

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Attorney’s Office for the Eastern District of Michigan and on behalf of the Office of Inspector General (“OIG-HHS”) of the Department of Health and Human Services (“HHS”) (collectively, the “United States”), and Jason Herzog (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Jason Herzog formerly served as the Chief Executive Officer for Avertest, LLC d/b/a Averhealth (“Averhealth”) headquartered in Glen Allen, Virginia.

B. Averhealth provides drug testing services to treatment courts, probation departments, and social services agencies nationwide.

C. On May 15, 2019, Jason Herzog, in his capacity as CEO, executed, on behalf of Averhealth, a multi-year contract with the Michigan Department of Health and Human Services (“MDHHS”) to provide, among other things, drug screening and confirmation testing of oral fluid samples in connection with Michigan’s foster care program (“MDDHS Contract”).

D. The MDHHS Contract utilized funds from the Social Services Block Grant (“SSBG”), a program administered by the HHS Administration for Children and Families. The SSBG allocates federal funds to states to support social services programs.

E. The United States contends that it has certain civil claims against Jason Herzog relating to Averhealth’s provision of drug testing services to MDHHS pursuant to the MDHHS Contract, which utilized federal funds from the SSBG. Specifically, the United States contends that, from May 15, 2019 through November 30, 2020, Jason Herzog violated the False Claims Act, 31 U.S.C. §§ 3729–33, when he, in his capacity as CEO, knowingly submitted, or caused

the submission of, false claims for payment on behalf of Averhealth to MDHHS, and knowingly made false statements material to those claims, concerning positive drug test results for oral fluid samples that were not confirmed using a mass spectrometric method analytically different from the screening method, and did not conform to the terms of the MDHHS Contract. The conduct described in this paragraph is referred to as the “Covered Conduct.”

F. This Settlement Agreement is neither an admission of liability by Jason Herzog, nor a concession by the United States that its claims are not well founded.

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. Jason Herzog shall pay to the United States \$150,000.00 (“Settlement Amount”), of which \$75,000 is restitution, no later than 30 days after the Effective Date of this Agreement and by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the Eastern District of Michigan.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States’ receipt of the Settlement Amount, the United States releases Jason Herzog 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; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in Paragraph 2 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 any other individuals; and
- g. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Jason Herzog waives and shall not assert any defenses he 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.

5. Jason Herzog fully and finally releases 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 he 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.

6. Jason Herzog agrees to the following:

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 Jason Herzog 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) Jason Herzog'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 attorneys' fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payments Jason Herzog 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, if any, will be separately determined and accounted for by Jason Herzog, and Jason Herzog 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, Jason Herzog shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs, if any, included in payments previously sought by Jason Herzog or any of his affiliates from the United States. Jason Herzog agrees that the United States, at a minimum, shall be entitled to recoup from Jason Herzog 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 Jason Herzog's books and records and to disagree with any calculations submitted by him or any of his affiliates regarding any Unallowable Costs included in payments previously sought by Jason Herzog, or the effect of any such Unallowable Costs on the amount of such payments.

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

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

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

10. 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 Michigan. 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.

11. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. Forbearance by the United States from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement.

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

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

14. This Agreement is binding on Jason Herzog's successors, transferees, heirs, and assigns.

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

16. 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: 06/10/2026

BY: 

ANTHONY C. GENTNER
Assistant United States Attorney
United States Attorney's Office
Eastern District of Michigan

DATED: _____

BY: 

SPENCER
TURNBULL
Digitally signed by
SPENCER TURNBULL
Date: 2026.06.10 14:50:15
-04'00'
SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

JASON HERZOG

DATED: _____

BY: _____
JASON HERZOG

DATED: _____

BY: _____
ERIC P. CHRISTOFFERSON
Counsel for Jason Herzog

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____
ANTHONY C. GENTNER
Assistant United States Attorney
United States Attorney's Office
Eastern District of Michigan

DATED: _____

BY: _____
SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

JASON HERZOG

DATED: 6/08/2026

BY:  _____
JASON HERZOG

DATED: 6/8/2026

BY:  _____
ERIC P. CHRISTOFFERSON
Counsel for Jason Herzog