

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION

UNITED STATES OF AMERICA

v.

KENNETH BRYAN RITCHEY

SUPERSEDING INDICTMENT
CRIMINAL NO. 1:21-cr-6-HSO-RPM

18 U.S.C. § 1349
18 U.S.C. § 1035
18 U.S.C. § 371

50 U.S.C. § 4512

The Grand Jury Charges:

At all times relevant to this Superseding Indictment:

GENERAL ALLEGATIONS

Defendant and Introduction

1. **KENNETH BRYAN RITCHEY** (“**RITCHEY**”), of Jackson County, Mississippi, operated and controlled a pharmaceutical wholesale company, located in the Southern District of Mississippi, that supplied pharmaceutical products to various hospitals, clinics, pharmacies, and other medical service providers (collectively, “health care providers”), including those administered by the United States.

2. As detailed herein, between approximately October 2018 and April 2020, **RITCHEY** conspired to and engaged in a scheme to defraud health care benefit programs of more than \$600,000. Specifically, **RITCHEY** and his co-conspirators supplied false and fraudulent purchase documentation to health care benefit programs in an effort to subvert insurance audits performed on pharmacies that had billed for products that were not actually dispensed to customers, or even carried in stock at the pharmacies.

3. Additionally, as detailed herein, between approximately January 2020 and April 2020, **RITCHEY** conspired to defraud the United States, by impairing, obstructing, and interfering with the lawful government functions of the United States Department of Veterans Affairs (“VA”), and other health care providers, and further conspired to hoard, and hoarded, designated scarce materials and later sold those materials at prices in excess of prevailing market prices. To that end, in January 2020, after the first United States-confirmed infection of the novel coronavirus disease (“COVID-19”), **RITCHEY** and his co-conspirators purchased available personal protective equipment (“PPE”), including masks, gowns, and face shields, whether sold wholesale or retail. As health care providers were overwhelmed with cases of COVID-19 infections, and as PPE became scarce and in high demand, **RITCHEY** and his co-conspirators artificially inflated the sale price of the PPE, well above prevailing market prices, and price-gouged health care providers desperate to acquire PPE, including those administered by the VA.

COVID-19 and the National Emergency

4. In late 2019, COVID-19 was first detected in Wuhan, China, and has since spread across the world. As a result of the spread of COVID-19 to and within the United States, on January 31, 2020, the Secretary of Health and Human Services (“HHS”) declared a national public health emergency, and, on March 13, 2020, the President of the United States issued Proclamation 9994 declaring a national emergency beginning on March 1, 2020. *See* 85 Fed. Reg. 15,337. At that time, the President of the United States determined that COVID-19 was of sufficient severity and magnitude to warrant an emergency determination under Section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, pursuant to Title 42, United States Code, Sections 5121-5207.

5. Due to how COVID-19 was believed to spread, the Centers for Disease Control and Prevention (“CDC”) issued guidance to health care providers recommending that they wear PPE when treating ill patients to prevent becoming infected with COVID-19.

6. As COVID-19 cases increased across the United States, it threatened to overwhelm health care providers who were required to care for rapidly increasing numbers of seriously ill patients with rapidly dwindling supplies of PPE and other necessary health and medical resources.

7. Accordingly, on March 18, 2020, the President of the United States issued Executive Order 13909 invoking the powers vested in the President by the Defense Production Act of 1950 (“DPA”), Title 50, United States Code, Sections 4501, *et seq.* See 85 Fed. Reg. 16,227.

8. Under the DPA, the President was authorized to, among other things, “allocate materials, services, and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.” 50 U.S.C. § 4511(a)(2). The President was authorized to exercise this authority “to control the general distribution of any material in the civilian market” only if the President found “(1) that such material [was] a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material [could] not otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.” 50 U.S.C. § 4511(b).

9. “In order to prevent hoarding,” the DPA further provided that “no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce material or materials the supply of which would

be threatened by such accumulation.” 50 U.S.C. § 4512. The DPA required the President to publish in the Federal Register “every designation of materials the accumulation of which is unlawful and any withdrawal of such designation.”

10. In Executive Order 13909, the President found that “health and medical resources needed to respond to the spread of COVID-19, including [PPE] and ventilators, [met] the criteria specified in ... the [DPA].” The President further delegated authority to the Secretary of HHS to “identify additional specific health and medical resources that [met] the criteria of ... the [DPA].”

11. On March 23, 2020, the President issued Executive Order 13910, declaring: “To ensure that our Nation’s healthcare systems are able to surge capacity and capability to respond to the spread of COVID-19, it is the policy of the United States that health and medical resources needed to respond to the spread of COVID-19, such as [PPE] and sanitizing and disinfecting products, are not hoarded.” *See* 85 Fed. Reg. 17,001.

12. The President delegated to the Secretary of HHS the President’s authority under Title 50, United States Code, Section 4512 “to prevent hoarding of health and medical resources necessary to respond to the spread of COVID-19 within the United States,” and “to implement any restrictions on hoarding.”

13. On March 25, 2020, the Secretary of HHS published a notice designating certain PPE and other necessary health and medical resources under the DPA as scarce materials or materials which supply would be threatened by accumulation in excess of reasonable demands of business, personal, or home consumption, or for the purpose of resale at prices in excess of prevailing market prices, including: (a) N-95 Filtering Facepiece Respirators (“N-95 masks”); (b) medical gowns or apparel (*e.g.*, surgical gowns or isolation gowns); (c) surgical or other PPE facemasks (“procedural

masks”); (d) PPE face shields; (e) surgical or other PPE gloves; (f) ventilators and portable ventilators; and (g) disinfecting devices and sanitizing products (collectively, “designated materials”). *See* 85 Fed. Reg. 17,592.

14. Specifically, “N-95” was a designation assigned to certain types of filtering facepiece respirators that were manufactured and sold in the United States. N-95 masks were designed to achieve a very close fit and filter out at least 95% of airborne particles, including bacteria and viruses. By contrast, procedural facemasks were disposable, loose-fitting, and helped to block large-particle droplets, splashes, sprays, or splatter that may contain contaminants, but did not filter or block very small airborne particles. The CDC recommended that health care workers use N-95 masks in hospitals, clinics, and other health care settings, especially when conducting procedures that may produce aerosols.

United States Department of Veterans Affairs and the Procurement Process

15. The VA was a department of the executive branch of the United States.

16. The VA, through the Veterans Health Administration, maintained, operated, and administered numerous hospitals, clinics, and other facilities (collectively, “VA health care facilities”) throughout the United States and was responsible for, among other things, providing health care to veterans of the armed services of the United States. The VA was responsible for providing the best service to veterans at reasonable cost to American taxpayers.

17. In addition to supporting veterans, the VA was responsible for supporting national, state, and local emergency management, public health, safety, and homeland security efforts, including admitting non-veterans to VA health care facilities as well as providing PPE to state and local health care providers in need.

18. The Federal Acquisition Regulation (“FAR”) was the primary regulation governing the acquisition of supplies and services of executive branch departments and agencies, including the VA, which set forth, among other requirements, departments’ and agencies’ responsibility, through contracting officers, to acquire products and services on a timely basis and at the best value. *See* 48 C.F.R. §§ 1.101 *et seq.* Regarding the VA and when applicable, the FAR was supplemented by the Veterans Affairs Acquisition Regulation (“VAAR”). 48 C.F.R. §§ 801.000 *et seq.*

19. Typically, executive branch departments and agencies, through contracting officers, determined their resource needs and further solicited bids from prospective vendors, offerors, or contractors (collectively, “government contractors”) to supply the required products or services. Upon receiving bids, and pursuant to the requirements of the FAR and other regulations, executive branch departments and agencies, through contracting officers, awarded contracts to government contractors (“contracting process”).

20. With certain exceptions, and among other requirements, the FAR required government contractors to register with the System for Award Management and obtain a unique nine-digit identification number (“DUNS Number”) to engage in the contracting process. One such exception to the government contractors’ requirements of registering with the System for Award Management was the supplying of products or services at or below the “micro-purchase threshold” level. 48 C.F.R. § 4.1102.

21. For federal contracting purposes, the micro-purchase threshold was \$10,000; however, for the acquisition of products or services in the United States that were to support the response to an emergency or major disaster, the micro-purchase threshold was increased to \$20,000, provided the acquisition had a clear and direct relationship to support the recovery from the emergency or major disaster. 48 C.F.R. § 13.201.

22. Unlike contracts awarded during the contracting process, micro-purchases could be made without soliciting competitive quotes if the contracting officer considered the price to be fair and reasonable. 48 C.F.R. § 13.203. Although it was the contracting officer's responsibility to determine and ultimately purchase supplies and services at fair and reasonable prices, 48 C.F.R. §§ 15.401 and 15.402, government contractors were required to "conduct themselves with the highest degree of integrity and honesty." 48 C.F.R. § 3.1002. For micro-purchases, contracting officers were authorized and encouraged to use Governmentwide commercial purchase cards.

23. In providing ordered products or services, including those at or below the micro-purchase threshold, government contractors typically submitted invoices for the cost of the products provided or services performed, and upon receiving those products or services and the attendant invoices, executive branch departments and agencies typically then paid contractors.

3M Company and Its Costs and Existing Contracts

24. The 3M Company ("3M") was a United States corporation operating in the health care field that produced and distributed, among numerous other items, PPE, specifically, N-95 masks and procedural masks.

25. Prior to and during the COVID-19 outbreak, 3M's suggested retail price for most N-95 masks was typically between \$1.15 and \$1.50 per mask, including models 1860, 1860S, 8200, and 8210 Plus.

26. 3M routinely contracted with various federal agencies and departments to provide a wide array of products and services, including with the VA and various VA health care facilities to provide PPE. Despite that its suggested retail price for N-95 masks exceeded \$1.00, 3M contracted with the VA to supply N-95 masks at approximately 55 cents per mask.

Health Care Benefit Programs and Claims Submission Process

27. Private health insurance companies (“Health Insurance Companies”), including Empire Blue Cross Blue Shield, SilverScript, Aetna, and Health Net, provided health care benefits to individuals enrolled with their plans. Individuals who qualified for benefits under Health Insurance Companies’ plans were referred to as “members.”

28. Health Insurance Companies were each a “health care benefit program” within the meaning of Title 18, United States Code, Section 24(b).

29. Health care providers, including hospitals, clinics, and pharmacies, meeting certain criteria, could enroll with health care benefit programs, including Health Insurance Companies, and provide medical services to members. Health care providers would then submit claims, either electronically or in hard copy, to Health Insurance Companies seeking reimbursement for the cost of items and services provided.

30. Health Insurance Companies provided direct prescription drug coverage to eligible members through their pharmacy programs or similar drug plans. Typically, however, Health Insurance Companies did not process their insureds’ prescription claims directly. Instead, Health Insurance Companies’ pharmacy programs were often administered by Pharmacy Benefit Managers (“PBMs”), whose responsibilities included adjudicating and processing payment for prescription drug claims submitted by eligible pharmacies. PBMs also audited participating pharmacies to ensure compliance with their rules and regulations.

31. Health care providers, including pharmacies, entered into contractual relationships with PBMs, including CVS Caremark, either directly or indirectly. If indirectly, health care providers

first contracted with pharmacy network groups, which then contracted with PBMs on behalf of health care providers. By contracting with PBMs, directly or indirectly, health care providers agreed to comply with all applicable laws, rules, and regulations.

32. In the United States, each drug or drug product was identified by a ten-digit number, called a National Drug Code (“NDC”). Health Insurance Companies or PBMs typically reimbursed pharmacies the Average Wholesale Price (“AWP”) corresponding to the NDC of drug and drug products dispensed, minus any negotiated discount. AWP referred to the average price at which drugs or drug products were sold at the wholesale level. Drugs or drug products that were reimbursed at high rates were called “high-adjudication.”

33. For prescription drugs to be reimbursed, Health Insurance Companies required that prescription drugs be dispensed pursuant to valid prescriptions and be medically necessary for the treatment of covered illnesses or conditions. In other words, Health Insurance Companies would not reimburse prescription drugs that were not medically necessary or dispensed without valid prescriptions. Health Insurance Companies likewise do not reimburse the cost of prescription drugs that are not dispensed.

34. Upon receiving prescriptions, pharmacies submitted claims for dispensing prescription drugs to health care benefit programs or PBMs. Health Insurance Companies or PBMs reimbursed pharmacies at specified rates, minus any copayments to be paid by members.

35. Electronic claims submitted to PBMs by pharmacies located in Texas and New York necessarily traveled via interstate wire to be adjudicated. For example, regardless of the location of the pharmacies that provided pharmacy benefits, CVS Caremark adjudicated claims in Maricopa County, Arizona. Similarly, audit documentation submitted electronically to CVS Caremark by wholesalers located in Mississippi and Florida necessarily traveled via interstate wire.

Relevant Entities and Individuals

36. Boise VA Medical Center, located in Ada County, Idaho, was a VA health care facility.
37. Captain James A. Lovell Federal Health Care Center, located in Lake County, Illinois, was a VA health care facility.
38. Marion VA Medical Center, located in Williamson County, Illinois, was a VA health care facility.
39. Providence VA Medical Center, located in Providence County, Rhode Island, was a VA health care facility.
40. Raymond G. Murphy VA Medical Center, located in Bernalillo County, New Mexico, was a VA health care facility.
41. Wm. Jennings Bryan Dorn VA Medical Center, located in Richland County, South Carolina, was a VA health care facility.
42. Children's Medical Center Dallas, located in Dallas County, Texas, was a pediatric, acute care hospital.
43. Westchester Medical Center operated a network of full service, acute care hospitals, including HealthAlliance Hospital, located in Ulster County, New York.
44. Yavapai Regional Medical Center, located in Yavapai County, Arizona, was a not-for-profit health care provider offering inpatient/outpatient services, including two acute care hospitals.
45. Gulf Coast Pharmaceuticals Plus, LLC ("GCPP"), formed on October 24, 2008 and located in Jackson County, Mississippi, was a wholesale pharmaceutical distributor specializing

in distributing drugs and products in shortage, which was operated and controlled by **RITCHEY**. GCPP maintained warehouses, including a warehouse in Jackson County, Mississippi, and a sales office and representatives in Broward County, Florida.

46. GCPP employed Co-conspirator 1 as its warehouse operations manager and permit holder and Co-conspirator 2 as a warehouse employee responsible for shipping and receiving pharmaceutical products and supplies.

47. GCPP contracted with Co-conspirator 3 to be a buyers' representative for its pharmaceutical products and supplies, including PPE.

48. GCPP contracted with Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-Conspirator 10, Co-conspirator 11, and Co-conspirator 12 to be sales representatives for its pharmaceutical products and supplies, including PPE (collectively, "GCPP sales representatives").

49. Distributor 1, formed on November 13, 2015 and located in Jackson County, Mississippi, was a pharmaceutical distributor operated and controlled by **RITCHEY**.

50. Pharmacy 1, formed on February 13, 2015 and located in Jackson County, Mississippi, was a retail pharmacy that also held a wholesale pharmaceutical license. GCPP and another entity operated and controlled by **RITCHEY** ("other Ritchey entity") had a financial relationship with Pharmacy 1. Specifically, on January 1, 2019, Pharmacy 1 entered into a consulting agreement with GCPP and the other Ritchey entity, wherein GCPP agreed to purchase pharmaceuticals on Pharmacy 1's behalf for resale to GCPP, and GCPP agreed to purchase the same from Pharmacy 1 at the original cost, multiplied by 110%. For GCPP and the other Ritchey entity "mak[ing] its relationship[s] and network available to [Pharmacy 1] for [Pharmacy 1's] acquisition of pharmaceutical drugs for markup and resale," Pharmacy 1 agreed to pay the other Ritchey entity

“twenty percent (20%) of all distributions of available cash realized from [Pharmacy 1’s] ... [w]holesale [b]usiness.”

51. Pharmacy 2, formed in 2011 and located in Harris County, Texas, was an open-door, retail pharmacy.

52. Pharmacist 1, of Harris County, Texas, was a pharmacist licensed to dispense pharmaceuticals in the State of Texas who worked at Pharmacy 2.

53. Pharmacy 3, formed in 2013 and located in Kings County, New York, was an open-door retail pharmacy.

GENERAL OVERVIEW

54. From approximately October 2018 through April 2020, **RITCHEY** and his co-conspirators, through **GCPP**, engaged in a series of fraudulent schemes to sell high-adjudication pharmaceutical and other health care products, typically in short supply and in high demand, at prices well above market price. In some instances, **RITCHEY** and his co-conspirators effectuated the schemes by making false statements and/or omissions to health care providers, including misrepresentations concerning the pricing and availability of PPE. In other instances, they effectuated the schemes by making false and fraudulent statements to Health Insurance Companies, including to mislead insurance auditors, in exchange for selling product. In those instances, some health care providers, including pharmacies, who had business relationships with **GCPP**, on occasion, engaged in conduct to defraud Health Insurance Companies by billing for high-adjudication pharmaceutical products and thereby claiming that they had dispensed these products, when they, in fact, had not. When Health Insurance Companies conducted audits of these health care providers, and when these providers did not have sufficient inventory to support the claimed dispensing of the high-adjudication pharmaceutical products, these providers solicited

GCPP's assistance to defeat the audits, which typically involved the submission of false and fraudulent purchase documentation, in exchange for those providers' purchasing high-adjudication pharmaceutical products from GCPP.

THE FRAUDULENT SCHEME TO SELL HIGH-ADJUDICATION PHARMACEUTICALS BY SUBVERTING AUDITS

Overview

55. **RITCHEY** and his co-conspirators engaged in a scheme and artifice to defraud Health Insurance Companies, by: (a) producing false and fraudulent documentation to support false and fraudulent billing of high-adjudication pharmaceutical products that were not in fact dispensed to members and submitting such false and fraudulent documentation to Health Insurance Companies; and (b) facilitating and concealing the submission of false and fraudulent claims to Health Insurance Companies seeking reimbursement for high-adjudication pharmaceutical products that had not been purchased or stocked by the pharmacies or dispensed by the pharmacies to members.

Purpose of the Scheme and Artifice

56. It was a purpose of the scheme and artifice for **RITCHEY** and his co-conspirators to unlawfully enrich themselves.

Manner and Means of the Scheme and Artifice

57. The manner and means by which **RITCHEY** and his co-conspirators sought to accomplish the objects and purpose of the scheme and artifice included, among other things:

58. GCPP pharmaceutical sales were split into two segments: sales of drugs and other products in shortage to hospital systems and other health care providers; and sales of high-adjudication pharmaceutical products to independent pharmacies.

59. Certain independent pharmacies participated in fraudulent schemes to bill Health Insurance Companies for high-adjudication medications that were either never dispensed or

requested by customers and were not in fact ordered or carried in stock by those pharmacies. Health Insurance Companies and PBMs were on alert to spikes in claims by independent pharmacies and verified through audits that high-adjudication medications billed for were in fact dispensed, sometimes by requesting proof of purchase of medications billed from the pharmacy or its supplier.

60. From time to time, representatives of independent pharmacies contacted GCPP employees requesting assistance with audits of claims submitted by the independent pharmacies. On at least four occasions, independent pharmacies requested assistance from GCPP in the form of fraudulent documents to be sent to the pharmacies or to Health Insurance Companies and/or PBMs directly in support of an audit response in order to conceal the fraudulent billing activity.

61. In or around fall 2018, CVS Caremark initiated an audit of Pharmacy 3 for claims submitted by Pharmacy 3 from January 1 through March 31, 2018, citing a potential inventory shortage. As part of the audit, CVS Caremark requested proof of purchase of certain products for which Pharmacy 3 billed to CVS Caremark and claimed to have dispensed, including high-adjudication Sil-K Pads sold by GCPP.

62. In or around October 2018, a representative of Pharmacy 3 contacted Co-conspirator 12 seeking assistance with the CVS Caremark audit, explaining that Pharmacy 3 had overbilled for products during the relevant time period. Specifically, Pharmacy 3 requested that GCPP create and submit proof to CVS Caremark showing that Pharmacy 3 had purchased quantities of Sil-K Pads from GCPP in March 2018, despite that it had not done so.

63. Co-conspirator 12 brought Pharmacy 3's request to the attention of **RITCHEY** and Co-conspirator 3. **RITCHEY** approved the creation of a fraudulent purchase history, so long as Pharmacy 3 made a large purchase of Sil-K Pads from GCPP. Pharmacy 3 agreed to purchase \$98,000 worth of Sil-K Pads.

64. At **RITCHEY**'s direction, Co-conspirator 1 created a purchase history for the Sil-K Pads that falsely listed that Pharmacy 3 purchased quantities of Sil-K Pads totaling \$98,000 from GCPP on March 29, 2018, despite that the purchase, in fact, occurred in October 2018.

65. On October 2, 2018, with **RITCHEY**'s knowledge and consent, Co-conspirator 12 submitted the fraudulent, backdated purchase history to CVS Caremark, via interstate wire transmission.

66. When CVS Caremark inquired further regarding the sale, on December 26, 2018, GCPP, through its representative, submitted a GCPP invoice purporting to document the same sale of Sil-K Pads to Pharmacy 3, but falsely listing the date of sale as March 29, 2018.

67. In or around November 2019, CVS Caremark initiated an audit of Pharmacy 2 for claims submitted by Pharmacy 2 from January 1 through November 8, 2019. As part of the audit, CVS Caremark requested proof of purchase by Pharmacy 2 of Sil-K Pads and Scarsilk Gel, both high-adjudication products sold by GCPP, that Pharmacy 2 billed and claimed to have dispensed in August 2019.

68. In or around November 2019, Pharmacist 1 contacted Co-conspirator 12 requesting assistance with the CVS Caremark audit, explaining that Pharmacy 2 had overbilled for products during the relevant time period. Specifically, Pharmacy 2 requested that GCPP create and submit an invoice to CVS Caremark showing that Pharmacy 2 had purchased large quantities of Sil-K Pads and Scarsilk Gel from GCPP in August 2019, despite that it had not done so.

69. Pharmacist 1 emailed the audit request to Co-conspirator 12, who forwarded it to Co-conspirator 3.

70. Co-conspirator 12 met with Co-conspirator 3, who had spoken with **RITCHEY** regarding Pharmacist 1's request and asked that Co-conspirator 12 brief **RITCHEY** on the request.

71. Co-conspirator 12 called **RITCHEY** and advised him that Pharmacy 2 had requested that GCPP create an invoice backdated to August 2019 to submit to CVS Caremark auditors. **RITCHEY** approved Pharmacy 2's request, so long as Pharmacy 2 agreed to purchase large quantities of Sil-K Pads and Scarsilk Gel from GCPP, prepaid.

72. Once **RITCHEY** approved Pharmacy 2's request, the audit details were sent by Co-conspirator 3 to Co-conspirator 1.

73. Co-conspirator 12 submitted a purchase order, which created Invoice No. 234021, documenting the agreed-upon purchase of quantities of Sil-K Pads and Scarsilk Gel in the amount of \$107,000. The original invoice was dated November 22, 2019.

74. Co-conspirator 1 then created a second invoice, which appeared to document the same sale, but the date of the second invoice was changed to August 12, 2019, and the invoice number was changed to read "234021a."

75. GCPP also created a backdated purchase history for Pharmacy 2 indicating that the relevant quantities of Sil-K Pads and Scarsilk Gel were sold to Pharmacy 2 on August 12, 2019, rather than the actual sale date of November 22, 2019.

76. Once the backdated invoice and purchase history were entered into GCPP's accounting system, on December 3, 2019, at **RITCHEY**'s direction, Co-conspirator 1 emailed the backdated purchase history to CVS Caremark, via interstate wire transmission.

Scope of the Scheme and Artifice

77. Between October 2018 and April 2020, **RITCHEY** assisted in the fraudulent concealment of at least \$602,842.74 in false and fraudulent billings to Health Insurance Companies, including Empire Blue Cross Blue Shield, SilverScript, Aetna, and Health Net.

THE FRAUDULENT PPE SCHEME

Overview

78. **RITCHEY** and his co-conspirators engaged in a scheme and artifice to defraud the United States, through the VA, and other health care providers, by: (a) acquiring and hoarding PPE and other designated materials; (b) soliciting health care providers, including VA health care facilities, to purchase PPE and other designated materials at inflated prices, in excess of prevailing market prices (hereinafter “excessive prices”) through high-pressure sales tactics and through the omission of GCPP’s actual costs and sources of PPE and other designated materials; (c) misrepresenting to health care providers, including VA health care facilities, through interstate wire transmissions, that the excessive prices of PPE and other designated materials were reasonable due to cost increases; (d) selling and shipping, via interstate carrier, PPE and other designated materials to health care providers, including VA health care facilities; (e) submitting and causing the submission of invoices and claims detailing the excessive prices to health care providers, including VA health care facilities, for the sale of PPE and other designated materials; and (f) receiving and obtaining payments, through interstate wire transmissions, from health care providers, including VA health care facilities, based on the invoices and claims submitted.

Purpose of the Scheme and Artifice

79. It was a purpose of the scheme and artifice for **RITCHEY** and his co-conspirators to unlawfully enrich themselves.

Manner and Means of the Scheme and Artifice

80. The manner and means by which **RITCHEY** and his co-conspirators sought to accomplish the objects and purpose of the scheme and artifice included, among other things:

81. Prior to the COVID-19 outbreak, GCPP did not acquire, market, or sell PPE and other designated materials in the normal course of business; however, following the worldwide COVID-19 outbreak, beginning in or around January 2020 and continuing through at least April 2020, **RITCHEY** directed GCPP employees, including Co-conspirator 1 and Co-conspirator 2, and GCPP sales representatives to identify and purchase PPE and other designated materials from other pharmaceutical wholesalers and distributors, including Distributor 1, as well as from other retailers, including Pharmacy 1, home improvement retailers, and online retailers.

82. Prior to making purchases of PPE and other designated materials, GCPP employees and sales representatives contacted **RITCHEY**, typically electronically, and provided to **RITCHEY** the details of the designated materials, specifically their cost. Upon receiving the details, **RITCHEY** then either approved or denied the purchase of the PPE and other designated materials.

83. As N-95 masks were specifically recommended by the CDC and desired by health care providers, including VA health care facilities, **RITCHEY** and Co-conspirator 1 directed GCPP employees and sales representatives to identify and purchase N-95 masks from home improvement retailers, and, in return for N-95 masks acquired, **RITCHEY** offered and ultimately paid GCPP employees and sales representatives 50 cents per mask, plus expenses, as compensation for their services.

84. Accordingly, GCPP employees and sales representatives traveled throughout Mississippi, Louisiana, Texas, Alabama, Florida, Georgia, South Carolina, and North Carolina to purchase N-95 masks from home improvement retailers, occasionally using personal sale military

discounts and other available discounts. When possible, GCPP employees and sales representatives purchased or attempted to purchase all N-95 masks in stock. For example:

a. On or about February 11, 2020, GCPP purchased twelve, twenty-count boxes of N-95 masks, Model 8200, from a home improvement store in Lancaster County, South Carolina, for approximately \$250.39, or approximately \$0.97 per mask;

b. On or about February 12, 2020, GCPP purchased eight, twenty-count boxes of N-95 masks, Model 8210, from a home improvement store in Jackson County, Mississippi, for approximately \$177.88, or approximately \$1.04 per mask;

c. On or about February 12, 2020, GCPP purchased four, twenty-count boxes of N-95 masks, Model 8200, from a home improvement store in Jackson County, Mississippi, for approximately \$91.89, or approximately \$1.07 per mask;

d. On or about February 12, 2020, GCPP purchased six, twenty-count boxes of N-95 masks, Model 8200, from a home improvement store in Jackson County, Mississippi, for approximately \$137.84, or approximately \$1.07 per mask;

e. On or about February 17, 2020, GCPP purchased six, twenty-count boxes of N-95 masks, Model 8210, from a home improvement store in Jackson County, Mississippi, for approximately \$133.41, or approximately \$1.04 per mask;

f. On or about February 22, 2020, GCPP purchased three, twenty-count boxes of N-95 masks, Model 8210, from a home improvement store in Mobile County, Alabama, for approximately \$68.57, or approximately \$1.04 per mask; and

g. On or about February 29, 2020, GCPP purchased four, twenty-count boxes of N-95 masks, Model 8210, from a home improvement store in Columbus, Mississippi, for approximately \$88.94, or approximately \$1.04 per mask.

85. At **RITCHEY's** direction, GCPP acquired more than 24,000 N-95 masks from home improvement retailers. In addition, GCPP acquired more than 40,000 N-95 masks and 71,000 procedural masks from online retailers, including eBay and Amazon, prior to eBay and Amazon restricting or removing COVID-19-based listings over price gouging concerns, including, for example:

a. On or about March 18, 2020, GCPP purchased eight, twenty-count boxes of N-95 masks, Model 8210, from an online retailer for approximately \$438.40, or approximately \$2.50 per mask;

b. On or about March 23, 2020, GCPP purchased six, twenty-count boxes of N-95 masks, Model 8210, from an online retailer for approximately \$1,193.82, or approximately \$2.98 per mask; and

c. On or about April 10, 2020, GCPP purchased 8,600, one-count boxes of N-95 masks, Model 9010 (Lebanon), from an online retailer for approximately \$51,600, or approximately \$6.00 per mask.

86. In total, between January 2020 and April 2020, GCPP purchased or agreed to purchase more than 1 million N-95 masks, 550,000 procedural masks, and thousands of other items of PPE and other designated materials from other wholesalers, distributors, and retailers, including Distributor 1 and Pharmacy 1. During that timeframe, GCPP's invoices reflected that GCPP paid, on average, approximately \$3.49 per N-95 mask and \$1.16 per procedural mask, which included significantly marked-up purchases from Pharmacy 1 and Distributor 1, with which **RITCHEY** shared a direct business and financial relationship.

87. PPE and other designated materials ultimately acquired by GCPP employees and sales representatives were routinely transported to the GCPP warehouse located in Jackson County, Mississippi.

88. At **RITCHEY**'s direction, GCPP sales representatives then solicited various health care providers, including VA health care facilities, to purchase the acquired PPE and other designated materials by calling or e-mailing marketing material detailing the items for sale by GCPP. When potential purchasers inquired about purchasing PPE and other designated materials, GCPP sales representatives: (1) quoted prices that exceeded prevailing market prices; (2) engaged in high pressure sales tactics; (3) omitted GCPP's actual costs of PPE and other designated material; and (4) omitted from where GCPP acquired PPE and other designated materials.

89. GCPP sales representatives were provided a minimum and maximum sale price allowed for PPE and other designated materials, which was set by **RITCHEY** and others; however, in March 2020, **RITCHEY** removed the maximum sale price for N-95 masks. Specifically, on March 13, 2020, a GCPP sales representative sent a series of instant messages to **RITCHEY** asking whether the \$20.00 limit put on N-95 masks could be removed to permit other GCPP sales representatives to sell N-95 masks for \$25.00, to which **RITCHEY** replied, "ok" and "take it off."

90. Knowing that GCPP was price gouging health care providers, including VA health care facilities, GCPP employees and sales representatives communicated regarding which states to avoid selling PPE and other designated materials in excess of prevailing market prices. For instance, on March 5, 2020, Co-conspirator 1, Co-conspirator 2, and Co-conspirator 3, exchanged the following instant messages:

- a. Co-conspirator 2: "Are we still not sending mask[s] to Washington?"
- b. Co-conspirator 3: "Washington is okay[.]"

- c. Co-conspirator 3: “No price gou[g]ing law in Washington[.]”
- d. Co-conspirator 1: “So what do we need to look out for[,] FL[,] CA and NY, NY?”
- e. Co-conspirator 3: “Yes please[.]”
- f. Co-conspirator 1: “State of Emergencys [*sic*] kinda get me worried though[.]”;

91. As health care providers balked at the quoted prices of PPE and other designated materials, and in an effort to induce health care providers, including VA health care facilities, to continue to purchase PPE and other designated materials at excessive prices, GCPP sales representatives, on behalf of GCPP, contacted health care providers telephonically, sent e-mails and attached letters, created and drafted by GCPP, attempting to justify the excessive price increases as reasonable predicated on increases in costs.

92. In addition to telephonic calls wherein GCPP sales representatives attempted to justify the high prices of PPE and other designated material as being predicated on increased costs, on or about March 9, 2020, at **RITCHEY’s** direction, GCPP sales representatives e-mailed letters and sent e-mails to purchasers addressing the high prices of N-95 masks being sold by GCPP (“Mask E-Mail”). Thereafter, on or about March 23, 2020, at **RITCHEY’s** direction, GCPP sales representatives e-mailed letters and sent e-mails to purchasers addressing the high prices of all PPE and other designated materials sold by GCPP (“All PPE E-Mail”).

93. Both the Mask E-Mail and All PPE E-Mail intended to dissuade health care providers, including VA health care facilities, from reporting GCPP for price gouging and to further mislead them to believe that there was a direct relationship between GCPP’s costs for PPE and other designated materials and the prices quoted to health care providers, when, in reality, GCPP marked

up PPE and other designated materials by as much as 300% over its costs and exploited the fear and desperation of health care providers, including VA health care facilities, to acquire PPE and other designated materials during a declared national emergency.

94. When sales were made at prices exceeding prevailing market prices, GCPP sales representatives sent invoices, via e-mail, to health care providers, including the VA health care facilities, and to RITCHEY or Co-conspirator 1 detailing the purchase orders. Thereafter, GCPP shipped PPE and other designated materials via interstate commercial carrier, namely FedEx, typically from GCPP's warehouse in Jackson, County, Mississippi, to the purchasing health care provider.

95. Health care providers paid GCPP utilizing a variety of sources. Specifically, VA health care facilities paid GCPP for PPE and other designated materials using Governmentwide commercial purchase cards.

Scope of the Scheme and Artifice

96. Between January 2020 and April 2020, GCPP billed and received more than \$1.8 million from the various health care providers for the provision of PPE and other designated materials at excessive prices, including more than approximately \$330,000 from the VA.

COUNT 1

The Conspiracy and Its Objects

97. Paragraphs 1, 2, 27 through 35, 45 through 48, and 51 through 53 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

98. Beginning in or around October 2018, and continuing through in or around April 2020, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY

did knowingly and willfully, that is with the intent to further the objects of the conspiracy, conspire and agree with Co-conspirator 1, Co-conspirator 3, Co-conspirator 12, and with others known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

a. to execute a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Empire Blue Cross Blue Shield, SilverScript, Aetna, Health Net, and other health care benefit programs, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money owned by and under the custody and control of, said health care benefit programs, in connection with the delivery of and payment for health care benefits and services, in violation of Title 18, United States Code, Section 1347; and

b. to devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and to knowingly transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such a scheme and artifice, in violation of Title 18, United States Code, Section 1343.

Purpose of the Conspiracy

99. It was a purpose of the conspiracy for **RITCHEY** and his co-conspirators to unlawfully enrich themselves, as described in Paragraphs 54 through 56 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

100. In furtherance of the conspiracy and to accomplish its objects and purpose, the methods, manner, and means that were used are described in Paragraphs 57 through 77 of this Superseding Indictment and incorporated by reference as though fully set forth herein.

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

COUNT 2

101. Paragraphs 1, 2, 27 through 35, 45 through 48, and 51 through 53 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

102. Beginning in or around November 2019, and continuing through in or around December 2019, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY,

in a matter involving a health care benefit program, did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation, and make and use a materially false writing and document knowing the same to contain a materially false, fictitious, and fraudulent statement and entry, in connection with the delivery of and payment for health care benefits, items, and services; that is, **RITCHEY** directed Co-conspirator 1 to transmit a false and fraudulent purchase history to CVS Caremark in response to an audit conducted by CVS Caremark, in violation of Title 18, United States Code, Sections 1035 and 2.

COUNT 3

The Conspiracy and Its Object

103. Paragraphs 1, 3, 4 through 26, and 36 through 50, of the Superseding Indictment are alleged and incorporated by reference as though fully set forth herein.

104. Beginning in or around January 2020, and continuing through in or around April 17, 2020, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY,

did knowingly and willfully, that is with the intent to further the object of the conspiracy, conspire and agree with Co-conspirator 1, Co-conspirator 2, Co-conspirator 3, Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-conspirator 10, Co-conspirator 11, and others known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

a. to devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and to knowingly transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such a scheme and artifice, in relation to and involving benefits authorized, transported, transmitted, transferred, disbursed, and paid in connection with, a presidentially declared emergency, in violation of Title 18, United States Code, Section 1343; and

b. to devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and for the purpose of executing such scheme and artifice and attempting to do so, deposited and caused to be deposited matters and things to be sent and delivered by private and commercial interstate carrier, and took and received therefrom, any matters and things, in relation to and involving benefits authorized, transported, transmitted, transferred, disbursed, and paid in connection with, a presidentially declared emergency, in violation of Title 18, United States Code, Section 1341.

Purpose of the Conspiracy

105. It was a purpose of the conspiracy for RITCHEY and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 54, 78, and 79 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

106. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 80 through 96 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

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

COUNT 4

The Conspiracy and Its Object

107. Paragraphs 1, 3, 4 through 26, and 36 through 50, of the Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

108. Beginning in or around January 2020, and continuing through on or about April 17, 2020, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY,

did knowingly and willfully, that is with the intent to further the object of the conspiracy, conspire and agree with Co-conspirator 1, Co-conspirator 2, Co-conspirator 3, Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-conspirator 10, Co-conspirator 11, and others known and unknown to the Grand Jury, to defraud the United States by impairing, impeding, obstructing, and defeating, through deceitful and dishonest means, the lawful government functions of the United States Department of Veterans Affairs in its procurement of PPE and other designated materials at fair and reasonable prices and in its administration of its VA health care facilities.

Purpose of the Conspiracy

109. It was a purpose of the conspiracy for **RITCHEY** and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 54, 78, and 79 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

110. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 80 through 96 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Overt Acts

111. In furtherance of the conspiracy, and to accomplish its object and purpose, **RITCHEY** and his co-conspirators committed and caused to be committed, in Jackson County, in the Southern District of Mississippi, and elsewhere, the following overt acts:

- a. On or about February 10, 2020, GCPP purchased forty, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$3,953.60, or approximately \$4.94 per mask;
- b. On or about February 12, 2020, GCPP purchased thirteen, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$1,243.32, or approximately \$4.50 per mask;
- c. On or about February 12, 2020, GCPP purchased sixteen, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$1,530.24, or approximately \$4.50 per mask;
- d. On or about February 12, 2020, GCPP purchased 318, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$27,966.00, or approximately \$4.50 per mask;
- e. On or about February 13, 2020, GCPP purchased 407, twenty-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$36,630.00, or approximately \$4.50 per mask;
- f. On or about February 16, 2020, GCPP purchased twenty-one, 120-count boxes of N-95 masks, Model 1860, on Amazon for approximately \$11,549.79, or approximately \$4.58 per mask;
- g. On or about February 19, 2020, Co-conspirator 7, on GCPP's behalf, sold twenty-five, twenty-count boxes of N-95 masks, Model 1860, to Marion VA Medical Center for \$7,580.00, or \$15.00 per mask, pursuant to GCPP invoice number S248052, which GCPP shipped, via FedEx bearing tracking no. 106995820720, from Jackson County, Mississippi, to the VA health care facility;

h. On or about February 21, 2020, GCPP purchased twenty-five, 120-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$6,937.85, or approximately \$2.25 per mask;

i. On or about February 26, 2020, Co-conspirator 8, on GCPP's behalf, sold three, twenty-count boxes of N-95 masks, Model 1860, to Providence VA Medical Center for \$980.00, or \$15.00 per mask, pursuant to GCPP invoice number S248714, which GCPP shipped, via FedEx bearing tracking no. 106995827611, from Jackson County, Mississippi, to the VA health care facility;

j. On or about February 27, 2020, GCPP purchased eleven, twenty-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$698.95, or approximately \$2.95 per mask;

k. On or about February 27, 2020, GCPP purchased thirty, twenty-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$1,863.40, or approximately \$2.95 per mask;

l. On or about February 27, 2020, Co-conspirator 8, on GCPP's behalf, sold twenty-five, twenty-count boxes of N-95 masks, Model 1860, to Wm. Jennings Bryan Dorn VA Medical Center for \$7,645.69, or approximately \$15.26 per mask, pursuant to GCPP invoice number S248779, which GCPP shipped, via FedEx bearing tracking no. 777882012565, from Jackson County, Mississippi, to the VA health care facility;

m. On or about March 2, 2020, GCPP purchased three, twenty-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$265.75, or approximately \$4.00 per mask;

n. On or about March 2, 2020, Co-conspirator 9, on GCPP's behalf, sold six, twenty-count boxes of N-95 masks, Model 1860, to Raymond G. Murphey VA Medical Center for \$1,815.93, or approximately \$15.00 per mask, pursuant to GCPP invoice number S249154, which GCPP shipped, via FedEx bearing tracking no. 106995832952, from Jackson County, Mississippi, to the VA health care facility;

o. On or about March 10, 2020, Co-conspirator 10, on GCPP's behalf, sold ten, twenty-count boxes of N-95 masks, Model 1860, to Boise VA Medical Center for \$4,015.17, or approximately \$20.00 per mask, pursuant to GCPP invoice S249952, which GCPP shipped, via FedEx bearing tracking no. 106995840582, from Jackson County, Mississippi to the VA health care facility;

p. On or about April 1, 2020, Co-conspirator 11, on GCPP's behalf, sold ten, twenty-count boxes of N-95 masks, Model 1860s, to Captain James A. Lovell Federal Health Center for \$4,080.00, or approximately \$20.00 per mask, pursuant to invoice GCPP S252265, which GCPP shipped, via FedEx bearing tracking no. 172325168492, from Jackson, County, Mississippi to the VA health care facility; and

q. On or about April 15, 2020, GCPP ordered 100,000, one-count boxes of N-95 masks, Model 1860, from a pharmaceutical distributor for approximately \$550,000.00, or approximately \$5.50 per mask.

All in violation of Title 18, United States Code, Section 371.

COUNT 5

The Conspiracy and Its Object

112. Paragraphs 1, 3, 4 through 26, and 36 through 50, of the Superseding Indictment are alleged and incorporated by reference as though fully set forth herein.

113. Beginning on or about March 25, 2020, and continuing through on or about April 17, 2020, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY,

did knowingly and willfully, that is with the intent to further the object of the conspiracy, conspire and agree with Co-conspirator 1, Co-conspirator 2, Co-conspirator 3, Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-conspirator 10, Co-conspirator 11, and others known and unknown to the Grand Jury, to accumulate, for the purpose of resale at prices in excess of prevailing market prices, materials which had been designated by the President of the United States as scarce materials and materials which supply would be threatened by such accumulation, namely, certain PPE and other designated materials, including N-95 masks, medical gowns and apparel, surgical and other PPE facemasks, PPE face shields, surgical and other PPE gloves, and disinfecting devices and sanitizing products, in violation of Title 50, United States Code, Sections 4512 and 4513.

Purpose of the Conspiracy

114. It was a purpose of the conspiracy for RITCHEY and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 54, 78, and 79 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

115. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 80 through 96 of this Superseding Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Overt Acts

116. In furtherance of the conspiracy, and to accomplish its object and purpose, **RITCHEY** and his co-conspirators committed and caused to be committed, in Jackson County, in the Southern District of Mississippi, and elsewhere, the following overt acts:

a. On or about April 3, 2020, GCPP purchased 5,000, one-count boxes of N-95 masks, Model 9010 (Lebanon), from a pharmaceutical distributor for approximately \$30,000.00, or approximately \$6.00 per mask;

b. On or about April 10, 2020, Co-conspirator 4, on GCPP's behalf, sold seven, twenty-count boxes of N-95 masks, Model 8210 Plus, to Yavapai Regional Medical Center for \$2,800.00, or approximately \$20.00 per mask, pursuant to invoice number S253442, which GCPP shipped, via FedEx bearing tracking no. 172325182761, from Jackson County, Mississippi, to the health care provider;

c. On or about April 10, 2020, Co-conspirator 5, on GCPP's behalf, sold sixty-nine, twenty-count boxes of N-95 masks, Model 8210 Plus, to HealthAlliance Hospital for \$34,500.00, or approximately \$25.00 per mask, pursuant to invoice number S253489, which GCPP shipped, via FedEx bearing tracking nos. 172325183415 and 172325183426, from Jackson County, Mississippi, to the health care provider;

d. On or about April 13, 2020, GCPP purchased 150,000, one-count boxes of N-95 masks, Model 8210, from a protective apparel manufacturer for approximately \$600,000.00, or approximately \$4.00 per mask;

e. On or about April 13, 2020, Co-conspirator 6, on GCPP's behalf, sold twenty, twenty-count boxes of N-95 masks, Model 8210 Plus, to Children's Medical Center Dallas for \$8,028.92, or approximately \$20.00 per mask, pursuant to invoice number S253594, which GCPP

shipped, via FedEx bearing tracking nos. 172325184606 and 172325184591, from Jackson County, Mississippi, to the health care provider;

f. On or about April 13, 2020, Co-conspirator 6, on GCPP's behalf, sold twenty, twenty-count boxes of N-95 masks, Model 8210 Plus, to Children's Medical Center Dallas for \$8,000.00, or approximately \$20.00 per mask, pursuant to invoice number S253595, which GCPP shipped, via FedEx bearing tracking nos. 172325184606 and 172325184591, from Jackson County, Mississippi, to the health care provider;

g. On or about April 13, 2020, Co-conspirator 6, on GCPP's behalf, sold ten, twenty-count boxes of N-95 masks, Model 8210 Plus, to Children's Medical Center Dallas for \$4,021.93, or approximately \$20.00 per mask, pursuant to invoice number S253596, which GCPP shipped, via FedEx bearing tracking nos. 172325184606 and 172325184591, from Jackson County, Mississippi, to the health care provider;

h. On or about April 15, 2020, GCPP ordered 100,000, one-count boxes of N-95 masks, Model 1860, from a pharmaceutical distributor for approximately \$550,000.00, or approximately \$5.50 per mask;

i. On or about April 15, 2020, GCPP ordered 100,000, one-count boxes of N-95 masks, Model 8210, from a pharmaceutical distributor for approximately \$450,000.00, or approximately \$4.50 per mask; and

j. On or about April 16, 2020, Co-conspirator 4, on GCPP's behalf, sold sixteen, fifty-count N-95 masks, Model 9010, to Yavapai Regional Medical Center for \$16,000.00, or approximately \$20.00 per N-95 mask, pursuant to invoice number S253982, which GCPP shipped,

via FedEx bearing tracking no. 172325189490, from Jackson County, Mississippi to the health care provider.

All in violation of Title 18, United States Code, Section 371.

COUNT 6

117. Paragraphs 1, 3, 4 through 26, 36 through 50, 54, 78 through 96, and 116 of the Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

118. Beginning on or about March 25, 2020, and continuing through on or about April 17, 2020, in Jackson County, in the Southern District of Mississippi, and elsewhere, the defendant,

KENNETH BRYAN RITCHEY,

aided and abetted by Co-conspirator 1, Co-conspirator 2, and by others known and unknown to the Grand Jury, did knowingly and willfully accumulate for the purpose of resale, and did in fact sell, at prices in excess of prevailing market prices, materials which had been designated by the President of the United States as scarce materials and materials the supply of which would be threatened by such accumulation, namely, certain PPE and other designated materials, including N-95 masks, medical gowns and apparel, surgical and other PPE facemasks, PPE face shields, surgical and other PPE gloves, and disinfecting devices and sanitizing products, and sold them at prices well above prevailing market prices during the declared national emergency, in violation of Title 50, United States Code, Sections 4512 and 4513.

FORFEITURE ALLEGATIONS

119. Upon conviction of the offense alleged in Count 1, **KENNETH BRYAN RITCHEY** shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from net proceeds traceable to the commission of the offense, pursuant to

Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

120. Upon conviction of the offense alleged in Count 2, **KENNETH BRYAN RITCHEY** shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from net proceeds traceable to the commission of the offense, pursuant to Title 18, United States Code, Section 982(a)(2).

121. Upon conviction of the offense alleged in Count 3, **KENNETH BRYAN RITCHEY** shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from net proceeds traceable to the commission of the offense, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

122. Upon conviction of the offense alleged in Count 4 and Count 5, **KENNETH BRYAN RITCHEY** shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from net proceeds traceable to the commission of the offense, pursuant to Title 18, United States Code, Section 982(a)(7), Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.


123. The United States will also seek a forfeiture money judgment against the defendant in the amount of any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of Count 1, 2, 3, 4, and 5, pursuant to Title 18, United States Code, Section 982(a)(4).

124. If any of the property described above as being 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 that cannot be subdivided without difficulty;

the defendant shall forfeit to the United States any other property, up to the value of the property described above, pursuant to Title 21, United States Code, Section 853(p).


DARREN J. LAMARCA
Acting United States Attorney

JOSEPH S. BEEMSTERBOER
Acting Chief, Fraud Section
United States Department of Justice

A TRUE BILL:-

s/signature redacted

Foreperson of the Grand Jury

This superseding indictment was returned in open court by the foreperson or the deputy foreperson of the Grand Jury on this the 21st day of September 2021.


UNITED STATES MAGISTRATE JUDGE