

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA
Beckley Division**

**UNITED STATES OF AMERICA,
Plaintiff,**

v.

Civil Action No.: 5:24-CV-00456

**RYAN BAILEY and RKB, INC.
Defendant.**

ANSWER OF RKB, INC. TO COMPLAINT

Now comes the Defendant, RKB, Inc., by and through the undersigned counsel, James R. Sheatsley, and by way of response to the Complaint, states as follows.

1. The Defendant, RKB, Inc., admits the averments of paragraph 1 of the Complaint.
2. The Defendant, RKB, Inc., admits the averments of paragraph 2 of the Complaint.
3. The Defendant, RKB, Inc. admits the averments of paragraph 3 of the Complaint.
4. The Defendant, RKB, Inc., admits the averments of paragraph 4 of the Complaint.
5. The Defendant, RKB, Inc., admits the averments of paragraph 5 of the Complaint.
6. The Defendant, RKB, Inc., admits the averments of paragraph 6 of the Complaint.
7. The Defendant, RKB, Inc., admits the averments of paragraph 7 of the Complaint.
8. The Defendant, RKB, Inc., admits the averments of paragraph 8 of the Complaint.
9. The Defendant, RKB, Inc., admits the averments of paragraph 9 of the Complaint.
10. The Defendant, RKB, Inc., admits the averments of paragraph 10 of the Complaint.
11. The Defendant, RKB, Inc., admits the averments of paragraph 11 of the Complaint.
12. The Defendant, RKB, Inc., admits the averments of paragraph 12 of the Complaint.
13. The Defendant, RKB, Inc., admits the averments of paragraph 13 of the Complaint.
14. The Defendant, RKB, Inc., admits the averments of paragraph 14 of the Complaint.
15. The Defendant, RKB, Inc., admits the averments of paragraph 15 of the Complaint.

16. The Defendant, RKB, Inc., admits the averments of paragraph 16 of the Complaint.
17. The Defendant, RKB, Inc., admits the averments of paragraph 17 of the Complaint.
18. The Defendant, RKB, Inc., admits the averments of paragraph 18 of the Complaint.
19. The Defendant, RKB, Inc., admits the averments of paragraph 19 of the Complaint.
20. The Defendant, RKB, Inc., admits the averments of paragraph 20 of the Complaint.
21. The Defendant, RKB, Inc., admits the averments of paragraph 21 of the Complaint.
22. The Defendant, RKB, Inc., admits the averments of paragraph 22 of the Complaint.
23. The Defendant, RKB, Inc., admits the averments of paragraph 23 of the Complaint.
24. The Defendant, RKB, Inc., admits the averments of paragraph 24 of the Complaint.
25. The Defendant, RKB, Inc., admits the averments of paragraph 25 of the Complaint.
26. The Defendant, RKB, Inc., admits the averments of paragraph 26 of the Complaint.
27. The Defendant, RKB, Inc., admits the averments of paragraph 27 of the Complaint.
28. The Defendant, RKB, Inc. admits the averments of paragraph 28 of the Complaint.
29. The Defendant, RKB, Inc., admits that it was the applicant set forth on the referenced SBA Guaranteed PPP Loan which was disbursed on or about June 1, 2020. The Defendant is without knowledge or information sufficient to form a belief as to the truth of the averments that “a portion of the proceeds from the PPP loan was not used for authorized purposes”.
30. The Defendant, RKB, Inc., admits that it was the applicant set forth on the SBA EIDL loan referenced in paragraph 30 of the Complaint. The Defendant is without knowledge or information sufficient to form a belief as to the truth of the averment that “a portion of the proceeds from the EIDL loan was not used for that authorized purpose”.

31. The Defendant, RKB, Inc., admits the investigation undertaken by the Plaintiff described in paragraph 31 of the Complaint

31. The Defendant, RKB, Inc., admits the investigation undertaken by the Plaintiff described in paragraph 32 of the Complaint.

33. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 33 of the Complaint.

34. The Defendant, RKB, Inc., admits the averments of paragraph 34 of the Complaint.

35. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averment of paragraph 35 of the Complaint which simply states “the Defendants still owe the balance of the EIDL loan”. Upon information and belief, substantial portions of said loan have been returned.

36. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 35 of the Complaint as if restated herein.

37. The averments of paragraph 37 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 37 of the Complaint.

38. The averments of paragraph 38 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 38 of the Complaint.

39. The averments of paragraph 39 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 39 of the Complaint.

40. The averments of paragraph 40 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 40 of the Complaint.

41. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 40 of the Complaint as if restated herein.

42. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 41 of the Complaint as if restated herein.

43. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 43 of the Complaint.

44. The averments of paragraph 44 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 44 of the Complaint.

45. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 45 of the Complaint.

46. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 45 of the Complaint as if restated herein.

47. The Defendant, RKB, Inc., admits that the statement set forth in paragraph 47 of the Complaint is also set forth in the terms of the EIDL Loan Agreement.

48. The averments of paragraph 48 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 48 of the Complaint.

48. **NOTE: This is a second number 48.** The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 48 of the Complaint.

49. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 48 of the Complaint as if restated herein.

50. The Defendant, RKB, Inc., admits the nature of the claim brought in this action.

51. The Defendant, RKB, Inc., has admitted that it was the applicant on the described loans.

52. The averments of paragraph 52 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 52 of the Complaint.

53. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 53 of the Complaint.

54. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 53 of the Complaint as if restated herein.

55. The averments of paragraph 55 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 55 of the Complaint.

56. The averments of paragraph 56 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 56 of the Complaint.

57. The Defendant, RKB, Inc., is without knowledge or information sufficient to form a belief as to the truth of the amount of damages that the Plaintiff seeks or may recover.

58. The Defendant, RKB, Inc., incorporates its responses to paragraphs 1 through 57 of the Complaint as if restated herein.

59. The averments of paragraph 59 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 59 of the Complaint.

60. The averments of paragraph 60 of the Complaint are not alleged to be actions or averments as against the Defendant, RKB, Inc., therefore, the Defendant, RKB, Inc., neither admits nor denies the averments of paragraph 60 of the Complaint.

61. The Defendant, RKB, Inc., denies all averments of the Complaint not herein admitted and demands strict proof thereof.

62. The Defendant, RKB, Inc., affirmatively states, upon information and belief, that Codefendant, Ryan Bailey, is actively in the process of negotiations with the Plaintiff with the assistance of counsel for Codefendant, Ryan Bailey, relating to financial compensation or reimbursement to the Plaintiff with regard to the matters which are the subject of this civil action. The Defendant, RKB, Inc., respectfully avers that upon resolution of the financial issues in that certain ongoing criminal prosecution as between the Plaintiff and Defendant, Ryan Bailey, the matters set forth in this civil action will be rendered moot.

63. The Defendant, RKB, Inc., denies that the Plaintiff is entitled to the relief demanded in light of the pending negotiations for resolution of the financial aspects of the criminal prosecution of the said Ryan Bailey.

RKB, Inc.
By Counsel,

/s/ James R. Sheatsley
James R. Sheatsley (WVBN 3359)
Gorman, Sheatsley & Company, LC
343 Prince Street, Suite B
Beckley, WV 25801
Phone: (304) 252-5321
jsheatsley@gormansheatsley.org

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA
Beckley Division**

**UNITED STATES OF AMERICA,
Plaintiff,**

v.

Civil Action No.: 5:24-CV-00456

**RYAN BAILEY and RKB, INC.
Defendant.**

CERTIFICATE OF SERVICE

I, James R. Sheatsley, counsel for the Defendant, RKB, Inc., do hereby certify that I electronically filed the foregoing ANSWER OF RKB, INC. TO COMPLAINT with the U.S. District Court, Southern District of West Virginia using the CM/ECF system maintained by the Court which will notify the following person(s) via electronic mail this the 24th day of February, 2026.

Fred B. Westfall, Jr.
Assistant United States Attorney
.300 Virginia Street East, Room 4000
Charleston, WV 25301
Counsel for the Plaintiff

G. Todd Houck
Hrko Building
105 Guyandotte Avenue
Mullens, WV 25882
Counsel for Ryan Bailey

/s/ James R. Sheatsley
James R. Sheatsley (WVBN 3359)
Gorman, Sheatsley & Company, LC
343 Prince Street, Suite B
Beckley, WV 25801
Phone: (304) 252-5321
jsheatsley@gormansheatsley.org

CC: Client electronically