

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice, the Office of Inspector General (“OIG-HHS”) of the Department of Health and Human Services (“HHS”), and Jeffrey Vegh (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Jeffrey Vegh (“Vegh”) is an individual who resides in Woodmere, New York. Vegh and his business partner, Ari Schwartz, have worked in the nursing home industry since at least 2009.

B. The United States contends that Jeffrey Vegh submitted or caused to be submitted claims for payment to the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”).

C. The United States contends that Jeffrey Vegh knowingly presented or caused to be presented false and fraudulent claims for payment to the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5, in violation of the federal False Claims Act, (“FCA”), 31 U.S.C. §§ 3729 *et seq.*, and common law and that it has certain civil claims under the FCA and common law against Vegh individually and as a member and owner of Saratoga Center for Care LLC (defined below).

D. The conduct described in paragraphs E through V below is referred to hereinafter as the “Covered Conduct.”

E. In or around 2013, Ari Schwartz, Vegh, and a third person entered into a business arrangement with respect to the operation of two nursing homes in Massachusetts and one in Pennsylvania, all three of which were owned by a third-party entity (hereinafter referred to as “the landlord”). The three nursing homes paid rent to the landlord pursuant to a lease. That rent was derived in large part from government healthcare programs.

F. Vegh and Ari Schwartz lacked adequate financial resources to fund the initial operating costs of the three nursing homes. At the landlord’s request, the landlord advanced them a line of

credit through one of his wholly-owned entities rather than Vegh and Ari Schwartz obtaining a bank line of credit. The landlord also allowed Vegh and Ari Schwartz to each draw \$15,000 per month from the line of credit to pay for their living expenses. As collateral, Vegh and Ari Schwartz, along with their spouses, pledged all of their personal property including their interests in the nursing home operating entities.

G. In 2013, Vegh, Ari Schwartz, and the landlord became interested in acquiring a nursing home, then known as Maplewood Manor, located at 149 Ballston Ave, Ballston Spa, New York (the “Nursing Home”), which was for sale by Saratoga County through a local development corporation.

H. Following a months-long vetting process conducted by a national broker and the County, the County selected Vegh and Ari Schwartz to operate the Nursing Home and the landlord to purchase the real estate associated with the Nursing Home. Following a series of negotiations with the County’s local development corporation, the development corporation declared Vegh and Ari Schwartz, under the corporate name Saratoga Center for Care LLC (“Saratoga Center”), as the “Selected Operator” and the landlord, under the corporate name 149 Ballston Ave LLC (“149 Ballston”), as the “Real Property Purchaser.” Vegh and Ari Schwartz each owned, and continue to own, 50% of Saratoga Center, and both are managing members. The landlord owned and controlled 149 Ballston, the real property purchaser.

I. To complete the transaction, Saratoga Center and its principals – Vegh and Ari Schwartz – needed the approval of the New York State Public Health and Health Planning Council (“PHHPC”) to operate the Nursing Home. *See* New York Public Health Law § 2801-a(1), (4). When the PHHPC approves applicants, they receive an “operating certificate,” which is akin to a license from New York State to operate a nursing home. An operating certificate is also required to participate in government health insurance programs, including Medicaid, and to obtain

payment for patients covered by those programs. *See* 42 U.S.C. § 1396r(d)(2)(A); 42 C.F.R. §§ 442.12, 483.1, 483.70; 18 NYCRR §§ 504.1(c), 505.9(a)(1)(i). The New York State Department of Health (“NYSDOH”) administers the application process for PHHPC approval. This process requires applicants to submit a “Certificate of Need” (CON) application to NYSDOH. Among other factors considered as part of the CON application process are: (1) the character, competence, and standing in the community of the proposed operator and its owners; and (2) the financial resources of the proposed operator. New York Public Health Law § 2801-a(3)(b), (c).

J. Vegh and Ari Schwartz executed the CON application, which a law firm prepared and submitted to NYSDOH. In the application, Vegh and Ari Schwartz, as the proposed operator of the Nursing Home and owners of Saratoga Center, sought to demonstrate that they had the character, competence, standing in the community, and financial resources to operate the Nursing Home, as required under New York Public Health Law § 2801-a(3). Vegh and Ari Schwartz then certified, under penalty of perjury, that the information provided in their application was true, correct, and complete.

K. Vegh and Ari Schwartz’s CON application misrepresented their relationship with 149 Ballston and the landlord as “strictly that of Landlord and Tenant” in that they failed to disclose their business relationship with the landlord involving three other nursing homes and various financial relationships that left them indebted to the landlord. Further, Vegh and Ari Schwartz’s CON application represented that they were seeking financing from an unrelated lender, but during the pendency of the CON application, they accepted financing from the landlord and failed to notify NYSDOH of such change.

L. In October 2014, PHHPC approved Saratoga Center’s application for an operating certificate. Once Saratoga Center had the operating certificate, it then pursued enrollment of the

Nursing Home in the Medicaid program, which required disclosure of anyone with an ownership or control interest in the Nursing Home. 42 C.F.R §§ 455.104, 483.70(k), 420.206; 18 NYCRR § 504.1. Vegh and Ari Schwartz disclosed only themselves as having an ownership interest, materially omitting that the landlord had a contractual right to exercise a control interest in certain circumstances.

M. In February 2015, NYSDOH granted Vegh and Ari Schwartz the operating certificate, and they assumed responsibility for the Nursing Home’s operations. They became the “governing body,” also known as the “governing authority”— those legally responsible for establishing and implementing policies regarding the management and operation of the facility. 42 C.F.R. § 483.70(d); 10 NYCRR § 415.26(b). As the governing body, Ari Schwartz and Vegh had the non-delegable authority to: (1) hire and fire key management employees, (2) maintain books and records, (3) dispose of the Nursing Home’s assets and incur liabilities on its behalf, and (4) adopt and enforce policies regarding the Nursing Home’s operations. 10 NYCRR § 600.9.

N. Even though Vegh and Ari Schwartz were the governing body, they lacked autonomy over the operation of the Nursing Home when the landlord decided to exercise his rights arising from the debt instruments. When the Nursing Home began to experience financial problems, the landlord demanded more control, and his agents made decisions detrimental to the well-being of the sick and disabled patients residing at the Nursing Home.

O. Around November 2016, the landlord required that Vegh and Ari Schwartz surrender control of Saratoga Center to a potential purchaser of the landlord’s choosing. Vegh and Ari Schwartz agreed to do so, as part of a negotiated resolution of a lawsuit that one of the landlord’s wholly-owned entities had filed to collect the debt owed by Vegh, Ari Schwartz, and their wives. Vegh and Ari Schwartz authorized the transfer of all funds in the four nursing homes’ bank

accounts, in which Medicaid payments were deposited, to the landlord. They did not inform NYSDOH about the agreement or the transfer.

P. Around early 2017, the landlord chose a prospective purchaser, Skyline Management Group LLC (“Skyline”), to operate Saratoga Center and the three other nursing homes. Skyline worked with Jack Jaffa (“Jaffa”), who agreed to buy the real estate from the landlord, and who operated Saratoga Care and Rehabilitation Center LLC (“SCRC”). To facilitate the transfer of control, Vegh and Ari Schwartz signed several documents that stated SCRC would “consult,” “assist,” “advise,” and provide various “administrative services” to Saratoga Center. Instead of abiding by the terms of these documents, Vegh and Ari Schwartz acquiesced to Joseph Schwartz, Skyline, Jack Jaffa, and SCRC exercising complete control over Saratoga Center, including all of the non-delegable duties enumerated in 10 NYCRR § 600.9.

Q. From February 2017 until the closure of the Nursing Home in February 2021, Saratoga Center was operated by individuals and entities who lacked legal authority over the Nursing Home. Joseph Schwartz, Skyline, Jaffa, and SCRC operated the Nursing Home from February 2017 until approximately April 2018 when Skyline, which owned many nursing homes nationwide, ceased operating. Jack Jaffa and SCRC then partnered with Chaim “Muttu” Scheinbaum (“Scheinbaum”) and his company, Alliance Healthcare Management LLC (“Alliance”), to operate the Nursing Home until it closed in February 2021.

R. From February 2017 to February 2021, the care provided to Saratoga Center’s residents did not meet federal and state standards of care for nursing homes. Among other problems during that time, the Nursing Home did not consistently: staff the Nursing Home sufficiently; ensure resident safety and attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident; ensure that residents were free of any significant medication errors; prevent residents from unnecessarily falling and injuring themselves; prevent

residents from developing avoidable pressure ulcers; adequately treat pressure sores that developed; and ensure that residents were regularly toileted and/or bathed.

S. From February 2017 through February 2021, the physical conditions at Saratoga Center did not consistently meet federal and state requirements for a safe, healthy, functional, sanitary, and comfortable environment for residents. Among other problems, Saratoga Center did not consistently do the following: maintain plumbing and plumbing fixtures, and sometimes there was no hot water in parts of the facility; maintain an adequate linen inventory and sometimes make-shift linens were created; and dispose of solid waste. Many of these problems resulted from the Nursing Home's failure to pay vendors.

T. In 2017, NYSDOH concluded that medication errors at the Nursing Home posed "immediate jeopardy to resident health or safety." In 2018, Saratoga Center was assessed substantial fines by NYSDOH and the federal government because of the serious deficiencies at the Nursing Home. In 2019, it was placed on the Centers for Medicare and Medicaid Services ("CMS") Special Focus Facility list—a list of the most poorly performing nursing homes in the United States.

U. Even though Skyline, Jaffa, and Scheinbaum took control of the facility, their applications for a CON were either withdrawn or incomplete and were never approved. As a result, the operating certificate for the facility remained with Vegh and Ari Schwartz. Pursuant to 10 NYCRR § 415.26(b), those on the operating certificate are responsible "for establishing and implementing policies regarding the management and operation of the facility."

V. The Government contends that Vegh submitted or caused the submission of false claims (1) when he made misrepresentations in 2014 to obtain the Operating Certificate for Saratoga Center, which allowed Saratoga Center to participate in the Medicaid Program, and (2) because

he was the licensed operator from February 17, 2017, to its closure in February 2021, during which time worthless services were provided to residents of the Nursing Home.

W. Jeffrey Vegh admits, acknowledges, and accepts responsibility for his role in the Covered Conduct as set forth in paragraphs E through U.

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. Jeffrey Vegh shall pay to the United States and the State of New York, \$485,000 (“Total Settlement Amount”). Of the Total Settlement Amount, Jeffrey Vegh shall pay \$194,000 to the United States (“Federal Settlement Amount”), of which \$97,000 is restitution, plus simple interest at a rate of 4% per annum running from the Effective Date of this Agreement until and including the day that final payment is made under this Agreement, per the terms set forth in Paragraphs 1(a)-(b) below.

- a. \$97,000 shall be paid within 30 days of the Effective Date of this Agreement plus simple interest at a rate of 4% per annum running from the Effective Date of this Agreement until the date of payment. If this \$97,000 payment is made, in full, within 10 days of the Effective Date of this Agreement, no interest will apply.
- b. \$97,000 shall be paid within one (1) year of the Effective Date of this Agreement plus simple interest at a rate of 4% per annum running from the Effective Date of this Agreement until the date of payment. The Total Settlement Amount may be prepaid, in whole or in part, without penalty or premium.

Payment shall be by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the Northern District of New York.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and upon the United States' receipt of the Federal Settlement Amount, the United States releases Jeffrey Vegh individually, and as a member of Saratoga Center for Care LLC, 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 Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals or entities other than Jeffrey Vegh. For purposes of clarity, to the extent the United States obtains a judgment against Saratoga Center for Care LLC, it prospectively agrees not to seek recovery, directly or indirectly, from Jeffrey Vegh; and
- g. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Voluntary Exclusion

- a. In compromise and settlement of the rights of OIG-HHS to exclude Jeffrey Vegh pursuant to 42 U.S.C. §§ 1320a-7(b)(7) and 1320a-7(b)(6)(B), based upon the Covered Conduct, Jeffrey Vegh agrees to be excluded under this statutory provision from Medicare, Medicaid, and all other Federal health care programs, as defined in 42 U.S.C. § 1320a-7b(f), for a period of eleven (11) years. The exclusion shall be effective upon the Effective Date of this Agreement.
- b. Such exclusion shall have national effect. Federal health care programs shall not pay anyone for items or services, including administrative and management services, furnished, ordered, or prescribed by Jeffrey Vegh in any capacity while Jeffrey Vegh is excluded. This payment prohibition applies to Jeffrey Vegh and all other individuals and entities (including, for example, anyone who employs or contracts with Jeffrey Vegh, and any hospital or other provider where Jeffrey Vegh provides services). The exclusion applies regardless of who submits the claim or other request for payment. Violation of the conditions of the exclusion may result in criminal prosecution, the imposition of civil monetary penalties and assessments, and an additional period of exclusion. Jeffrey Vegh further agrees to hold the Federal health care programs, and all federal beneficiaries and/or sponsors, harmless from any financial responsibility for items or services furnished, ordered, or prescribed to such beneficiaries or sponsors after the effective date of the exclusion. Jeffrey Vegh waives any further notice of the exclusion and agrees not to contest such exclusion either administratively or in any state or federal court.

c. Reinstatement to program participation is not automatic. If Jeffrey Vegh wishes to be reinstated, Jeffrey Vegh must submit a written request for reinstatement to the OIG in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Such request may be made to the OIG no earlier than 90 days prior to the expiration of the 10-year period of exclusion. Reinstatement becomes effective upon application by Jeffrey Vegh, approval of the application by the OIG, and notice of reinstatement by the OIG. Obtaining another license, moving to another state, or obtaining a provider number from a Medicare contractor, a state agency, or a Federal health care program does not reinstate Jeffrey Vegh's eligibility to participate in these programs.

5. Jeffrey Vegh waives and shall not assert any defenses Jeffrey Vegh 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.

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

7. The Federal Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare

Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and Jeffrey Vegh agrees not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

8. Jeffrey Vegh 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 Jeffrey Vegh, Saratoga Center, or its present or former officers, directors, employees, shareholders, and agents in connection with:

- 1) the matters covered by this Agreement;
- 2) the United States' audit and civil investigations of the matters covered by this Agreement;
- 3) Jeffrey Vegh's investigation, defense, and corrective actions undertaken in response to the United States' civil investigation in connection with the matters covered by this Agreement (including attorneys' fees);
- 4) the negotiation and performance of this Agreement; and
- 5) the payment Jeffrey Vegh makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, 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 Jeffrey Vegh, and Jeffrey Vegh 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 Jeffrey Vegh to the Medicare or Medicaid Programs.
- c. Treatment of Unallowable Costs Previously Submitted for Payment: Jeffrey Vegh further agrees that, within 90 days of the Effective Date of this Agreement, he shall identify to applicable Medicare 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 Jeffrey Vegh or any of his entities 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. Jeffrey Vegh agrees that the United States, at a minimum, shall be entitled to recoup from Jeffrey Vegh 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 Jeffrey Vegh or any of his subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Jeffrey Vegh or any of his entities' 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 Jeffrey Vegh's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

9. Jeffrey Vegh agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Jeffrey Vegh further agrees to furnish to the United States, 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 Covered Conduct that he has undertaken, or that has been performed by another on his behalf. Jeffrey Vegh will make himself available to testify in any deposition or court proceeding relating to the Covered Conduct, including in-person testimony, even if his appearance cannot be compelled under the rules applicable to the proceeding. Jeffrey Vegh will also make himself available to the United States, its attorneys, and its investigators for informal interviews.

10. 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 11, below. Jeffrey Vegh reserves the right to contest the use or application of this document in any future litigation to which the United States is not a party.

11. Jeffrey Vegh agrees that he waives and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors,

legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

12. Default

- a. In the event that Jeffrey Vegh fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above, Jeffrey Vegh shall be in Default of his payment obligations (“Default”). The United States will provide a written Notice of Default, and Jeffrey Vegh shall have an opportunity to cure such Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due under the payment schedule and paying any additional interest accruing under the Settlement Agreement up to the date of payment. Notice of Default will be delivered to Jeffrey Vegh’s attorneys David Burch and Jerry Solomon or to such other representative as Jeffrey Vegh shall designate in advance in writing. If Jeffrey Vegh fails to cure the Default within seven (7) calendar days of receiving the Notice of Default and in the absence of an agreement with the United States to a modified payment schedule (“Uncured Default”), 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).
- b. In the event of Uncured Default, Jeffrey Vegh agrees that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Agreement and may bring any civil and/or administrative claim, action, or proceeding against Jeffrey Vegh 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 Jeffrey Vegh to the United States under this Agreement; (ii) take any action to enforce this Agreement in a new action; (iii) file an action for specific performance of this Agreement and/or file the Consent Judgment which is attached to this Agreement as Exhibit A; (iv) offset the remaining unpaid balance from any amounts due and owing to Jeffrey Vegh and/or affiliated companies by any department, agency, or agent of the United States at the time of Default or subsequently; 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. The United States 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 the United States pursues a collection action, Jeffrey Vegh agrees to pay the United States the greater of (i) a ten-percent (10%) surcharge of the amount collected, as allowed by 28 U.S.C. § 3011(a), or (ii) the United States' reasonable attorneys' fees and expenses incurred in such an action. In the event that the United States opts to rescind this Agreement pursuant to this paragraph, Jeffrey Vegh waives and 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 United States against Jeffrey Vegh 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 January 9, 2020. Jeffrey Vegh agrees not to contest any offset, recoupment, and /or collection action undertaken by the United States pursuant to this paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the United States.

13. In exchange for valuable consideration provided in this Agreement, Jeffrey Vegh acknowledges the following:

- a. Jeffrey Vegh has reviewed his financial situation and warrants that he is 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 United States of the Settlement Amount.
- b. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Jeffrey Vegh, within the meaning of 11 U.S.C. § 547(c)(1), and the Parties conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.
- c. The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do in fact, constitute a reasonably equivalent exchange of value.
- d. The Parties do not intend to hinder, delay, or defraud any entity to which Jeffrey Vegh was or became indebted to on or after the date of any transfer contemplated in this Agreement, within the meaning of 11 U.S.C. § 548(a)(1).
- e. If Jeffrey Vegh'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) or if, before the Settlement Amount is paid in full, Jeffrey Vegh or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of Jeffrey Vegh's debts, or to adjudicate Jeffrey Vegh as bankrupt or insolvent; or seeking appointment of a receiver, trustee, custodian,

or other similar official for Jeffrey Vegh or for all or any substantial part of Jeffrey Vegh's assets:

- (i) the United States may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Jeffrey Vegh for the claims that would otherwise be covered by the releases provided in Paragraph 2 above;
 - (ii) the United States has an undisputed, noncontingent, and liquidated allowed claim against Jeffrey Vegh in the amount of \$112,177,902 less any payments received pursuant to Paragraph 1 of this Agreement, provided, however, that such payments are not otherwise avoided and recovered from the United States by Jeffrey Vegh, a receiver, trustee, custodian, or other similar official for Jeffrey Vegh;
- f. Jeffrey Vegh agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 13.e is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States' police and regulatory power. Jeffrey Vegh shall not argue or otherwise contend that the United States' claim, action, or proceeding is 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). Jeffrey Vegh waives and 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 brought by the United States within 120 days of written notification to Jeffrey Vegh that the releases have been

rescinded pursuant to this paragraph, except to the extent such defenses were available on January 9, 2020.

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

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

16. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Northern District of New York. 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.

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

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

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

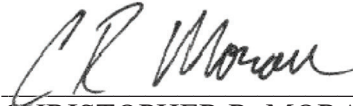
20. This Agreement is binding on Jeffrey Vegh's successors, transferees, heirs, and assigns.

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

FOR THE UNITED STATES OF AMERICA


CARLA B. FREEDMAN
United States Attorney
Northern District of New York

DATED: February 27, 2023



CHRISTOPHER R. MORAN
Assistant United States Attorney

DATED: 02/17/2023



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

FOR JEFFREY VEGH

DATED: _____

JEFFREY VEGH

DATED: _____

DAVID G. BURCH
Barclay Damon, LLP
Counsel for Jeffrey Vegh

DATED: _____

JERRY SOLOMON
Barclay Damon, LLP
Counsel for Jeffrey Vegh

EXECUTION VERSION

FOR THE UNITED STATES OF AMERICA

CARLA B. FREEDMAN
United States Attorney
Northern District of New York

DATED: _____

CHRISTOPHER R. MORAN
Assistant United States Attorney

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

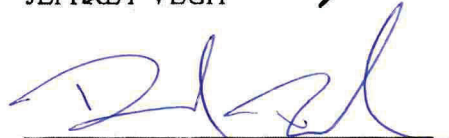
FOR JEFFREY VEGH

DATED: 2/16/23



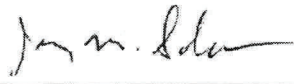
JEFFREY VEGH

DATED: 02.23.2023



DAVID G. BURCH
Barclay Damon, LLP
Counsel for Jeffrey Vegh

DATED: 02.23.2023



JERRY SOLOMON
Barclay Damon, LLP
Counsel for Jeffrey Vegh

**EXHIBIT A
TO SETTLEMENT AGREEMENT**

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

Plaintiff,

v.

JEFFREY VEGH

Defendant.

CONSENT JUDGMENT

This matter is before the Court upon the consent of the United States of America and Defendant Jeffrey Vekh, who shall hereinafter be collectively referred to as “the Parties.”

1. The parties previously entered into a Settlement Agreement to resolve the United States’ allegations that Jeffrey Vekh violated the False Claims Act, and was liable for damages under 31 U.S.C. § 3730, *et seq.* The Settlement Agreement has been filed with the Court, and is incorporated with this Judgment.
2. The Settlement Agreement provided that Jeffrey Vekh would pay the United States \$194,000 pursuant to a stipulated payment schedule, which included interest. The United States avers that Jeffrey Vekh is in Default of his obligations under the Settlement Agreement, and is indebted to the United States in the amount of [**\$194,000 plus 4% interest per annum from the effective date of the Settlement Agreement to the date of Default less any amounts already paid pursuant to the Settlement Agreement**].
3. The United States has asked the Court to enter judgment against Jeffrey Vekh in the amount of [**\$194,000 plus 4% interest per annum from the effective date of the Settlement Agreement to the date of Default less any amounts already paid pursuant to the Settlement Agreement**].

EXECUTION VERSION

4. Jeffrey Vegh is in Default of the Settlement Agreement as defined in Paragraph 12 of the Settlement Agreement because he failed to timely meet his payment obligations. Jeffrey Vegh was given a notice of default, and the 10-day period to cure default has expired.
5. Pursuant to the Settlement Agreement, in the event of Default that was not timely cured, Jeffrey Vegh consented to entry of this Consent Judgment against him, except that he reserved the opportunity to be heard on the issue of actual payment. Such a Default has now occurred, and Jeffrey Vegh has been given such opportunity to be heard.

WHEREFORE, IT IS HEREBY ORDERED, that judgment be entered in favor of the United States and against Jeffrey Vegh in the amount of [**\$194,000 less any amounts already paid pursuant to the Settlement Agreement**], plus twelve percent (12%) per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance) and continuing to and including the day that Jeffrey Vegh makes final payment.

IT IS SO ORDERED.

DATED: _____

United States District Court Judge
Northern District of New York