

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 United States Federal Communications Commission (“FCC”) (collectively the “United States”), and AT&T CORP., a/k/a AT&T ACCESSIBLE COMMUNICATIONS SERVICES (“AT&T”), and Constance Lyttle (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. AT&T is a United States company with operations in Bedminster, New Jersey that provides Telecommunications Relay Services. AT&T is a subsidiary of AT&T Inc., a United States company headquartered in Dallas, Texas.

B. On October 19, 2010, Relator filed a *qui tam* action in the United States District Court for the Western District of Pennsylvania captioned *United States ex rel. Constance Lyttle v. AT&T Communications of Pennsylvania, L.L.C.*, Civil Action No. 10-1376, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). Relator claimed violations of the False Claims Act in connection with AT&T’s alleged submission of claims for reimbursement for Internet Protocol (IP) Relay Services from the Telecommunications Relay Service (TRS) Fund beginning in 2002 and continuing until 2008. Relator also asserted a personal claim for alleged retaliation under 31 U.S.C. § 3730(h). Relator filed a First Amended Complaint in the Civil Action on March 21, 2012.

C. The United States intervened, in part, in the Civil Action on December 21, 2011 and filed the United States’ Complaint on March 21, 2012 (the “U.S. Complaint”).

D. The United States contends that it has certain civil claims against AT&T arising out of the allegations in the U.S. Complaint that shall be referred to herein as the "Covered Conduct" and which includes the following: that, from November 2009 through December 2011, AT&T allegedly:

1) Knowingly claimed and received \$16.5 million in reimbursements from the TRS Fund for IP Relay calls, of which up to 80 percent were ineligible for reimbursement because the calls did not originate in the United States, or because the calls were not placed by a hearing or speech-impaired individual.

2) Knowingly altered its verification procedures from a postcard mail system, which verified approximately two new users per day, to an eRegistration procedure, which registered between 40 and 100 per day. To register, many of the registrants provided AT&T with nonsensical or facially false names, e-mail addresses, or street addresses, including, for example, names or addresses consisting of random characters (i.e. nbdk, jhgfajhs).

3) Knowingly disregarded the FCC's stated concern that AT&T's new eRegistration procedure would not verify the eligibility of its registrants, and knowingly disregarded that the eRegistration procedure did not comply with the language of a 2008 FCC Report and Order requiring AT&T to implement reasonable means of verifying registration information so as to properly register its IP Relay users.

E. This Agreement is neither an admission of liability by AT&T nor a concession by the United States that its claims are not well founded. AT&T denies the allegations.

F. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Agreement.

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. AT&T shall pay Three Million Five Hundred Thousand Dollars (\$3,500,000) to the United States by electronic funds transfer no later than 10 days after the Effective Date of this Agreement pursuant to written instructions to be provided by the United States Attorney's Office for the Western District of Pennsylvania.

2. The payment set forth in Paragraph 1 above is in addition to the amounts that AT&T paid pursuant to the May 7, 2013 Consent Decree between AT&T and the FCC's Enforcement Bureau ("Consent Decree"), which include but are not limited to the payment of Seven Million Dollars (\$7,000,000) to the Telecommunications Relay Service Fund ("TRS Fund").

3. As soon as feasible after the receipt of the Three Million Five Hundred Thousand Dollars (\$3,500,000) payment set forth in Paragraph 1, and in light of the payment of Seven Million Dollars (\$7,000,000) that AT&T made to the TRS Fund referenced in Paragraph 2 above, the United States shall pay Relator a share of five percent (5%) of these two amounts, for a total share of Five Hundred Twenty Five Thousand Dollars (\$525,000), by electronic funds transfer. This obligation is contingent upon the United States' receipt of the \$3.5 million payment referenced in Paragraph 1 above.

4. Subject to the exceptions in Paragraph 6 below (concerning excluded claims), and conditioned upon AT&T's full payment of the \$3.5 million referenced in Paragraph 1 above, the United States fully and finally releases AT&T, together with its present and former officers, directors, employees, affiliates, parents, subdivisions, divisions, and the successors, assigns or heirs of any of them 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; any statutory provision creating a cause of action for civil damages or civil penalties for which the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. Part 0, Subpart I, 0.45(d); or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Conditioned upon AT&T's full payment of the \$3.5 million referenced in Paragraph 1 above, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, fully and finally releases AT&T, together with its present and former officers, directors, employees, affiliates, parents, subdivisions, divisions, and the successors, assigns or heirs of any of them from (a) all claims that the Relator has asserted, could have asserted, or may assert in the future related to the Covered Conduct; (b) all claims Relator has asserted, could have asserted, or may assert in the future against AT&T, either on behalf of the United States or herself, in the Civil Action; (c) all claims that Relator has asserted, could have asserted, or may assert in the future under 31 U.S.C. § 3730(d) for expenses, attorney's fees and/or costs related to the Civil Action; and (d) all

claims Relator otherwise has asserted, could have asserted, or may assert in the future relating to Relator's employment by AT&T.

6. Notwithstanding any other term of this Agreement, the following claims of the United States are specifically reserved and are not released by the United States:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability, 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 for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due; and
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

7. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Relator waives the opportunity for a hearing on any objections to the Agreement pursuant to 31

U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the payment described in Paragraph 3, Relator and her heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, including from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

8. AT&T waives and shall not assert any defenses AT&T 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. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the \$3.5 million payment referenced in Paragraph 1 above or the payment of the \$7.0 million referenced in Paragraph 2 above for purposes of the Internal Revenue laws, Title 26 of the United States Code.

9. AT&T fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that AT&T has 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.

10. AT&T, for itself and its heirs, successors, purchasers, attorneys, agents, and assigns, releases Relator and her heirs, successors, agents, attorneys, consultants and assigns from any and all claims (including attorneys' fees, costs and expenses) arising out of or otherwise related to the Civil Action and the Covered Conduct.

11. 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 AT&T, and its 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) AT&T's 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 attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment AT&T makes to the United States pursuant to this Agreement and any payments that AT&T may make to Relator, including costs and attorneys fees,

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 AT&T, and AT&T 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, AT&T shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by AT&T or any of its subsidiaries or affiliates from the United States. AT&T agrees that the United States, at a minimum, shall be entitled to recoup from AT&T 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 AT&T's books and records and to disagree with any calculations submitted by AT&T or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by AT&T, or the effect of any such Unallowable Costs on the amount of such payments.

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

13. Within thirty (30) days of the Effective Date of this Agreement, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1) in the form attached as Exhibit A.

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

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

16. 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 Western District of Pennsylvania. 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.

17. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties, in a writing signed by the Parties and their legal counsel.

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

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

20. This Agreement is binding on AT&T's successors, transferees, heirs, and assigns.

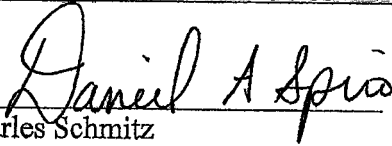
21. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

23. 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: 11/7/13 BY: _____


Charles Schmitz
Paul Skirtich
Daniel Spiro
Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice
and/or
Assistant United States Attorney
For the Western District of Pennsylvania

AT&T CORP. - DEFENDANT

DATED: _____ BY: _____

Timothy P. Leahy
Senior Vice President and General Counsel
AT&T Corp.

DATED: _____ BY: _____

David W. Carpenter
Sidley Austin LLP

Counsel for AT&T Corp.

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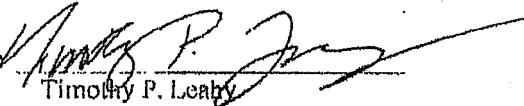
THE UNITED STATES OF AMERICA

DATED: _____ BY: _____

Charles Schmitz
Paul Skirtich
Daniel Spiro
Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice
and/or
Assistant United States Attorney
For the Western District of Pennsylvania

AT&T CORP. - DEFENDANT

DATED: Oct. 21, 2017 BY: _____


Timothy P. Leahy
Senior Vice President and General Counsel
AT&T Corp.

DATED: _____ BY: _____

David W. Carpenter
Sidley Austin LLP

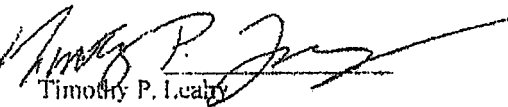
Counsel for AT&T Corp.

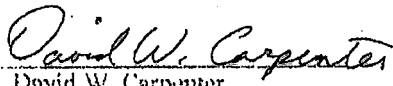
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THE UNITED STATES OF AMERICA

DATED: _____ BY: _____
Charles Schmitz
Paul Skirtich
Daniel Spiro
Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice
and/or
Assistant United States Attorney
For the Western District of Pennsylvania

AT&T CORP. - DEFENDANT

DATED: Oct. 21, 2017 BY: 
Timothy P. Leahy
Senior Vice President and General Counsel
AT&T Corp.

DATED: Oct 21, 2017 BY: 
David W. Carpenter
Sidley Austin LLP
Counsel for AT&T Corp.

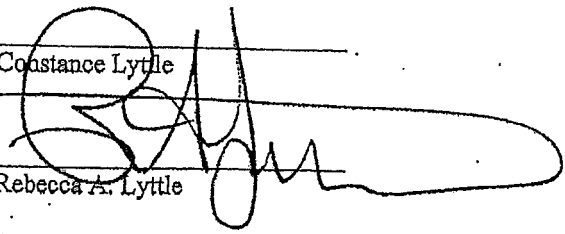
CONSTANCE LYTTLE - RELATOR

DATED: 10-15-13 BY: Constance Lyttle
Constance Lyttle

DATED: _____ BY: _____
Rebecca A. Lyttle
Counsel for Relator

CONSTANCE LYTTLE - RELATOR

DATED: _____ BY: _____
Constance Lytle

DATED: 10/16/13 BY: 
Rebecca A. Lytle
Counsel for Relator

Moreover, the United States, the Relator and AT&T shall bear their own costs, fees and expenses.

The undersigned parties, therefore, respectfully request that the Court enter the attached proposed Order.

Dated: _____, 2013

Respectfully submitted,

THE UNITED STATES OF AMERICA

DATED: _____ BY:

Charles Schmitz
Paul Skirtich
Daniel Spiro
Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice
and/or
Assistant United States Attorney
For the Western District of Pennsylvania

AT&T CORP. - DEFENDANT

DATED: _____ BY:

David W. Carpenter
Robert J. Conlan
Peter Keisler
Sidley Austin LLP

Counsel for AT&T Corp.

CONSTANCE LYTTLE - RELATOR

DATED: _____ BY:

Rebecca A. Lyttle

Counsel for Constance Lyttle

