

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
AT GREENEVILLE

FILED

SEP 13 2016

Clerk, U. S. District Court
Eastern District of Tennessee
At Greeneville

UNITED STATES OF AMERICA,)
 :
 Plaintiff,)
 v. :
 :
 VINCENT LEE FERGUSON,)
 MATTHEW LEE FERGUSON, :
 KERRY JOSEPH FERGUSON,)
 MATTHEW HARRISON :
 MARTLAND, and STEPHANIE)
 LYNN KAEMMERER :
 Defendants. :

Case No. 2:16-CR- 103
JUDGE GREER

INDICTMENT

The Grand Jury charges:

COUNT ONE

(Conspiracy to Commit Wire Fraud, 18 U.S.C. § 1349)

Introduction

At all times relevant hereto:

1. Wellco Enterprises, Inc. (“Wellco”) was a leading manufacturer and supplier of military and other rugged footwear for over seventy years. Wellco’s products included combat boots for the United States Armed Forces as well as military-style boots for the civilian consumer. Founded in 1941 in Waynesville, N.C., and becoming a publicly traded company in 1967, Wellco developed significant footwear technology. The company pioneered and patented the first

practical method for molding and attaching a rubber sole to a shoe upper in a single operation. During the Vietnam War, the United States Army adopted Wellco technology for the manufacture of its hot-weather boots for the jungles of Vietnam, a boot that became known as the “Vietnam Boot” or the “jungle boot.”

2. Wellco was a major supplier of footwear to the United States Government, to include the United States Department of Defense (“DOD”) as well as other departments and agencies. From 2006 through 2012, DOD alone paid in excess of \$138 million to Wellco for the supply of military footwear.

3. From 2007 through 2012, Wellco sold footwear to the United States Government in primarily one of three ways: (1) through direct prime contract awards to Wellco from DOD; (2) through Wellco’s General Services Administration (“GSA”) Schedule Contract # GS-07-F0302T, under which various United States Government departments and agencies purchased Wellco boots and other footwear; and (3) through various government contractors who purchased boots and other footwear from Wellco to meet requirements under contracts with the United States Government.

4. In addition to supplying footwear to the United States Government, Wellco sold thousands of pairs of boots to commercial (non-government) customers on an annual basis. For example, from January 1, 2007 through March 31, 2007 alone, the company shipped 30,000 pairs of boots to such customers. Wellco engaged in commercial sales to the general public through, amongst other means, the distribution of Wellco catalogs and through e-commerce, namely, online advertising and transactions on the company’s website, www.wellco.com.

5. On or about May 23, 2007, in a deal involving approximately \$22 million, Wellco was acquired by two investment firms, Golden Gate Private Equity, Inc., a San Francisco-based private equity investment firm, and Integrity Brands, Inc., a Boston-based investment firm. In the transaction, Wellco was made a private company. Wellco became a wholly-owned subsidiary of Golden Gate's portfolio company, Tactical Holdings Operations, Inc. ("Tactical Holdings") in or about February 2008.

6. In or about November 2009, Wellco opened a 100,000-square foot manufacturing facility at 5968 Commerce Boulevard, Morristown, TN—one of the largest footwear molding facilities in North America. The facility included administrative offices and a finished goods warehouse, in addition to the production facility. In or about the same period, Wellco moved its headquarters from Waynesville, N.C. to 614 Mabry Hood Road, Knoxville, TN. Later, Wellco and its holding company were headquartered at 5968 Commerce Boulevard in Morristown, TN.

7. VINCENT LEE FERGUSON, who resides in Knoxville, TN, was President, Chief Executive Officer ("CEO"), and Director at Wellco from on or about March 20, 2006 through in or about November 2012. VINCENT LEE FERGUSON also became the CEO of Tactical Holdings. Prior to his appointment at Wellco, VINCENT LEE FERGUSON discussed with Wellco's Board of Directors his turnaround plan for the company to develop commercial channels for sale of the company's footwear and to "aggressively pursue" sales to the United States Government. VINCENT LEE FERGUSON held executive positions with other U.S. government contractors before joining Wellco.

8. MATTHEW LEE FERGUSON, who resides in Lenoir City, TN, was Senior Vice President of Sales at Wellco.

9. KERRY JOSEPH FERGUSON, who resides in Houston, TX, was Director of Marketing and Communications at Wellco.

10. MATTHEW HARRISON MARTLAND, who resides in Knoxville, TN, was Director of Distribution and Logistics at Wellco.

11. STEPHANIE LYNN KAEMMERER (*née* Ferguson), who resides in Knoxville, TN, was the Inside Sales Representative and Operations Manager at Wellco.

12. On or about July 8, 2014, Wellco and its holding company filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. On or about August 15, 2014, the majority of the assets of Tactical Holdings', including Wellco, was purchased by Original Footwear Holding, Inc.

Buy American Requirements in Federal Procurement

13. The United States Congress has broad authority to place conditions on the purchases made by the federal government or purchases made with federal dollars. One of many conditions that it has placed on direct government purchases of certain goods is a requirement that those goods be produced in the United States. The most well-known of these requirements is the Buy American Act ("BAA"), 41 U.S.C. §§ 8301- 8305, which, in order to protect domestic business and labor, was enacted to establish a legal preference for domestic products over foreign products in United States Government procurement. The Buy American Act applies to direct purchases by the federal government of more than \$3,000, providing their purchase is consistent with the public interest, the items are reasonable in cost, and they are for use in the United States. The act requires that "substantially all" of the acquisition be attributable to American-made components. Regulations

have interpreted this requirement to mean that at least 50% of the cost of the product must be attributable to American content.

14. The Trade Agreements Act of 1979 (“TAA”), 19 U.S.C. § 2501, *et. seq.*, provides a waiver to the BAA. Like the BAA, the TAA provides for domestic content restrictions in government purchases. However, the TAA permits the federal government to purchase from foreign countries that have trade agreements with the United States (“designated countries”), or meet certain other criteria, and it *prohibits* purchases of products made in certain other foreign countries, like China. Specifically, the TAA provides that the Government may acquire only “U.S.-made or designated country end products” and requires government contractors to certify that each “end product” meets the applicable requirements. “End products” are defined as “those articles, materials and supplies to be acquired for public use.” The TAA essentially requires that “end products” from “designated countries” be treated the same as U.S.-made products for government procurement purposes, and prohibits the acquisition of “end products” from other, non-designated countries, like China.

15. The TAA applies a rule-of-origin requirement to the end product being supplied to the United States Government and requires those end products be “wholly the growth, product or manufacture” of the U.S. or of a designated country, or “substantially transformed [in the U.S. or a designated country] . . . into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.” In other words, unlike the BAA, the determination of a product’s origin for TAA purposes is not based on the cost or percentage of U.S. content, but on whether the article in question has been given a different

character or use as a result of the process it underwent in the U.S. (or a designated country); that is, has been “*substantially transformed.*”

16. Another domestic content restriction law is the Berry Amendment. Under the Berry Amendment, Congress placed strict conditions on certain purchases made by DOD. The Amendment, which dates from the eve of World War II, was established to, amongst other things, ensure that United States troops wore military uniforms wholly produced within the U.S. Codified at 10 U.S.C. § 2533a, the Berry Amendment is a “super percentage” statute that requires the DOD, when purchasing certain goods, to buy those goods that are 100% American in origin. The covered items that must be 100% American include, but are not limited to, clothing and the materials and components thereof.

The Scheme to Defraud

17. The objective of the conspiracy and scheme to defraud was for the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, to defraud the United States Government, that is, the Department of Defense and other federal departments and agencies, and commercial, non-governmental purchasers by fraudulently importing military-style boots that were made in China and in other foreign countries into the United States and then deceptively marketing and selling those boots to the United States Government, government contractors, and the general public as “Made in the USA” and as compliant with domestic content preference laws, namely, the TAA and the Berry Amendment.

18. The scheme to defraud consisted of:

(a) Fraud against and false statements and representations made to the United States Government, government contractors, and others that Wellco boots were Berry Amendment compliant;

(b) Fraud against and false statements and representations made to the United States Government, government contractors, and others that Wellco boots were compliant with the TAA;

(c) Fraud against and false statements and representations made to the United States Government, government contractors, and the general public that Wellco boots were “Made in the USA.”

19. Between December 2008 and August 2012, the defendants marketed and sold in excess of \$8 million of boots to the United States Government, government contractors, and the general public that were falsely represented as “Made in the USA,” TAA compliant, and Berry Amendment compliant.

Manner and Means

20. It was part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, caused certain Wellco boot uppers and insoles to be manufactured in China and in other foreign countries.

21. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, required the Chinese manufacturing facility that was making Wellco’s boot uppers to include the American flag on the labels of certain boot uppers that were then shipped to the United States.

22. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, required that same Chinese manufacturing facility to include the term “USA” on the labels of certain Wellco boot uppers that were then shipped to the United States.

23. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, required the Chinese manufacturing facility to omit any reference to the actual country of origin on the labels of certain Wellco boot uppers that were then shipped to the United States.

24. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, required the Chinese manufacturing facility to stitch tear-away “Made in China” tags in certain Wellco boot uppers that were then shipped to the United States.

25. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, after the importation of boot uppers that were made in China and in other foreign countries, had soles affixed at Wellco’s facility in Morristown, TN, and elsewhere.

26. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW

HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, after the importation of the Chinese-made boot uppers with the tear-away “Made in China” tags, caused the “Made in China” tags to be removed from the Wellco boots prior to shipping those boots to commercial and government purchasers.

27. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, marketed and sold Wellco boots that were substantially made in China and in other foreign countries as “Made in the USA,” even though only soles were affixed to those boots in the United States.

28. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, marketed and sold Wellco boots that were substantially made in China, and in other non-designated countries under the TAA, as TAA compliant, even though only soles were affixed to those boots in the United States.

29. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, marketed and sold Wellco boots that were substantially made in China and in other foreign countries as Berry Amendment compliant, even though that law required those boots to be 100% American-made.

30. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, signed and submitted

certifications to the United States Government and to government contractors that boots supplied by Wellco to the United States Government complied with the applicable domestic content restrictions, to include, but not limited to, the TAA and the Berry Amendment.

31. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, falsely represented that certain boot models were “Made in the USA,” TAA compliant, and Berry Amendment compliant, to include, but not limited to, the following:

BOOT MODEL	BOOT DESCRIPTION	MADE IN	REPRESENTED AS	ADVERTISED TO
80051-002	Navy Flight Deck	China and the United States	Made in the USA/Berry Amendment Compliant	General Public/DOD
80061-001	Tan Hot Weather Steel Toe	China and the United States	Made in the USA/Berry Amendment Compliant	General Public/DOD
87060-001	Signature Tan	China	Made in the USA	General Public
87060-004	Signature Sage	China	Made in the USA	General Public
87061-001	Signature Composite Toe Tan	China	Made in the USA/TAA Compliant	General Public/GSA
B110	Gen II Black Hot Weather	China	Made in the USA/TAA Compliant	General Public/GSA
B120	Gen II Black Hot Weather E-Lite Jungle	China	Made in the USA/TAA Compliant	General Public/GSA

B150	Signature Temperate Weather Black	China	Made in the USA/TAA Compliant	General Public/GSA
B251	Navy Flight Deck Black	China and the United States	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA/DOD
B930	Panama Hot Weather Black	China and the Dominican Republic	Made in the USA	General Public/GSA
M760	Mojave Combat Hiker	Dominican Republic and the United States	Made in the USA	General Public/GSA
M776	Hybrid Hiker	Dominican Republic and the United States	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA/DOD
S110	Gen II Hot Weather Sage	China	Made in the USA/TAA Compliant	General Public/GSA
S120	Gen II Hot Weather E-Lite Jungle Sage	China	Made in the USA/TAA Compliant	General Public/GSA
S150	Signature Temperate Weather Sage	China	Made in the USA/TAA Compliant	General Public/GSA
S155	Lightning Sage	China	Made in the USA/TAA Compliant	General Public/GSA
S161	Hot Weather Steel Toe Sage	China and the United States	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA/DOD
S176	Signature Hot Weather Sage	China	Made in the USA	General Public/GSA
S178	Signature Composite Toe Hot Weather Sage	China	Made in the USA/TAA Compliant	General Public/GSA

S477	Signature Air Force Zip Sage	China	Made in the USA/TAA Compliant	General Public/GSA
S479	Signature Air Force Zip Composite Toe Sage	China	Made in the USA/TAA Compliant	General Public/GSA
T110	Gen II Hot Weather Tan	China	Made in the USA/TAA Compliant	General Public/GSA
T120	Gen II Hot Weather E-Lite Jungle Tan	China	Made in the USA/TAA Compliant	General Public/GSA
T150	Signature Temperate Weather Tan	China	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA
T155	Lightning Tan	China	Made in the USA	General Public
T161	Hot Weather Steel Toe Tan	China and the United States	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA/DOD
T176	Signature Hot Weather Tan	China	Made in the USA/TAA Compliant/Berry Amendment Compliant	General Public/GSA
T178	Signature Hot Weather Composite Toe Tan	China	Made in the USA/TAA Compliant	General Public/GSA
T930	Panama Hot Weather Tan	China and Peru	Made in the USA/TAA Compliant	General Public/GSA

32. It was further part of the scheme and artifice to defraud that Wellco received contracts from the United States Government, to include, but not limited to, DOD and the General Services

Administration (“GSA”), that would not have been awarded to Wellco but for the false representations of the defendants about the country of origin of Wellco’s boots.

33. It was further part of the scheme and artifice to defraud that Wellco sold boots to government contractors, to supply the United States Government under federal contracts, and to the general public that would not have been sold but for the false representations of the defendants about the country of origin of Wellco’s boots.

34. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, made false representations and certifications to the United States Government and to government contractors that boots supplied by Wellco to the United States military, which had been substantially made in China and in other foreign countries, met certain safety ratings, standards, and protections, to include, but not limited to, electrical hazard, compression, and blood-borne pathogen protections.

35. It was further part of the scheme and artifice to defraud that the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, received financial benefit from the fraudulently-obtained contracts and from purchase orders in the form of wages, bonuses, and other income from Wellco.

The Conspiracy

36. From at least on or about December 3, 2008, to on or about August 31, 2012, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON

MARTLAND, and STEPHANIE LYNN KAEMMERER, did knowingly conspire, confederate and agree with each other and with other persons known and unknown to the grand jury to commit wire fraud in violation of Title 18, United States Code, Section 1343, to wit, having knowingly devised and intending to devise a material scheme and artifice to defraud the United States, through its departments and agencies, and others, to include commercial consumer purchasers, and to obtain money and property from the United States, to include its departments and agencies, and from others, to include commercial consumer purchasers, by means of materially false and fraudulent pretenses, representations and promises, defendants transmitted and caused to be transmitted by means of wire communication in interstate commerce writings, signs, and signals for the purpose of executing the material scheme and artifice to defraud and to obtain money and property; all in violation of Title 18, United States Code, Section 1349.

Overt Acts in Furtherance of the Conspiracy

37. In furtherance of the conspiracy and to effect the objects of the conspiracy, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, committed or caused to be committed the following overt acts, among others, in the Eastern District of Tennessee and elsewhere:

38. On or about the dates listed below in Counts Two through Eight, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, caused the transmission in interstate commerce of wire communications, that is, electronic mail (“e-mail”) messages, in furtherance of the scheme and artifice to defraud.

39. On or about August 28, 2009, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, sent and caused to be sent an electronic mail (“e-mail”) message from Kerry Ferguson to employees of a Chinese manufacturing company with examples of boot labels with American flags and the term “USA” to be fraudulently used in Wellco boot uppers that were then shipped to the United States.

40. On or about July 22, 2011, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, sent and caused to be sent an electronic mail (“e-mail”) message from Vincent Lee Ferguson to employees of a Chinese manufacturing company with instructions to fraudulently use a “tear away” Made in China label on Wellco boot uppers that were to be shipped to the United States.

41. On or about September 7, 2011, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, submitted and caused to be submitted a letter to a government contractor, Rayco Supply, Inc., representing that Wellco’s boot model B251 was “fully in compliance” with the Berry Amendment, such representation being false and fraudulent.

42. On or about August 15, 2012, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, submitted and caused to be submitted a “Certificate of Conformance” to a government contractor, Government Suppliers & Associates,

Inc., representing that Wellco's boot model S161 was "100% Berry Compliant," such representation being false and fraudulent.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about October 12, 2011, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail ("email") message from Matthew Ferguson, using the email account "mferguson@wellco.com," relating to Wellco boot model T930 as "USA made," to an employee of Government Suppliers & Associates, Inc., all in violation of Title 18, United States Code, Sections 1343.

COUNT THREE

(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about October 31, 2011, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN

KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail (“email”) message from Matthew Ferguson, using the email account “mferguson@wellco.com,” relating to Wellco boot models S161 and T161 as “Berry Compliant,” to an employee of Government Suppliers & Associates, Inc., all in violation of Title 18, United States Code, Sections 1343.

COUNT FOUR
(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about December 20, 2011, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail (“email”) message from Stephanie Lynn Kaemmerer, using the email account “skaemmerer@wellco.com,” relating to an “urgent boot swap,” to employees of Wellco, all in violation of Title 18, United States Code, Sections 1343.

COUNT FIVE
(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.

2. On or about December 29, 2011, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail (“email”) message from Matthew Ferguson, using the email account “mferguson@wellco.com,” with Wellco catalogs and price sheets, to a Wellco customer, all in violation of Title 18, United States Code, Sections 1343.

COUNT SIX

(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.

2. On or about March 26, 2012, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail (“email”) message from Kerry Ferguson in the Eastern District of Tennessee, using the email account “kferguson@wellco.com,” with Wellco marketing materials, to an employee of JM Procurement Group, LLC in the Commonwealth of Virginia, all in violation of Title 18, United States Code, Sections 1343.

COUNT SEVEN

(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about April 9, 2012, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail (“email”) message from Kerry Ferguson in the Eastern District of Tennessee, using the email account “kferguson@wellco.com,” with a Berry Amendment compliance letter for Wellco boot model T161, to an employee of Atlantic Dive Supply, Inc. in the Commonwealth of Virginia, all in violation of Title 18, United States Code, Sections 1343.

COUNT EIGHT

(Wire Fraud, 18 U.S.C. § 1343)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about April 10, 2012, in the Eastern District of Tennessee and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce certain signals, that is, an electronic mail

("email") message from Kerry Ferguson in the Eastern District of Tennessee, using the email account "kferguson@wellco.com," relating to Wellco boot model B120 as "Made in the USA," to an individual commercial purchaser of Wellco boots in the State of Louisiana, all in violation of Title 18, United States Code, Sections 1343.

FORFEITURE ALLEGATIONS AS TO COUNTS ONE THROUGH EIGHT

1. The allegations contained in Counts One through Eight of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).
2. Upon conviction of the offenses in violation of Title 18, United States Code, Section 1343 and/or 1349, set forth in this Indictment, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses.

Money Judgment

A money judgment in the amount of \$8,145,000, which represents the proceeds derived from the offenses of Title 18, United States Code, Section 1343, for which the defendants shall be jointly and severally liable.

If any of the property described above, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

COUNT NINE

(Major Fraud Against the United States, 18 U.S.C. § 1031)

1. The above paragraphs of Count One setting forth the Introduction, the Scheme to Defraud, and the Manner and Means are incorporated by reference as if fully set forth herein.
2. On or about January 11, 2012, the United States, in a procurement of goods, awarded a prime contract, Contract Number FA3020-12-P-0008, to Government Suppliers & Associates, Inc. ("GS&A"), the value of said prime contract being in excess of \$1,000,000.
3. Beginning on or about December 3, 2008, and continuing up to on or about August 31, 2012, in connection with the foregoing procurement, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, aided and abetted by and aiding and abetting each other, devised a scheme and artifice to defraud the United States and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

4. It was a part of the scheme and artifice to defraud the United States and to obtain money and property by means of false and fraudulent pretenses, representations and promises, that the defendants falsely represented and certified that Wellco boots supplied to GS&A under Contract Number FA3020-12-P-0008 for the United States Air Force were Berry Amendment compliant.

5. On or about January 23, 2012, within the Eastern District of Tennessee, and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, knowingly executed the scheme and artifice with the intent to defraud the United States and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, all in violation of Title 18, United States Code, Sections 1031 and 2.

COUNT TEN

(Smuggling Goods into the United States, 18 U.S.C. § 545)

1. On or about August 31, 2012, in the Eastern District of Tennessee, and elsewhere, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, did willfully, fraudulently, and knowingly import and bring into the United States certain merchandise, that is, military-style boots (Wellco model T110, Gen II Hot Weather Tan boots) that were made in and imported from China, contrary to law, in that each of the boots contained tear-away “Made in China” tags that were not permanent country of origin markings but were intended to be removed to conceal the country of origin from ultimate purchasers in the United States, in violation of Title 18, United States Code, Section 545.

FORFEITURE ALLEGATIONS AS TO COUNT TEN

1. The allegations contained in Count Ten of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(2)(B).

2. Upon conviction of the offense in violation of Title 18, United States Code, Section 545, set forth in this Indictment, the defendants, VINCENT LEE FERGUSON, MATTHEW LEE FERGUSON, KERRY JOSEPH FERGUSON, MATTHEW HARRISON MARTLAND, and STEPHANIE LYNN KAEMMERER, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(B) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses.

Money Judgment

A money judgment which represents the proceeds derived from the offenses of Title 18, United States Code, Section 545, for which the defendants shall be jointly and severally liable.

If any of the property described above, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

A [REDACTED]
FOREPERSON

Approved:

NANCY S. HARR
United States Attorney

By: 
DAVID L. GUNN
Assistant United States Attorney