mountain Energy was loading the train cars with coal to be shipped to Eastman. The testing was to determine whether the coal being provided by Mountain Energy met Eastman's requirements, particularly as to BTU rate and ash rate, and was also used in determining how much Eastman would pay Mountain Energy for the coal.

#### B. The Scheme

From on or about February 1, 2010 to on or about February 29, 2012, the defendant, DALE EDWARD STANLEY, devised and intended to devise a scheme to defraud Eastman

Chemical Company and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

C. Manner and Means

It was part of the scheme that:

1. The defendant, DALE EDWARD STANLEY, directed employees of Mountain Energy to fill railroad cars for shipments to Eastman with lower quality coal than required under the purchase orders, placing lower quality coal in the bottom of the rail cars and placing higher quality coal on top to conceal the lower quality coal.
2. The defendant, DALE EDWARD STANLEY, directed and caused employees of the third party testing service to submit for testing unrepresentative samples of coal, that is, coal that was of a higher BTU rate and lower ash rate than the coal actually provided to Eastman.
3. The defendant, DALE EDWARD STANLEY, made payments to an employee of the third party testing service for submitting unrepresentative samples for testing.
4. The defendant, DALE EDWARD STANLEY, caused to be sent by interstate wire communications, that is, facsimile telecopier and electronic mail, false and fraudulent invoices for payment to Eastman for coal provided under the purchase orders, the coal being of a lower quality than represented and Mountain Energy fraudulently receiving payment of premiums for higher BTU rate coal.

D. Wire Communications in Furtherance of the Scheme

On or about each of the dates set forth below, in the Eastern District of Tennessee and elsewhere, the defendant, DALE EDWARD STANLEY, for the purpose of executing the scheme

described above, and attempting to do so, caused to be transmitted by means of wire communications in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count One: On or about May 17, 2010, an invoice (#40315.48568) in the amount of \$229,400.17 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Two: On or about June 1, 2010, an invoice (#40330.61407) in the amount of \$248,084.87 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Three: On or about June 2, 2010, an invoice (#40331.47152) in the amount of \$254,726.27 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Four: On or about July 12, 2010, an invoice (#40371.47805) in the amount of \$247,912.19 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Five: On or about June 21, 2010, an invoice (#40350.44089) in the amount of \$241,997.29 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Six: On or about January 1, 2011, an invoice (#40563.40244) in the amount of \$7,664.00 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Seven: On or about September 26, 2011, two invoices (#41199.66081 and

#41199.66118) in the amounts of \$248,510.30 and \$251,957.00 were sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Eight: On or about September 26, 2011, an invoice (#41199.66183) in the amount of \$246,028.60 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Nine: On or about September 27, 2011, two invoices (#41199.66296 and #41199.66323) in the amounts of \$18,343.89 and \$21,014.03 were sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Ten: On or about September 28, 2011, two invoices (#41199.66453 and #41199.66469) in the amounts of \$258,370.70 and \$16,329.02 were sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Eleven: On or about October 13, 2011, two invoices (#41199.66618 and #41199.66634) in the amounts of \$278,455.33 and \$258,370.70 were sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Twelve: On or about October 31, 2011, an invoice (#40847.43425) in the amount of \$278,832.50 was sent by facsimile telecopier from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Thirteen: On or about November 7, 2011, an invoice (#41199.66712) in the

amount of \$242,287.05 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Fourteen: On or about November 21, 2011, an invoice (#41199.66754) in the amount of \$272,393.38 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Fifteen: On or about November 28, 2011, an invoice (#41199.66791) in the amount of \$284,018.45 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Sixteen: On or about December 1, 2011, an invoice (#41199.66829) in the amount of \$8,391.30 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Seventeen: On or about December 21, 2011, an invoice (#41199.66863) in the amount of \$280,149.48 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Eighteen: On or about January 3, 2012, an invoice (#41199.66939) in the amount of \$262,666.77 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Nineteen: On or about January 23, 2012, an invoice (#41199.66977) in the amount of \$267,659.49 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Twenty: On or about February 6, 2012, an invoice (#41199.67040) in the amount of \$9,596.68 was sent by electronic mail from Mountain Energy in Norton, Virginia to

Eastman Chemical Company in Kingsport, Tennessee.

Count Twenty-One: On or about February 13, 2012, an invoice (#41199.67071) in the amount of \$267,659.49 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

Count Twenty-Two: On or about February 28, 2012, an invoice (#41199.67112) in the amount of \$255,641.33 was sent by electronic mail from Mountain Energy in Norton, Virginia to Eastman Chemical Company in Kingsport, Tennessee.

All in violation of Title 18, United States Code, Section 1343.

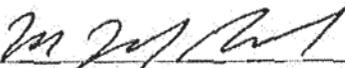
A TRUE BILL:

**SIGNATURE REDACTED**  
FOREPERSON

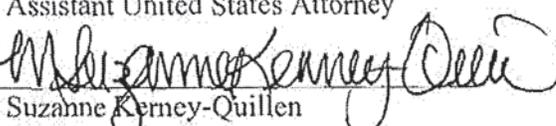
Approved:

WILLIAM C. KILLIAN  
United States Attorney

By:

  
M. Neil Smith  
Assistant United States Attorney

By:

  
Suzanne Kerney-Quillen  
Assistant United States Attorney