

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is made and entered into by and between the United States of America, acting through the United States Attorney's Office for the Northern District of West Virginia and the United States Attorney's Office for the Southern District of West Virginia, on behalf of the Drug Enforcement Administration (DEA) (collectively, the United States), and the West Virginia United Health System, Inc. d/b/a West Virginia University Health System, (WVUHS). The United States and WVUHS are each referred to as a "Party" and are collectively referred to as the "Parties."

### **RECITALS**

#### *West Virginia University Health System*

1. WVUHS is a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system. WVUHS serves as the parent corporation to an affiliated group of healthcare providing entities that includes West Virginia University Hospitals, Inc. and controlled entities, United Hospital Center, Inc. and controlled entities, Camden-Clark Health Services, Inc. and controlled entities, Allied Health Services, Inc., United Physicians Care, Inc., and West Virginia United Insurance Services, Inc.

2. As of the Effective Date of this Agreement, WVUHS holds fifty-three (53) DEA Certificates of Registration at various locations. The list of DEA Certificates of Registration that are subject to this Agreement are appended hereto as Attachment 1.

#### *The Statutory Scheme and Role of the DEA and the Department of Justice*

3. At all times relevant to this Agreement, WVUHS was required to operate in accordance with the statutory provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970, 21 U.S.C. §§ 801-904, and the regulations promulgated thereunder, 21 C.F.R. § Part 1300, *et seq.* (collectively, the CSA).

4. Under the CSA, any entity that proposes to manufacture, distribute, or dispense any controlled substance must first register with the DEA. 21 U.S.C. § 822; 21 C.F.R. § 1301.11.

5. Once registered, DEA registrants are authorized to possess, manufacture, distribute or dispense controlled substances only to the extent authorized by their registration and in conformity with the other provisions of the CSA. 21 U.S.C. § 822(b).

6. Under the CSA, DEA registrants are also subject to a variety of recordkeeping, reporting, and security requirements relating to controlled substances, including, but not limited to:

- a. It is unlawful for a registrant to "refuse or negligently fail to make, keep, or furnish any record, report, notification, declaration, order or order form, statement, invoice, or information" required under the CSA. 21 U.S.C. § 842(a)(5).

- b. DEA registrants must report any theft or significant loss of controlled substances, in writing, within one business day of discovery of the theft or loss. DEA registrants must further complete and submit a form, DEA Form 106, regarding such thefts or losses. 21 C.F.R. §§ 1301.74(c), 1301.76(b).
- c. DEA registrants must “maintain, on a current basis, a complete and accurate record of each such [controlled] substance ... received, sold, delivered, or otherwise disposed of.” 21 U.S.C. § 827(a)(3); 21 C.F.R. § 1304.21(a).
- d. DEA registrants must use and maintain DEA Forms 222 for the order or distribution of Schedule II controlled substances. 21 U.S.C. § 828(a); 21 C.F.R. §§ 1305.01-1305.29.
- e. Any registrant may authorize one or more individuals, whether or not they are located at the registered location, to obtain and execute DEA Forms 222 by granting a power of attorney to each such individual. 21 C.F.R. § 1305.05(a). DEA power of attorney forms must meet the requirements of 21 C.F.R. § 1305.05(f).
- f. DEA registrants must make inventories at the time the registrant begins dispensing controlled substances and every two years thereafter is unlawful. 21 U.S.C. § 827(a); 21 C.F.R. §§ 1304.11.

7. At all times relevant to this Agreement, DEA registrants were subject to (i) a civil monetary penalty of up to \$10,000.00 for each recordkeeping violation, if the violation occurred before November 2, 2015, and (ii) a civil monetary penalty of up to \$18,759.00 per violation, if the violation occurred after November 2, 2015, and if the penalty was imposed after February 12, 2024. 21 U.S.C. § 842(c)(1)(B); 28 C.F.R. § 85.5.

8. The DEA is a Department of Justice component agency. The DEA is primarily responsible for administering the CSA and is vested with the responsibility for investigating violations of the CSA.

9. The United States Attorney General, through the United States Attorney’s Office, has primary authority to bring civil actions to enforce the CSA. *See* 21 U.S.C. § 871; 28 C.F.R. § 0.55(c).

### *The Covered Conduct*

10. The United States contends that it has civil claims against WVUHS based on the alleged conduct set forth in Attachment 2, the United States’ Statement of Covered Conduct (Covered Conduct), occurring from May 8, 2017, through July 18, 2024 (the Covered Time Period).

11. This Agreement is not an admission of liability by WVUHS for the Covered Conduct under the CSA. WVUHS, however, admits during the Covered Time Period:

- (a) Some WVUHS facilities submitted DEA-222 Official Order Forms to document the ordering, receipt, and distributions of Schedule II controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1305.12, 1305.13, and 1305.15.
- (b) Some WVUHS facilities submitted Order Forms to document the ordering, receipt, and distributions of Schedule III through V controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1304.21(d), 1304.22(b), and 1304.22(c).
- (c) Thefts and/or significant losses of controlled substances occurred at some WVUHS facilities in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. §§ 1301.71(a), 1301.75(b), and 1301.76(b).
- (d) In some instances, WVUHS facilities failed to notify or timely notify the DEA regarding thefts or significant losses of controlled substances in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1301.76(b).
- (e) WVUHS facilities' policies and procedures were not fully consistent with the requirements of the Controlled Substances Act (CSA) and its implementing regulations.
- (f) WVUHS facilities failed to consistently maintain, on a current basis, a complete and accurate record of each such controlled substance received, sold, delivered, or otherwise disposed of in violation of Title 21 U.S.C. § 827(a)(3) as required by Title 21 C.F.R. § 1304.21(a).
- (g) In some instances, WVUHS facilities documented orders and individuals executed forms as power of attorney for which that individual had no such authority in violation of Title 21 U.S.C. § 828 (a) as required by Title 21 C.F.R. § 1305.05.
- (h) A WVUHS facility failed to conduct at least one biennial inventory in violation of Title 21 U.S.C. § 827(a)(1) as required by Title 21 C.F.R. § 1304.11(a).

- (i) In some instances, WVUHS failed to properly record distributions of controlled substances to other registrants in violation of Title 21 U.S.C. §827(b) as required by Title 21 C.F.R. §1307.11(a)(ii) in accordance with Title 21 C.F.R. § 1304.22(c).
- (j) A WVUHS facility failed to properly address practitioners pre-signing prescriptions in violation of Title 21 U.S.C. § 829(a) and (b) as required by Title 21 C.F.R. § 1306.05(a).
- (k) A WVUHS facility was unable to provide some records of discrepancies in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1304.04.

#### TERMS AND CONDITIONS

To avoid the delay, uncertainty, inconvenience, and expense of litigation, the Parties mutually desire to reach a full and final settlement of this matter pursuant to the Terms and Conditions set forth below. Therefore, in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

12. WVUHS shall pay to the United States Four Million, One Hundred Seventy-Seven Thousand, One Hundred and Thirty-Nine Dollars and Zero cents (\$4,177,139.00) (the Settlement Amount). WVUHS shall pay to the United States the Settlement Amount, no later than twenty (20) business days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Northern District of West Virginia, or twenty (20) days after the provision of said written instructions by the United States Attorney's Office for the Northern District of West Virginia to WVUHS (whichever is later). Should WVUHS fail to pay the Settlement Amount within twenty (20) business days after the Effective Date of this Agreement, the United States, at its sole discretion, may void this Agreement and pursue available remedies against WVUHS.

13. Subject to the exceptions in Paragraph 16 (concerning excluded claims) below, and conditioned upon WVUHS's full payment of the Settlement Amount under this Agreement, the United States agrees to refrain from filing against WVUHS any action for civil penalty claims under the CSA that is based on the Covered Conduct. In further consideration of WVUHS's fulfillment of its obligations under this Agreement, expressly conditioned upon WVUHS's timely paying the Settlement Amount pursuant to Paragraph 12, and subject to the exceptions in Paragraph 16 (concerning excluded claims) below, the United States fully and finally releases WVUHS and its assigns, successors, principals, management, officers, and directors from any civil or administrative claims the United States has, could have, or may assert in the future under the CSA related to the Covered Conduct.

14. Contemporaneous with the execution of this Agreement, WVUHS and the DEA will enter into a three-year Memorandum of Agreement (MOA), which will resolve administrative claims that DEA has or may have against WVUHS related to the Covered Conduct. *See* MOA appended hereto as Attachment 3.

15. WVUHS fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including, without limitation, attorneys' fees, costs and expenses of every kind and however denominated) that WVUHS has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, or servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

16. Notwithstanding the release given in Paragraph 13 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and not released:

- (a) Any liability arising under Title 26 of the United States Code;
- (b) Any criminal liability;
- (c) Any liability under the False Claims Act, 31 U.S.C. § 3729 or the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812;
- (d) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- (e) Except as explicitly stated in this Agreement or in the MOA appended as Attachment 3, any administrative liability, including the suspension and debarment rights of any federal agency;
- (f) Any liability based upon obligations created by this Agreement; and
- (g) Any liability of individuals, except as expressly stated in Paragraph 13.

17. Nothing in this Agreement shall prevent, preclude, limit, or prejudice the right of the United States to enforce the CSA by commencing a civil or administrative action against WVUHS for violations of the CSA not encompassed by the Covered Conduct or which occur after the Covered Time Period. Nothing in this Agreement, however, waives or limits WVUHS's right or ability to raise any defenses to such an action.

18. The obligations imposed upon WVUHS pursuant to this Agreement and the MOA are in addition to, and not in derogation of, all requirements imposed upon WVUHS pursuant to all applicable federal, state and local laws and regulations, including, but not limited to, the requirements set forth in the CSA.

19. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Laws, Title 26 of the United States Code.

20. WVUHS agrees that any and all costs it has, will or may incur, in connection with this matter-including payment of the Settlement Amount under this Agreement, attorneys' fees, costs of investigation, negotiation, past and future compliance efforts (including any actions taken related to the terms of the MOA), and remedial action-shall be unallowable costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) for government contracting accounting and for purposes of any government reimbursement program.

21. This Agreement is intended to be for the benefit of the Parties only. It does not provide any rights or benefits to third parties. The Parties do not release any claims against any other person or entity.

22. The Parties acknowledge their promises in this Agreement are provided in exchange for valuable consideration provided by and through this Agreement.

23. All Parties consent to the United States' disclosure of this Agreement (including all attachments) and information about this Agreement, to the public, except that DEA Registration Numbers shall be redacted and not disclosed to the public.

24. Each Party shall bear its own legal and other costs incurred in connection with this matter, including those incurred in the preparation and performance of this Agreement.

25. Each Party and signatory to this Agreement represents that it, he, or she freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

26. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Northern District of West Virginia, Clarksburg Division.

27. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

28. This Agreement and the Attachments constitute the complete agreement between the Parties with respect to the settlement of the United States' civil and administrative CSA claims

against WVUHS based on the Covered Conduct. This Agreement may not be amended except by written consent of the Parties.

29. This Agreement, together with all of the obligations and terms hereof, shall inure to the benefit of and shall bind assigns, successors-in-interest, or transferees of the Parties.

30. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

31. This Agreement is effective on the date of signature of the last signatory to the Agreement (the Effective Date of the Agreement). Facsimiles of signatures and electronic transmissions of signatures (including transmittal and receipt of PDF versions of signatures) shall constitute acceptable, binding signatures for purposes of this Agreement.

32. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the person and entities indicated below.

[SIGNATURES ON FOLLOWING TWO PAGES]

**THE UNITED STATES OF AMERICA**

By: Christopher J. Prezioso  
CHRISTOPHER J. PREZIOSO  
Attorney for the United States  
Acting under Authority Conferred by § 515

Date: 7/13/26

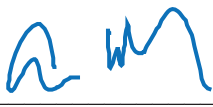
By:   
GREGORY P. NEIL  
Assistant United States Attorney  
Southern District of West Virginia

Date: 7-9-26

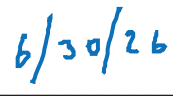
[WVUHS SIGNATURE ON FOLLOWING PAGE]



**WEST VIRGINIA UNITED HEALTH SYSTEM, INC. D/B/A WEST VIRGINIA  
UNIVERSITY HEALTH SYSTEM**

By:  \_\_\_\_\_

ALBERT J. WRIGHT, JR.  
President and CEO  
West Virginia United Health System, Inc. d/b/a  
West Virginia University Health System

Date:  \_\_\_\_\_

**ATTACHMENT #1**

BARNESVILLE HOSPITAL  
BEHAVIORAL PAVILION OF THE VIRGINIAS  
BELLAIRE HEALTH CENTER PHARMACY  
BELMONT CO HLTH SERVICES DBA MORRISTOWN  
PHARMACY  
BELMONT COUNTY HEALTH SERVICES INC DBA CUSTER  
PHARMACY  
BRAXTON COUNTY MEMORIAL HOSPITAL  
CAMDEN CLARK MEMORIAL HOSPITAL  
CAMDEN CLARK OUTPATIENT PHARMACY  
CHESTNUT RIDGE HOSPITAL  
CITY HOSPITAL CANCER CENTER PHARMACY  
CITY HOSPITAL INC (DBA: BERKELEY MEDICAL CENTER)  
CITY HOSPITAL, INC DBA BERKELEY MEDICAL CENTER  
GRANT MEMORIAL HOSPITAL  
GRMC, INC.  
HARRISON COMMUNITY HOSPITAL  
JACKSON GENERAL HOSPITAL  
JEFFERSON MEDICAL CENTER  
MEDICAL PARK PHARMACY  
PCH BLUEFIELD PHARMACY  
POTOMAC VALLEY HOSPITAL OF WV  
PRINCETON COMMUNITY HOSPITAL  
REYNOLDS MEMORIAL HOSPITAL INC  
REYNOLDS MEMORIAL HOSPITAL INC CANCER CENTER  
ST JOSEPHS HOSPITAL  
THE PHARMACY AT BERKELEY MEDICAL CENTER  
THOMAS FAMILY PHARMACY  
THOMAS HEALTH PHARMACY AT ASHTON  
THOMAS MEMORIAL HOSPITAL  
THOMAS ORTHOPEDIC HOSPITAL  
THOMAS PHARMACY-KANAWHA AVE  
UHC ELKINS CORRIDOR MEDICAL CENTER  
UNIONTOWN HOSPITAL  
UNIONTOWN HOSPITAL ANNEX  
UNITED HOSPITAL CENTER  
UNITED HOSPITAL CENTER BEHAVIORAL HEALTH AT FMC  
UNITED HOSPITAL CENTER INC  
UNITED HOSPITAL CENTER INC DBA UHC COMMUNITY  
PHARMACY AT ELKINS CORRIDOR

|                                                                                                |
|------------------------------------------------------------------------------------------------|
| WEIRTON MEDICAL CENTER                                                                         |
| WEIRTON MEDICAL CENTER                                                                         |
| WEST VIRGINIA HEALTH CARE COOPERATIVE, INC. DBA SUMMERSVILLE REGIONAL MEDICAL CENTER           |
| WEST VIRGINIA UNIV HOSPITALS                                                                   |
| WEST VIRGINIA UNIVERSITY HOSPITALS INC. DBA WVUH COMMUNITY PHARMACY AT FAIRMONT MEDICAL CENTER |
| WEST VIRGINIA UNIVERSITY HOSPITALS, INC.                                                       |
| WEST VIRGINIA UNIVERSITY HOSPITALS, INC. DBA ROCKEFELLER NEUROSCIENCE INSTITUTE                |
| WEST VIRGINIA UNIVERSITY HOSPITALS, INC. DBA WVUH SPECIALTY PHARMACY & HOME INFUSION           |
| WETZEL COUNTY HOSPITAL, INC.                                                                   |
| WHEELING HOSPITAL AMBULATORY SURGERY CENTER, LLC                                               |
| WHEELING HOSPITAL INC                                                                          |
| WV HEALTH CARE COOPERATIVE, INC                                                                |
| WV UNIVERSITY HOSPITALS INC                                                                    |
| WV UNIVERSITY HOSPITALS INC.                                                                   |
| WVU MEDICINE CENTER FOR HOPE AND HEALING                                                       |
| WVUH COMMUNITY PHARMACY AT SUNCREST                                                            |

## ATTACHMENT #2

### UNITED STATES' STATEMENT OF COVERED CONDUCT

The United States contends that it has grounds to pursue civil monetary claims against WVUHS based on the following alleged conduct of the DEA Registrants listed in Attachment 1 which occurred during the Covered Time Period:<sup>1</sup>

#### Recordkeeping Violations

1. During the Covered Time Period, WVUHS violated 21 U.S.C. §§ 842(a)(5), 827(a), 827(b), 828(a), and 21 C.F.R. §§ 1301.74(c), 1301.76(b), 1305.03, 1304.11, 1304.21(a), 1305.05(a), 1305.05(f), by refusing or negligently failing to make, keep, or furnish required records, reports, notifications, orders and order forms, statements, and other information required under the CSA.

2. WVUHS's violations took various forms, some of which included the following examples:

- a. Some WVUHS facilities submitted DEA-222 Official Order Forms to document the ordering, receipt, and distributions of Schedule II controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1305.12, 1305.13, and 1305.15.
- b. Some WVUHS facilities submitted Order Forms to document the ordering, receipt, and distributions of Schedule III through V controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1304.21(d), 1304.22(b), and 1304.22(c).
- c. Thefts and/or significant losses of controlled substances occurred at some WVUHS facilities in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. §§ 1301.71(a), 1301.75(b), and 1301.76(b).
- d. In some instances, WVUHS facilities failed to notify or timely notify the DEA regarding thefts or significant losses of controlled substances in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1301.76(b).
- e. WVUHS facilities' policies and procedures were not fully consistent with the requirements of the Controlled Substances Act (CSA) and its implementing regulations.

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<sup>1</sup> Capitalized terms and acronyms shall have the meaning ascribed to them in the Settlement Agreement.

- f. WVUHS facilities failed to consistently maintain, on a current basis, a complete and accurate record of each such controlled substance received, sold, delivered, or otherwise disposed of in violation of Title 21 U.S.C. § 827(a)(3) as required by Title 21 C.F.R. § 1304.21(a).
- g. In some instances, WVUHS facilities documented orders and individuals executed forms as power of attorney for which that individual had no such authority in violation of Title 21 U.S.C. § 828 (a) as required by Title 21 C.F.R. § 1305.05.
- h. A WVUHS facility failed to conduct at least one biennial inventory in violation of Title 21 U.S.C. § 827(a)(1) as required by Title 21 C.F.R. § 1304.11(a).
- i. In some instances, WVUHS failed to properly record distributions of controlled substances to other registrants in violation of Title 21 U.S.C. §827(b) as required by Title 21 C.F.R. §1307.11(a)(ii) in accordance with Title 21 C.F.R. § 1304.22(c).
- j. A WVUHS facility failed to properly address practitioners pre-signing prescriptions in violation of Title 21 U.S.C. § 829(a) and (b) as required by Title 21 C.F.R. § 1306.05(a).
- k. A WVUHS facility was unable to provide some records of discrepancies in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1304.04.

Each failure to maintain complete and accurate records was a violation of the CSA.

3. WVUHS's promulgation of and adherence to certain policies and practices that were inconsistent with the CSA, contributed to WVUHS's failure to consistently detect, monitor, or report to the DEA suspected diversion, as required by 21 C.F.R. §§ 1301.74(c) and 1301.76(b), as well as facilitated its failure to guard against the theft and diversion of controlled substances, as required by 21 C.F.R. § 1301.71.

#### Theft and Diversion

4. Theft and diversion occurred at various WVUHS facilities, as a result of WVUHS's failure to maintain effective controls and procedures to guard against the theft and diversion of controlled substances, and WVUHS failed to properly report various thefts. The following are exemplars of the type of diversion and theft identified and/or suspect, but is not comprehensive of the United States' findings:

- In January of 2021, WVUHS discovered a medical care provider had stolen controlled substances from WVUHS. The medical care provider admitted to taking "2 5mg tablets of

Oxycodone” and further admitted to stealing controlled substances for “a long time.” Other controlled substances were found in her possession. WVUHS did not notify DEA of this theft in violation of 21 C.F.R. § 1301.76(b).

- In March of 2021, a medical care provider admitted to diverting hydrocodone and oxycodone acquired from a WVUHS facility for approximately five years. WVUHS did not notify DEA of this theft in violation of 21 C.F.R. § 1301.76(b).
- In February of 2018, a patient issued a complaint that she did not receive her Percocet. A suspect medical care provider was observed by another staff member “falling asleep at the nurse’s station, entering patients’ rooms that were not hers, and going off the unit frequently without telling anyone.” Records indicated multiple discrepancies in records regarding missing fentanyl. WVUHS did not notify DEA of theft in violation of 21 C.F.R. § 1301.76(b).
- In January of 2017, an internal WVUHS investigation noted that a medical care provider had been pulling higher quantities of Dilaudid than needed to care for her patient, and there “is ample evidence that [the medical care provider] is diverting narcotics intended for patients.” WVUHS did not notify DEA of theft in violation of 21 C.F.R. § 1301.76(b).

### ATTACHMENT #3

#### MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (Agreement) is made and entered into by the Drug Enforcement Administration (DEA) and West Virginia United Health System, Inc. (WVUHS) with fifty-three (53) of its registered locations (*see* Attachment 1), collectively referred to as WVUHS. The Parties enter into this Agreement in an effort to work together to ensure high quality and safe patient care and to safeguard WVUHS staff and the community. The terms and conditions of the Agreement shall commence and remain in effect for a period of thirty-six (36) months from the date signed.

#### DEA INVESTIGATION AND FINDINGS

1. The DEA initiated this investigation in May 2022 after receiving information regarding allegations that a nurse had stolen controlled substances from a WVUHS facility.
2. From May 2022, through the present, DEA Investigators issued Administrative Subpoenas, conducted interviews, evaluated records, and conducted on-site inspections of particular WVUHS facilities to evaluate security measures and review records. During the course of the investigation, DEA investigative personnel identified a number of controlled substance security issues as well as recordkeeping violations at various WVUHS facilities.
3. The investigation included facilities that joined WVUHS at various times between 1996 and 2023.
4. During the course of the investigation, the DEA discovered numerous thefts of controlled substances by WVUHS employees that had been identified internally at various times at various WVUHS facilities. The DEA concluded that WVUHS facilities did not always file theft/loss reports timely as required by 21 C.F.R. § 1301.74(c).
5. During the course of the investigation, DEA Investigators learned that various WVUHS facilities, at various times, systemwide were aware of employees suspected of diverting controlled substances from WVUHS facilities and patients.
6. During the course of the investigation, DEA Investigators discovered that WVUHS in Morgantown, WV created patient harm evaluation templates, but those templates were not implemented across WVUHS facilities.
7. During the course of the investigation, DEA Investigators discovered that a patient, who was prescribed a controlled substance, but whose controlled substance medication was suspected of being diverted by a WVUHS-affiliated hospital employee, was administered a urine drug screen to determine if a controlled substance medication was given to the patient as documented by the employee.

8. During the course of the investigation, an expert review report produced at the request of West Virginia University Hospital in Morgantown in 2019 was discovered. This report by a private, external entity focused on the risks of potential controlled substance diversion at facilities in Morgantown, West Virginia. The report identified multiple, potential controlled substance diversion issues, such as not securely storing controlled substances, and leadership at WVUH was aware of recommendations to prevent the diversion of controlled substances not all of which were implemented across the WVUHS facilities.
9. During the course of the investigation, DEA Investigators learned that, in 2018, WVUHS established a Diversion Response Team at WVUHS facilities in and around Morgantown, WV.
10. During the course of the investigation, DEA Investigators identified and reviewed diversion-related emails provided by WVUHS. These emails identified communication between WVUHS staff at several WVUHS Morgantown, WV facilities regarding the diversion or suspected diversion of controlled substances at these facilities.
11. During the course of the investigation, DEA Investigators learned several WVUHS facilities in Morgantown, WV established committees dedicated to controlled substance diversion. The investigation revealed WVUHS diversion staff focused on WVUHS facilities in Morgantown, WV.
12. During the course of the investigation, various and different controlled substance and diversion of controlled substance policies across WVUHS facilities were discovered.
13. During the course of the investigation, DEA Investigators learned WVUHS facilities did not always interview employees suspected of diverting controlled substances from WVUHS facilities and patients.
14. During the course of the investigation, DEA Investigators learned WVUHS facilities did not consistently notify various state licensing boards regarding employee theft or suspected theft of controlled substances from WVUHS facilities.
15. During the investigation, DEA Investigators learned that some WVUHS facilities hired individuals with a history of diversion of controlled substances.
16. During the investigation, DEA Investigators learned that, at one WVUHS facility, controlled substance prescriptions and prescription pads pre-signed by a WVUHS facility Chief Executive Officer and other practitioners were maintained by that WVUHS facility's staff.
17. During the course of the investigation, DEA Investigators learned of instances of WVUHS facility staff placing controlled substances in the pockets of their clothing or taking controlled substances to their homes, against WVUHS policy.



18. During the course of the investigation, DEA Investigators discovered multiple, different types of documentation across WVUHS facilities documenting the transfer of schedule III through V controlled substances between WVUHS DEA-registered facilities. In some instances, documentation of these transfers of schedule III through V controlled substances lacked information required under 21 C.F.R. §§1306.25 and 1306.27.
19. During the course of the investigation, DEA Investigators identified additional violations including:
  - a. Some WVUHS facilities submitted DEA-222 Official Order Forms to document the ordering, receipt, and distributions of Schedule II controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1305.12, 1305.13, and 1305.15.
  - b. Some WVUHS facilities submitted Order Forms to document the ordering, receipt, and distributions of Schedule III through V controlled substances that included documentation errors in violation of Title 21 U.S.C. § 828(a) as required by Title 21 C.F.R. §§ 1304.21(d), 1304.22(b), and 1304.22(c).
  - c. Thefts and/or significant losses of controlled substances occurred at some WVUHS facilities in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. §§ 1301.71(a), 1301.75(b), and 1301.76(b).
  - d. In some instances, WVUHS facilities failed to notify or timely notify the DEA regarding thefts or significant losses of controlled substances in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1301.76(b).
  - e. WVUHS facilities' policies and procedures were not fully consistent with the requirements of the Controlled Substances Act (CSA) and its implementing regulations.
  - f. WVUHS facilities failed to consistently maintain, on a current basis, a complete and accurate record of each such controlled substance received, sold, delivered, or otherwise disposed of in violation of Title 21 U.S.C. § 827(a)(3) as required by Title 21 C.F.R. § 1304.21(a).
  - g. In some instances, WVUHS facilities documented orders and individuals executed forms as power of attorney for

which that individual had no such authority in violation of Title 21 U.S.C. § 828 (a) as required by Title 21 C.F.R. § 1305.05.

- h. A WVUHS facility failed to conduct at least one biennial inventory in violation of Title 21 U.S.C. § 827(a)(1) as required by Title 21 C.F.R. § 1304.11(a).
  - i. In some instances, WVUHS failed to properly record distributions of controlled substances to other registrants in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1307.11(a)(ii) in accordance with Title 21 C.F.R. § 1304.22(c).
  - j. A WVUHS facility failed to properly address practitioners pre-signing prescriptions in violation of Title 21 U.S.C. § 829(a) and (b) as required by Title 21 C.F.R. § 1306.05(a).
  - k. A WVUHS facility was unable to provide some records of discrepancies in violation of Title 21 U.S.C. § 827(b) as required by Title 21 C.F.R. § 1304.04.
- 20. WVUHS represents that, since 2021, WVUHS has added an additional \$500,000 in annual Full-Time Employee costs dedicated to controlled substance surveillance and diversion detection and prevention. The decision to add these personnel occurred *before* the DEA's investigation began.
- 21. WVUHS represents that WVUHS has invested System-wide in software that identifies and flags unusual controlled substance dispensing patterns for ease of review and that, since 2024, WVUHS has expended \$140,000/year for this system.
- 22. WVUHS represents that it has installed 54 cameras since 2019 and plans to spend approximately \$2.5 million over the next 36 months (through April 2029) to install up to 750 additional cameras to record activities at Omnicell machines across its hospitals, including hospitals that have joined the System since the DEA investigation began in 2022, provided that WVUHS does not expect to install cameras in operating rooms given the sensitive nature of care in those areas.
- 23. The DEA referred the case to the United States Attorney's Office for the Northern District of West Virginia, Civil Division, and the United States Attorney's Office for the Southern District of West Virginia, Civil Division.

## TERMS AND CONDITIONS

24. WVUHS represents that it has had the opportunity to seek advice of counsel prior to entering into this Agreement. WVUHS further represents that in order to settle and avoid any administrative litigation in this matter, it has entered this Agreement voluntarily, without any degree of duress or compulsion. This Agreement represents the full and complete agreement of the Parties hereto. By executing this Agreement, WVUHS waives all rights to seek judicial review or to challenge or contest the validity of any terms or conditions of this Agreement. This Agreement may not be modified, unless in writing, and both Parties must agree to such modifications.
25. WVUHS agrees that DEA personnel may enter its registered locations at any time during regular business hours, without prior notice, in order for the DEA to inspect and copy records and to verify compliance with this Agreement. WVUHS will permit entry to the DEA personnel under a Notice of Inspection, without an Administrative Inspection Warrant, Search Warrant, or other legal means of entry.
26. WVUHS agrees to abide by all federal, state and local statutes and regulations relating to controlled substances, controlled substances security, maintenance of records, and reports required to be made.
  - i. WVUHS agrees to maintain complete and accurate records at each of its registered locations in accordance with 21 U.S.C. § 827(b) and 21 C.F.R. § 1304.21(a).
  - ii. Within 90 days after execution of this Agreement, WVUHS agrees to create a systemwide invoice template, consistent with 21 C.F.R. regulations, for the purchase of schedule III through V controlled substances between its registered locations.
  - iii. WVUHS agrees to maintain readily retrievable records at each of its registered locations in accordance with 21 U.S.C. § 827(b).
  - iv. WVUHS agrees to file all required reports with the DEA within the statutory timeframe provided in accordance with 21 U.S.C. § 842(a)(5) and 21 C.F.R. § 1301.74(c). All reports should contain factually accurate statements with sufficient data, if known, to identify where the diversion or suspected diversion occurred; what drug(s) were diverted or suspected to have been diverted; in what quantities; and the names of any WVUHS facility employees or others identified as being involved in the diversion or suspected diversion.
27. Within 180 days after execution of this Agreement, and if not already established, WVUHS will create and implement diversion response teams, which shall include at a minimum, the following components and criteria:
  - i. WVUHS will establish, if not previously established, a WVUHS Systemwide Diversion Coordinator in place for the duration of this MOA.

- ii. WVUHS will designate a Diversion Officer responsible for controlled substance diversion related duties for each registered location. Each WVUHS registered location will clearly define in its policies who is responsible for filing DEA-106 Reports of Theft or Loss in compliance with 21 C.F.R. § 1301.76.
  - iii. WVUHS will develop a Diversion Response Team for each registered location and fully define the diversion response workflow systemwide.
  - iv. WVUHS Diversion Response Teams for each registered location will develop an email group for communicating issues and concerns as they arise systemwide. The WVUHS Systemwide Diversion Coordinator will be included on each diversion response team email group.
  - v. WVUHS will develop a systemwide Diversion Oversight Committee. The Diversion Oversight Committee shall include, at minimum, the Systemwide Diversion Coordinator and Diversion Officer from each registered location.
  - vi. Each Diversion Oversight Committee will implement a post-case review process to be performed after each suspected diversion event and prepare a written report of the findings.
  - vii. The Systemwide Diversion Coordinator will provide a high-level summary of each suspected diversion event for which a DEA Form 106 was filed and/or for which a patient risk analysis form was executed to the full WVUHS Board on a biannual basis.
28. Within 120 days after the execution of this Agreement, WVUHS will implement, or continue to implement if not previously done, a diversion policy which shall include, at a minimum, the following components:
- i. WVUHS will perform detailed drug diversion surveillance and auditing of clinical staff.
  - ii. WVUHS staff will be expected to conduct and review reports.
  - iii. Policy to address diversion activity concerns.
  - iv. Process to identify and monitor temporary hired staff, agency staff and staff members with a prior history of controlled substance discrepancies.
  - v. Process to regularly audit controlled substance transactions by any staff member, employee or contracted employee.
  - vi. Each registered pharmacy that is not open on a 24-hour basis will perform a review of after-hours badge access on a quarterly basis. This policy will include limiting after-hours controlled substance access to only necessary persons.

- vii. Each WVUHS registered location will maintain a central “watch list” of employees for tracking and trending suspicious transactions outliers.
  - a. Each WVUHS registered location will provide this list to the Systemwide Diversion Coordinator.
- 29. WVUHS will implement the following requirements and protocols regarding employees within 180 days after the execution of this Agreement:
  - i. WVUHS will attempt to interview each individual suspected of diverting controlled substances at each registered location. If it is not possible to interview, WVUHS will document that the interview could not be conducted and why. If able to interview, WVUHS will ask each individual how long they had diverted controlled substances and how they diverted controlled substances. If reasonably possible, the interview of the staff member should occur at the time of the drug screen and not be deferred to a later time. A member of the Diversion Response Team shall participate in this interview.
  - ii. Establish a database of employees who are discharged and/or who resign from employment due to the diversion or suspected diversion of controlled substances.
  - iii. Privileges to automated dispensing machines shall be immediately revoked for all employees with access to controlled substances who are suspended, voluntarily terminated, or involuntarily terminated.
  - iv. If required by the licensing authority, notify that licensing author within 15 days of any licensed employee who has been discharged and/or who resigned from employment due to diversion of controlled substances and/or any other mishandling of controlled substances. If WVUHS makes such report, a copy of the report will also be provided to DEA within 15 days. A referral to Restore or another impaired provider program endorsed by a licensing board fulfills this notification requirement; WVUHS need not provide a copy of the referral to DEA, but will comply with a subpoena for such a referral.
  - v. Perform comprehensive background checks for any new employee who will be engaged in the handling of controlled substances to identify any history of drug diversion. The comprehensive background check will include a criminal background check, search by vendors of national criminal databases and search of the relevant State of West Virginia licensing agencies (e.g., West Virginia Board of Nursing, West Virginia Medical Board, etc.), or any other licensure board relevant to the applicant, to verify any complaints or administrative action against a licensee.
- 30. In addition to reporting each incident of suspected theft to the DEA as provided by 21 C.F.R. § 1301.74(c), WVUHS shall also report any confirmed theft to a law enforcement agency with jurisdiction over the location where the theft occurred, within

one business day of confirming that theft occurred. WVUHS management will appropriately address incidents of suspected employee diversion by limiting or prohibiting access to controlled substances by employees believed to be involved in drug diversion.

31. Within one (1) year after execution of this Agreement, WVUHS shall institute a broad-based educational program that focuses on prevention of drug diversion in the workplace.
  - i. The educational program (online or in-person), encompassing initial and annual components for all WVUHS employees, shall include, at minimum, the following criteria designed to prevent drug diversion and create awareness of the necessity for the safe handling of controlled substances and the proper ways to respond to diversion and responsibilities to report diversion if it is suspected:
    - a. Risks of the potential of drug diversion in the workplace and all policies implemented pursuant to this Memorandum of Agreement.
    - b. Signs and symptoms of addiction and diversion, threats to patient care, threats to life, impact on personal careers, and effect on public trust. The program must also identify the federal laws and regulations pertaining to controlled substances, as well as identification and reporting of suspected drug abuse or diversion
    - c. Education about visually witnessing waste of controlled substances, to include references to professional implications and progressive discipline for falsifying visually witnessed controlled substance waste.
    - d. Education that pre-signing of controlled substance prescriptions is a violation of 21 C.F.R. § 1306.05(a). And education of the risks of leaving prescription pads in unsecured locations.
    - e. Education to prescribers regarding how to regularly access the prescription monitoring database and check their own profiles to review for unauthorized prescriptions issued under their registration numbers.
    - f. How to identify and handle damaged or adulterated medications, to include immediate notification of the Diversion Response Team.
    - g. For individuals who may investigate suspected diversion, the educational program will also include training on how to use their discretion to determine what relevant information should be collected (such as medication, vials, physical evidence, or taking photographs), and how to sequester and log the items and ensure proper documentation of the chain of custody.

- ii. The educational program shall be required to be completed by, at a minimum, all employees who handle or are authorized to access controlled substances.
  - iii. All individuals who are required to complete these training requirements shall, upon completion, receive a certificate of training in order to be granted access to controlled substances.
    - a. For current employees, the training must take place within 15 months of the execution of this agreement. If, after this 15-month period, the individual has not completed the training and received the certificate, WVUHS shall revoke their access to controlled substances.
    - b. The certificate of training shall be electronically signed by the training provider to indicate that the employee has received education about WVUHS controlled substance handling requirements, and has confirmed their intent to abide by the requirements. The certificates will be made available to the DEA upon request for inspection and compliance.
    - c. An acknowledgement at the end of training modules will include the following statement "I acknowledge receipt and understanding of the training provided by WVUHS."
32. Consistent with applicable state law, WVUHS agrees to continue or begin the following practices:
- i. WVUHS will follow progressive discipline practices for violations of controlled substance policies and procedures by WVUHS facility employees, contractors, or any other agents.
  - ii. WVUHS will restrict users' access to automated dispensing machines only to those DEA-registered facilities where they may be assigned to work.
  - iii. Every six months, each WVUHS registered location will audit controlled substance access authority of that WVUHS facility's staff to ensure such access remains warranted to complete the staff member's duties. A WVUHS facility will suspend or remove an employee's access to controlled substances if the employee is deemed to be "inactive" during the preceding six-month period. WVUHS facilities will ensure that individuals' access to automated dispensing machines will be terminated when that individual leaves employment.
33. Within 180 days after execution of this Agreement, WVUHS will continue to implement or otherwise begin to implement the following additions to its systemwide diversion prevention program:
- i. Systemwide Pharmacy Directors, Pharmacists-in-charge, and/or those with pharmacy leadership positions at each WVUHS registered location will be included



in communications regarding all diversion-related events, notifications, or other controlled substance-related discrepancies, beginning with the initial discovery of controlled substance events within their respective location.

- ii. Systemwide Nursing Directors, Nursing shift supervisors, and/or those with nursing leadership positions at each WVUHS registered location will be included in communications regarding all diversion-related events, notifications, or other controlled substance-related discrepancies, beginning with the initial discovery of controlled substance events within their respective location.
- iii. WVUHS-registered facilities will utilize diversion software tools in-place or planned to be in-place and maintain records regarding suspected theft or significant loss of controlled substances for the duration of this MOA.
  - a. Discrepancy resolutions of controlled substance discrepancies identified by WVUHS-utilized diversion software will be clearly identified for each issue and documentation, to include (if applicable): records, notes, and/or reports of interviews conducted by WVUHS of said resolutions.
  - b. This information shall be stored in Omnicell and/or ControlCheck or any other commercially available substance control product and available upon request for inspection.
- iv. WVUHS will utilize Omnicell and/or ControlChek or any other commercially available substance control product to review, and, if necessary, escalate the investigation of open controlled substance events.
- v. WVUHS-registered locations will create a tracking record or log within WVUHS software systems documenting the circumstances behind all administrations of controlled substances that occur after a patient is discharged from said facility. This tracking record will utilize discharge time vs. administration time.
  - a. Tracking information will include, but is not limited to, personnel involved in the dispensing of the controlled substance, the individual ordering the dispensing of controlled substance, the location of the dispensation as well as patient location, controlled substance name, amount, and form of the controlled substance, time the controlled substance was ordered, dispensed, and administered.
- vi. WVUHS facilities will discourage handoffs of controlled substances except in emergent situations.
- vii. Ensure the privileges to automated dispensing machines are immediately revoked for all employees with access to controlled substances who are suspended, voluntarily terminated, or involuntarily terminated.



- a. Privileges to access automated dispensing machines will be revoked upon notification of said termination or suspension. WVUHS system wide diversion program will conduct site-rounding visits by the System-wide Diversion Coordinator or a designated delegate to all DEA registered WVUHS facilities, such as pharmacies, hospitals, compounding pharmacies, distributors to ensure compliance with all applicable state and federal regulations regarding controlled substances. Such rounding visits shall be documented and made available upon request by the DEA.
- viii. Each WVUHS registered location will conduct a physical count of its controlled substance inventory on a biennial basis, to include all locations, including clinics and all automated dispensing machines under the same DEA registration in these inventories, as required by 21 CFR § 1304.11.
- 34. Within 120 days after execution of this Agreement, WVUHS will implement a patient risk analysis form system wide, to be completed and documented in patient charts where there is reasonably confirmed diversion that is known to have impacted patient care.
- 35. Beginning within three (3) months, but not later than two (2) years after execution of this Agreement, WVUHS will install security cameras—at pharmacy and controlled substance storage locations only (excluding operating room spaces)—capable of recording the controlled substance transactions. WVUHS shall expend not less than Two-Million Five-Hundred-Thousand Dollars (\$2,500,000.00) for the installation of no less than 750 of said security cameras at facilities which were registered locations of WVUHS prior to 2024. WVUHS will log these expenses and provide the DEA a summary of said expenses at the end of the two-year implementation period. Recordings of all transactions from these security cameras shall be maintained for a minimum of three (3) months and be available to the DEA and any other law enforcement personnel for review upon request. In instances where identified diversion of controlled substances have occurred in the areas where these security cameras are installed, the recordings of the transactions shall be maintained for a minimum of twenty-four (24) months and be available to the DEA and any other law enforcement personnel for review upon request.
- 36. Beginning one (1) year after execution of this Agreement, WVUHS-registered facilities will conduct an annual audit of each registered facility to ensure compliance with this MOA. Any instances of non-compliance will be reported to the DEA.
- 37. The terms of this Agreement will not establish a precedent and will not be used as a basis by WVUHS, or any other representative, to seek or justify similar terms in any other matter.
- 38. This Agreement may be executed in multiple original counterparts, each of which shall constitute an original document, and all of which in the aggregate shall constitute one

and the same Agreement. DEA agrees to provide WVUHS with an executed copy of this Agreement once all signatures have been received.

39. The Parties enter this Agreement with the understanding that the DEA and WVUHS will abide by its contents in good faith. By signing this Agreement, WVUHS represents that it has read and understands all terms in this Agreement, and represents that there are no other promises or terms other than what is explicitly contained in this Agreement. WVUHS acknowledges that this Agreement does not absolve WVUHS as an entity or its employees or contract personnel from any other liability, either civil or criminal, in this or other matters.
40. WVUHS acknowledges that breach of this Agreement may lead to other administrative penalties including, but not limited to, letters of admonition, orders to show cause, or immediate suspension orders. In addition, a breach of this Agreement may subject WVUHS to further civil penalties and/or criminal penalties.
41. The person executing this Agreement on behalf of WVUHS represents that he or she is duly authorized to act on behalf of WVUHS and has the authority to sign this Agreement. Such individual also acknowledges that this Agreement has been presented to the WVUHS Board of Directors.
42. The person who signs this Agreement on behalf of the DEA represents that he or she is duly authorized to act on behalf of the DEA and the authority to sign this Agreement has been properly delegated to him or her.

[SIGNATURES ON FOLLOWING TWO PAGES]

# DRUG ENFORCEMENT ADMINISTRATION

By: **CLAUDE REDD**  
 Digitally signed by  
 CLAUDE REDD  
 Date: 2026.07.09  
 23:52:13 -04'00'

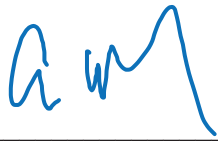
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**C. MARTIN REDD**  
 Diversion Program Manager  
 Detroit and Louisville Field Divisions  
 Drug Enforcement Agency

Date: July 9, 2026

[WVUHS SIGNATURE ON FOLLOWING PAGE]

**WEST VIRGINIA UNITED HEALTH SYSTEM, INC. D/B/A WEST VIRGINIA  
UNIVERSITY HEALTH SYSTEM**

By:   
ALBERT J. WRIGHT, JR.  
President and CEO  
West Virginia United Health System, Inc. d/b/a  
West Virginia University Health System

Date: 6/30/26