

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice (“DOJ”) and on behalf of the General Services Administration (“GSA”) (collectively, the “United States”); and Hill ASC, Inc. d/b/a Hill Associates (“Hill ASC”), through their authorized representatives. Collectively, all of the above will be referred to as “the Parties.”

RECITALS

A. Hill ASC is an information technology (“IT”) staffing company incorporated in Maryland with its principal place of business in Rockville, Maryland that contracts with federal government agencies and organizations to support their technology and IT infrastructure needs.

B. Hill ASC solicited and received GSA Multiple Award Schedule Contract No. GS-35F-0235U (“GSA MAS Contract”) and the following blanket purchase agreements under the GSA MAS Contract: Treasury Blanket Purchase Agreement No. 2932-H5-18-A-00028 (“Treasury BPA”) and DOJ Blanket Purchase Agreement No. DJJ09-F-1828 (“DOJ BPA”). The GSA MAS Contract, the Treasury BPA, and the DOJ BPA, together with all task and/or delivery orders thereunder, are referred to collectively herein as the “Named Contracts.” On February 18, 2022, Hill ASC submitted to GSA cost-buildup information in connection with a new contract proposal (“February 2022 Proposal”). Hill ASC withdrew the February 2022 Proposal before GSA awarded Hill ASC any contract based on the February 2022 Proposal.

C. The United States contends that it has certain civil claims against Hill ASC for Hill ASC’s knowing submission of claims to Treasury and DOJ under the Named Contracts and/or the withdrawn February 2022 Proposal during the period of April 6, 2018 to February 3, 2023 that allegedly were false and/or fraudulent for the following reasons (hereinafter, the “Covered Conduct”):

a. Hill ASC included fees in its invoices for task orders under the Named Contracts that Hill ASC described as corporate administrative, corporate profit, corporate overhead, management reserve, task order management, and task order management support fees. The GSA MAS Contract did not allow Hill ASC to charge these fees, the fees were not disclosed in the task orders' terms and conditions, and Hill ASC should not have charged these unapproved fees for task orders under the Named Contracts.

b. The GSA MAS Contract required Hill ASC to offer a five percent (5%) prompt payment discount if the federal customer paid Hill ASC's invoice within ten (10) days, rather than the normal thirty (30) day time period. Hill ASC had offered this prompt payment discount to the GSA on January 17, 2008 and had represented in its April 3, 2018 commercial sales price disclosure that it was offering this discount to government customers. In fact, however, Hill ASC submitted invoices to Treasury and DOJ that omitted the prompt payment discount that it was required to offer under the GSA MAS Contract, in violation of 48 C.F.R. §§ 52.212-4(g)(1)(vi) and 552.212-4(g)(1)(vi), which were incorporated into the GSA MAS Contract.

c. The GSA MAS Contract specified the labor categories for Hill ASC to bill its work performed under the contract. Those labor categories were based on Hill ASC's personnel's level of education and work experience. Although the GSA MAS Contract did not allow Hill ASC to substitute years of work experience for years of education, or vice versa, Hill ASC made such substitutions in determining the labor categories to bill under the GSA MAS Contract. Hill ASC billed Treasury and DOJ for the labor of IT personnel who did not meet, or for whom Hill ASC lacked documentation verifying that they met, the experience and/or education requirements in the GSA MAS Contract for the labor category for which Hill ASC billed their labor.

d. The GSA MAS Contract listed the categories of services that were within the scope of the contract. The in-scope categories did not include category 54151HACS for Highly Adaptive Cybersecurity Services, category 518210C for Cloud Computing and Cloud Related IT Professional Services, or category 611420 for IT Training. Hill ASC also had not passed the oral-technical evaluation for category 54151HACS that GSA required contractors to pass before being approved to offer cybersecurity services covered by that category to government customers. Nevertheless, Hill ASC submitted invoices for task orders under the Treasury BPA for services that may have been within categories 54151HACS, 518210C, or 611420 but were outside the scope of the categories of services covered by the GSA MAS Contract.

e. On February 18, 2022, in connection with a new contract proposal, Hill ASC submitted to GSA cost-buildup information that incorporated overstated overhead costs, facility costs, and general and administrative costs. Hill ASC improperly included in its overhead costs the incentive compensation that it paid to four executives for business development, where Hill ASC could not establish that the compensation was reasonable and allowable under 48 C.F.R. §§ 31.201-2 and 31.205-6.

D. This Agreement is neither an admission of liability by Hill ASC nor a concession by the United States that its claims are not well founded.

In consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Under the terms and conditions specified herein, Hill ASC shall pay to the United States the sums specified in this paragraph (collectively, “Settlement Amount”) by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the Department of Justice.

a. Within fourteen (14) calendar days of the Effective Date, Hill ASC shall pay to the United States Eight Million Dollars (\$8,000,000.00), plus interest accruing at a rate of four and five-eighths percent (4.625%) per annum from May 27, 2025 and continuing until and including the date of payment (“Initial Payment”).

b. Hill ASC shall pay to the United States Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000.00), plus interest accruing at a rate of four and five-eighths percent (4.625%) per annum from May 27, 2025 and continuing until and including the date of payment, pursuant to the payment schedule attached as Exhibit A (“Payments Over Time”). The Payments Over Time may be prepaid, in whole or in part, without penalty or premium.

c. For each calendar year from January 1, 2026 to December 31, 2029 (“Revenue Contingency Period”), Hill ASC shall pay to the United States two and a half percent (2.5%) of Hill ASC’s annual gross revenue (including the revenue of any other property, entity, or venture in which Hill ASC has an ownership interest) that exceeds Eighteen Million Eight Hundred Thousand Dollars (\$18,800,000.00) during that calendar year in the Revenue Contingency Period, plus interest accruing at a rate of four and five-eighths percent (4.625%) per annum from the December 31 close of the calendar year and continuing until and including the date of payment (“Revenue Payment”). Within one hundred twenty (120) calendar days following the December 31 close of the calendar year in each Revenue Contingency Period, Hill ASC shall (i) submit annual audited financial statements and any other supporting documentation (“Annual Financials”) for the purposes of calculating any Revenue Payment; and (ii) pay any Revenue Payment to the United States.

d. Hill ASC shall provide thirty (30) days’ advance written notice (“Sale Notice”) to the United States of any sale, transfer, merger, or liquidation of any asset or assets of Hill ASC (or any other property, entity, or venture in which Hill ASC has an ownership interest)

that individually, or collectively within one calendar year, have a fair market value of at least One Million Dollars (\$1,000,000.00) (“Sale Event”). Upon the occurrence of a Sale Event, Hill ASC shall pay to the United States an amount equal to the lesser of: (i) the total of all outstanding Payments Over Time; or (ii) fifty percent (50%) of the following amount: the total proceeds of the Sale Event less (I) any associated federal, state, and local tax payments and transaction fees directly incurred by Hill ASC in effectuating the Sale Event; and (II) repayment of Hill ASC’s secured debt obligations for the asset(s) subject to the Sale Event to the extent that such obligations existed as of May 1, 2025 and had not been satisfied before the closing of the Sale Event. Each payment specified in the preceding sentence shall be applied to satisfy the Payments Over Time in reverse chronological order, beginning with the Payment Over Time for calendar year 2029.

e. All payments by Hill ASC under subparagraphs (a), (b), (c), and (d) up to Thirteen Million Fifty Thousand Dollars (\$13,050,000.00) are restitution to the United States.

f. The Annual Financials and any Sale Notice shall be emailed to Christopher Terranova and delivered by express mail to Jamie Ann Yavelberg, DJ No. 46-35-2278, Director, Commercial Litigation Branch (Fraud Section), Civil Division, Department of Justice, 175 N Street, NE, Washington, DC 20002.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and subject to Paragraph 4 (concerning disclosure of assets), Paragraph 9 (concerning default), and Paragraph 10 (concerning bankruptcy), and conditioned upon Hill ASC’s full payment of the Settlement Amount to the United States, the United States releases Hill ASC 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 Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801–3812, as amended; the Contract Disputes Act, 41 U.S.C. §§ 7101–7109; or the common law theories of breach of contract, 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 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, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- 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;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due; and
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Hill ASC has provided sworn financial disclosures and supporting documents, including cover letters (collectively, 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. Hill ASC warrants that the Financial Disclosures are complete, accurate, and current as of the Effective Date. If the United States learns of asset(s) in which Hill ASC had an interest of any kind as of the Effective Date (including, but not limited to, promises by insurers or other

third parties to satisfy Hill ASC'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 Hill ASC 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 One Hundred Thousand Dollars (\$100,000.00) 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 Hill ASC's previously undisclosed assets. Hill ASC agrees not to contest any collection action undertaken by the United States pursuant to this provision, and agrees that it 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, Hill ASC 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 one hundred twenty (120) calendar days of written notification to Hill ASC 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.

5. Hill ASC waives and shall not assert any defenses it 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. Hill ASC 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 Hill ASC 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 or the United States' investigation or prosecution thereof.

7. Hill ASC agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Hill ASC 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(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Hill ASC'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 attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment Hill ASC makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Hill ASC, and Hill ASC shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment:

Within ninety (90) days of the Effective Date, Hill ASC shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Hill ASC or any of its subsidiaries or affiliates from the United States. Hill ASC agrees that the United States, at a minimum, shall be entitled to recoup from Hill ASC any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including DOJ and/or the affected agencies, reserves its rights to audit, examine, or re-examine Hill ASC's books and records and to disagree with any calculations submitted by Hill ASC or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Hill ASC, or the effect of any such Unallowable Costs on the amount of such payments.

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

8. Hill ASC agrees to cooperate fully, truthfully, completely, and forthrightly with the United States' investigation(s) of, and/or legal proceeding(s) against, individuals and entities not released in this Agreement. Upon request by the United States and reasonable notice, Hill ASC shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. In connection with any investigation of and/or legal proceeding against any individual or entity not released in this Agreement, Hill ASC 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 its possession, custody, or control concerning any

investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

9. 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 Hill ASC's financial condition as reflected in the Financial Disclosures referenced in Paragraph 4 above.

a. In the event that Hill ASC fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above and Exhibit A hereto, Hill ASC shall be in Default of Hill ASC's payment obligations ("Default"). The United States will provide a written Notice of Default, and Hill ASC 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 Paragraph 1 above and Exhibit A hereto and paying any additional interest accruing under this Agreement up to the date of payment. Notice of Default will be delivered to Hill ASC, or to such other representative as Hill ASC shall designate in advance in writing. If Hill ASC 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 twelve percent (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, Hill ASC 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 Hill ASC for the claims that would otherwise be covered by the release provided in Paragraph 2 above, with any recovery reduced by the amount of any payments previously made by Hill ASC

to the United States under this Agreement; (ii) take any action to enforce this Agreement in a new action; (iii) offset the remaining unpaid balance from any amounts due and owing to Hill ASC and/or affiliated companies 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, Hill ASC 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, Hill ASC 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 Hill ASC within one hundred twenty (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. Hill ASC 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.

10. In exchange for valuable consideration provided in this Agreement, Hill ASC acknowledges the following:

a. Hill ASC has reviewed its financial situation and warrants that it is not insolvent 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 Hill ASC, 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 Hill ASC 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 Hill ASC'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, Hill ASC 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 Hill ASC's debts, or to adjudicate Hill ASC as bankrupt or insolvent; or seeking appointment of a receiver, trustee, custodian, or other similar official for Hill ASC or for all or any substantial part of Hill ASC'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 Hill ASC for the claims that would otherwise be covered by the release provided in Paragraph 2 above; and

(ii) the United States has an undisputed, noncontingent, and liquidated allowed claim against Hill ASC in the amount of Thirty-Nine Million One Hundred Fifty Thousand Dollars (\$39,150,000.00), 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 a receiver, trustee, creditor, custodian, or similar official.

f. Hill ASC agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under subparagraph (e) above 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. Hill ASC 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). Hill ASC 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 one hundred twenty (120) days of written notification to Hill ASC that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on the Effective Date.

11. 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.

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

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

14. 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 District of Columbia. 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.

15. 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.

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

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

18. This Agreement is binding on Hill ASC's successors, transferees, heirs, and assigns.

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

20. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE PAGE(S) FOLLOW]

THE UNITED STATES OF AMERICA

DATED: 7/14/2025

BY:

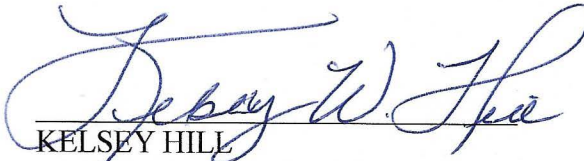


CHRISTOPHER TERRANOVA
Senior Trial Counsel
Commercial Litigation Branch
Civil Division
United States Department of Justice

HILL ASC, INC.

DATED: 7/10/2025

BY:



KELSEY HILL
Chief Executive Officer, Hill ASC, Inc.

DATED: 7/11/2025

BY:

Signed by:


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JONATHAN S. ARONIE
Sheppard, Mullin, Richter & Hampton LLP
Counsel for Hill ASC, Inc.

EXHIBIT A

PAYMENTS OVER TIME TO THE UNITED STATES

Payment Due Date	Payment Due	4.625% Interest	Principal	Balance
				\$6,750,000.00
December 31, 2025	\$1,686,457.19	\$186,457.19	\$1,500,000.00	\$5,250,000.00
December 31, 2026	\$1,742,812.50	\$242,812.50	\$1,500,000.00	\$3,750,000.00
December 31, 2027	\$1,673,437.50	\$173,437.50	\$1,500,000.00	\$2,250,000.00
December 31, 2028	\$1,604,347.60	\$104,347.60	\$1,500,000.00	\$750,000.00
December 31, 2029	\$784,687.50	\$34,687.50	\$750,000.00	\$0.00
Total	\$7,491,742.29	\$741,742.29	\$6,750,000.00	