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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

UNITED STATES OF AMERICA, Plaintiff, v. ERIC EDWARD HAEGER, Defendant.	Case No.: 2:25-CR-187-RLP-1 Plea Agreement

Plaintiff United States of America, by and through Jeremy J. Kelley, Assistant United States Attorney for the Eastern District of Washington, and Defendant Eric Edward Haeger ("Defendant"), both individually and by and through Defendant's counsel, Jeffrey B. Coopersmith, agree to the following Plea Agreement.

1. Waiver of Indictment

Defendant, having been advised of the right to be charged by Indictment, agrees to waive that right and enter a plea of guilty to the charges brought by the Unites States in an Information.

2. Guilty Plea and Maximum Statutory Penalties

Defendant agrees to enter a plea of guilty to an Information filed in the Eastern District of Washington, which charges Defendant with Adulterating and Misbranding Device After Shipment in Interstate Commerce, in violation of 21 U.S.C. §§ 331(k), 333(a)(2), a Class E felony.

Defendant understands that the following potential penalties apply:

a. a term of imprisonment of not more than 3 years;

b. a term of supervised release of not more than 1 year;

c. a fine of up to $250,000;

d. restitution; and

e. a $100 special penalty assessment.

3. Supervised Release

Defendant understands that if Defendant violates any condition of Defendant's supervised release, the Court may revoke Defendant's term of supervised release, and require Defendant to serve in prison all or part of the term of supervised release authorized by statute for the offense that resulted in such term of supervised release without credit for time previously served on post-release supervision, up to the following terms:

a. 5 years in prison if the offense that resulted in the term of Supervised Release is a class A felony,

b. 3 years in prison if the offense that resulted in the term of Supervised Release is a class B felony,

c. 2 years in prison if the offense that resulted in the term of Supervised Release is a class C felony, and/or

d. 1 year in prison if the offense that resulted in the term of Supervised Release is a Class E felony.

Accordingly, Defendant understands that if Defendant commits one or more violations of supervised release, Defendant could serve a total term of incarceration

greater than the maximum sentence authorized by statute for Defendant's offense or offenses of conviction.

4. The Court is Not a Party to this Plea Agreement

The Court is not a party to this Plea Agreement and may accept or reject it. Defendant acknowledges that no promises of any type have been made to Defendant with respect to the sentence the Court will impose in this matter.

Defendant understands the following:

a. sentencing is a matter solely within the discretion of the Court;

b. the Court is under no obligation to accept any recommendations made by the United States or Defendant;

c. the Court will obtain an independent report and sentencing recommendation from the United States Probation Office;

d. the Court may exercise its discretion to impose any sentence it deems appropriate, up to the statutory maximum penalties;

e. the Court is required to consider the applicable range set forth in the United States Sentencing Guidelines, but may depart upward or downward under certain circumstances; and

f. the Court may reject recommendations made by the United States or Defendant, and that will not be a basis for Defendant to withdraw from this Plea Agreement or Defendant's guilty plea.

5. Potential Immigration Consequences of Guilty Plea

If Defendant is not a citizen of the United States, Defendant understands the following:

a. pleading guilty in this case may have immigration consequences;

b. a broad range of federal crimes may result in Defendant's removal from the United States, including the offense to which Defendant is pleading guilty;

c. removal from the United States and other immigration consequences are the subject of separate proceedings; and

d. no one, including Defendant's attorney or the Court, can predict with absolute certainty the effect of a federal conviction on Defendant's immigration status.

Defendant affirms that Defendant is knowingly, intelligently, and voluntarily pleading guilty as set forth in this Plea Agreement, regardless of any immigration consequences that Defendant's guilty plea may entail.

6. Waiver of Constitutional Rights

Defendant understands that by entering this guilty plea, Defendant is knowingly and voluntarily waiving certain constitutional rights, including the following:

a. the right to a jury trial;

b. the right to see, hear and question the witnesses;

c. the right to remain silent at trial;

d. the right to testify at trial; and

e. the right to compel witnesses to testify.

While Defendant is waiving certain constitutional rights, Defendant understands that Defendant retains the right to be assisted by an attorney through the sentencing proceedings in this case and any direct appeal of Defendant's conviction and sentence, and that an attorney will be appointed at no cost if Defendant cannot afford to hire an attorney.

Defendant understands and agrees that any defense motions currently pending before the Court are mooted by this Plea Agreement, and Defendant expressly waives Defendant's right to bring any additional pretrial motions.

7. Admissibility of Facts and Prior Statements

By signing this Plea Agreement, Defendant admits the truth of the facts set forth in the Factual Basis section of this Plea Agreement and agrees that these facts,

along with any written or oral statements Defendant makes in court, shall be deemed usable and admissible against Defendant in any subsequent legal proceeding, including criminal trials and/or sentencing hearings, under Federal Rule of Evidence 801(d)(2)(A).

Defendant acknowledges, admits, and agrees that by signing this Plea Agreement, Defendant is expressly modifying and waiving Defendant's rights under Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 with regard to any facts Defendant admits and/or any statements Defendant makes in court.

8. Elements of the Offense

The United States and Defendant agree that in order to convict Defendant of Adulterating and Misbranding Device After Shipment in Interstate Commerce, in violation of 21 U.S.C. §§ 331(k), 333(a)(2), the United States would have to prove the following beyond a reasonable doubt.

a. *First*, between in or about July 2021 and continuing through at least in or about July 2023, within the Eastern District of Washington, Defendant altered, mutilated, destructed, obliterated, or did any act with respect to a device;

b. *Second*, the act was done while the device was held for sale;

c. *Third*, the act resulted in the device being adulterated or misbranded, *to wit*:

i. the device was adulterated because it lacked approval by the Food and Drug Administration (FDA);

ii. the device was adulterated because it was not manufactured in conformance with current good manufacturing practice; and/or

iii. the device was misbranded because it lacked clearance by the FDA;

d. *Fourth*, the adulterated or misbranded device had previously been shipped in interstate commerce; and

e. *Fifth*, Defendant acted with the intent to defraud or mislead.

9. Factual Basis and Statement of Facts

The United States and Defendant stipulate and agree to the following: the facts set forth below are accurate; the United States could prove these facts beyond a reasonable doubt at trial; and these facts constitute an adequate factual basis for Defendant's guilty plea.

The United States and Defendant agree that this statement of facts does not preclude either party from presenting and arguing, for sentencing purposes, additional facts that are relevant to the Sentencing Guidelines computation or sentencing.

At all relevant times, Defendant was a resident of Okanogan County, Washington, in the Eastern District of Washington. Defendant has been licensed as a Physician in Washington State since 2001, is board-certified in Sleep Medicine, and is a member of the American Academy of Sleep Medicine and the National Sleep Foundation.

At all relevant times, Defendant owned and operated Central Washington Sleep Diagnostics Center, PLLC, ("CWSDC") headquartered in Okanogan County, Washington, in the Eastern District of Washington.

The United States Food and Drug Administration ("FDA" or "agency") is an agency of the United States government entrusted with responsibility for protecting the health and safety of the public by assuring, among other things, that medical devices intended for use in the treatment of humans are safe and effective for their intended uses and that the labeling of such devices bears true and accurate information. Pursuant to this statutory mandate, FDA regulates the manufacture and labeling of such devices.

Under the Federal Food, Drug and Cosmetic Act, 21 U.S.C. § 301 *et seq* (the

"FDCA"), and pursuant to 21 U.S.C. § 321(h), the term "device" includes "an instrument, apparatus, implant, machine . . . or other similar or related article, including any component, part, or accessory, which is . . . intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals . . . and which does not achieve its primary intended purpose through chemical action within or on the body of man and which is not dependent upon being metabolized for the achievement of its primary intended purposes."

Pursuant to the FDCA, every manufacturer of a new device must obtain "clearance" or "approval" from the FDA prior to marketing its device. A remanufacturer is defined at 21 C.F.R. § 820.3(w) as "any person who processes, conditions, renovates, repackages, restores, or does any other act to a finished device that significantly changes the finished device's performance or safety specifications, or intended use." A remanufacturer is considered to be a manufacturer and must abide by the same requirements as a manufacturer. 21 C.F.R. § 820.3(o).

Pursuant to the FDCA, devices fall into one of three regulatory classes. Class III devices are subject to the most stringent regulatory requirements, Class I devices are subject to the least stringent, and Class II devices are subject to requirements that fall in between the other classes. The classification assigned to each device is determined by the degree of regulatory control necessary to provide reasonable assurance of the safety and effectiveness of that device in its intended use.

Devices that were not in commercial distribution prior to May 28, 1977, when the Medical Device Amendments to the FDCA became effective, are automatically assigned to Class III by operation of law. These Class III devices can not be legally marketed in the United States until the manufacturer has submitted to the FDA a pre-market approval application ("PMA") and the FDA has approved that application. The FDA will not approve a PMA unless the information in the PMA provides the FDA with reasonable assurance that the device is safe and effective when used

according to its labeling.

As an alternative to submitting a PMA, a manufacturer of a Class III device could also seek to demonstrate to the FDA that its device should be classified into Class I or Class II or that it was substantially equivalent to a legally marketed device for which pre-market approval was not required. A manufacturer seeking a determination of "substantial equivalence" could submit to the FDA "pre-market notification" (also known as a "510(K)") no later than ninety days before the manufacturer intends to introduce the device into interstate commerce. If FDA makes a finding of "substantial equivalence" based on the pre-market notification, the device is then "cleared" for marketing and can be marketed in a manner consistent with the pre-market notification cleared by the FDA.

Approval of a PMA and clearance of a pre-market notification are separate routes for obtaining FDA's permission to market a medical device. Initially, each new device is subject to both pre-market approval and pre-market notification. However, if a PMA is approved by the FDA, pre-market notification is no longer necessary. Similarly, if a particular device is classified as either Class I or Class II by the FDA, through clearance of a pre-market notification, approval of a PMA for that device is no longer required.

If a manufacturer intends to modify a device that is subject to an approved PMA, it must file a PMA supplement before making any change that affects the safety or effectiveness of the device. 21 C.F.R. § 814.39(a).

If a manufacturer modifies a device that had been cleared by FDA pursuant to a "510(K)" pre-market notification, the manufacturer is required to file a new 510(K) pre-market notification if the proposed change could significantly affect the safety or the effectiveness of the device. 21 C.F.R. § 807.81(a)(3)(i).

A Class III device is "adulterated" under 21 U.S.C. § 351(f)(1)(B), if it is required to have an approved PMA and did not have an approved PMA in effect prior to introducing the device into interstate commerce. A device is also

"adulterated" under 21 U.S.C. § 351(h), if the methods used in, and the facilities and controls used for, its manufacture, packing, storage, and installation are not in conformity with the current good manufacturing practice requirements for devices.

A medical device is "misbranded" under 21 U.S.C. § 352(o) if the manufacturer of the device failed to provide the FDA with pre-market notification ninety days prior to introducing the device into interstate commerce.

The doing of any act with respect to a device that results in the device being adulterated or misbranded, while the device is held for sale, after shipment in interstate commerce, is prohibited pursuant to 21 U.S.C. § 331(k).

PHILIPS RESPIRONICS DEVICES

Philips RS North America LLC ("Philips Respironics") is a Delaware corporation that manufactures, among other things, continuous positive airway pressure ("CPAP") devices, bi-level positive airway pressure ("BiPAP") devices, and mechanical ventilators, which are devices within the meaning of 21 U.S.C. § 321(h).

Philips Respironics initiated a voluntary recall notification for certain CPAP devices, BiPAP devices, and mechanical ventilators on June 14, 2021, ("June 2021 Recalls") due to potential health risks. The affected devices contained polyester-based polyurethane ("PE-PUR") foam, which was used for sound abatement. According to the recall notices issued at that time, the PE-PUR sound abatement foam "may degrade into particles which may enter the device's air pathway and be ingested or inhaled by the user," and "the PE-PUR foam may off-gas certain chemicals."

The FDA classified the June 2021 Recalls as Class I. A recall is classified as Class I where there is a reasonable probability that the use of, or exposure to, a violative product will cause serious adverse health consequences or death. *See* 21 C.F.R. § 7.3(m)(1). Potential health risks identified at the time were irritation to the skin, eyes, nose, and respiratory tract; inflammatory response; headache; asthma;

hypersensitivity reaction, such as an allergic reaction or another immune system reaction; nausea or vomiting; and toxic or cancer-causing effects.

PURCHASE AND ALTERATION OF RECALLED DEVICES

Beginning at some point no later than July 2021, Defendant began purchasing used Philips Respironics CPAP and BiPAP devices that were subject to the June 2021 Recall through various sources, including online medical device resale sites. Defendant messaged multiple individuals about his desire to make "bulk" purchases of such devices. Defendant would pay approximately $150 to $400 per device purchased, depending on the model.

Between July 23, 2021, and April 17, 2023, Defendant purchased and caused to be shipped to the Eastern District of Washington over 500 Philips Respironics CPAP and BiPAP machines from one online reseller, B.J., located in Arizona. B.J. stated that he obtained the used devices sold and shipped to Defendant "from a thrift warehouse and auctions in or around Phoenix, Arizona" and they were "sold to Dr. Haeger in their used, preowned condition."

Defendant and others under his direction would open the CPAP and BiPAP devices. They would then take steps to remove the PE-PUR foam using screw drivers, hooks, and other tools. Removal of the foam often necessitated breaking it into pieces. The devices were then put back together.

Defendant instructed and directed staff at CWSDC and others to engage in this conduct. The conduct occurred in rooms at CWSDC buildings and other locations that were not designed or operated as clean rooms for the purpose of manufacturing medical devices.

Defendant and staff at CWSDC under Defendant's control and supervision would then provide the altered June 2021 Recall CPAP and BiPAP devices to Washington State Medicaid patients. At the direction of Defendant and others, staff at CWSDC under Defendant's control and supervision would then bill the recalled and used devices to Washington State Medicaid with a representation that the device

was a new device in good working order and not defective.

Defendant never submitted to the FDA a PMA for approval of the altered CPAP and BiPAP devices. As such, the CPAP and BiPAP devices are adulterated.

Defendant never submitted to the FDA a "510(K)" pre-market notification to the FDA for clearance of the altered CPAP and BiPAP devices. As such, the CPAP and BiPAP devices are misbranded.

Defendant did not use methods, facilities, and controls in conformity with current good manufacturing practice requirements when altering the CPAP and BiPAP devices. As such, the CPAP and BiPAP devices are adulterated.

BILLING OF RESPIRATORY DEVICES TO WASHINGTON MEDICAID

Washington State's Medicaid program, known as Washington Apple Health, is a means-tested benefit program providing healthcare coverage to low-income people. It was established pursuant to Title XIX of the Social Security Act. §1901. *See also* 42 U.S.C. §1396, et seq.; 42 C.F.R. § 430.1 *et seq.*; RCW 74.09.035. Medicaid is a joint federal-state program that provides health care and other benefits for certain groups of people, primarily people experiencing poverty and the disabled. The federal government provides matching funds and ensures that states participating in the Medicaid program comply with minimum standards. Social Security Act § 1903(a)(1). So long as the state's Medicaid program is administered in compliance with federal requirements, the federal government pays a share of the program costs known as the Federal Medical Assistance Percentage (FMAP). The states pay the remaining portion, known as the State Medical Assistance Percentage (SMAP). While the percentage has changed from year to year, the federal/state percentage share for Washington is typically 45 to 55 percent.

All funds administered through a Medicaid managed care delivery system are paid for by the federal and state governments using dedicated Medicaid program dollars.

States participating in the Medicaid program are required to submit a plan to

the U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services (CMS). Social Security Act § 1902; 42 U.S.C. § 1396a. The state plan is a formal, written agreement between a state and the federal government, submitted by the single state agency (SSA) and approved by CMS, describing how the state will administer its Medicaid program. 42 C.F.R. § 431.10. The Washington Medicaid plan, which was approved by CMS, defines eligibility criteria, client benefits, and provider reimbursement rules. Wash. Rev. Code §§ 74.09.510, 74.09.520. Within several Washington State Medicaid programs, medical services and equipment are supplied to Medicaid clients by private or public providers that enroll in the Medicaid program and execute a contract with the Washington State Healthcare Authority (HCA), which manages the Apple Health program.

HCA pays enrolled providers and/or managed care organizations (MCO) for services or equipment provided to Medicaid clients according to HCA's regulations, billing instructions, and the terms of the HCA core provider agreement (CPA) or managed care contracts (MCC). 42 U.S.C. § 1396b(a)(1). For example, "[t]he Agency only pays claims submitted by or on behalf of a supplier or contractor of service that has an approved [CPA] with the agency…." WAC 182-502-0005(1). The Washington State Medicaid program relies on providers complying with the terms of the CPA on an ongoing basis, and specifically in their submission of claims for payment. In short, providers are expected to submit truthful and accurate claims. Claims tainted by fraud or illegal kickbacks are ineligible for payment and punishable by criminal and/or civil action.

Washington State Medicaid only pays for the purchase of respiratory care equipment, such as CPAP and BiPAP devices, for Medicaid recipients if the equipment is new. WAC 182-552-1500(3). "A used item that is placed with a client initially as a rental item must be replaced by the supplier with a new item prior to purchase by the medicaid agency." *Id.* In order to be provided to a patient as a rental, prior to purchase, Washington State Medicaid "requires a dispensing provider

to ensure the item rented to a client is: (a) In good working order; and (b) Comparable to equipment the provider rents to individuals with similar medical equipment needs who are either private pay or who have other third-party coverage." WAC 182-552-1500. Furthermore, Washington State Medicaid "does not pay for . . . defective equipment." WAC 18-55-1500(12).

HCA also publishes billing guides for providers to follow when billing services or products to Washington State Medicaid. Consistent with Washington State law, as set out above, the Respiratory Care Billing Guides in effect during the relevant period stated:

- HCA purchases new respiratory equipment only.
  - A new respiratory item that is placed with a client initially as a rental item is considered a new item by HCA at the time of purchase.
  - A used respiratory item that is placed with a client initially as a rental item must be replaced by the supplier with a new item before HCA purchases it.
- HCA requires a dispensing provider to ensure that the respiratory equipment rented to a client:
  - Is in good working order.
  - Is comparable to equipment the provider rents to clients with similar medical equipment needs who are either private pay clients or who have other third-party coverage.

The Respiratory Care Billing Guides also stated that HCA would not pay for "Defective equipment." The Respiratory Care Billing Guides required providers to affirmatively represent that devices were new at the time a purchase billing claim was submitted by using the modifier "NU." If a purchase billing claim did not include the NU modifier, indicating it was a new device, Washington State Medicaid would not pay the claim. Representations in billing claims about the device being new, in good working order, and not defective were material to the decision of

Washington State Medicaid to pay the billing claims.

On or about June 17, 2014, Defendant executed a Core Provider Agreement on behalf of CWDSC. In the agreement, Defendant agreed "[t]o submit claims for services to eligible clients . . . in accordance with rules and Medicaid Provider Guides in effect at the time the service is rendered." Defendant also agreed "[t]o be held to all the terms of this Agreement even though a third party may be involved in billing claims to HCA." Finally, Defendant agreed "to abide by the terms of this Agreement including all applicable federal and state statutes, rules, and policies."

Between July 2021 and July 2023, Defendant, or staff at CWSDC operating at his control and direction, provided at least twenty (20) recalled Philips Respironics devices to patients. Under Defendant's direction and with his knowledge, CWSDC staff subsequently billed these twenty recalled devices to Washington State Medicaid listing Defendant as the service provider and representing the devices were new devices that were in good working order and were not defective. The billing claims for these twenty recalled devices sought payment of $28,883.91 from Washington State Medicaid. Washington State Medicaid paid $19,621.19 for these twenty devices based on the false representations that they were new devices that were in good working order and were not defective.

Defendant agrees he acted with reckless indifference as to whether the billing claims submitted to Medicaid contained representations that were truthful or false. The United States contends Defendant acted intentionally to present billing claims to Medicaid that contained false representations.[1] Regardless of whether Defendant acted with reckless indifference as to the truth or falsity of representations in the bills submitted to Medicaid or whether Defendant acted intentionally to present billing

[1] The United States and Defendant agree that either factual basis—reckless indifference to the truth or intentionally false representations—is factually sufficient to support the element of intent to defraud, as required for a conviction under 21 U.S.C. §§ 331(k), 333(a)(2). *See United States v. Dearing*, 504 F.3d 897, 902–03 (9th Cir. 2007).

claims containing false representations, Defendant admits, agrees, and acknowledges that he acted with the intent to defraud or mislead.

PATIENT N.F.

On or about November 7, 2022, CWSDC staff provided Patient N.F., then 7 years old, with a Philips Respironics DreamStation CPAP device bearing serial number J23383130C7C8.

Philips Respironics DreamStation CPAP device bearing serial number J23383130C7C8 was subject to the June 2021 Recall. This device had originally been sold and shipped by Philips Respironics to a healthcare company in Arizona on or about January 18, 2019, and provided to patient V.E. on or about January 28, 2019.

Between in or about July 2021 and November 2022, Defendant purchased and had shipped to the Eastern District of Washington the used CPAP device with serial number J23383130C7C8, which was subject to the June 2021 Recall. Between in or about July 2021 and November 2022, Defendant, or an individual acting at the direction and under the control of Defendant, altered the device bearing serial number J23383130C7C8 by opening it up and attempting to remove the PE-PUR foam.

Between November 2022 and February 2023, CWSDC submitted billing claims to Washington State Medicaid for this device listing Defendant as the service provider, seeking total payments of $443.91, and including the false representation that the device was new. Washington State Medicaid paid CWSDC $309.39 for the device under the false and fraudulent pretenses and representations that it was new, in good working order, and not defective. On or about June 19, 2024, when CWSDC was not paid the full amount it sought from Washington State Medicaid, it sent a statement to N.F. seeking payment of $12.53 for the used and recalled CPAP device.

PATIENT A.B.-M.

On or about November 17, 2022, CWSDC staff provided Patient A.B.-M.

with a Philips Respironics REMstar Auto System One 60 Series CPAP device bearing serial number P143821779EC0.

Philips Respironics REMstar Auto System One 60 Series CPAP device bearing serial number P143821779EC0 was subject to the June 2021 Recall. This device had originally been sold and shipped by Philips Respironics to a healthcare company in Tacoma, Washington, on or about July 27, 2015, and provided to patient E.B. on or about July 30, 2015.

Between in or about July 2021 and November 2022, Defendant purchased and had shipped to the Eastern District of Washington the used CPAP device with serial number P143821779EC0, which was subject to the June 2021 Recall. Between in or about July 2021 and November 2022, Defendant, or an individual acting at the direction and under the control of Defendant, altered the device bearing serial number P143821779EC0 by opening it up and attempting to remove the PE-PUR foam.

Between November 2022 and February 2023, CWSDC submitted billing claims to Washington State Medicaid for this device listing Defendant as the service provider, seeking total payments of $1,496.81, and including the false representation that the device was new. Washington State Medicaid paid CWSDC $1,031.30 for the device under the false and fraudulent pretenses and representations that it was new, in good working order, and not defective.

PATIENT E.B.

On or about May 12, 2022, CWSDC staff provided Patient E.B. with a Philips Respironics REMstar Plus System One 60 Series CPAP device bearing serial number P04540413628A.

Philips Respironics REMstar Plus System One 60 Series CPAP device bearing serial number P04540413628A was subject to the June 2021 Recall. This device had originally been sold and shipped by Philips Respironics to a healthcare company in California on or about November 29, 2011.

Between in or about July 2021 and May 2022, Defendant purchased and had shipped to the Eastern District of Washington the used CPAP device with serial number P04540413628A, which was subject to the June 2021 Recall. Between in or about July 2021 and November 2022, Defendant, or an individual acting at the direction and under the control of Defendant, altered the device bearing serial number P04540413628A by opening it up and attempting to remove the PE-PUR foam.

Between June 2022 and August 2022, CWSDC submitted billing claims to Washington State Medicaid for this device listing Defendant as the service provider, seeking total payments of $1,348.84, and including the false representation that the device was new. Washington State Medicaid paid CWSDC $928.17 for the device under the false and fraudulent pretenses and representations that it was new, in good working order, and not defective.

PATIENT P.C.

On or November 19, 2022, CWSDC staff provided Patient P.C. with a Philips Respironics DreamStation CPAP device bearing serial number J1635206964D1.

Philips Respironics DreamStation CPAP device bearing serial number J1635206964D1 was subject to the June 2021 Recall. This device had originally been sold and shipped by Philips Respironics to a healthcare company in Oregon on or about May 9, 2016.

Between in or about July 2021 and November 2022, Defendant purchased and had shipped to the Eastern District of Washington the used CPAP device with serial number J1635206964D1, which was subject to the June 2021 Recall. Between in or about July 2021 and November 2022, Defendant, or an individual acting at the direction and under the control of Defendant, altered the device bearing serial number J1635206964D1 by opening it up and attempting to remove the PE-PUR foam.

Between November 2022 and February 2023, CWSDC submitted billing

claims to Washington State Medicaid for this device listing Defendant as the service provider, seeking total payments of $1,496.81, and including the false representation that the device was new. Washington State Medicaid paid CWSDC $1,031.30 for the device under the false and fraudulent pretenses and representations that it was new, in good working order, and not defective.

10. The United States' Agreements

The United States Attorney's Office for the Eastern District of Washington agrees not to bring additional charges against Defendant based on information in its possession at the time of this Plea Agreement that arise from conduct that is either charged in the ~~Indictment~~ Information or identified in discovery produced in this case or contained in pre-trial presentations or discussions, unless Defendant breaches this Plea Agreement before sentencing.

11. United States Sentencing Guidelines Calculations

Defendant understands and acknowledges that the United States Sentencing Guidelines ("U.S.S.G." or "Guidelines") apply and that the Court will determine Defendant's advisory range at the time of sentencing, pursuant to the Guidelines. The United States and Defendant agree to the following Guidelines calculations.

a. Base Offense Level

The United States and the Defendant agree that the base offense level for Defendant with Adulterating and Misbranding Device After Shipment in Interstate Commerce is 6. U.S.S.G. §§2N2.1(a), (c)(1); 2B1.1(a)(1).

b. Special Offense Characteristics

The United States and the Defendant agree that Defendant's base offense level is increased by at least 4 levels because Defendant caused the submission of false claims to Washington State Medicaid seeking at least $19,621.19. U.S.S.G. §§2B1.1(b)(1)(C); 2N2.1(c)(1). The United States may argue for a higher loss amount and the Defendant may argue against any higher loss amount.

The United States and Defendant have no agreement whether any other specific offense characteristics are applicable. The Defendant and United States may argue for or against the application of any specific offense characteristics.

c. Acceptance of Responsibility

The United States will recommend that Defendant receive a downward adjustment for acceptance of responsibility, pursuant to U.S.S.G. §3E1.1(a), (b), if Defendant does the following:

i. accepts this Plea Agreement;

ii. enters a guilty plea at the first Court hearing that takes place after the United States offers this Plea Agreement;

iii. demonstrates recognition and affirmative acceptance of Defendant's personal responsibility for Defendant's criminal conduct;

iv. provides complete and accurate information during the sentencing process; and

v. does not commit any obstructive conduct.

The United States and Defendant agree that at its option and on written notice to Defendant, the United States may elect not to recommend a reduction for acceptance of responsibility if, prior to the imposition of sentence, Defendant is charged with, or convicted of, any criminal offense, or if Defendant tests positive for any controlled substance.

d. Agreements Regarding Representations to the Court

The United States has a duty of candor to the tribunal. If the United States and Defendant do not agree on the appropriate length of incarceration, the appropriate length or applicable terms of supervised release, and/or the correct guidelines calculations, variances, departures, and/or enhancements, the United States reserves the right to respond to any and all arguments made by Defendant, on any bases the United States deems appropriate, at all stages of this criminal case.

Defendant may make any arguments it deems appropriate, at all stages of this criminal case.

With regard to all briefing, submissions, and hearings in this criminal case, the United States and Defendant agree to the following provisions:

i. The United States and Defendant may each respond to any questions from the Court or United States Probation Office;

ii. The United States and Defendant may each supplement the facts under consideration by the Court by providing information the United States or Defendant deems relevant;

iii. The United States and Defendant may each present and argue any additional facts that the United States or Defendant believe are relevant to the Sentencing Guidelines computation or sentencing;

iv. The United States and Defendant may each present and argue information that may already be known to the Court, including information contained in the Presentence Investigation Report;

v. The United States and Defendant may each respond to any arguments presented by the other;

vi. In order to support the United States' sentencing recommendation as set forth herein, the United States may oppose and argue against any defense argument or any recommendation for any sentence lower than the sentence recommended by the United States on any basis, including arguments for a lower offense level, a lower criminal history calculation, the application or non-application of

any sentencing enhancement or departure, and/or any variance from the Guidelines range as calculated by the Court;

vii. In order to support the defense sentencing recommendation as set forth herein, Defendant may oppose and argue against any argument by the United States, or any recommendation for any sentence higher than the sentence recommended by the defense on any basis, including arguments for a higher offense level, a higher criminal history calculation, the application or non-application of any sentencing enhancement or departure, and/or any variance from the Guidelines range as calculated by the Court;

viii. The United States may make any sentencing arguments the United States deems appropriate so long as they are consistent with this Plea Agreement, including arguments arising from Defendant's uncharged conduct, conduct set forth in charges that will be dismissed pursuant to this Plea Agreement, and Defendant's relevant conduct; and

ix. Defendant may make any sentencing arguments consistent with this Plea Agreement Defendant deems appropriate.

e. No Other Agreements

The United States and Defendant have no other agreements regarding the Guidelines or the application of any Guidelines enhancements, departures, or variances. The United States and Defendant may argue for or against any adjustments and/or enhancements under the U.S.S.G.

f. Criminal History

The United States and Defendant have no agreement and make no representations about Defendant's criminal history category, which will be determined by the Court after the United States Probation Office prepares and discloses a Presentence Investigative Report.

12. Incarceration

At the time of Defendant's original sentencing in the District Court, the United States agrees to make a sentencing recommendation to the Court that is consistent with this Plea Agreement. The United States' agreement to make such a recommendation is limited exclusively to the time of Defendant's original sentencing in the District Court. The United States' agreement to make such a recommendation does not prohibit or limit in any way the United States' ability to argue for or against any future sentencing modification that takes place after Defendant's original sentencing in the District Court, whether that modification consists of an amendment to the Guidelines, a change to a statutory minimum or maximum sentence, any form of compassionate release, any violation of Supervised Release, or any other modification that is known or unknown to the parties at the time of Defendant's original criminal sentencing. In this Plea Agreement, the United States makes no promises or representations about what positions the United States will take or recommendations the United States will make in any proceeding that occurs after Defendant's original sentencing in the District Court.

The United States and Defendant may recommend any legal sentence up to the statutory maximum.

13. Supervised Release

The United States and Defendant each agree to recommend 1 year of supervised release. Defendant agrees that the Court's decision regarding the conditions of Defendant's Supervised Release is final and non-appealable; that is, even if Defendant is unhappy with the conditions of Supervised Release ordered by

the Court, that will not be a basis for Defendant to withdraw Defendant's guilty plea, withdraw from this Plea Agreement, or appeal Defendant's conviction, sentence, or any term of Supervised Release.

14. Criminal Fine

The United States and Defendant may make any recommendation concerning the imposition of a criminal fine. Defendant acknowledges that the Court's decision regarding a fine is final and non-appealable; that is, even if Defendant is unhappy with a fine ordered by the Court, that will not be a basis for Defendant to withdraw Defendant's guilty plea, withdraw from this Plea Agreement, or appeal Defendant's conviction, sentence, or fine.

15. Mandatory Special Penalty Assessment

Defendant agrees to pay the $100 mandatory special penalty assessment to the Clerk of Court for the Eastern District of Washington, pursuant to 18 U.S.C. § 3013.

16. Restitution

The United States and Defendant agree that restitution is appropriate and mandatory, without regard to Defendant's economic situation, to identifiable victims who have suffered physical injury or pecuniary loss, pursuant to 18 U.S.C. §§ 3663, 3663A, 3664.

Pursuant to 18 U.S.C. § 3663(a)(3), Defendant voluntarily agrees to pay restitution for all losses caused by Defendant's individual conduct, in exchange for the United States not bringing additional potential charges, regardless of whether counts associated with such losses will be dismissed as part of this Plea Agreement. With respect to restitution, the United States and Defendant agree to the following:

a. Restitution Amount and Interest

The United States and Defendant stipulate and agree that the Court should order restitution in an amount of at least $19,621.19, and that interest on this restitution amount, if any, should be waived. The United States may argue for a

larger restitution amount and the Defendant may argue against a larger restitution amount.

b. Payments

To the extent restitution is ordered, the United States and Defendant agree that the Court will set a restitution payment schedule based on Defendant's financial circumstances. 18 U.S.C. § 3664(f)(2), (3)(A). Regardless, Defendant agrees to pay not less than 10% of Defendant's net monthly income towards restitution.

c. Treasury Offset Program and Collection

Defendant understands the Treasury Offset Program ("TOP") collects delinquent debts owed to federal agencies.

If applicable, the TOP may take part or all of Defendant's federal tax refund, federal retirement benefits, or other federal benefits and apply these monies to Defendant's restitution obligations. 26 U.S.C. § 6402(d); 31 U.S.C. § 3720A; 31 U.S.C. § 3716.

Defendant understands that the United States may, notwithstanding the Court-imposed payment schedule, pursue other avenues to ensure the restitution obligation is satisfied, including, but not limited to, garnishment of available funds, wages, or assets. 18 U.S.C. §§ 3572, 3613, and 3664(m).

Nothing in this acknowledgment shall be construed to limit Defendant's ability to assert any specifically identified exemptions as provided by law, except as set forth in this Plea Agreement.

Until Defendant's fine and restitution obligations are paid in full, Defendant agrees fully to disclose all assets in which Defendant has any interest or over which Defendant exercises control, directly or indirectly, including those held by a spouse, nominee or third party.

Until Defendant's fine and restitution obligations are paid in full, Defendant agrees to provide waivers, consents, or releases requested by the U.S. Attorney's Office to access records to verify the financial information.

d. Obligations, Authorizations, and Notifications

Defendant agrees to truthfully complete the Financial Disclosure Statement that will be provided by the earlier of 30 days from Defendant's signature on this plea agreement or the date of Defendant's entry of a guilty plea, sign it under penalty of perjury, and provide it to both the United States Attorney's Office and the United States Probation Office. Defendant acknowledges and understands that Defendant's failure to timely and accurately complete and sign the Financial Disclosure Statement, and any update thereto, may, in addition to any other penalty or remedy, constitute Defendant's failure to accept responsibility under U.S.S.G §3E1.1.

Defendant expressly authorizes the United States Attorney's Office to obtain a credit report on Defendant upon the signing of this Plea Agreement. Until Defendant's fine and restitution orders are paid in full, Defendant agrees to provide waivers, consents or releases requested by the United States Attorney's Office to access records to verify the financial information.

Defendant agrees to notify the Financial Litigation Unit of the United States Attorney's Office before Defendant transfers any interest in property with a value exceeding $1,000 owned directly or indirectly, individually or jointly, by Defendant, including any interest held or owned under any name, including trusts, partnerships and corporations. Further, pursuant to 18 U.S.C. § 3664(k), Defendant shall notify the court and the United States Attorney's Office within a reasonable period of time, but no later than within 10 days, of any material change in Defendant's economic circumstances that might affect defendant's ability to pay restitution, including, but not limited to, new or changed employment, increases in income, inheritances, monetary gifts or any other acquisition of assets or money.

Until Defendant's fine and restitution orders are paid in full, Defendant agrees to disclose all assets in which Defendant has any interest or over which Defendant exercises control, directly or indirectly, including those held by a spouse, nominee or third party.

Pursuant to 18 U.S.C. § 3612(b)(F), Defendant understands and agrees that until Defendant's fine and restitution orders are paid in full, Defendant must notify the United States Attorney's Office of any change in the mailing address or residence address within 30 days of the change.

17. Payments While Incarcerated

If Defendant lacks the financial resources to pay the monetary obligations imposed by the Court, Defendant agrees to earn money toward these obligations by participating in the Bureau of Prisons' Inmate Financial Responsibility Program.

18. Additional Violations of Law Can Void Plea Agreement

The United States and Defendant agree that the United States may, at its option and upon written notice to the Defendant, withdraw from this Plea Agreement or modify its sentencing recommendation if, prior to the imposition of sentence, Defendant is charged with or convicted of any criminal offense or tests positive for any controlled substance.

19. Waiver of Appeal Rights

Defendant understands that Defendant has a limited right to appeal or challenge Defendant's conviction and the sentence imposed by the Court.

In return for the concessions that the United States has made in this Plea Agreement, Defendant expressly waives any and all of Defendant's rights to appeal any and all aspects of Defendant's conviction and any and all aspects of the sentence the Court imposes, on any and all grounds.

Defendant expressly waives Defendant's right to challenge in the district court, move to withdraw his plea, or appeal the validity of his guilty plea based upon any argument that the requisite intent to defraud cannot be satisfied by a factual basis in which Defendant agrees he acted with reckless indifference as to the truth or falsity of representations made in billing claims he submitted to Medicaid, as set forth in Paragraph 9.

Defendant expressly waives Defendant's right to appeal any fine, term of supervised release, or restitution order imposed by the Court.

Defendant expressly waives Defendant's right, even if otherwise authorized by the United States Constitution or federal law, to challenge in the district court, to move to withdraw Defendant's plea based on, or to appeal the validity and/or entry of, any and all charging instruments, any and all plea agreements, any and all pleadings, any and all communications between any and all defense counsel and any and all Assistant United States Attorneys, and/or any and all guilty pleas in the above-captioned matter based on any and all arguments that the United States, the United States Attorney's Office for the Eastern District of Washington, the Deputy Attorney General, any and all First Assistant United States Attorneys for the Eastern District of Washington, any and all Criminal Chiefs for the United States Attorney's Office for the Eastern District of Washington, any and all Assistant United States Attorneys for the Eastern District of Washington, and/or any and all attorneys for the government, are in any way unauthorized to bring, seek, file, and/or resolve any and all aspects of the above-captioned matter, case, and/or charges.

Defendant expressly waives the right to file any post-conviction motion attacking Defendant's conviction and sentence, including a motion pursuant to 28 U.S.C. § 2255, except one based on ineffective assistance of counsel arising from information not now known by Defendant and which, in the exercise of due diligence, Defendant could not know by the time the Court imposes sentence.

Nothing in this Plea Agreement shall preclude the United States from opposing any post-conviction motion for a reduction of sentence or other attack upon the conviction or sentence, including, but not limited to, writ of habeas corpus proceedings brought pursuant to 28 U.S.C. § 2255.

20. Withdrawal or Vacatur of Defendant's Plea

Should Defendant successfully move to withdraw from this Plea Agreement or should Defendant's conviction be set aside, vacated, reversed, or dismissed under any circumstance, then:

a. Any obligations, commitments, or representations made by the United States in this Plea Agreement shall become null and void;

b. The United States may prosecute Defendant on all available charges;

c. The United States may reinstate any counts that have been dismissed, have been superseded by the filing of another charging instrument, or were not charged because of this Plea Agreement; and

d. The United States may file any new charges that would otherwise be barred by this Plea Agreement.

The decision to pursue any or all of these options is solely in the discretion of the United States Attorney's Office.

Defendant agrees to waive any objections, motions, and/or defenses Defendant might have to the United States' decisions to seek, reinstate, or reinitiate charges if a count of conviction is withdrawn, set aside, vacated, reversed, or dismissed, including any claim alleging a violation of Double Jeopardy.

Defendant agrees not to raise any objections based on the passage of time, including but not limited to alleged violations of any statutes of limitation or any objections based on the Speedy Trial Act or the Speedy Trial Clause of the Sixth Amendment.

21. Waiver of Attorney Fees and Costs

Defendant agrees to waive all rights Defendant may have under the "Hyde Amendment," Section 617, P.L. 105- 119 (Nov. 26, 1997), to recover attorneys' fees or other litigation expenses in connection with the investigation and prosecution of

all charges in the above-captioned matter and of any related allegations (including, without limitation, any charges to be dismissed pursuant to this Plea Agreement or any charges previously dismissed or not brought as a result of this Plea Agreement).

22. Integration Clause

The United States and Defendant acknowledge that this document constitutes the entire Plea Agreement between the United States and Defendant, and no other promises, agreements, or conditions exist between the United States and Defendant concerning the resolution of the case.

This Plea Agreement is binding only on the United States Attorney's Office for the Eastern District of Washington, and cannot bind other federal, state, or local authorities.

The United States and Defendant agree that this Agreement cannot be modified except in a writing that is signed by the United States and Defendant.

Approvals and Signatures

Agreed and submitted on behalf of the United States Attorney's Office for the Eastern District of Washington.

Todd Blanche
Deputy Attorney General

Jeremy J. Kelley
Assistant United States Attorney

12/17/2025
Date

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I have read this Plea Agreement and I have carefully reviewed and discussed every part of this Plea Agreement with my attorney. I understand the terms of this Plea Agreement. I enter into this Plea Agreement knowingly, intelligently, and voluntarily. I have consulted with my attorney about my rights, I understand those rights, and I am satisfied with the representation of my attorney in this case. No other promises or inducements have been made to me, other than those contained in this Plea Agreement. No one has threatened or forced me in any way to enter into this Plea Agreement. I agree to plead guilty because I am guilty.

E M — Dec 17 2025

Eric Edward Haeger
Defendant

Date

I have read the Plea Agreement and have discussed the contents of the agreement with my client. The Plea Agreement accurately and completely sets forth the entirety of the agreement between the parties. I concur in my client's decision to plead guilty as set forth in the Plea Agreement. There is no legal reason why the Court should not accept Defendant's guilty plea.

Dec. 17, 2025

Jeffrey B. Coopersmith
Attorney for Defendant

Date