

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 Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS), the Defense Health Agency (DHA), acting on behalf of the TRICARE Program; the Office of Inspector General (OIG-RRB) of the Railroad Retirement Board (RRB); and the United States Department of Veterans Affairs (VA), (collectively, the “United States”), Samuel Rao Kancherlapalli (“Kancherlapalli” or “Defendant”), and Lynda Pinto (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Kancherlapalli, a resident of Sarasota, Florida, is the sole owner, founder, CEO, and former president of Cardiac Imaging, Inc. (“CII”). CII provides cardiac positron emission tomography (PET) scans and cardiovascular stress tests to beneficiaries of: the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (“Medicare”); the TRICARE Program, 10 U.S.C. §§ 1071-1110b (“TRICARE”); the Railroad Retirement Medicare Program (RRMP), administered under the Railroad Retirement Act of 1974, 45 U.S.C. §§ 231-231v, by the United States Railroad Retirement Board; and the Department of Veterans Affairs, Veterans Health Administration, 38 U.S.C. Chapter 17 (collectively, the “Federal Health Care Programs”).

B. Pursuant to the whistleblower provisions of the False Claims Act, 31 U.S.C. § 3730(b), on August 3, 2018, Relator filed a *qui tam* action in the United States District Court for the Southern District of Texas captioned *United States ex rel. Pinto v. Cardiac Imaging, Inc. et al.* (No. 18-cv-02674) (the “Civil Action”) against Kancherlapalli and others.

C. The United States contends that Kancherlapalli caused the submission of claims for payment to Federal Health Care Programs.

D. The United States contends that between March 1, 2014 and May 31, 2023, Kancherlapalli, as founder, majority or sole owner, CEO and/or president of CII, knowingly caused CII's submission of false or fraudulent claims to the Federal Health Care Programs that violated the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b) (the AKS) and the Physician Self-Referral Law, 42 U.S.C. § 1395nn (commonly referred to as the Stark Law).

Specifically, CII operated a mobile cardiac PET scanning business, pursuant to which CII contracted with cardiologists and other physicians to supervise cardiac PET scans that CII performed for the physicians' patients onboard converted semi-trailer trucks that CII transported to parking lots at the physicians' practices. CII contractually required these physicians to refer exclusively to CII for mobile PET scans. CII paid the referring physicians a fee of at least \$500 per hour, ostensibly to provide CMS-required physician supervision over the PET scans for the physicians' patients. CII also paid higher hourly fees to certain higher referring physicians or to physicians in markets where it faced competition. The United States contends that, contrary to provisions of the AKS and the Stark Law, these fees substantially exceeded fair market value for these physicians' services, in part because CII paid physicians for the time they spent in their offices caring for other patients or while they were not on site at all, or for additional services beyond supervision that were never or rarely actually provided. Further, CII purported to rely on a consultant's fair market value analysis that the United States contends CII knew was premised on fundamental inaccuracies about what CII required from supervising physicians and that the consultant ultimately withdrew. Kancherlapalli was responsible for, involved in, and/or had oversight over all aspects of CII's operations, including setting the terms and conditions pursuant to which CII paid fees to referring physicians and submitted claims to the Federal Health Care

Programs. Kancherlapalli also received significant profits and dividends from CII's business operations, and thus directly benefited from CII's unlawful conduct. CII received the physicians' referrals and billed Federal Healthcare Programs for the referred patients.

Accordingly, the United States contends that Kancherlapalli caused CII to (a) knowingly provide improper remuneration in the form of these above-fair market value (FMV) fees to each of the referring physicians to induce the physicians' referral of Federal Health Care Program patients for services provided by CII in violation of the Anti-Kickback Statute, for which CII submitted claims to the Federal Health Care Programs; and (b) submit claims for designated health services to the Medicare program that violated the Stark Law because CII directly or indirectly paid such improper remuneration as compensation to the referring physicians. This conduct is referred to hereinafter as the Covered Conduct.

E. Kancherlapalli denies the United States' allegations in Paragraph D.

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

G. The United States and CII are contemporaneously settling certain claims in the Civil Action in a separate agreement (hereinafter the "CII Settlement Agreement").

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. Kancherlapalli agrees to pay the United States the sum of ten million, four hundred and eighty thousand dollars (\$10,480,000) (the "Settlement Amount") and interest on the Settlement Amount at a rate of 4.125% per annum from August 28, 2023, pursuant to the

payment schedule at Exhibit A. The Settlement Amount and interest received by the United States constitute restitution.

A. Each year for a period of five (5) years or, if sooner, until such time as the Settlement Amount is paid in full, Kancherlapalli shall cause 66.6% of all payments CII owes to Caliente Properties LLC, and 80% of all payments CII owes to Lone Star Industrial Properties LLC to be made directly to the United States. These payments shall amount to no less than \$216,000 per annum, paid quarterly pursuant to the payment schedule attached at Exhibit A, and shall reduce the remaining balance of the Settlement Amount accordingly.

B. If Caliente Properties LLC and/or Lone Star Industrial Properties LLC are sold, merged, or transferred in whole or in part, Kancherlapalli shall notify the United States within fifteen (15) days of the terms of the sale, including the percentage of either company sold, merged, or transferred, the sale price, and the identity of the buyer, and ninety percent (90%) of the proceeds up to the remaining Settlement Amount shall be paid directly to the United States within fifteen (15) days, and reduce the remaining Settlement Amount accordingly, with Kancherlapalli also continuing to make each of the payments pursuant to the payment schedule attached at Exhibit A until such time as he pays the Settlement Amount in full

C. If Kancherlapalli or any entity he owns or controls, including Caliente Properties LLC and/or Lone Star Industrial Properties LLC but not including CII, sells an asset with a market value exceeding ten thousand (\$10,000), Kancherlapalli shall notify the United States within fifteen (15) days of the terms of the sale, including the asset sold, the sale price, the identity of the buyer, and the remaining balance on any secured debt with that asset as a security. All proceeds from the sale shall be used to pay any secured debt having that asset as security, and the remaining proceeds up to the remaining Settlement Amount shall be paid directly to the United States within fifteen (15) days, and reduce the remaining Settlement Amount accordingly,

with Kancherlapalli also continuing to make each of the payments pursuant to the payment schedule attached at Exhibit A until such time as he pays the Settlement Amount in full.

D. All notifications to the United States under this Agreement shall be emailed to Samuel Lehman and Melissa Green and delivered by written mail to Jamie Ann Yavelberg, DJ No. 46-74-1986, Director, Commercial Litigation Branch (Fraud Section), Civil Division, Department of Justice, 175 N St. NE, Washington, DC 20002.

E. Until payment in full of both the Settlement Amount and the total amount owed pursuant to the CII Settlement Agreement, Kancherlapalli shall not take any remuneration from CII other than a salary not to exceed two hundred and fifty thousand Dollars (\$250,000) per annum.

F. Until payment in full of both the Settlement Amount and the total amount owed pursuant to the CII Settlement Agreement, except as otherwise provided in Paragraphs 1. A and 1.E, neither Kancherlapalli nor any entity he owns or controls, including Caliente Properties LLC and/or Lone Star Industrial Properties LLC, shall take any amount from CII, or take any loans from CII, or use any of the assets of CII as security for any loan.

G. The Settlement Amount may be prepaid, in whole or in part, without penalty or premium. In the event of prepayment, or of any additional payments made pursuant to Paragraphs 1.B and 1.C, notwithstanding the payment schedule attached at Exhibit A, the amount of interest owed on each subsequent Payment Over Time shall be reduced such that Kancherlapalli pays interest at 4.125% per annum on the remaining balance of the Settlement Amount.

H. All payments shall be made by electronic funds transfer pursuant to written instructions to be provided by the Office of the United State Attorney for the Southern District of Texas.

2. Kancherlapalli further agrees to the following for a period of five (5) years, or until the Settlement Amount is paid in full, whichever is earlier:

A. Within fifteen (15) days after filing a federal tax return, Kancherlapalli shall submit a copy of the filed return to the United States.

B. Within fifteen (15) days of filing any extension of time to file a federal tax return, Kancherlapalli shall notify the United States.

3. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and subject to Paragraph 8 (concerning disclosure of assets), Paragraph 17 (concerning default), and Paragraph 18 (concerning bankruptcy) below, upon the United States' receipt of the Settlement Amount plus interest due under Paragraph 1, the United States releases Kancherlapalli 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; the civil monetary provisions of the Stark Law at 42 U.S.C. §§ 1395nn(g)(3) and (g)(4); or the common law theories of payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraph 6 below, and subject to Paragraph 8 (concerning disclosure of assets), Paragraph 17 (concerning default), and Paragraph 18 (concerning bankruptcy) below, and upon the United States' receipt of the Settlement Amount plus interest due under Paragraph 1, Relator, for herself and her heirs, successors, attorneys, agents, and assigns, releases Kancherlapalli from any civil monetary claim Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

5. In consideration of the obligations of Kancherlapalli in this Agreement and the Corporate Integrity Agreement (CIA), entered into between OIG-HHS, CII, and Kancherlapalli,

and upon the United States' receipt of full payment of the Settlement Amount plus interest due under Paragraph 1, OIG-HHS shall release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Kancherlapalli under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in this paragraph and in Paragraph 6 (concerning reserved claims), below. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Kancherlapalli from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 6, below.

6. Notwithstanding the releases given in Paragraph 3 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 CII;

- g. Any liability of individuals other than Samuel Kancherlapalli, including Richard Nassenstein;
- h. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- i. Any liability for failure to deliver goods or services due; and
- j. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

7. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). In connection with this Agreement and this Civil Action, Relator and her heirs, successors, attorneys, agents, and assigns agree that neither this Agreement, any intervention by the United States in the Civil Action in order to dismiss the Civil Action, nor any dismissal of the Civil Action, shall waive or otherwise affect the ability of the United States to contend that provisions in the False Claims Act, including 31 U.S.C. §§ 3730(d)(3) and 3730(e), bar Relator from sharing in the proceeds of this Agreement. Moreover, the United States and Relator and her heirs, successors, attorneys, agents, and assigns agree that they each retain all of their rights pursuant to the False Claims Act on the issue of the share percentage, if any, that Relator should receive of any proceeds of the settlement of her claim(s).

8. Kancherlapalli has provided sworn financial disclosures and supporting documents (together “Financial Disclosures”) to the United States and the United States has relied on the accuracy and completeness of those Financial Disclosures in reaching this Agreement. Kancherlapalli warrants that the Financial Disclosures are complete, accurate, and

current as of the Effective Date of this Agreement. If the United States learns of asset(s) in which Kancherlapalli had an interest of any kind as of the Effective Date of this Agreement (including, but not limited to, promises by insurers or other third parties to satisfy Kancherlapalli's obligations under this Agreement) that were not disclosed in the Financial Disclosures, or if the United States learns of any false statement or misrepresentation by Kancherlapalli on, or in connection with, the Financial Disclosures, and if such nondisclosure, false statement, or misrepresentation changes the estimated net worth set forth in the Financial Disclosures by five hundred twenty-four thousand dollars (\$524,000) or more, the United States may at its option: (a) rescind this Agreement and reinstate its suit or file suit based on the Covered Conduct or (b) collect the full Settlement Amount in accordance with the Agreement plus one hundred percent (100%) of the net value of Kancherlapalli' previously undisclosed assets. In the event the United States elects option (a) and prevails, Relator may claim her reasonable attorneys' fees and costs to the extent permitted by 31 U.S.C. § 3730(d)(1). Kancherlapalli agrees not to contest any collection action undertaken by the United States pursuant to this provision, and agrees that he will immediately pay the United States the greater of (i) a ten-percent (10%) surcharge of the amount collected in the collection action, 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, pursuant to this paragraph rescinds this Agreement, Kancherlapalli waives and 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 within 120 calendar days of written notification to Kancherlapalli 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. In the event of a

rescindment and successful recovery by the United States, Relator retains her right to seek a portion of the proceeds of such recovery as provided by 31 U.S.C. § 3730.

9. Kancherlapalli waives and shall not assert any defenses Kancherlapalli may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

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

11. Kancherlapalli fully and finally releases Relator and her heirs, successors, attorneys, agents, and assigns from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Kancherlapalli has asserted, could have asserted, or may assert in the future against Relator, including without limitation all claims, demands, and/or causes of action related to the Covered Conduct and/or the allegations in the Civil Action and the Relator's investigation and prosecution thereof.

12. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Federal Health Care Program contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and Kancherlapalli agrees not to resubmit to any Federal Health Care

Program 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.

13. Kancherlapalli 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 Kancherlapalli in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Kancherlapalli's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payments Kancherlapalli makes to the United States pursuant to this Agreement and any payments that Kancherlapalli may make to Relator, including costs and attorneys' fees; and
- (6) the negotiation of, and obligations undertaken pursuant to the CIA to: (i) retain an independent review organization to perform annual reviews as described in Section III of the CIA; and (ii) prepare and submit reports to the OIG-HHS

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). However, nothing in Paragraph 13.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to Kancherlapalli.

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Kancherlapalli, and Kancherlapalli 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 Kancherlapalli to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Kancherlapalli further agrees that within 90 days of the Effective Date of this Agreement he shall identify to applicable Medicare 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 Kancherlapalli, 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.

Kancherlapalli agrees that the United States, at a minimum, shall be entitled to recoup from Kancherlapalli 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 Kancherlapalli on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Kancherlapalli or any of his 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 Kancherlapalli's books and to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

14. Kancherlapalli agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Kancherlapalli shall encourage, and agrees not to impair, the cooperation of the directors, officers, and employees of any entity he owns or controls, and shall use his best efforts to make available, and encourage, the cooperation of former directors, officers, and employees of any entity he owns or controls for interviews and testimony, consistent with the rights and privileges of such individuals. Kancherlapalli 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.

15. 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 16 (waiver for beneficiaries paragraph), below.

16. Kancherlapalli 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.

17. The Settlement Amount represents the amount the United States is willing to accept in compromise of its civil claims arising from the Covered Conduct due solely to Kancherlapalli's financial condition as reflected in the Financial Disclosures referenced in Paragraph 8.

a. In the event that Kancherlapalli fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above, Kancherlapalli shall be in Default of Kancherlapalli's payment obligations ("Default"). The United States will provide a written Notice of Default, and Kancherlapalli 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 Kancherlapalli, or to such other representative as Kancherlapalli shall designate in advance in writing. If Kancherlapalli 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, Kancherlapalli agrees that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Agreement and pursue the Civil Action or bring any civil and/or administrative claim, action, or proceeding against Kancherlapalli for the claims that would otherwise be covered by the releases

provided in Paragraphs 3 and 5 above, with any recovery reduced by the amount of any payments previously made by Kancherlapalli to the United States under this Agreement; (ii) take any action to enforce this Agreement in a new action or by reinstating the Civil Action; (iii) offset the remaining unpaid balance from any amounts due and owing to Kancherlapalli and/or entities he owns or controls by any department, agency, or agent of the United States at the time of Default or subsequently; and/or (iv) 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, Kancherlapalli agrees immediately 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, Kancherlapalli 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 Kancherlapalli 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 this Agreement. Kancherlapalli 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.

c. In the event of Uncured Default, OIG-HHS may exclude Kancherlapalli from participating in all Federal health care programs until Kancherlapalli pays the Settlement Amount, with interest, as set forth above (Exclusion for Default). OIG-HHS will provide written

notice of any such exclusion to Kancherlapalli. Kancherlapalli 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, Kancherlapalli wishes to apply for reinstatement, he must submit a written request for reinstatement to OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Kancherlapalli will not be reinstated unless and until OIG-HHS approves such request for reinstatement. The option for Exclusion for Default is in addition to, and not in lieu of, the options identified in this Agreement or otherwise available.

18. In exchange for valuable consideration provided in this Agreement, Kancherlapalli acknowledges the following:

a. Kancherlapalli 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 Kancherlapalli, 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 Kancherlapalli 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 any of Kancherlapalli's payments or 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, Kancherlapalli 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 Kancherlapalli's debts, or to adjudicate Kancherlapalli as bankrupt or insolvent; or seeking appointment of a receiver, trustee, custodian, or other similar official for Kancherlapalli or for all or any substantial part of Kancherlapalli'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 Kancherlapalli for the claims that would otherwise be covered by the releases provided in Paragraphs 3 and 5 above; and

(ii) the United States has an undisputed, noncontingent, and liquidated allowed claim against Kancherlapalli in the amount of \$656,876,031.27 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 Kancherlapalli, a receiver, trustee, custodian, or other similar official for Kancherlapalli.

f. Kancherlapalli agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 18.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. Kancherlapalli 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). Kancherlapalli 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 Kancherlapalli that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on the Effective Date of this Agreement.

19. If the United States has not already intervened in the Civil Action by the Effective Date of this Agreement, the United States shall intervene in the Civil Action and upon receipt of the first payment set forth in Exhibit A of three hundred and fifty thousand dollars (\$350,000) plus interest, the United States and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the claims against Kancherlapalli for the Covered Conduct in the Civil Action pursuant to Rule 41(a)(1).

20. Except as otherwise provided in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

22. 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 Southern District of Texas. 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.

23. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. Forbearance by the United States from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement.

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

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

26. This Agreement is binding on Kancherlapalli's successors, transferees, heirs, and assigns.

27. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

29. 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.

[Signatures begin on the following page]

THE UNITED STATES OF AMERICA

DATED: _____ BY: **SAMUEL LEHMAN** Digitally signed by SAMUEL LEHMAN
Date: 2023.09.29 13:20:51 -04'00'

SAMUEL R. LEHMAN
JAKE M. SHIELDS
ZACHARY M. WILLIAMS
Trial Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____ BY: **MELISSA GREEN** Digitally signed by MELISSA GREEN
Date: 2023.09.29 12:09:32 -05'00'

MELISSA M. GREEN
Assistant United States Attorney
United States Attorney's Office for the
Southern District of Texas

DATED: _____ BY: **LISA RE** Digitally signed by LISA RE
Date: 2023.09.29 12:29:34 -04'00'

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

[Signatures continue on the following page]

SAMUEL KANCHERLAPALLI – DEFENDANT

DATED: 09/28/23

BY: 

SAMUEL KANCHERLAPALLI

DATED: 9/29/23

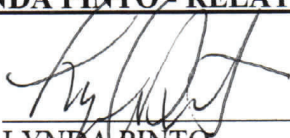
BY: 

RICHARD SCHEFF
CARRIE LOVE
Faegre Drinker Biddle & Reath LLP
Counsel for Samuel Kancherlapalli

[Signatures continue on the following page]


LYNDA PINTO - RELATOR

DATED: 9/28/23

BY: 

LYNDA PINTO

DATED: 09/29/2023

BY: 

CAITLYN SILHAN
Waters Kraus & Paul
Counsel for Lynda Pinto

DATED: _____

BY: _____
DAVID MARCHAND
Marchand Law LLP
Counsel for Lynda Pinto

LYNDA PINTO - RELATOR

DATED: _____

BY: _____
LYNDA PINTO

DATED: _____

BY: _____
CAITLYN SILHAN
Waters Kraus & Paul
Counsel for Lynda Pinto

DATED: 9/29/2023

BY: 

DAVID MARCHAND
Marchand Law LLP
Counsel for Lynda Pinto

Sam Kancherlapalli's Payments
EXHIBIT A - SETTLEMENT PAYMENT SCHEDULE

<u>Payment Number</u>	<u>Payment Due on or Before</u>	<u>Starting Principal Balance</u>	<u>Amount Applied to Principal</u>	<u>Accrued Interest (4.125%)</u>	<u>Payment (Principal and Interest)</u>	<u>Ending Principal Balance</u>
	Initial Principal Balance	\$10,480,000.00				\$10,480,000.00
	Initial Interest Balance: Accrued Prior To Initial Payment (August 28 - October 14)			\$55,666.03		
1	October 14, 2023	\$10,480,000.00	\$350,000	\$55,666.03	\$405,666.03	\$10,130,000.00
2	December 31, 2023	\$10,130,000.00	\$54,000	\$89,296.64	\$143,296.64	\$10,076,000.00
3	January 27, 2024	\$10,076,000.00	\$7,500,000	\$30,745.60	\$7,530,745.60	\$2,576,000.00
4	March 31, 2024	\$2,576,000.00	\$54,000	\$72,878.47	\$126,878.47	\$2,522,000.00
5	June 30, 2024	\$2,522,000.00	\$54,000	\$26,008.13	\$80,008.13	\$2,468,000.00
6	September 30, 2024	\$2,468,000.00	\$54,000	\$25,451.25	\$79,451.25	\$2,414,000.00
7	December 31, 2024	\$2,414,000.00	\$54,000	\$24,894.38	\$78,894.38	\$2,360,000.00
8	March 31, 2025	\$2,360,000.00	\$1,604,000	\$24,337.50	\$1,628,337.50	\$756,000.00
9	June 30, 2025	\$756,000.00	\$54,000	\$7,796.25	\$61,796.25	\$702,000.00
10	September 30, 2025	\$702,000.00	\$54,000	\$7,239.38	\$61,239.38	\$648,000.00
11	December 31, 2025	\$648,000.00	\$54,000	\$6,682.50	\$60,682.50	\$594,000.00
12	March 31, 2026	\$594,000.00	\$54,000	\$6,125.63	\$60,125.63	\$540,000.00
13	June 30, 2026	\$540,000.00	\$54,000	\$5,568.75	\$59,568.75	\$486,000.00
14	September 30, 2026	\$486,000.00	\$54,000	\$5,011.88	\$59,011.88	\$432,000.00
15	December 31, 2026	\$432,000.00	\$54,000	\$4,455.00	\$58,455.00	\$378,000.00
16	March 31, 2027	\$378,000.00	\$54,000	\$3,898.13	\$57,898.13	\$324,000.00
17	June 30, 2027	\$324,000.00	\$54,000	\$3,341.25	\$57,341.25	\$270,000.00
18	September 30, 2027	\$270,000.00	\$54,000	\$2,784.38	\$56,784.38	\$216,000.00
19	December 31, 2027	\$216,000.00	\$54,000	\$2,227.50	\$56,227.50	\$162,000.00
20	March 31, 2028	\$162,000.00	\$54,000	\$1,670.63	\$55,670.63	\$108,000.00
21	June 30, 2028	\$108,000.00	\$54,000	\$1,113.75	\$55,113.75	\$54,000.00
22	September 30, 2028	\$54,000.00	\$54,000	\$556.88	\$54,556.88	\$0.00
	TOTAL	\$0.00	\$10,480,000	\$407,749.87	\$10,887,749.87	