

## 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 Department of Health and Human Services (HHS) Office of Inspector General (HHS-OIG), the Defense Health Agency (DHA), acting on behalf of the TRICARE Program, and the United States Railroad Retirement Board (RRB) (collectively, the United States); the State of Washington, acting through the Washington Office of the Attorney General and the Washington State Health Care Authority (HCA) (collectively, the State); and Dr. Frank Danger Li, Seattle Pain Center, and Northwest Analytics Laboratory (collectively, Dr. Li), through their authorized representatives. The United States and the State of Washington are collectively referred to as the Government. This Agreement does not pertain to any other State of Washington agency other than HCA and the Attorney General's Medicaid Fraud Control Division and the claims for payment submitted to HCA by Dr. Li.

### RECITALS

A. At all relevant times, Dr. Frank Danger Li was the sole owner and operator of Seattle Pain Center (SPC), which provided pain management services. SPC was a Washington State corporation with the principal place of business in Seattle, Washington and satellite clinics throughout the State of Washington. Dr. Frank Danger Li was also the sole owner of Northwest Analytics, a laboratory business, which provided laboratory testing services to patients whose medical services were paid for by the Government. Northwest Analytics had its principal places of business in Seattle and Everett, Washington.

B. The Government contends that Dr. Li submitted or caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§

1395-1395lll (Medicare); the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (Medicaid); the TRICARE Program, 10 U.S.C. §§ 1071-1110b (TRICARE); and the Railroad Retirement Board.

C. The Government contends that it has certain civil claims against Dr. Li arising from the submission of Urine Drug Testing (UDT) claims from on or about July 2013 to May 2014 when his laboratory, Northwest Analytics, was not licensed or accredited to perform UDTs. In addition, the Government contends that when Dr. Li started Northwest Analytics, he did so in order to capture the cash flow generated by confirmatory (quantitative) UDTs conducted upon his own patients and those of the other healthcare providers employed or contracted to provide care to Seattle Pain Center patients. The Government further contends that, from on or about July 1, 2013 through December 31, 2015, Dr. Li required that all patients being treated at Seattle Pain Center clinics have a complete, full panel UDT each time the patient was seen by a provider, resulting in thousands of medically unnecessary UDT claims. This conduct is the “Covered Conduct” referenced throughout this Agreement.

D. This Settlement Agreement is neither an admission of liability by Dr. Li nor a concession by the Government 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. Dr. Li agrees to pay to the Government Two Million Eight Hundred and Fifty Thousand Dollars (\$2,850,000.00) (Settlement Amount) plus accrued interest on that amount of 2.625% per annum commencing on the Effective Date of the Agreement and continuing to and including the day payment of the full amount is made under this Agreement and to waive any and all claims to any amounts held in abeyance by HCA. On the Effective

Date of this Agreement, as defined in Paragraph 26, this Settlement Amount constitutes a debt immediately due and owing to the Government and the entire amount constitutes restitution to the United States and the State of Washington. Specifically, restitution to Medicare totals \$1,590,265.80; restitution to TRICARE totals \$123,000.30; restitution to RRB totals \$2,582.10; and restitution to the State of Washington Medicaid program totals \$1,134,151.80 (\$453,796.95 of which is attributable to the Federal share and \$680,354.85 of which is attributable to the State share). Dr. Li shall discharge this debt to the United States and the State of Washington under the following terms and conditions. In partial satisfaction of the Settlement Amount, Dr. Li will pay Five Hundred Thousand Dollars (\$500,000.00) by securing a loan within ninety days (90) of the Effective Date of this Agreement. If Dr. Li does not secure a loan within 90 days of the Effective Date of this Agreement, he shall have (6) months from the date of the Effective Date of this Agreement to sell assets to satisfy the \$500,000.00 payment. If Dr. Li sells assets, he may retain any remainder above \$500,000.00 unless he sells any of the assets identified in Paragraph 1.b. However, if he sells any of the assets identified in Paragraph 1.b and the remaining unsold assets identified in Paragraph 1.b do not fully secure the remaining balance owed to the Government, he must pay the \$500,000.00 and all funds above \$500,000.00 from the sale(s), minus taxes, closing costs, and real estate commissions.

i. Of the \$500,000.00 amount, Dr. Li shall pay the federal government Three Hundred Eighty Thousand, Six Hundred Thirty Nine Dollars and Fifty Cents (\$380,639.50), as identified in Exhibit A no later than 90 days from the Effective Date if Dr. Li can secure a loan and six (6) months from the Effective Date if he is required to sell assets. In either instance, funds shall be paid pursuant to written instructions provided by the United States Attorney's Office for the Western District of Washington.

ii. Of the \$500,000.00 amount, Dr. Li shall pay the State One Hundred Nineteen Thousand, Three Hundred Sixty Dollars and Fifty Cents (\$119,360.50), as identified in Exhibit A, no later than 90 days after the Effective Date if Dr. Li can secure a loan and six (6) months after the Effective Date if he is required to sell assets. In either instance payment shall be made by making the check payable to: **“Washington State Attorney General” c/o the Medicaid Fraud Control Division, 2425 Bristol Court, Olympia, WA 98502.**

b. Dr. Li shall provide the fullest security possible for the remaining balance of Two Million Three Hundred Fifty Thousand (\$2,350,000.00) owed during the Settlement Payment Period in the form of giving the United States and the State of Washington first position on Deeds of Trust, Lien rights, or other Security interest on collateral approved by the Government including, but not limited to the following properties:

- (1) 910 East Prospect, Seattle, WA 98102
- (2) 3617 Francis Ave. N #2, Seattle, WA 98103
- (3) 1414 N. Vercler Rd., Spokane, WA 99216

Dr. Li shall use Deeds of Trust, Liens, or other Security instruments drafted by the Government to secure these properties within thirty (30) days of the Effective Date of this Agreement. As to all properties to be secured by Deeds of Trust, Liens, or other Security instruments, Dr. Li shall pay all delinquent property tax payments, if any, by the Effective Date of this Agreement. Dr. Li further agrees that throughout the period of this Agreement, Dr. Li will maintain the accepted secured properties in good working condition, maintain adequate full coverage insurance on the accepted secured properties, and keep current with all property taxes owed. If Dr. Li decides to sell any properties secured by an accepted Deed of Trust, Liens, or other Security instruments, he may keep the proceeds of the sale so long as the remaining unsold properties fully secure any balance due and owing to the Government at the time of the sale. In

the event the remaining unsold properties do not fully secure the balance owed to the Government, Dr. Li agrees to pay the proceeds at the time of sale, minus taxes, closing costs, and real estate commissions to the Government. Such payments shall be applied to the Quarterly payments required under Paragraph 1.c. In the event the proceeds exceed any one Quarterly payment, such additional proceeds shall constitute a credit towards future Quarterly payments. Dr. Li shall not further encumber the Real Property or permit any other person to acquire any further interest in the Real Property, including any lien, security interest, right of way, easement, lease, or other equitable, possessory, or legal interest absent the consent of the Government.

c. Dr. Li shall also make Quarterly payments of Forty Five Thousand Dollars (\$45,000.00) for a period of five (5) years. The first Quarterly payment is due 90 days after Dr. Li pays the \$500,000.00 under Paragraph 1.a of this Agreement and shall be paid under the following terms:

i. Of the \$45,000.00 amount, Dr. Li shall pay Thirty Four Thousand, Two Hundred Fifty Seven Dollars and Fifty-Five Cents (\$34,257.55), identified in Exhibit A by electronic funds transfer directly to the United States.

ii. Of the \$45,000.00 amount, Dr. Li shall pay Ten Thousand Seven Hundred Forty Two Dollars and Forty-Five Cents (\$10,742.45), identified in Exhibit A by making the check payable to: **“Washington State Attorney General” c/o the Medicaid Fraud Control Division, 2425 Bristol Court, Olympia, WA 98502.**

d. At the end of five (5) years from the Effective Date of this Agreement, Dr. Li will have a balloon payment of One Million Four Hundred Fifty Thousand Dollars (\$1,450,000.00) plus all applicable interest accrued due and owing at the end of five (5) years from the Effective Date of the Agreement.

i. Of the \$ 1,450,000.00 balloon amount, Dr. Li shall pay One Million One Hundred Three Thousand, Eight Hundred Fifty Four Dollars and 55 Cents (\$1,103,854.55), identified in Exhibit A by electronic funds transfer directly to the United States.

ii. Of the \$1,450,000.00 balloon amount, Dr. Li shall pay Three Hundred Forty Six Thousand, One Hundred Forty Five Dollars and Forty Five Cents (\$346,145.45), identified in Exhibit A by making the check payable to: **Washington State Attorney General” c/o the Medicaid Fraud Control Division, 2425 Bristol Court, Olympia, WA 98502**

e. Dr. Li agrees to transfer all Warrants he has in Anesis Pain Management Clinics to someone that he is not related to by blood or marriage, including, but not limited to, his parents, grandparents, wife, ex-wives, husband, ex-husbands, children, brothers, sisters, aunts, uncles, nephews, nieces, or cousins.

2. Subject to the exceptions in Paragraph 3 (concerning excluded claims) below, and conditioned upon the tender and negotiation of Dr. Li’s full payment of the Settlement Amount and subject to Paragraph 15, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or within 91 days of any payment made under this Agreement), the Government releases Dr. Li from any civil or administrative monetary claim the Government has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Washington Medicaid False Claims Act, RCW 74.66 et seq.; the Washington Fraudulent Practices Act, RCW 74.09.210; and common law theories of payment by mistake, unjust enrichment, and fraud. However, no release shall be given if an order for relief has been entered or an involuntary petition for relief has been filed within 91 days of the tender and negotiation of any Quarterly payment, Balloon Payment or the \$500,000.00.00

Payment (as set forth in Paragraph 1) against Dr. Li pursuant to Title 11 of the United States Code. In the event an order for relief is entered or an involuntary petition for relief is filed within 91 days of the tender and negotiation of any Quarterly payment, Balloon Payment or the \$500,000.00 Payment (as set forth in Paragraph 1) against Dr. Li pursuant to Title 11 of the United States Code, the Government shall file a Consent Judgment, and this Agreement shall not constitute a contract or novation.

3. Notwithstanding any term of this Agreement, the following claims of the Government are specifically reserved and are not released:

- a. Any criminal, civil, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Any civil or administrative liability that any person or entity, including Dr. Li, has or may have to the State or to individual consumers or state program payors under any statute, regulation, or rule not expressly covered by the release in Paragraph 2, including, but not limited to, any and all of the following claims: (i) State or federal antitrust violations; (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws; and (iii) claims involving the Washington State Department of Labor and Industries;
- d. Except as explicitly stated in this Agreement, any administrative liability, including mandatory or permissive exclusion from federal or state healthcare programs;
- e. Any liability to the Government (or their agencies) for any conduct other than the Covered Conduct;
- f. Any liability based upon obligations created by this Agreement;
- g. Any liability for expressed or implied warranty claims or other claims for defective or deficient products and services, including quality of goods and services;

h. any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

i. any liability for failure to deliver goods or services due; or

j. any liability of individuals other than Dr. Li.

4. Dr. Li has provided sworn financial disclosure statements (Financial Statements) to the Government and the Government has relied on the accuracy and completeness of those Financial Statements in reaching this Agreement. Dr. Li warrants that the Financial Statements are complete, accurate, and current. If the Government learns of asset(s) in which Dr. Li had an interest at the time of this Agreement that were not disclosed in the Financial Statements, or if the Government learns of any misrepresentation by Dr. Li on, or in connection with, the Financial Statements, and if such nondisclosure or misrepresentation changes the estimated net worth set forth in the Financial Statements by \$100,000 or more, the Government may at its option: (a) rescind this Agreement and file a Consent Judgment held in trust by the Government based on the Covered Conduct, or (b) let the Agreement stand and collect the full Settlement Amount plus one hundred percent (100%) of the value of the net worth of the asset(s) that were not previously disclosed. Dr. Li agrees not to contest any collection action undertaken by the Government pursuant to this provision, and to immediately pay the Government all reasonable costs incurred in such an action, including attorney's fees and expenses.

5. In the event that the Government, pursuant to Paragraph 4 (concerning disclosure of assets), above, opts to rescind this Agreement, Dr. Li agrees not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (a) are filed by the United States or the State of Washington within 30 calendar days of written notification to Dr. Li that this Agreement has

been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on the Effective Date of this Agreement.

6. Dr. Li waives and shall not assert any defenses Dr. Li 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 to the Constitution, or under the Excessive Fines Clause in the Eighth Amendment to the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

7. Dr. Li finally and fully releases the United States and the State of Washington, their agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Dr. Li asserted, could have asserted, or may assert in the future against the United States or the State of Washington, their agencies, officers, agents, employees, and servants, related to the Covered Conduct and the Governments' investigation and prosecution thereof.

8. This Agreement does not resolve or address any termination, review, reinstatement, or the submission of any provider agreements, contracts, licenses, authorizations, or other similar requests requiring Government consent or approval (collectively "authorizations") that Dr. Li has, may have had, or requests in the future with or from any Government agency, or any appeals filed by Dr. Li subsequent to the termination of any agreements or authorizations with any Government agency.

9. The Settlement Amount shall not be decreased as a result of the denial or suspension of payment of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier, Tricare), or the programs administered by HCA, RRB, and Tricare, related to the Covered Conduct; and Dr. Li agrees not to resubmit to any Medicare contractor, Tricare, RRB, Medicaid,

or any State payor, including but not limited to, the State of Washington, any previously denied or suspended claims by HCA and related to the Covered Conduct, and further agrees not to appeal any such denials or suspension of claims, and agrees to withdraw any such pending appeals.

10. Dr. Li agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Dr. Li, his present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the Government's audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- (3) Dr. Li's investigation, defense, and corrective actions undertaken in response to the Government's audit(s) and civil and any criminal 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 payments Dr. Li makes to the Government pursuant to this Agreement are unallowable costs for Government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, RRB, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Dr. Li, and Dr. Li shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by Dr. Li or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, RRB, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Dr. Li further agrees that within 90 days of the Effective Date of this Agreement he shall identify to applicable Medicare, RRB and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Dr. Li or any of his subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the Unallowable Costs. Dr. Li agrees that the United States, at a minimum, shall be entitled to recoup from Dr. Li any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Dr. Li or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this

Paragraph) on Dr. Li or any of its subsidiaries' or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Dr. Li's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

11. Dr. Li agrees to cooperate fully and truthfully with the Governments' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Dr. Li shall encourage, and agrees not to impair, the cooperation of his companies' directors, officers, and employees, and shall use his best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Dr. Li further agrees to furnish to the Government, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in his possession, custody, or control concerning any investigation of the employees, contractors, or other persons or entities that the Government has undertaken, or that has been performed by another on their behalf.

12. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 13 (waiver for beneficiaries paragraph), below.

13. Dr. Li agrees that he waives and shall not seek payment for any of the healthcare billings covered by this Agreement from any healthcare beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

14. The Settlement Amount represents the amount the Government is willing to accept in compromise of its civil and administrative monetary claims arising from the Covered

Conduct due solely to Dr. Li's financial condition as reflected in the Financial Statements referenced in Paragraph 4. In the event that Dr. Li fails to pay the Settlement Amount as provided in the payment schedule set forth in this Agreement within fourteen (14) calendar days of the date upon which each such payment is due, Dr. Li shall be in Default of Dr. Li's payment obligations (Default). The Government will provide a written Notice of Default, and Dr. Li shall have an opportunity to cure such Default within fourteen (14) calendar days from the date of receipt of the Notice of Default. Notice of Default will be delivered to Dr. Li, or to such other representative as Dr. Li shall designate in advance in writing. If Dr. Li fails to cure the Default within fourteen (14) calendar days of receiving the Notice of Default, and in the absence of an agreement with the Government of a modified payment, the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest on the remaining unpaid balance shall thereafter accrue at the rate of 12% per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance).

15. Payment Over Time Provisions:

a. Dr. Li warrants that he has reviewed his financial situation and that he is currently solvent, meaning that a fair valuation of all properties (exclusive of exempt property) exceeds the sum of his debt, and is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and shall remain solvent following payment to the Government of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Dr. Li within the meaning of 11 U.S.C. § 547(c)(1), and (b) conclude that these mutual promises, covenants, and obligations, do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a

reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which Dr. Li is or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

b. In the event of Default, Dr. Li shall consent to a Consent Judgment in the amount of the unpaid balance and in the form attached hereto as Exhibit B, and the Government, at its sole discretion, may (i) declare this Agreement breached and proceed against Dr. Li for any claims, including those to be released by this Agreement; (ii) take any action to execute and collect on the Consent Judgment against Dr. Li; (iii) file an action for specific performance of the Agreement and/or the Consent Judgment; (iv) offset the remaining unpaid balance from any amounts due and owing to Dr. Li and/or affiliated companies by any department, agency, or agent of the Government at the time of Default; and/or (v) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. Dr. Li agrees not to contest any offset, recoupment, and /or collection action undertaken by the Government pursuant to this Paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the Government.

c. In the event of Default, at its sole option, the Government may retain any payments previously made, rescind this Agreement, and pursue the Civil Actions, or bring any civil and/or administrative claim, action, or proceeding against Dr. Li for the claims that would otherwise be covered by the releases provided in Paragraph 2 above with any recovery reduced by the amount of any payments previously made by Dr. Li to the Government under this Agreement. The Government shall be entitled to any other rights granted by law or in equity by reason of Default, including referral of this matter for private collection. In the event that the Government opts to rescind this Agreement pursuant to this Paragraph, Dr. Li agrees not to plead, argue, or otherwise raise any defenses of statute of limitations, laches, estoppel or similar

theories, to any civil or administrative claims that are (i) filed by the Government against Dr. Li within 120 days of written notification that this Agreement has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on the Effective Date of the Agreement.

d. In the event of Default or if, before the Settlement Amount is paid in full, Dr. Li commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (i) seeking to have any order for relief of Dr. Li's debts, or seeking to adjudicate Dr. Li as bankrupt or insolvent; or (ii) seeking appointment of a receiver, trustee, custodian, or other similar official for Dr. Li or for all or any substantial part of Dr. Li's assets, Dr. Li admits and acknowledges that in any such case, proceeding, or other action, the Government shall hold an undisputed, noncontingent, and liquidated allowed claim in the amount of **\$2,850,000.00** less any payments received pursuant to this agreement, provided, however, that such payments are not otherwise avoided and recovered by Dr. Li's receiver, trustee, custodian, or other similar official for Dr. Li in such proceeding.

e. Notwithstanding the foregoing, in the event of Default, HHS-OIG may exclude Dr. Li from participating in all Federal healthcare programs until Dr. Li pays the Settlement Amount, with interest, as set forth above. HHS-OIG will provide written notice of any such exclusion to Dr. Li. Dr. Li waives any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7), and agrees not to contest such exclusion either administratively or in any state or federal court. Reinstatement to program participation is not automatic. If at the end of the period of exclusion, Dr. Li wishes to apply for reinstatement, he must submit a written request for reinstatement to HHS-OIG in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Dr. Li will not be reinstated unless and until OIG-HHS approves such request for

reinstatement. The option for Exclusion for Default as defined in this Paragraph is in addition to, and not in lieu of, the options identified in this Agreement or otherwise available.

f. Notwithstanding the foregoing, in the event of Default, HCA may exclude Dr. Li from participating in state Medicaid program until Dr. Li pays the Settlement Amount, with interest, as set forth above. HCA will provide written notice of any such exclusion to Dr. Li. Dr. Li waives any further notice of the exclusion, and agrees not to contest such exclusion either administratively or in any state or federal court. Reinstatement to program participation is not automatic. If at the end of the period of exclusion, Dr. Li wishes to apply for reinstatement, he/it/they must submit a written request for reinstatement to HCA. Dr. Li will not be reinstated unless and until HCA approves such request for reinstatement. The option for Exclusion for Default as defined in this Paragraph is in addition to, and not in lieu of, the options identified in this Agreement or otherwise available

g. If Dr. Li's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the Government (a) may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Dr. Li for the claims that would otherwise be covered by the releases provided in Paragraph 2 above and (b) the Government has an undisputed, noncontingent, and liquidated allowed claim against Dr. Li in the amount of **\$2,850,000.00** less any payments received pursuant to this agreement, provided, however, that such payments are not otherwise avoided and recovered by Dr. Li's, receiver, trustee, custodian, or other similar official for Dr. Li in such proceeding.

h. Dr. Li agrees that any such claim, action, or proceeding brought by the Government in connection with the Covered Conduct after a Default, or avoidance of, Dr. Li's obligations under this Agreement is not subject to an "automatic stay" pursuant to 11 U.S.C. §

362(a) because it would be an exercise of the Governments' police and regulatory power to protect public policy and public health, safety, and welfare. Dr. Li shall not argue or otherwise contend that the Governments' claims, actions, or proceedings are subject to an automatic stay and, to the extent necessary, consents to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Dr. Li shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claim, action, or proceeding by the Government within 120 days of written notification to Dr. Li that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of the Agreement.

16. In the event an order for relief is entered or an involuntary petition for relief is filed within 91 days of the tender and negotiation of the Settlement Amount (as set forth in Paragraph 1 and all subparagraphs therein) against Dr. Li pursuant to Title 11 of the United States Code, the Government reserves all underlying causes of actions and claims the Government may have against Dr. Li for the Covered Conduct, and this Agreement shall not constitute a contract or novation.

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

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

19. This Agreement is governed by the laws of the United States and the State of Washington. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Western District of Washington. 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.

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

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

22. Dr. Li represents and warrants that he is authorized as a result of appropriate corporate action to execute this Agreement on behalf of SPC, Northwest Analytics, and himself. The undersigned Government signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement on behalf of the Government through their respective agencies and departments.

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

24. This Agreement is binding on Dr. Li's successors, transferees, heirs, and assigns of the Parties.

25. All parties consent to the Government's disclosure of this Agreement, and information about this Agreement, to the public.

26. 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.

**THE UNITED STATES OF AMERICA**

DATED: \_\_\_\_\_

\_\_\_\_\_  
KAYLA C. STAHMAN  
Assistant United States Attorney  
Western District of Washington

DATED: 04/06/2020

Lisa M. Re

LISA M. RE  
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

DATED: \_\_\_\_\_

\_\_\_\_\_  
LEIGH A. BRADLEY  
General Counsel, Defense Health Agency  
United States Department of Defense

DATED: \_\_\_\_\_

\_\_\_\_\_  
MARTIN J. DICKMAN  
Inspector General, U.S. Railroad Retirement Board  
Office of the Inspector General

**THE STATE OF WASHINGTON**

DATED: \_\_\_\_\_

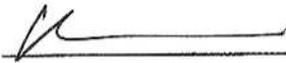
\_\_\_\_\_  
LARISSA PAYNE, Director  
Senior Assistant Attorney General  
Medicaid Fraud Control Division  
Washington Attorney General's Office

DATED: \_\_\_\_\_

\_\_\_\_\_  
MARYANNE LINDEBLAD  
Medicaid Director  
Washington Health Care Authority

**THE UNITED STATES OF AMERICA**

DATED: 4.2.20



KAYLA C. STAHMAN  
Assistant United States Attorney  
Western District of Washington

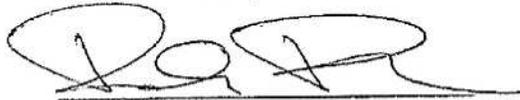
DATED: \_\_\_\_\_



LISA M. RE  
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

DATED: 03-30-2020

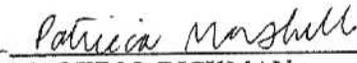
for



LEIGH A. BRADLEY SALVATORE M. MAIDA  
General Counsel, Defense Health Agency  
United States Department of Defense

DATED: 4-1-2020

for

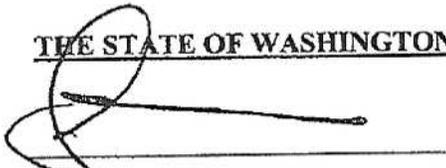


MARTIN J. DICKMAN  
Inspector General, U.S. Railroad Retirement Board  
Office of the Inspector General

*Patricia Marshall, General Counsel to Inspector General*

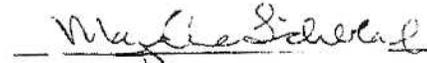
**THE STATE OF WASHINGTON**

DATED: 3-25-2020



LARISSA PAYNE, Director  
Senior Assistant Attorney General  
Medicaid Fraud Control Division  
Washington Attorney General's Office

DATED: 3-25-2020



MARYANNE LINDEBLAD  
Medicaid Director  
Washington Health Care Authority

**Dr. FRANK DANGER LI, DEFENDANT**

DATED: 3/24/20



FRANK DANGER LI, M.D.  
Defendant  
Director and Owner of Seattle Pain Center  
And Northwest Analytics

DATED: 3/24/2020



on behalf of Michael McKay

MICHAEL MCKAY  
Counsel for Dr. Li

EXHIBIT A

<b>Timing of Payments</b> <b>See Terms &amp; Conditions Section 1</b> <b>of Settlement Agreement for</b> <b>details</b>	<b>Total Amount to be</b> <b>paid by Dr. Li</b>	<b>Via Wire transfer for</b> <b>Federal Share</b>	<b>To Washington State</b> <b>Attorney General via</b> <b>check</b>
<b>Initial Payment:</b> Within 90 days if loan obtained; if loan not obtained, within six months if assets are sold	\$500,000.00	\$380,639.50	\$119,360.50
<b>Quarterly Payments:</b> Begin 90 days after Initial Payment for five (5) years	\$900,000.00; \$45,000.00 payable quarterly	\$685,151.10; \$34,257.55 payable quarterly	\$214,848.90; \$10,742.45 payable quarterly
<b>Balloon Payment:</b> Balloon Payment plus all accrued interest	\$1,450,000.00	\$1,103,854.55	\$346,145.45
<b>Total plus interest</b>	<b>\$2,850,000.00</b> <b>plus accrued interest</b>	<b>\$2,169,645.15</b>	<b>\$680,354.85</b>