IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF ALABAMA
EASTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. NEW LIFE CENTER FOR CHANGE, INC. d/b/a TEEN UNIVERSITY, and ALFONZA SMITH, Defendants.	)	Civil Action No.: 3:26-cv-00046-ECM-SMD

JOINT STATUS UPDATE AND SECOND JOINT MOTION FOR ENTRY OF A CONSENT JUDGMENT

Comes now Plaintiff, the United States of America, by and through Acting United States Attorney Kevin P. Davidson, and Defendants New Life Center for Change, Inc., d/b/a Teen University, and Alfonza Smith, and respectfully submit this *Joint Status Update and Second Joint Motion for Entry of a Consent Judgment.* The United States and Defendants have agreed to entry of final consent judgment (attached hereto as Exhibit 1) as to the Defendants' liability arising out of the facts and legal theories described more fully in the Complaint (Doc. 1, incorporated herein by reference).

In this action, the United States alleged that the Defendants made false claims in violation of the False Claims Act, 31 U.S.C. §§ 3728–33. Doc. 1 ¶ 1. Specifically, the United States alleged that Teen University submitted false claims to Medicaid for services it did not provide, attempted to conceal its fraud through the use of false records, and failed to repay overpaid amounts to Medicaid. *Id.* ¶ 2.

The Supreme Court has stated that:

> Consent decrees are entered into by parties to a case after careful negotiation has produced agreement on their precise terms. The parties waive their right to litigate the issues involved in the case and thus save themselves the time, expense, and inevitable risk of litigation. Naturally, the agreement reached normally embodies a compromise; in exchange for the saving of cost and elimination of risk, the parties each give up something they might have won had they proceeded with the litigation. Thus the decree itself cannot be said to have a purpose; rather the parties have purposes, generally opposed to each other, and the resultant decree embodies as much of those opposing purposes as the respective parties have the bargaining power and skill to achieve.

United States v. Armour & Co., 402 U.S. 673, 681–82 (1971). "District courts should approve consent decrees so long as they are not unconstitutional, unlawful, unreasonable, or contrary to public policy." *Stovall v. City of Cocoa, Fla.*, 117 F.3d 1238, 1240 (11th Cir. 1997).

The parties stipulate that the Consent Judgment is a product of good-faith negotiations, reflecting the Parties' careful and informed assessment of the relative merits of each other's claims while considering the costs and risks associated with litigating the case. The Consent Judgment serves the public interest by avoiding litigation and conserving resources.

The Parties stipulate and consent to the entry of judgment in favor of the United States against the Defendants in the amount of $300,000.00 in actual damages. The parties stipulate that this amount is based on the certified financial information provided by the Defendants, and in recognition of their cooperation with the United States. The Defendants agree that they are jointly and severally liable for the total debt of $300,000.00. The debt shall be included in the Treasury Offset Program ("TOP") so that any federal monies owed to Defendants will be credited to the outstanding debt. Defendants shall make payments on or before the following dates: (1) an initial payment of $50,000.00 on or before Monday, June 1, 2026; (2) a payment of $50,000 on or before Wednesday, December 30, 2026; (3) a payment of $50,000 on or before Thursday, December 30, 2027; (4) a payment of $50,000 on or before Friday, December 29, 2028; and (5) a payment of $50,000 on or before Friday, December 28, 2029; and (6) a final payment of $50,000 on or before

Monday, December 30, 2030. All payments pursuant to this Consent Judgment shall be made through the U.S. Attorney's Office of the Middle District of Alabama.

Wherefore, the Parties request entry of the Consent Judgment, attached as Exhibit 1.

Pursuant to local rules, the United States certifies that Plaintiff's Counsel's consented to her signature being attached to this document.

Respectfully submitted this 27th day of April, 2026.

For the United States:

KEVIN P. DAVIDSON
Acting United States Attorney

By: */s/ MaryLou E. Bowdre*
MaryLou E. Bowdre
Assistant United States Attorney
Alabama Bar No. 9232N10E
E-mail: MaryLou.Bowdre@usdoj.gov
United States Attorney's Office
Middle District of Alabama
Post Office Box 197
Montgomery, AL 36101-0197
Telephone: (334) 223-7280

For the Defendants:

/s/ Carmella J. Penn
Carmella J. Penn
Attorney for New Life Center for Change, Inc., d/b/a Teen University, and Alfonza Smith
Alabama Bar No. ASB-0799-E29C
Post Office Box 831008
Tuskegee, AL 36083
Telephone: 334-226-8750
Email: cpenn@carmellapenn.com

CERTIFICATE OF SERVICE

By agreement of the parties, a copy of the foregoing motion will be served on Defendants' attorney, Ms. Carmella Penn, electronically.

By: /s/ *MaryLou E. Bowdre*
Assistant United States Attorney

Exhibit 1

Proposed Consent Judgment

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF ALABAMA
EASTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. NEW LIFE CENTER FOR CHANGE, INC. d/b/a TEEN UNIVERSITY, and ALFONZA SMITH, Defendants.	)	Civil Action No.: 3:26-cv-00046-ECM-SMD

CONSENT JUDGMENT

This consent judgment is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the Department of Health and Human Services of the Office of Inspector General ("HHS-OIG") (collectively the "United States"), and Defendants New Life Center for Change, Inc., d/b/a Teen University ("Teen University"), and Alfonza Smith ("Smith" and, together with Teen University, the "Defendants") (collectively referred to with the United States as the "Parties"). The Parties stipulate and agree as follows:

1. The United States filed a Complaint alleging that the Defendants violated the False Claims Act ("FCA"), as amended, 31 U.S.C. §§ 3729–3733, when they (a) knowingly presented, and caused to be presented, false or fraudulent claims to the joint state and federal health care program Medicaid, for Basic Living Skills ("BLS") services not provided and not properly documented; (b) knowingly made, used, and caused to be made or used, false records and statements material to the false and fraudulent claims in the form of false BLS notes; and (c) knowingly concealed and knowingly and improperly avoided or decreased an obligation to pay or transmit money to the Government by failing to repay the overpaid Medicaid amounts. *See* Doc.

1 at ¶ 1. The Complaint sought damages under the FCA and common law remedies. *See id.* at ¶¶ 65–88.

2. The Court has subject matter jurisdiction over this matter under 31 U.S.C. § 3732, 28 U.S.C. § 1331, and 28 U.S.C. § 1345, and supplemental jurisdiction under 28 U.S.C. § 1367(a). *See* Doc. 1 at ¶ 16.

3. The Court has personal jurisdiction over the Defendants pursuant to 31 U.S.C. § 3732(a) and 31 U.S.C. § 3729. *See* Doc. 1 at ¶ 17.

4. The Parties recognize, and the Court by entering this Consent Judgment finds, that this Consent Judgment is fair, reasonable, and in the public interest. The Parties stipulate that the Consent Judgment is a product of good-faith negotiations, reflecting the Parties' careful and informed assessment of the relative merits of each other's claims while considering the costs and risks associated with litigating the case. The Parties also stipulate that the Consent Judgment adequately compensates the public for the alleged FCA violations and serves the public interest by avoiding litigation and conserving resources. *See Stovall v. City of Cocoa, Fla.*, 117 F.3d 1238, 1242 (11th Cir. 1997) ("District courts should approve consent decrees so long as they are not unconstitutional, unlawful, unreasonable, or contrary to public policy."); *United States v. Georgia-Pac. Corp.*, 960 F. Supp. 298, 299 (N.D. Ga. 1996) ("[T]he court should approve of the settlement if it determines that the settlement is fair and reasonable, and resolves the controversy in a manner consistent with the public interest.").

5. The Parties stipulate and consent to the entry of judgment in favor of the United States against the Defendants in the amount of $300,000.00 in actual damages. This amount is based on the certified financial information provided by the Defendants, and in recognition of their cooperation with the United States. The Defendants agree that they are jointly and severally liable

for the total debt of $300,000.00. The debt shall be included in the Treasury Offset Program ("TOP") so that any federal monies owed to Defendants will be credited to the outstanding debt. Defendants shall make payments on or before the following dates: (1) an initial payment of $50,000.00 on or before Monday, June 1, 2026; (2) a payment of $50,000 on or before Wednesday, December 30, 2026; (3) a payment of $50,000 on or before Thursday, December 30, 2027; (4) a payment of $50,000 on or before Friday, December 29, 2028; and (5) a payment of $50,000 on or before Friday, December 28, 2029; and (6) a final payment of $50,000 on or before Monday, December 30, 2030. All payments pursuant to this Consent Judgment shall be made through the U.S. Attorney's Office of the Middle District of Alabama.

IT IS SO ORDERED this _____ day of April, 2026.

_____
UNITED STATES DISTRICT JUDGE

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PREPARED BY AND AGREED TO ON BEHALF OF THE UNITED STATES:

KEVIN P. DAVIDSON
ACTING UNITED STATES ATTORNEY

By: MaryLou E. Bowdre Dated: 4-27-2026
MaryLou E. Bowdre
Assistant United States Attorney

Email: MaryLou.Bowdre@usdoj.gov

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AGREED TO ON BEHALF OF NEW LIFE CENTER FOR CHANGE, INC. d/b/a TEEN UNIVERSITY, AND ALFONZA SMITH:

By: Alfonza Smith Dated: APRIL 27, 2026
Alfonza Smith
Chief Executive Officer, New Life Center for Change, Inc.

By: _____ Dated: 4/27/2026
Carmella J. Penn, Esq.
Attorney for New Life Center for Change, Inc. d/b/a Teen University, and Alfonza Smith

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IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF ALABAMA
EASTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. NEW LIFE CENTER FOR CHANGE, INC. d/b/a TEEN UNIVERSITY, *et al.*, Defendants.	)	CIVIL CASE NO. 3:26-cv-46-ECM [WO]

MEMORANDUM OPINION and ORDER

Plaintiff, the United States of America, and Defendants, New Life Center for Change, Inc. d/b/a Teen University and Alfonza Smith, jointly move for entry of a consent judgment. (Doc. 15). Upon consideration, and for good cause, the Court finds the motion is due to be granted.

I. BACKGROUND

The Government alleges as follows: Teen University operates a residential group home for adolescent males. (Doc. 1 at 2, para. 2). It contracted with the Alabama Department of Human Resources "to provide room, board, and services to children with moderate emotional and/or behavioral management problems." (*Id.* at 2, para. 4). As part of that arrangement, Teen University agreed to provide two hours of individual Basic Living Skills, or "BLS," sessions for each resident every day, as well as an additional hour of daily group BLS sessions. (*Id.* at 1–3, paras. 1, 5). While Teen University certified that it had provided these sessions (and accordingly billed Medicaid for the sessions as services

rendered), it "did not provide the majority of the BLS services it certified." (*Id.* at 3, paras. 5–6). Worse still, Teen University then manufactured "false BLS notes" to support its fraudulent Medicaid claims. (*Id.* at 3, para. 7). Though Smith, Teen University's chief executive officer, "became aware that Medicaid had overpaid Teen University," he did not conduct an internal investigation, nor did he direct Teen University to repay Medicaid. (*Id.* at 4, 17, paras. 10, 63).

The Government initiated this action on January 21, 2026, alleging violations of the False Claims Act (Counts One, Two, and Three), unjust enrichment (Count Four), and Payment by Mistake (Count Five). (*Id.* at 17–21, paras. 65–88). The parties filed a joint motion for a consent decree the following day. (Doc. 6). The Court denied that motion without prejudice because it did "not cite any authority or include any analysis articulating why the entry of the proposed consent judgment is proper." (Doc. 7 at 1). The parties subsequently filed a renewed motion for a consent decree, (doc. 8), which was denied without prejudice because the Court found its terms unworkable, (doc. 13).

The parties' third motion for a consent decree is now before the Court. (Doc. 15). That motion contains a proposed consent decree providing for entry of judgment in favor of the Government against Defendants in the amount of $300,000. (*Id.* at 6). Defendants would be jointly and severally liable for that debt, which will be included in the "Treasury Offset Program ('TOP') so that any federal monies owed to Defendants will be credited to the outstanding debt." (*Id.* at 7). The consent decree also proposes a schedule of six $50,000 payments, under which Defendants' debt would be discharged by December 30, 2030. (*Id.*).

II. JURISDICTION AND VENUE

The Court has original subject matter jurisdiction over the False Claims Act claims under 28 U.S.C. §§ 1331 and 1345, and supplemental jurisdiction over the state law claims under 28 U.S.C. § 1367. Personal jurisdiction and venue are uncontested, and the Court concludes that venue properly lies in the Middle District of Alabama. *See* 28 U.S.C. § 1391.

III. LEGAL STANDARD

"District courts should approve consent decrees so long as they are not unconstitutional, unlawful, unreasonable, or contrary to public policy." *Stovall v. City of Cocoa*, 117 F.3d 1238, 1240 (11th Cir. 1997). While a consent decree "is predicated on consent of the parties, the judge must not give it perfunctory approval." *Id.* at 1242 (quotation omitted). "Instead, a court must find 'that the proposal represents a reasonable factual and legal determination based on the facts of record, whether established by evidence, affidavit, or stipulation.'" *United States v. City of Tampa*, 739 F. Supp. 3d 1055, 1063 (M.D. Fla. 2024) (quoting *Stovall*, 117 F.3d at 1242).[1] To determine whether a consent decree is unreasonable, a court must "ascertain whether it represent[s] a reasonable factual and legal determination based on the record." *Howard v. McLucas*, 871 F.2d 1000, 1008 (11th Cir. 1989).

IV. DISCUSSION

After a thorough review of the record in this case, the Court finds the proposed consent decree is fair and reasonable. "Fairness incorporates both procedural and

[1] Here and elsewhere the Court cites nonprecedential authority. While the Court recognizes that these cases are not binding, the Court finds them persuasive.

substantive components." *United States v. Telluride Co.*, 849 F. Supp. 1400, 1402 (D. Colo. 1994). Normally, a fair agreement "is the product of good-faith negotiations, reflects the opinions of experienced counsel, and takes into account the possible risks involved in litigation if the settlement is not approved." *United States v. Georgia-Pacific Corp.*, 960 F. Supp. 298, 299 (N.D. Ga. 1996). Here, the complaint is well-pleaded and includes examples of false claims that were presented to, and paid for by, Medicaid. (Doc. 1 at 14–16, paras. 60–61). The parties represent that the proposed $300,000 judgment fairly compensates the Government for the harm Defendants caused, recognizes Defendants' cooperation with the Government, and is "based on the certified financial information provided by" Defendants. (Doc. 15 at 2). And the proposed schedule of repayments would ensure that the Government is repaid within five years. (*Id.* at 7). Indeed, the parties stipulated that "the Consent Judgment is a product of good-faith negotiations, reflecting the [p]arties' careful and informed assessment of the relative merits of each other's claims while considering the costs and risks associated with litigating the case." (*Id.* at 2). For these reasons, the Court determines that the proposed consent decree is fair and reasonable.

The consent decree is also lawful. The Government clearly has authority to litigate alleged False Claims Act violations. *See* 31 U.S.C. § 3730(a) ("If the Attorney General finds that a person has violated or is violating section 3729, the Attorney General may bring a civil action under this section against the person."). And the relief sought—compensatory damages—is plainly authorized for such violations. *See* 31 U.S.C. § 3729(a). Thus, the Court finds the terms of the proposed consent decree lawful, too.

Finally, the proposed consent decree aligns with public policy. The purpose of the False Claims Act is to deter and punish fraud against the Government. *See United States ex rel. Polansky v. Exec. Health Res., Inc.*, 599 U.S. 419, 423 (2023) ("The FCA dates to the Civil War, when a Congressional committee uncovered stupendous abuses in the sale of provisions and munitions to the War Department. . . . To put a stop to the plunder—and more generally, to protect the funds and property of the Government—Congress enacted the FCA." (quotations omitted)). The proposed consent decree furthers that purpose—it permits the Government to recover funds paid out on claims that were fraudulently submitted.

Because the proposed consent decree is fair, reasonable, lawful, and not adverse to public policy, the parties' joint motion is due to be granted.

V. CONCLUSION

For the reasons stated, and for good cause, it is

ORDERED that the parties' joint motion for entry of a consent judgment (doc. 15) is GRANTED. The terms set forth by the parties in their proposed consent order (doc. 15 at 4–9) are ADOPTED herein.[2]

A final judgment will be entered in accordance with the Court's Order.

[2] Under the terms of the proposed consent decree, Defendants agreed to make their first payment on or before June 1, 2026. (Doc. 15 at 7). If necessary, the parties are permitted to choose an alternate date on which Defendants shall make their first payment without further Court intervention. However, that alternate date must be prior to December 30, 2026, and all other payment dates agreed to by the parties in the proposed consent decree remain in force.

DONE this 18th day of June, 2026.

/s/ Emily C. Marks
EMILY C. MARKS
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF ALABAMA
EASTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. NEW LIFE CENTER FOR CHANGE, INC. d/b/a TEEN UNIVERSITY, *et al.*, Defendants.	)	CIVIL CASE NO. 3:26-cv-46-ECM

FINAL JUDGMENT

In accordance with the Memorandum Opinion and Order entered on this date, it is the ORDER, JUDGMENT, and DECREE of the Court that judgment is entered against Defendants and in favor of Plaintiff.

The terms of the proposed consent decree (doc. 15 at 4–9), as modified by the Court's Memorandum Opinion and Order, are adopted and incorporated herein as part of this Final Judgment. The Court retains jurisdiction over this action for the purpose of enforcing compliance with the terms of this Final Judgment.

The Clerk of the Court is DIRECTED to enter this document on the civil docket as a Final Judgment pursuant to Federal Rule of Civil Procedure 58.

DONE this 18th day of June, 2026.

/s/ Emily C. Marks
EMILY C. MARKS
UNITED STATES DISTRICT JUDGE