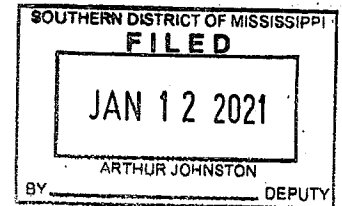


IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION



UNITED STATES OF AMERICA

v.

KENNETH BRYAN RITCHEY

INDICTMENT
CRIMINAL NO.

1:21 CR 6-HSO-RPM

18 U.S.C. § 1349
18 U.S.C. § 371
50 U.S.C. § 4512

The Grand Jury Charges:

At all times relevant to this Indictment:

GENERAL ALLEGATIONS

Defendant and Introduction

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

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

care providers were overwhelmed with cases of COVID-19 infections, and as PPE became scarce and in high demand, **RITCHEY** and his co-conspirators artificially inflated the sale price of the PPE, well above prevailing market prices, and price-gouged health care providers desperate to acquire PPE, including those administered by the VA.

COVID-19 and the National Emergency

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

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

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

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

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

8. “In order to prevent hoarding,” the DPA further provided that “no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce material or materials the supply of which would be threatened by such accumulation.” 50 U.S.C. § 4512. The DPA required the President to publish in the Federal Register “every designation of materials the accumulation of which is unlawful and any withdrawal of such designation.”

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

10. On March 23, 2020, the President issued Executive Order 13910, declaring: “To ensure that our Nation’s healthcare systems are able to surge capacity and capability to respond to the spread of COVID-19, it is the policy of the United States that health and medical resources needed

to respond to the spread of COVID-19, such as [PPE] and sanitizing and disinfecting products, are not hoarded.” *See* 85 Fed. Reg. 17,001.

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

12. On March 25, 2020, the Secretary of HHS published a notice designating certain PPE and other necessary health and medical resources under the DPA as scarce materials or materials which supply would be threatened by accumulation in excess of reasonable demands of business, personal, or home consumption, or for the purpose of resale at prices in excess of prevailing market prices, including: (a) N-95 Filtering Facepiece Respirators (“N-95 masks”); (b) medical gowns or apparel (*e.g.*, surgical gowns or isolation gowns); (c) surgical or other PPE facemasks (“procedural masks”); (d) PPE face shields; (e) surgical or other PPE gloves; (f) ventilators and portable ventilators; and (g) disinfecting devices and sanitizing products (collectively, “designated materials”). *See* 85 Fed. Reg. 17,592.

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

United States Department of Veterans Affairs and the Procurement Process

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

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

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

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

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

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

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

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

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

3M Company and Its Costs and Existing Contracts

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

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

25. 3M routinely contracted with various federal agencies and departments to provide a wide array of products and services, including with the VA and various VA health care facilities to provide PPE. Despite that its suggested retail price for N-95 masks exceeded \$1.00, 3M contracted with the VA to supply N-95 masks at approximately 55 cents per mask.

Related Entities and Individuals

26. Boise VA Medical Center, located in Ada County, Idaho, was a VA health care facility.

27. Captain James A. Lovell Federal Health Care Center, located in Lake County, Illinois, was a VA health care facility.

28. Marion VA Medical Center, located in Williamson County, Illinois, was a VA health care facility.

29. Providence VA Medical Center, located in Providence County, Rhode Island, was a VA health care facility.

30. Raymond G. Murphy VA Medical Center, located in Bernalillo County, New Mexico, was a VA health care facility.

31. Wm. Jennings Bryan Dorn VA Medical Center, located in Richland County, South Carolina, was a VA health care facility.

32. Children's Medical Center Dallas, located in Dallas County, Texas, was a pediatric, acute care hospital.

33. Westchester Medical Center operated a network of full service, acute care hospitals, including HealthAlliance Hospital, located in Ulster County, New York.

34. Yavapai Regional Medical Center, located in Yavapai County, Arizona, was a not-for-profit health care provider offering inpatient/outpatient services, including two acute care hospitals.

35. Gulf Coast Pharmaceuticals Plus, LLC ("GCPP"), formed on October 24, 2008 and located in Jackson County, Mississippi, was a wholesale pharmaceutical distributor operated and controlled by **RITCHEY**. GCPP maintained warehouses, including a warehouse in Jackson County, Mississippi, and a sales office and representatives in Broward County, Florida.

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

37. GCPP contracted with Co-conspirator 3, Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-Conspirator 10, and Co-conspirator 11, to be sales representatives for its pharmaceutical products and supplies, including PPE (collectively, "GCPP sales representatives").

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

39. Pharmacy 1, formed on February 13, 2015 and located in Jackson County, Mississippi, was a retail pharmacy that also held a wholesale pharmaceutical license. GCPP and another entity operated and controlled by **RITCHEY** ("other Ritchey entity") had a financial relationship with

Pharmacy 1. Specifically, on January 1, 2019, Pharmacy 1 entered into a consulting agreement with GCPP and the other Ritchey entity, wherein GCPP agreed to purchase pharmaceuticals on Pharmacy 1's behalf for resale to GCPP, and GCPP agreed to purchase the same from Pharmacy 1 at the original cost, multiplied by 110%. For GCPP and the other Ritchey entity "mak[ing] its relationship[s] and network available to [Pharmacy 1] for [Pharmacy 1's] acquisition of pharmaceutical drugs for markup and resale," Pharmacy 1 agreed to pay the other Ritchey entity "twenty percent (20%) of all distributions of available cash realized from [Pharmacy 1's] ... [w]holesale [b]usiness."

THE FRAUDULENT SCHEME

Overview

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

providers, including VA health care facilities, based on the invoices and claims submitted.

Purpose of the Scheme and Artifice

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

Manner and Means of the Scheme and Artifice

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

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

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

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

services.

46. Accordingly, GCPP employees and sales representatives traveled throughout Mississippi, Louisiana, Texas, Alabama, Florida, Georgia, South Carolina, and North Carolina to purchase N-95 masks from home improvement retailers, occasionally using personal sale military discounts and other available discounts. When possible, GCPP employees and sales representatives purchased or attempted to purchase all N-95 masks in stock. For example:

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

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

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

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

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

f. On or about February 22, 2020, GCPP purchased three, twenty-count boxes of N-95 masks, Model 8210, from a home improvement store in Mobile County, Alabama, for

approximately \$68.57, or approximately \$1.04 per mask; and

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

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

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

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

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

48. In total, between January 2020 and April 2020, GCPP purchased or agreed to purchase more than 1 million N-95 masks, 550,000 procedural masks, and thousands of other items of PPE and other designated materials from other wholesalers, distributors, and retailers, including Distributor 1 and Pharmacy 1. During that timeframe, GCPP's invoices reflected that GCPP paid, on average, approximately \$3.49 per N-95 mask and \$1.16 per procedural mask, which included

significantly marked-up purchases from Pharmacy 1 and Distributor 1, with which **RITCHEY** shared a direct business and financial relationship.

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

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

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

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

- a. Co-conspirator 2: "Are we still not sending mask[s] to Washington?"
- b. Co-conspirator 3: "Washington is okay[.]"
- c. Co-conspirator 3: "No price gou[g]ing law in Washington[.]"
- d. Co-conspirator 1: "So what do we need to look out for[,] FL[,] CA and NY, NY?"
- e. Co-conspirator 3: "Yes please[.]"
- f. Co-conspirator 1: "State of Emergencys [*sic*] kinda get me worried though[.]"

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

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

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

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

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

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

Scope of the Scheme and Artifice

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

COUNT 1

The Conspiracy and Its Object

59. Paragraphs 1 through 39 of the Indictment are re-alleged and incorporated by reference as though fully set forth herein.

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

KENNETH BRYAN RITCHEY,

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

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

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

Purpose of the Conspiracy

61. It was a purpose of the conspiracy for **RITCHEY** and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 40 and 41 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

62. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 42 through 58 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

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

COUNT 2

The Conspiracy and Its Object

63. Paragraphs 1 through 39 of the Indictment are re-alleged and incorporated by reference as though fully set forth herein.

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

KENNETH BRYAN RITCHEY,

did knowingly and willfully, that is with the intent to further the object of the conspiracy, conspire and agree with Co-conspirator 1, Co-conspirator 2, Co-conspirator 3, Co-conspirator 4, Co-conspirator 5, Co-conspirator 6, Co-conspirator 7, Co-conspirator 8, Co-conspirator 9, Co-conspirator 10, Co-conspirator 11, and others known and unknown to the Grand Jury, to defraud the United States by impairing, impeding, obstructing, and defeating, through deceitful and dishonest means, the lawful government functions of the United States Department of Veterans

Affairs in its procurement of PPE and other designated materials at fair and reasonable prices and in its administration of its VA health care facilities.

Purpose of the Conspiracy

65. It was a purpose of the conspiracy for **RITCHEY** and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 41 and 42 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

66. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 43 through 58 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Overt Acts

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

a. On or about February 10, 2020, GCPP purchased forty, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$3,953.60, or approximately \$4.94 per mask;

b. On or about February 12, 2020, GCPP purchased thirteen, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$1,243.32, or approximately \$4.50 per mask;

c. On or about February 12, 2020, GCPP purchased sixteen, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$1,530.24, or approximately \$4.50 per mask;

d. On or about February 12, 2020, GCPP purchased 318, twenty-count boxes of N-95 masks, Model 1860s, on eBay for approximately \$27,966.00, or approximately \$4.50 per mask;

e. On or about February 13, 2020, GCPP purchased 407, twenty-count boxes of N-95 masks, Model 1860, from an online retailer for approximately \$36,630.00, or approximately \$4.50 per mask;

f. On or about February 16, 2020, GCPP purchased twenty-one, 120-count boxes of N-95 masks, Model 1860, on Amazon for approximately \$11,549.79, or approximately \$4.58 per mask;

g. On or about February 19, 2020, Co-conspirator 7, on GCPP's behalf, sold twenty-five, twenty-count boxes of N-95 masks, Model 1860, to Marion VA Medical Center for \$7,580.00, or \$15.00 per mask, pursuant to GCPP invoice number S248052, which GCPP shipped, via FedEx bearing tracking no. 106995820720, from Jackson County, Mississippi, to the VA health care facility;

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

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

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

k. On or about February 27, 2020, GCPP purchased thirty, twenty-count boxes of N-

95 masks, Model 1860, from an online retailer for approximately \$1,863.40, or approximately \$2.95 per mask;

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

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

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

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

p. On or about April 1, 2020, Co-conspirator 11, on GCPP's behalf, sold ten, twenty-count boxes of N-95 masks, Model 1860s, to Captain James A. Lovell Federal Health Center for \$4,080.00, or approximately \$20.00 per mask, pursuant to invoice GCPP S252265, which GCPP

shipped, via FedEx bearing tracking no. 172325168492, from Jackson, County, Mississippi to the VA health care facility; and

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

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

COUNT 3

The Conspiracy and Its Object

68. Paragraphs 1 through 39 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

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

KENNETH BRYAN RITCHEY,

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

Purpose of the Conspiracy

70. It was a purpose of the conspiracy for **RITCHEY** and his co-conspirators to unlawfully enrich themselves, as described in paragraphs 40 and 41 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Manner and Means of the Conspiracy

71. In furtherance of the conspiracy and to accomplish its object and purpose, the methods, manner, and means that were used are described in paragraphs 42 through 58 of this Indictment, which are re-alleged and incorporated by reference as though fully set forth herein.

Overt Acts

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

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

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

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

Mississippi, to the health care provider;

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

e. On or about April 13, 2020, Co-conspirator 6, on GCPP's behalf, sold twenty, twenty-count boxes of N-95 masks, Model 8210 Plus, to Children's Medical Center Dallas for \$8,028.92, or approximately \$20.00 per mask, pursuant to invoice number S253594, which GCPP shipped, via FedEx bearing tracking nos. 172325184606 and 172325184591, from Jackson County, Mississippi, to the health care provider;

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

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

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

i. On or about April 15, 2020, GCPP ordered 100,000, one-count boxes of N-95

masks, Model 8210, from a pharmaceutical distributor for approximately \$450,000.00, or approximately \$4.50 per mask; and

j. On or about April 16, 2020, Co-conspirator 4, on GCPP's behalf, sold sixteen, fifty-count N-95 masks, Model 9010, to Yavapai Regional Medical Center for \$16,000.00, or approximately \$20.00 per N-95 mask, pursuant to invoice number S253982, which GCPP shipped, via FedEx bearing tracking no. 172325189490, from Jackson County, Mississippi to the health care provider.

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

COUNT 4

73. Paragraphs 1 through 58 and 72 of the Indictment are re-alleged and incorporated by reference as though fully set forth herein.

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

KENNETH BRYAN RITCHEY,

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

FORFEITURE ALLEGATIONS

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

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

77. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be subdivided without difficulty;

