

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>11-_____</u>
v.	:	DATE FILED: <u>September 27, 2011</u>
RYAN J. KASPER	:	VIOLATIONS:
	:	18 U.S.C. § 1031 (major fraud against the
	:	United States – 1 count)
	:	18 U.S.C. § 641 (theft of government funds
	:	- 1 count)
	:	18 U.S.C. § 1341 (mail fraud - 1 count)
	:	18 U.S.C. § 1343 (wire fraud - 1 count)
		Notice of forfeiture

INDICTMENT

COUNT ONE

(Major Fraud Against the United States)

THE GRAND JURY CHARGES THAT:

BACKGROUND

At all times material to this indictment:

1. Devos, LTD d/b/a Guaranteed Returns (“Guaranteed Returns”), based in Holbrook, New York, was a reverse distributor of pharmaceutical products for clients located throughout the United States, including United States government agencies. In this “reverse distribution” process, clients sent their expired, recalled, damaged, or overstocked pharmaceutical products to Guaranteed Returns. Guaranteed Returns inventoried those products, coordinated the return of those products to the manufacturer of each product, and directed the money generated from those returns (minus a fee) to the clients. Guaranteed Returns delivered this money to clients via checks or direct deposits into the clients’ bank accounts.

2. Defendant RYAN J. KASPER was employed as the Vice President for National Accounts and Government Affairs at Guaranteed Returns until approximately December 2007. As such, defendant KASPER was the sales representative responsible for all federal government contracts within Guaranteed Returns.

3. The Defense Supply Center Philadelphia (“DSCP”) was a component of the Defense Logistics Agency, U.S. Department of Defense (“DoD”), an agency of the United States. Among other things, the DSCP supplied armed forces personnel with essential supplies, including pharmaceutical products to military health facilities throughout the world. On or about January 30, 2001, DSCP contracted with Guaranteed Returns in contract SP0200-01-D-1501 for its services in connection with the return of pharmaceutical products from various DoD facilities to pharmaceutical manufacturers. DSCP also handled returns under the contract for non DoD facilities, such as the District of Columbia Department of Health, and hospitals operated by the Veterans Administration. Under contract SP0200-01-D-1501, Guaranteed Returns agreed to provide refunds to DSCP in the full amount to which it was entitled, less a fee of approximately 5% that was to be retained by Guaranteed returns for its services.

4. The value of this contract exceeded \$1,000,000 in fees from the United States to Guaranteed Returns.

THE SCHEME TO DEFRAUD

5. From in or about March 2005 or earlier through and including in or about December 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

RYAN J. KASPER

knowingly devised and intended to devise a scheme to defraud the United States and to obtain money and property of the United States, by knowingly false and fraudulent pretenses, representations, and promises.

6. It was the object of the scheme described in paragraph 5 that defendant RYAN J. KASPER fraudulently diverted and stole approximately \$1,706,876.58 in refund payments from Guaranteed Returns that were intended for and owed to the United States.

MANNER AND MEANS

It was a part of the scheme that:

7. Defendant RYAN J. KASPER created a shell company named Rykas Industries, Inc., in Delaware, on or about March 17, 2005.

8. Defendant RYAN J. KASPER, in conjunction with persons known to the grand jury, further caused a shell company named Defense Medical Services, LLC (“Defense Medical”) to be incorporated in Virginia on or about March 28, 2005. This company was created to receive fraudulently diverted refund checks from Guaranteed Returns that were originally intended for DSCP, and was named Defense Medical Services, LLC so that it would appear to be related to the Department of Defense in order to avoid detection of the fraud scheme.

9. Defendant RYAN J. KASPER fraudulently represented to Guaranteed Returns that certain properly issued refund checks to DoD clients had been issued in an incorrect name. Thereafter, defendant KASPER caused Guaranteed Returns to void the properly issued DoD refund checks and issue new refund checks payable to Defense Medical, a name designed to appear to be a DoD entity.

10. Specifically, the following refunds were due to entities of the United States for products returned from February 1, 2004 to December 1, 2005, but were not received

by the United States, because checks made out to the DoD entities were voided at RYAN J.

KASPER'S direction:

<u>Date Returned</u>	<u>Amount</u>	<u>DoD Entity</u>
2/23/2004	\$2,288.36	Susquehanna District
6/11/04	\$3,266.68	Susquehanna District
8/1/04	\$7,043.19	Susquehanna District
8/1/04	\$4,102.24	Susquehanna District
8/1/04	\$178,017.20	Veterans Administration
9/16/04	\$3,990.20	Susquehanna District
11/8/04	\$134.87	Defense Depot Pearl Harbor
-/-/05	\$4,351.33	Susquehanna District
1/25/05	\$542,577.54	Susquehanna District
1/27/05	\$174.91	Defense Depot Pearl Harbor
3/4/05	\$61,479.70	Veterans Administration
3/18/05	\$150,128.95	Susquehanna District
5/12/05	\$335.20	Susquehanna District
5/12/05	\$1,101.36	Susquehanna District
5/12/05	\$675,466.66	DC Department of Health
7/22/05	\$14,297.63	San Joaquin District, Stockton, CA
7/22/05	\$34,777.68	San Joaquin District, Stockton, CA
10/3/05	\$18,264.63	Susquehanna District
10/3/05	\$4,815.89	Susquehanna District
12/1/05	<u>\$262.36</u>	Defense Depot Pearl Harbor
	<u>\$1,706,876.58</u>	Total Funds Due to United States

11. After defendant RYAN J. KASPER instructed employees of Guaranteed Returns to void the checks prepared for DoD entities for payment of the returns identified in

paragraph 10 above, he directed them to instead reissue the refund checks to Defense Medical, a company that KASPER secretly controlled, as follows:

<u>Check Date</u>	<u>Amount</u>	<u>Payable to</u>	<u>Check Number</u>
3/18/2005	\$178,017.20	Defense Medical	58405
4/20/2005	\$61,479.70	Defense Medical	58559
5/18/2005	\$556,225.02	Defense Medical	58543
8/12/2005	\$834,049.94	Defense Medical	69351
3/3/2006	<u>\$77,104.72</u>	Defense Medical	80965
Total	<u>\$1,706,876.58</u>		

12. The Defense Medical checks were deposited into a bank account in Florida registered to and created by Defense Medical. Checks were then issued from the Defense Medical account to Rykas Industries, Inc, the shell corporation formed by defendant RYAN J. KASPER, as follows:

<u>Date of Check</u>	<u>Date Deposited by Defense Medical</u>	<u>Amount</u>	<u>Date</u>	<u>Check to Rykas</u>
3/18/05	4/5/05	\$178,017.20	4/20/05	\$11,867.88
			4/13/05	\$59,339.00
4/20/05	4/26/05	\$61,479.70	4/28/05	\$24,591.88
5/18/05	5/25/05	\$556,225.02	6/2/05	\$222,490.00
8/12/05	8/23/05	\$834,049.94	8/30/05	\$333,619.83
3/3/06	3/31/06	<u>\$77,104.72</u>	4/5/06	<u>\$38,552.36</u>
	TOTAL	<u>\$1,706,876.58</u>		<u>\$678,593.07</u>

13. Through the wholly owned shell corporation Rykas, defendant RYAN J. KASPER received approximately 40% of the fraudulently diverted criminal proceeds. Two other

individuals, whose identities are known to the Grand Jury, received the remainder of the fraudulently diverted proceeds.

14. In total, defendant RYAN J. KASPER fraudulently diverted and obtained approximately \$1,706,876.58 owed to the United States through this scheme.

15. Defendant RYAN J. KASPER concealed the diversion of funds by providing false information to DoD personnel who inquired about the status of their stolen refunds. On May 12, 2005, the District of Columbia Department of Health returned expired Cipro, an antibiotic recognized as the first line of defense for anthrax poisoning. The D.C. Department of Health contacted defendant RYAN J. KASPER numerous times in 2005 seeking the refund of \$675,466.66 for the Cipro. In response, on or about December 1, 2005, defendant KASPER mailed a letter to the District of Columbia Department of Health falsely claiming that these funds had been credited to the DSCP earlier in the year, stating “the pharmaceutical manufacture credit [] was collected on your behalf and posted directly to the Defense Supply Center Philadelphia (DSCP) in error by the manufacture [sic].”

16. After additional telephone calls and emails, defendant RYAN J. KASPER sent a further letter to the DSCP on June 18, 2007. In that letter, defendant KASPER again falsely claimed that the Cipro funds had been credited to the DSCP:

Credit in the amount of \$675,466.66 was issued by Bayer Pharmaceutical and reported to Guaranteed Returns. Information reported to Guaranteed Returns was inaccurate and resulted in the credit to be issued to DSCP for material processed for the Defense Depots.

17. On or about August 14, 2007, in response to DSCP's request for proof that the refund had been sent to DSCP, defendant RYAN J. KASPER again falsely asserted by email that he was attempting to resolve the matter:

Let me look into this and find out the information you requested. I will pull the files, research it and get back to you first thing in the am.

All in violation of Title 18, United States Code, Section 1031.

COUNT TWO

(Theft of Government Funds)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 and 7 through 17 of Count One are realleged here.
2. From in or about March 2005 through in or about December 2007, in

Philadelphia, in the Eastern District of Pennsylvania and elsewhere, defendant

RYAN J. KASPER

embezzled, stole, purloined, and knowingly converted to his own use a thing of value of the United States in an amount over \$1,000, that is, approximately \$1,706,876.58 in funds belonging to the United States.

All in violation of Title 18, United States Code, Section 641.

COUNT THREE

(Mail Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of Count One are realleged here.

THE SCHEME TO DEFRAUD

2. From in or about March 2005 or earlier through and including in or about December 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

RYAN J. KASPER

knowingly devised and intended to devise a scheme to defraud the Defense Supply Center Philadelphia, and to obtain money and property of the Defense Supply Center Philadelphia by knowingly false and fraudulent pretenses, representations, and promises.

3. It was the object of the scheme described in paragraph 2 that defendant RYAN J. KASPER fraudulently diverted and stole approximately \$1,706,876.58 in refund payments from Guaranteed Returns that were intended for and owed to the United States.

MANNER AND MEANS

4. It was a part of the scheme to defraud that defendant RYAN J. KASPER engaged in the manner and means described in paragraphs 7-17 of Count One of this indictment.

5. On or about June 18, 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

RYAN J. KASPER,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by the United States Postal Service,

according to the directions thereon, a letter addressed to the DSCP in Philadelphia in which defendant KASPER falsely claimed that the Cipro credit was “issued to DSCP for material processed for the Defense Depots.”

All in violation of Title 18, United States Code, Section 1341.

COUNT FOUR

(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of Count One are realleged here.

THE SCHEME TO DEFRAUD

2. From in or about March 2005 or earlier through and including in or about December 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

RYAN J. KASPER

knowingly devised and intended to devise a scheme to defraud the Defense Supply Center Philadelphia, and to obtain money and property of the Defense Supply Center Philadelphia by knowingly false and fraudulent pretenses, representations, and promises.

3. It was the object of the scheme described in paragraph 2 that defendant RYAN J. KASPER fraudulently diverted and stole approximately \$1,706,876.58 in refund payments from Guaranteed Returns that were intended for and owed to the United States.

MANNER AND MEANS

4. It was a part of the scheme to defraud that defendant RYAN J. KASPER engaged in the manner and means described in paragraphs 7-17 of Count One of this indictment.

5. On or about August 14, 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

RYAN J. KASPER,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate

commerce an electronic mail communication to a DSCP representative in Philadelphia in which defendant KASPER falsely represented that he would investigate the status of refunds owed to the DSCP by Guaranteed Returns, stating, "Let me look into this and find out the information you requested. I will pull the files, research it and get back to you first thing in the am."

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

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 641, 1031, and 1341 set forth in this indictment, defendant

RYAN J. KASPER,

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to the sum of at least \$1,706,876.58.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (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;

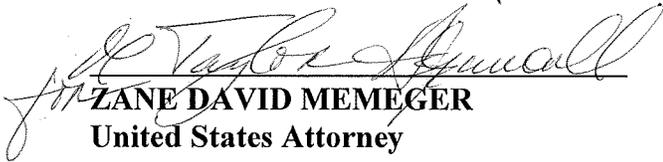
it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 28, United States Code, Section 2461(c), both incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture, including but not limited to any and all right, title, and interest in the following vehicles:

- (a) 2008 Chevrolet 1500 LT registered to defendant RYAN J. KASPER, New York license plate #RYKAS, VIN #1GNFK16YX8R113959;
- (b) 2006 Yacht Club Base Model registered to defendant RYAN J. KASPER, New York license plate #AP24223, VIN #4H101141060393491;
- (c) 2006 BMW 750LI registered to defendant RYAN J. KASPER, New York license plate #DMH8263, VIN #WBAHN83576DT36544;

All pursuant to Title 28, United States Code, Section 2461, and Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON


J. ZANE DAVID MEMEGER
United States Attorney