**IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

UNITED STATES OF AMERICA

v.

KERI AYRES,

Defendants.

Case No. 3:25-cr- 107

Conspiracy to Commit Health Care Fraud
18 U.S.C. § 1349
(Count One)

Forfeiture Allegation

CRIMINAL INFORMATION

THE UNITED STATES ATTORNEY CHARGES THAT:

INTRODUCTORY ALLEGATIONS

At all times material to the Criminal Information, unless otherwise stated:

1. Medicaid is a federally funded program that provides health care services to the poor and indigent. Medicaid was established by Title 19, Social Security Act of 1965, to provide medical assistance to indigent persons. The United States Department of Health and Human Services and the Commonwealth of Virginia, Department of Medical Assistance Services (DMAS), administer and supervise the administration of the Medicaid program in Virginia, which is called the Virginia Medical Assistance Program (Medicaid).

2. The United States contributes approximately 50% of the cost to the Medicaid program.

3. Medicaid is a "health care benefit program" as defined in 18 U.S.C. § 24(b).

4. Medicaid waiver programs allow Medicaid recipients to remain at home while receiving home and community-based care if they would otherwise need care in a nursing facility or other specialized care medical facility. Two of those waiver programs are the Commonwealth Coordinated Care Plus waiver program and the Developmental Disabilities waiver program.

5. Under these waiver programs, Medicaid covers environmental modifications

(EMs) that alter or modify a Medicaid recipient's home (or vehicle in limited circumstances) to make the residence suitable for the recipients, such as installing a grab bar in a shower or adding an exterior wheelchair ramp to access the home. The purpose of EMs is to modify the home to increase access for the recipient, but not to make or serve as general improvements to the home. EMs are for pre-existing structures.

6. EMs are available for a maximum Medicaid-funded amount of $5,000 per household per state fiscal year, from July 1 to June 30. Costs for EMs cannot be carried over from one fiscal year to the next.

7. Medicaid only reimburses EM claims for the actual cost of material and labor, with no additional markup (to include markups for administrative fees). Shipping, freight, and delivery are not reimbursable expenses. Medicaid requires that EMs be performed in the most cost-effective manner possible to achieve the goal required for the recipient's health, safety, and welfare. All services must be provided in the recipient's primary residence, and must be installed per applicable state or local building codes and appropriate permits or building inspections.

8. EM providers must submit their cost estimate for labor and materials to Medicaid's contractor. Supporting documentation must demonstrate the medical need for the service, the process to obtain the service (contacts with potential contractors, costs, etc.), and the timeframe during which the service is to be provided. The required supporting documentation must include a separate written notation of the evaluation, design, labor, and supplies or materials.

9. The EM provider is responsible for ensuring that all work is completed, and products have been delivered, installed, and in good working order prior to seeking reimbursement from Medicaid. The EM provider must ensure and certify that the modifications were completed satisfactorily, and the recipient is able to use them.

10. All requests for cost changes (either increases or decreases) must be submitted to Medicaid's contractor for revision, and the requests must include justification for the proposed cost change and supporting documentation of the medical needs necessitating the change.

The Defendant and Other Individuals

11. At all times relevant to this Information, KERI AYRES was the owner of Ability Unlimited, a Medicaid contractor based in the Eastern District of Virginia that specialized in EMs. AYRES also owned Company A, a separate Medicaid service facilitation contractor.

12. In or about January 2017, Ability Unlimited (AU) was enrolled as a Medicaid provider in Virginia. Despite AU being a separate legal entity, AU and Company A shared the same owner, and exhibited significant overlap by sharing staff, software, and other resources.

13. Co-Conspirator 1 was an employee of AYRES at Company A, and later became the Operations Manager for AU.

14. From in or about June 2019 through in or about November 2021, in the Eastern District of Virginia and elsewhere, the defendant, KERI AYRES, knowingly and unlawfully conspired with Co-Conspirator 1 and others, known and unknown, to commit an offense contained within Chapter 63 of Title 18 of United States Code, to wit: to devise a scheme or artifice to defraud a health care benefit program and to obtain, by means of false and fraudulent pretenses, representations, and promises, any of the money owned by, and under the custody and control of, a health care benefit program as defined by Title 18, United States Code, Section 24(b), in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347.

Object of the Conspiracy to Commit Health Care Fraud

15. It was the purpose of the scheme and artifice to defraud for the defendant and the

defendant's co-conspirators to unlawfully enrich themselves through the submission of false and fraudulent Medicaid claims for environmental modifications that the conspirators fraudulently marked up to include often-exorbitant costs that were not allowed under the Medicaid regulations.

Manner and Means of the Conspiracy

16. In or about January 5, 2017, AYRES hired Co-Conspirator 1 through AYRES' other company, Company A, to help establish a new company called Ability Unlimited that focused on providing environmental modifications. Co-Conspirator 1 was the operations manager of Ability Unlimited, and AYRES tasked Co-Conspirator 1 with examining the Medicaid regulations to determine the feasibility of the business model of Ability Unlimited and to help establish the business's operations pursuant to Medicaid regulations.

17. Prior to January 2019, AU had engaged with Medicaid and its contractors to determine if AU's business model of hiring contractors to perform EMs and adding a profit margin for AU was allowable under Medicaid rules and regulations. Medicaid and its contractors responded at least by January 2019 that the program was designed for contractors to work directly with recipients and that Medicaid's EM program did not authorize a broker or facilitator (like AU's suggested model) to subcontract the EM work to a contractor and charge Medicaid an additional profit margin as a broker. The chief executive officer of Company A submitted a public comment via email to Medicaid in March 2019 requesting that Medicaid change its rules and regulations to allow a broker like AU to charge Medicaid for additional profits, copying AYRES on the email. AYRES and AU thus knew at least by June 2019 that AU could not charge a profit margin to Medicaid for acting as a broker for EM services.

18. Between January 2019 and May 2019, AU charged Medicaid, at AYRES' direction, a $500 profit margin per submitted claim that was intended to approximate the

administrative cost AU incurred by hiring subcontractors, completing the paperwork, and submitting the claim. This $500 profit margin practice is not part of the conspiracy period.

19. Beginning in or about May 2019, AYRES and Co-Conspirator 1 devised a plan to falsely bill arbitrary and exorbitant profit margins for EM services by hiding AU's profit margin—which AYRES and Co-Conspirator 1 knew and understood was not an expense they were entitled to reimburse—in the subcontractor costs they submitted to Medicaid for reimbursement. In or around May 2019, AYRES issued a new directive to AU employees that each EM project should include at least a 30 to 50+ percent profit margin, depending on the amount of the subcontractor's invoice. If the subcontractor's invoice amount was for example $3,846.15, AYRES directed that AU mark up the invoice near or up to the $5,000 annual cap (thus making a 30% profit margin). If the subcontractor invoice totaled less than $3,846.15, then AU could increase its markup up to the $5,000 cap and make additional profits.

20. In or around May 2019, AYRES questioned AU employees as to why AU was not maximizing the $5,000 annual cap on EMs by saying words to the effect of, *The Medicaid recipients have $5,000, why can't we use more?*

21. In May 2019, AYRES and Co-Conspirator 1 instructed AU employees to email AU's subcontractors and inform them that AU's minimum profit margin was $1500 per EM project, and that subcontractors had to lower their bids for AU projects to accommodate AU's desired profit margin.

22. At AYRES' direction, Co-Conspirator 1 and others fraudulently edited the invoices the subcontractors supplied to AU and drastically increased the costs associated with other line items in the subcontractors' invoices to conceal from Medicaid that AU was adding a profit margin to its invoices and claims, and to provide for outsized profit margins for AU. In truth and

fact, as AYRES well knew, AU was not allowed to add profit costs or hidden fees to its invoices or claims to Medicaid.

23. At AYRES' direction, Co-Conspirator 1 then submitted these false and fraudulent invoices, along with the associated false reimbursement claims, to Medicaid for payment. Medicaid then processed these false claims and paid AU those falsely inflated amounts because of the false and fraudulent invoices.

24. Medicaid denied AU requests for authorization in relevant part if the AU claims included a line item for profit margin, but erroneously paid the claims supported by the altered invoices that hid AU's profit margin. Per Medicaid's policy, had Medicaid known that AU was submitting EM claims supported by invoices AU altered to hide AU's non-reimbursable fees, Medicaid would not have paid AU's claims.

25. In June 2019, Co-Conspirator 1 disciplined a subordinate employee (and informed AYRES) because the employee had allowed a subcontractor to purchase mobility ramps and ship them directly to the recipient, which was the cheaper option. Co-Conspirator 1 told AYRES that AU would have made more money if AU had itself purchased the ramps, added its profit margin, and shipped the ramps directly to the recipient. In essence, Co-Conspirator 1 disciplined an employee for following Medicaid rules and saving the recipient (and thus, Medicaid) money at AU's expense. In disciplining the employee, Co-Conspirator 1 stated that "AU's profit IS the heart of what makes or breaks this company."

26. In January 2020, AYRES instructed AU employees that the minimum AU profit going forward was $1,210, and the maximum profit was double the subcontractor's cost, unless the subcontractor's quote was, for example, $4,500 and could not be lowered, at which point AYRES conceded that AU would "tak[e] a loss" and submit the claim by accepting a profit margin

of less than $1,210.

27. In July 2020, Co-Conspirator 1 emailed AYRES and reported that an EM claim had been denied where AU attempted to upcharge a claim involving five hours of installation performed by the subcontractor by claiming sixteen hours of "quality control to verify the integrity of the installation." AU had charged or inflated the "quality control" hours to hide AU's profit margin. The claim denial informed AU that "no other EM vendor quotes costs related to customer service, ordering, overhead, documentation, etc.," and "you will also need to justify a markup on goods and direct labor of almost 100% of the costs you are incurring from suppliers and contractors." This claim denial further put AYRES and Co-Conspirator 1 on notice that their practices were inconsistent with Medicaid rules and regulations.

28. For some EM requests, AU's demanded profit margin was so high that AU forced recipients to split EM requests across two fiscal years even if AU could complete both requests if not for the addition of AU's inflated profit margins to the reimbursement claim. Due to AU's actions, the recipients were deprived of timely mobility modifications, and instead were required to do without those improvements until the next fiscal year, solely because AYRES wanted to maximize AU's impermissible profit margins.

29. In one instance, AU installed a wheelchair ramp that was not compliant with the Americans with Disabilities Act because the ramp was far too steep and thus unsafe. The parents of the minor Medicaid recipient (who was confined to his wheelchair and dependent on oxygen) were forced to remove the minor's oxygen pack from the back of his wheelchair so that they were physically able to push him up the steep ramp, and the minor rolled down the ramp in his wheelchair at a dangerous speed. After installation, the minor's parents immediately noticed the dangerously steep slope and contacted AU about the steep ramp. AU refused to fix the ramp to

correct the slope until the next fiscal year because only then would a new allotment of EM money be available for which AU could charge. AU added excessive and hidden profit margins to both the original non-compliant ramp and the replacement compliant ramp installed the next year.

30. In other instances, AU's profit margins were so high that AU forced Medicaid recipients—who are, by the very nature of the Medicaid program, indigent—to pay out of pocket for EM projects that exceeded the $5,000 annual cap. In one instance, a recipient was forced to pay an extra $1,210 out of pocket to cover AU's profit margin.

31. In addition, AU regularly ordered off-the-shelf items such as generators and would subsequently and fraudulently charge Medicaid both an inflated amount for the generator and for AU's purported "labor" costs, even though AU had directed the generator to be shipped directly to the recipient's home. For example, in one instance Co-Conspirator 1 ordered from Amazon.com a generator and accessories for the generator, costing a total of $992.51. Amazon shipped the generator and accessories directly to the recipient's home. AU billed Medicaid $3,395.16, listing the generator cost as $2,610.16, and including an additional "labor line" of $785. Thus, AU through Co-Conspirator 1 falsely inflated the generator cost by $1,617.65 and falsely included a $785 labor charge when in truth and fact, AU had performed no "labor" for the recipient beyond the simple act of completing an online purchase.

32. In another instance, Co-Conspirator 1 ordered a generator from Amazon.com that cost $841.35. Amazon shipped the generator directly to the recipient's home. Medicaid paid AU $3,395.16 for this claim, when Medicaid should only have paid for the cost of the generator.

33. AYRES was extensively involved in running AU. AYRES created and reviewed all policies and procedures, reviewed EM submissions to Medicaid, and held weekly meetings with employees to ensure compliance with her profitability demands.

34. In or about October 2020, Co-Conspirator 1 left AU, but AYRES and the other co-conspirators continued the conspiracy.

35. Between in or about May 2019 and in or about November 2021, Ability Unlimited submitted approximately $245,000 in Environmental Modification-related claims for reimbursement from Virginia Medicaid to which it was not entitled.

FORFEITURE ALLEGATION

Pursuant to Rule 32.2(a) Fed. R. Crim. P., defendant KERI AYRES is hereby notified that upon conviction of the offense alleged in Count One of this Criminal Information, she shall forfeit to the United States any property, real or personal, which constitutes or is derived from any proceeds traceable to the offense.

The property subject to forfeiture includes, but is not limited to the following:

> A sum of money of $245,000, which represents the proceeds of the offenses charged and which shall be reduced to a money judgment against the defendants in favor of the United States.

If property subject to forfeiture cannot be located, the United States will seek an order forfeiting substitute assets, pursuant to 21 U.S.C § 853(p).

(All in accordance with Title 18, United States Code, Section 981(a)(1)(C), as incorporated by Title 28, United States Code, Section 2461, and Title 21, United States Code, Section 853(p)).

Respectfully submitted,

Erik S. Siebert
United States Attorney

Date: June 26, 2025 By: ______________________________
Shea Matthew Gibbons
Assistant United States Attorney