SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is made and entered into by and between the STATE OF HAWAIʻI ("STATE"), by and through its Department of the Attorney General Medicaid Fraud Control Unit ("MFCU"), and ACES 2020, LLC, formerly known as COMPREHENSIVE EDUCATIONAL SERVICES, INC., doing business as ACES ("ACES") (collectively "PARTIES").

RECITALS

WHEREAS, the MFCU is a federally mandated unit within the Department of the Attorney General ("ATG"), that has statewide jurisdiction to investigate and prosecute fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of providers, as well as complaints of abuse and neglect of Medicaid members and residents of board and care facilities.

WHEREAS, Medicaid is a joint federal-state program that provides eligible low-income adults and children access to medical assistance through managed care organization ("MCO") or fee-for-service ("FFS") plans and is referred to in Hawaiʻi as the QUEST Integration program ("QUEST").

WHEREAS, QUEST is administered by the Department of Human Services ("DHS") through its Med-QUEST Division ("MQD") and most QUEST services are delivered through the State's five (5) MCOs: AlohaCare, HMSA, Kaiser Permanente ("KP"), ʻOhana Health Plan, and UnitedHealthcare Community Plan (collectively "QUEST health plans").

WHEREAS, at all relevant times, ACES has been and is a QUEST provider (National Provider ID number [redacted]) who has submitted or caused to be submitted claims for payment to QUEST, indirectly, through one or more QUEST health plans.

WHEREAS, at all relevant times, ACES has been and is a foreign limited liability company registered to do business in the State of Hawai‘i with its principal address located in San Diego, California.

WHEREAS, on October 12, 2023, the MCFU received a referral of suspected Medicaid fraud from KP, involving ACES as the suspect.

WHEREAS, the MFCU conducted an investigation into the suspected Medicaid fraud allegedly being committed by ACES and contends that the STATE has certain civil claims and causes of action against ACES arising out of the following alleged conduct ("Covered Conduct"):

(a) Between January 1, 2019, and December 31, 2024, ACES knowingly submitted or caused to be submitted more than 3,300 claims for payment to QUEST using Current Procedural Terminology (CPT) codes 97153 and 97155.

(b) These claims identified ACES as the group billing provider that submitted these claims for services rendered by multiple therapists, providing concurrent and overlapping services as a Registered Behavior Technician (RBT) under CPT 97153 and Supervision (i.e. licensed practitioner, BCBA-D, BCBA, LBA, and BCaBA) under CPT 97155, during the same patient session.

(c) ACES knew or should have known that it could not submit concurrent claims for payment related to these services to QUEST, thus making these claims false or fraudulent, pursuant to § 661-21 of the Hawaii Revised Statutes.

(d) As a result of or in connection with the submission of these claims, the STATE contends that ACES fraudulently obtained or received $325,436.29 in overpayments from QUEST, either directly or indirectly through one or more Medicaid managed care organizations.

WHEREAS, ACES denies and continues to deny the State's allegations regarding its conduct, liability, and damages with respect to the Covered Conduct.

WHEREAS, concurrent billing for procedure codes 97153 and 97155 is now allowed pursuant to the State of Hawaii Department of Human Services Med-QUEST Division Memo No. QI-24-31, dated December 31, 2024, which ACES contends is consistent with industry practices.

WHEREAS, this Agreement is neither an admission of facts or liability by ACES nor a concession by the STATE that the allegations are not well founded.

WHEREAS, the PARTIES have determined that to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation a settlement of this matter in accordance with this Agreement would be mutually beneficial and appropriate.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and such other good and valuable consideration as described herein, the validity, legality, receipt, and sufficiency of which is hereby acknowledged, the PARTIES hereby settle and resolve their disputed claims by way of settlement and compromise upon the following terms and conditions:

Consideration

1. ACES shall pay to the STATE the sum of SEVEN HUNDRED THOUSAND DOLLARS ($700,000.00) ("Settlement Amount"), consisting of $325,436.29 in restitution and $374,563.71 in other remedies.

2. ACES shall make payment of the Settlement Amount by issuing a check in the amount of SEVEN HUNDRED THOUSAND DOLLARS ($700,000.00), made payable to the "State of Hawai‘i Director of Finance."

3. ACES shall send the payment required under this Agreement by certified mail or hand delivery to the address set forth below no later than five (5) business days after receiving an electronic copy of this Agreement fully executed by all PARTIES:

Department of the Attorney General
Medicaid Fraud Control Unit
707 Richards Street, Suite 402
Honolulu, Hawai‘i 96813

4. The STATE shall provide written acknowledgment of receipt of the Settlement Amount within five (5) business days of receipt of the Settlement Amount.

5. ACES agrees that it waives and shall not seek payment or reimbursement from any patients or health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors, for the specific goods and/or services that are the subject of the claims identified in the Covered Conduct, including concurrent or overlapping billing for RBT and supervision services that were provided in connection with the Covered Conduct.

6. The STATE shall disburse the Settlement Amount to the state and federal government as required by law and agrees it will not refer the Covered Conduct to any federal agency for the purpose of initiating a federal investigation or enforcement action against ACES.

7. In consideration of this settlement between the PARTIES, neither party will issue a public announcement or news release regarding this Agreement.

Releases

8. Upon the STATE's written acknowledgement of receipt of the Settlement Amount pursuant to Paragraphs 1, 2, 3, and 4 of this Agreement, the STATE agrees to fully and finally release and forever discharge ACES, its members, parents, subsidiaries, affiliates, related and affiliated entities, predecessors and predecessors-in-interest, members, shareholders, equityholders, partners, directors, officers, managers, trustees, successor trustees, beneficiaries,

agents, servants, employees, attorneys, insurers, accountants, consultants, representatives, indemnitors, heirs, executors, administrators, personal representatives, successors and assigns, and each of their respective past and present such persons and entities, from any criminal, civil, or administrative monetary cause of action (including administrative actions to exclude, suspend, or terminate ACES from participation in the QUEST program or any other state health care program) that the STATE has or may have had based on the Covered Conduct.

9. Notwithstanding the releases given in Paragraph 8 of this Agreement, or any other term of this Agreement, the following claims and rights of the State are specifically reserved and are not released:

(a) any liability to the State for any conduct other than the Covered Conduct;

(b) any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

(c) any criminal, civil, or administrative liability arising under state tax code;

(d) any claims involving unlawful or illegal conduct based on State or federal antitrust violations; and

(e) any liability based upon obligations created by this Agreement.

10. In consideration of the obligations of the STATE set forth in this Agreement, ACES agrees to waive and discharge the STATE and any of its agencies, departments, and personnel including, but not limited to, officials, employees, and agents, whether current or former in their official and individual capacities from any causes of action (including attorneys' fees, costs, and expenses of every kind and however denominated) which ACES has against the STATE and any of its agencies, departments, and personnel as previously referenced arising from the STATE’s investigation, prosecution, and settlement of the Covered Conduct.

11. ACES agrees that should ACES commence a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of ACES' debts, or to adjudicate ACES as bankrupt or insolvent, or seeking appointment of a receiver, trustee, custodian, or other similar official for ACES or for all or any substantial part of ACES' assets, and the STATE is ordered to surrender any portion of the Settlement Amount, this Agreement shall be rendered void and unenforceable.

AUTHORITY

12. Each and every individual signing this Agreement warrants and represents that he or she is fully authorized by their respective PARTIES to enter into and execute this Agreement, and to legally bind their respective PARTIES to the terms of this Agreement.

BINDING EFFECT

13. This Agreement is made on behalf of, is binding upon, and shall inure to the benefit of the PARTIES, their respective heirs, executors, employees, agents, representatives, officers, directors, members, successors and assigns. Nothing in this Agreement, whether express or implied, is intended to confer any rights or benefits under or by reason of this Agreement, upon any person other than the PARTIES or their respective heirs, executors, employees, agents, representatives, officers, directors, members, successors and assigns. This Agreement shall not be assignable by any of the PARTIES without the written prior consent of all PARTIES.

COOPERATION

14. All of the PARTIES hereto and their respective counsel shall each also agree to prepare, execute and file all stipulations, agreements, releases, satisfactions, and/or other documents which may be reasonably necessary to effectuate the intent and purpose of this Agreement, with each party bearing its own costs in doing so.

ATTORNEYS' FEES AND COSTS

15. It is expressly understood and agreed that all PARTIES hereto shall be liable and responsible for the payment of their own respective attorneys' fees and costs or expenses in connection with the preparation and performance of this Agreement. If, however, a legal action is commenced to enforce or to declare the effect of any provisions of this Agreement, the Court shall, as part of its judgment, award reasonable attorneys' fees and costs to the prevailing party.

MISCELLANEOUS PROVISIONS

Governing Law & Choice of Forum:

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawai‘i without regard to any choice of law principles. The PARTIES agree that the forum for the resolution of any disputes concerning any aspect of this Agreement, including but not limited to the validity of this Agreement, the interpretation or construction of any of its terms, or any alleged breach of its provisions, shall be exclusively in the State of Hawai‘i.

No Party Deemed Drafter:

17. The PARTIES acknowledge and agree that all provisions of this Agreement have been negotiated at arms-length and with full representation of legal counsel and neither ACES nor the STATE shall be deemed the drafter of this Agreement. In the event an ambiguity or question of intent or interpretation arises, as well as in all other events, this Agreement shall be construed as having been drafted jointly by all PARTIES and shall not be construed or interpreted against any party by reason of such party's role in drafting the same. No presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Captions and Headings:

18. The captions and headings in this Agreement are for convenience, reference and identification purposes only and are not intended by the PARTIES to control, define, expand, limit or otherwise affect the meaning of the actual provisions of this Agreement.

Entire Agreement:

19. The PARTIES acknowledge and agree that this Agreement contains the entire complete agreement between the PARTIES pertaining to the compromise settlement of the matters described herein. The PARTIES mutually warrant and represent that, in entering this Agreement, they have not relied on any promises, representations, warranties or statements of any kind or nature whatsoever, made by any other party, or any of their agents, employees, officers, directors, members or attorneys, which are not set forth in this Agreement, and that the PARTIES have been fully advised by their respective counsel with regard to their respective rights and privileges under the Agreement.

20. The PARTIES further acknowledge that, in connection with this Agreement, each party has relied on its own investigation and judgment. Other than the representations and warranties set forth in this Agreement, the PARTIES make no representations or warranties to each other, either express or implied, with respect to any legal consequences in connection with any aspect of the transactions described herein, it being understood and agreed that each party will make its own respective determination with respect to such legal consequences and each of them will assume all risks in connection therewith.

Severability:

21. With the exception of Paragraphs 6 and 8 of this Agreement, if any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any

extent, be deemed invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the extent permitted by law.

Amendment and Waiver:

22. Neither this Agreement nor any of the terms herein may be terminated, amended or waived orally, but only by instrument in writing signed by the party against which enforcement of the termination, amendment, or waiver is sought. Any failure by any party to this Agreement to insist upon the strict performance by any other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

Effect of a Breach:

23. Each of the paragraphs in this Agreement contains material covenants, terms, and conditions to this Agreement, and in the event any party breaches any single covenant, term or condition, the non-breaching party shall provide written notice of such breach to the breaching party, and the breaching party shall have fifteen (15) business days from receipt of such notice to cure the breach. If the breach remains uncured after such period, the non-breaching party may bring an action, suit or claim against the breaching party to enforce this Agreement and, if the prevailing party, may recover attorneys' fees and costs in addition to any other damages incurred by such breach.

Execution:

24. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all such counterparts shall constitute one and the same instrument, notwithstanding the fact that all PARTIES are not signatories to an original or the same counterpart. For all purposes, duplicate unexecuted pages of the counterparts may be discarded and the remaining pages assembled as one document. A facsimile or electronic signature to this Agreement shall be deemed to be and may be relied upon as an original for all purposes. Likewise, facsimile or electronic transmission by the executing party of an executed counterpart of this Agreement shall be deemed delivery of an original, executed counterpart.

Effective Date:

25. The Effective Date of this Agreement shall be the date of signature of the last signatory to this Agreement.

IN WITNESS WHEREOF, the Parties identified above have caused this Agreement to be executed.

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FOR THE STATE OF HAWAI'I

06/22/2026
Date

By: _____
LANDON M.M. MURATA
Director, Medicaid Fraud Control Unit
DEPARTMENT OF THE ATTORNEY GENERAL

06/19/2026
Date

By: _____
MEREDITH NICHOLS
Acting Med-QUEST Division Administrator
DEPARTMENT OF HUMAN SERVICES

FOR ACES 2020, LLC, formerly known as COMPREHENSIVE EDUCATIONAL SERVICES, INC., doing business as ACES

6/22/26
Date

By: _____

LUKE JANA
Authorized Signer for ACES 2020, LLC, formerly known as COMPREHENSIVE EDUCATIONAL SERVICES, INC., doing business as ACES