

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 Department of Education (collectively the “United States”); Study Across the Pond, LLC (“SATP”) and John Borhaug (“Borhaug”); and relator Hitrost LLC (“Relator” and, together with the aforementioned parties, hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. SATP was a Massachusetts corporation that recruited international students, including Americans, to study at universities and colleges in the United Kingdom. On January 31, 2024, SATP filed a Certificate of Cancellation with the Commonwealth.

B. Borhaug is the co-founder and was co-owner of SATP.

C. On February 17, 2021, Relator filed a qui tam action in the United States District Court for the District of Massachusetts, captioned *United States ex rel. Hitrost LLC v. Study Across the Pond, LLC, et al.*, 1:21-cv-10274-ADB (D. Mass.), pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). The Civil Action alleged that SATP, Borhaug, and others violated the False Claims Act by causing universities in the United Kingdom to file false claims with the U.S. Department of Education for federal student aid. Relator alleges that the claims for federal student aid were false because SATP and the universities violated laws prohibiting incentive-based compensation for student recruitment services.

D. The Federal Direct Loan Program is a federal student aid program under which eligible students at participating schools and their parents can borrow money directly from the

U.S. Department of Education. Foreign schools, including schools in the United Kingdom, may be eligible to participate in the Direct Loan Program if, among other things, they enter into a Program Participation Agreement (“PPA”) with the U.S. Department of Education. 20 U.S.C. § 1094(a); 34 C.F.R. § 668.14(a)(1). The PPA expressly conditions a foreign school’s initial and continuing participation in the Direct Loan Program on the school’s compliance with specific statutory and regulatory requirements.

E. As relevant here, each foreign school that executes a PPA agrees that the school—
will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance. . . .

20 U.S.C. § 1094(a)(20); *see also* 34 C.F.R. § 668.14(b)(22) (implementing regulations). This is referred to as “the Incentive Compensation Ban.”

F. In a 2011 Dear Colleague letter (the “Dear Colleague Letter”), the U.S. Department of Education advised that tuition sharing is generally a prohibited form of compensation under the Incentive Compensation Ban; however, when tuition sharing compensates a third party for a bundle of services—not just recruitment—then tuition sharing does not inappropriately incentivize student enrollment. Letter GEN-11-05, *Implementation of Program Integrity Regulations*, at 8-14, available online at: <https://fsapartners.ed.gov/sites/default/files/attachments/dpcletters/GEN1105.pdf>. The letter explained that when an unaffiliated student recruiter provides a “bundle of services” to a school—not just recruitment services but also marketing, enrollment application assistance, course support for online delivery of courses, the provision of technology, placement services for internships, and student career counseling—then tuition sharing is allowed **as long as**: (a) “the [recruiter] does not make prohibited compensation payments to its [own] employees” and (b)

“the school does not pay the [recruiter] separately for student recruitment services.” *Id.*, Example 2-B, at 12.

G. On January 26, 2024, the United States intervened in the Civil Action as to SATP and Borhaug and filed a Complaint in Intervention. The United States contends that SATP and Borhaug caused the submission of false claims to the U.S. Department of Education for Direct Loan Program funds for American students recruited by SATP and Borhaug.

H. SATP and Borhaug admit, acknowledge, and accept responsibility for the following facts:

1. From at least 2013, SATP contracted with various universities in the United Kingdom to recruit American students to enroll in undergraduate- and graduate-level education programs at those universities. SATP did not make admissions decisions; those were made by the universities. Borhaug managed, and was familiar with, the operations of SATP.

2. By at least 2013, SATP and Borhaug were familiar with the Incentive Compensation Ban and the Dear Colleague Letter.

3. Some Americans recruited by SATP ultimately borrowed from the Direct Loan Program to pay tuition for attending schools in the United Kingdom.

4. SATP and Borhaug entered into contracts with certain universities in the United Kingdom, which SATP and Borhaug referred to as “Partner Schools.” Per these contracts, if SATP recruited an American to attend a Partner School, SATP received a percentage share of the tuition that the American student paid the Partner School. Often these agreements provided that SATP would receive a higher share of tuition if it recruited students above certain thresholds. SATP generally would not receive a share of tuition for American students who

attended non-Partner Schools. SATP generally did not disclose to American students that it received a share of tuition paid from Partner Schools.

5. At various times between 2013 and 2024, certain Partner Schools questioned whether the tuition-sharing contracts were permissible under the Incentive Compensation Ban. SATP and Borhaug advised Partner Schools that the compensation arrangements were permissible. Sometimes SATP and Borhaug suggested the Partner Schools and SATP enter into “flat fee” contracts, under which SATP received an annual fee equivalent to the tuition share that SATP and the Partner School would otherwise have been paid as commission for the number of students that they anticipated SATP would recruit or had recruited in the past.

6. From at least 2014, SATP invoiced and received payment from certain Partner Schools for recruitment services separately from the other services SATP provided to Partner Schools. SATP determined the price of recruitment services by a different metric than the ones used to price SATP’s other services. These other services included flat fees that Partner Schools paid to be listed on SATP’s website and promotional materials, flat fees for digital marketing campaigns, and flat fees and travel reimbursements for SATP employees who attended recruitment events on a Partner School’s behalf.

7. From at least 2013, SATP’s recruiters encouraged Americans to apply to study at U.K. universities, including Partner Universities. SATP and Borhaug paid SATP’s recruiters an annual salary and two types of bonuses. One bonus, called an “application bonus,” compensated recruiters based on the applications that they caused American students to submit to Partner Schools. The other bonus, called a “conversion bonus,” compensated recruiters based on the number of American students that applied and then attended Partner Schools.

8. In 2024, SATP and Borhaug closed SATP's offices in the United States, laid off SATP's U.S.-based employees and recruiters, and stopped seeking a share of tuition for American students that SATP recruited who paid their tuition using Direct Loan Program loans.

I. The United States contends that it has certain civil claims against SATP and Borhaug for engaging in the conduct described in Recital H during the period of January 1, 2015, through April 26, 2024 (hereinafter referred to as the "Covered Conduct"). In particular, the United States contends that, as a result of the Covered Conduct, SATP and Borhaug caused the Partner Schools to make false statements and submit false claims for federal student aid to the U.S. Department of Education in connection with the Direct Loan Program.

J. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. SATP and Borhaug shall pay to the United States one million three hundred thousand dollars (\$1,300,000) ("Settlement Amount"), of which \$0 shall constitute restitution, plus interest on the Settlement Amount accruing at an annual rate of 4.0% per annum from January 16, 2026, until the date of payment. SATP and Borhaug are jointly and severally liable for payment of the Settlement Amount. SATP and Borhaug will pay the Settlement Amount no later than fourteen (14) days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the District of Massachusetts.

2. Conditioned upon the United States receiving the Settlement Amount, plus interest due under Paragraph 1, and as soon as feasible after receipt, the United States shall pay 18.5% percent to Relator by electronic funds transfer (“Relator’s Share”).

3. SATP and Borhaug have agreed to pay Relator’s attorneys’ fees related to the Civil Action, as contemplated by 31 U.S.C. § 3730(d), in the amount of \$184,250.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases SATP and Borhaug 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 Administrative False Claims Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States’ receipt of the Settlement Amount, plus interest due under Paragraph 1, Relator, for itself and its members, heirs, successors, attorneys, agents, and assigns, releases SATP and Borhaug from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

6. Notwithstanding the releases given in Paragraph 4 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; and
- f. Any liability of individuals other than John Borhaug.

7. Relator and its members, 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). Conditioned upon Relator's receipt of Relator's Share, Relator and its members, 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, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

8. Upon SATP's and Borhaug's full payment of the amount due under Paragraph 3, Relator, for itself, and for its members, heirs, successors, attorneys, agents, and assigns, releases SATP and Borhaug from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

9. SATP and Borhaug waive and shall not assert any defenses they 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.

10. SATP and Borhaug 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 SATP and Borhaug 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 or the United States' investigation or prosecution thereof.

11. SATP and Borhaug release Relator, its members, and counsel from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that SATP or Borhaug have asserted, could have asserted or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof.

12. SATP and Borhaug agree 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 SATP, Borhaug, 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 and any criminal investigation(s) of the matters covered by this Agreement;
- (3) SATP's and Borhaug's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any

criminal 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 SATP and Borhaug make to the United States pursuant to this Agreement and any payments that SATP and Borhaug 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 shall be separately determined and accounted for by SATP and Borhaug, and SATP and Borhaug shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: SATP and Borhaug further agree that within 90 days of the Effective Date of this Agreement it shall identify and repay any Unallowable Costs (as defined in this paragraph) included in payments previously sought from the United States. SATP and Borhaug agree that the United States, at a minimum, shall be entitled to recoup from SATP or Borhaug 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 SATP's and Borhaug's books and records and to disagree with any calculations submitted by Borhaug or SATP, or any of its subsidiaries or affiliates, regarding any Unallowable Costs included in payments previously sought by SATP or Borhaug, or the effect of any such Unallowable Costs on the amount of such payments.

13. This Agreement is intended to be for the benefit of the Parties only.
14. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Federal Rule of Civil Procedure 41(a)(1).
15. Except as provided above, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.
16. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.
17. 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 District of Massachusetts. 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.
18. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
19. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.
20. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
21. This Agreement is binding on SATP's and Borhaug's successors, transferees, heirs, and assigns.
22. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

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

[Signature Pages Follow]

THE UNITED STATES OF AMERICA

DATED: _____

BY:

ALLISON CARROLL

Digitally signed by
ALLISON CARROLL
Date: 2026.02.20
13:10:16 -05'00'

ALLISON C. CARROLL

Trial Attorney

Civil Division

United States Department of Justice

DATED: 2/20/26

BY:



ALEXANDRA BRAZIER

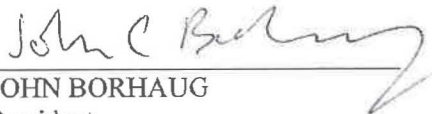
BRIAN LAMACCHIA

Assistant United States Attorneys

District of Massachusetts

STUDY ACROSS THE POND, LLC

DATED: 02/19/26

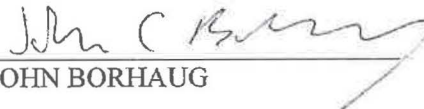
BY: 
JOHN BORHAUG
President
Study Across the Pond, LLC

DATED: 2/19/26

BY: 
MICHAEL WELSH
GABRIELLE MUNIZ
Counsel for Study Across the Pond, LLC

JOHN BORHAUG

DATED: 02/19/26

BY: 
JOHN BORHAUG

DATED: 2/19/26

BY: 
MICHAEL WELSH
GABRIELLE MUNIZ
Counsel for John Borhaug

RELATOR HITROST LLC

DATED: 19/02/2026

BY:



PETER SHARPE
Hitrost LLC

DATED: 2-19-26

BY:



SARAH P. ALEXANDER
ERICA BLACHMAN HITCHINGS
GORDON SCHNELL
Counsel for Hitrost LLC