

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the General Services Administration (GSA), Small Business Administration (SBA), Transportation Security Administration (TSA), United States Air Force (Air Force), United States Defense Health Agency (DHA), and United States Department of Transportation (DOT) (collectively the “United States”) and R&K Enterprise Solutions, Inc. (R&K) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. R&K is an information technology and professional services company with its headquarters in Newport News, Virginia. Its core capabilities include mission support, engineering and logistics, cybersecurity and intelligence, environmental and emergency management, exercise and training, and defense healthcare. GSA awarded the One Acquisition Solution for Integrated Services Small Business (“OASIS SB”) Pool 1 Contract 47QRAD20D1015 (“The Contract”), an administrative management and general management consulting services and engineering services contract, to R&K in 2019. R&K continues to perform under The Contract as of the date of this Agreement.

B. The United States contends that it has civil claims against R&K under the False Claims Act, 31 U.S.C. §§ 3729-3733, the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, the Contract Disputes Act, 41 U.S.C. §§ 7101-7109, and the common law for conduct during the period of June 14, 2019 through September 3, 2020; and under the Contract Disputes Act, 41 U.S.C. §§ 7101-7109 and the common law for

conduct during the period September 4, 2020 through May 31, 2023, arising from R&K's representation that it was a small business eligible for The Contract when it was not small and not eligible. Specifically, the OASIS SB program, a 100 percent small business set aside program, used the North American Industrial Classification System codes 541330 and 541611, which required successful bidders to earn less than \$15 million per year average revenue over the previous three years. R&K represented and certified that it met this standard in its bid on June 14, 2019, when it did not. To appear to meet the size standard, R&K novated a contract to another company, K&P Management, Inc. (K&P) on March 15, 2018, which it represented was not affiliated with R&K. However, the wife of R&K's owner owned K&P, all of K&P's purported revenue came from R&K, the two companies shared executives, and R&K exercised control over K&P. Under the applicable rules, the two companies were affiliated, and as such, K&P's revenue should have been included in R&K's calculation of its size. Had K&P's revenue been included in R&K's calculation, R&K would have exceeded the average revenue limit at the time it certified its bid. The SBA awarded R&K The Contract on November 26, 2019, relying on R&K's representation that it was an eligible small business. This conduct is referred to below as the "Covered Conduct."

C. This Settlement Agreement is neither an admission of liability by R&K nor a concession by the United States that its claims are not well founded.

D. R&K denies the United States' allegations in Paragraph B.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. R&K shall pay to the United States \$2,627,331.85 (Settlement Amount), which includes the following: (a) \$429,087.08 for claims submitted and/or paid under The Contract for the period June 14, 2019 through September 3, 2020, of which \$214,543.54 is restitution; and (b) \$2,170,912.92 plus interest of \$27,331.85 for claims submitted and/or paid under The Contract for the period September 4, 2020 through May 31, 2023, of which \$2,170,912.92 is restitution, plus interest on the Settlement Amount at a rate of 4 percent per annum from December 17, 2024, by electronic funds transfer pursuant to written instructions to be provided by Civil Division of the Department of Justice no later than seven (7) days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases R&K together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners and the corporate successors and assigns of any of them ("R&K Releasees") from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Contract Disputes Act, 41 U.S.C. §§ 7101-7109; and the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud for the period of June 14, 2019 through September 3, 2020.

3. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, plus

interest due under Paragraph 1, the United States releases the R&K Releasees from any civil or administrative monetary claim the United States has for the Covered Conduct under the Contract Disputes Act, 41 U.S.C. §§ 7101-7109; and the common law theories of breach of contract, payment by mistake, and unjust enrichment for the period of September 4, 2020 through May 31, 2023.

4. Notwithstanding the releases given in Paragraphs 2 and 3 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due;

- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

5. The R&K Releasees waive and shall not assert any defenses the R&K Releasees may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

6. The R&K Releasees fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that the R&K Releasees have asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

7. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of the R&K Releasees, and their present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) The R&K Releasees' investigation, defense, and corrective actions undertaken in response to the United States'

audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement; and

(5) the payment R&K makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by the R&K Releasees, and the R&K Releasees shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, the R&K Releasees shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by R&K or any of its subsidiaries or affiliates from the United States. The R&K Releasees agree that the United States, at a minimum, shall be entitled to recoup from the R&K Releasees any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine the R&K Releasees' books and records and to disagree with any calculations submitted by the R&K Releasees regarding any Unallowable Costs

included in payments previously sought by the R&K Releasees, or the effect of any such Unallowable Costs on the amount of such payments.

8. This Agreement is intended to be for the benefit of the Parties only.

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

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

11. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Virginia. 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.

12. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

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

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

15. This Agreement is binding on the R&K Releasees' successors, transferees, heirs, and assigns.

16. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 12/31/24

BY: 

Danielle Rowan
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

and

DATED: _____

BY: _____
Clare Wuerker
Assistant United States Attorney
Eastern District of Virginia

R&K ENTERPRISE SOLUTIONS, INC.

DATED: 12/31/2024

BY: 

Jeffrey Connors
President-CEO
R&K Enterprise Solutions, Inc.

DATED: 12/31/2024


BY: _____
Kelly Buroker
Counsel for R&K Enterprise Solutions, Inc.

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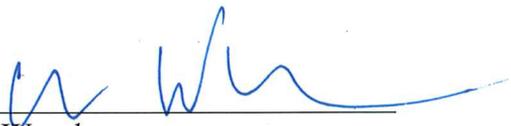
THE UNITED STATES OF AMERICA

DATED: _____

BY: _____
Danielle Rowan
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

and

DATED: 12/31/2024

BY:  _____
Clare Wuerker
Assistant United States Attorney
Eastern District of Virginia

R&K ENTERPRISE SOLUTIONS, INC.

DATED: _____

BY: _____
Jeffrey Connor
President-CEO
R&K Enterprise Solutions, Inc.

DATED: _____

BY: _____
Kelly Buroker
Counsel for R&K Enterprise Solutions, Inc.