

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”) and the Defense Health Agency (“DHA”), acting on behalf of the TRICARE Program (collectively, the “United States”); and Thomas Gray Hardaway (“Hardaway”), through his authorized representatives. Collectively, all of the above will be referred to as “the Parties.”

RECITALS

A. Thomas Gray Hardaway was an Area Sales Manager at Boston Heart Diagnostics Corporation (“BHD”), a clinical laboratory with its principal place of business in Framingham, Massachusetts that provided laboratory testing for patients referred by physicians and other healthcare providers. Hardaway resided in San Antonio, Texas and co-owned and operated the Texas marketing company LGRB Management Services LLC.

B. On January 31, 2022, the United States filed a complaint in the U.S. District Court for the Eastern District of Texas against Hardaway and others in a civil action captioned *United States, et al. ex rel. STF LLC v. True Health Diagnostics, LLC, et al.*, No. 4:16-cv-547 (E.D. Tex.) (“Civil Action”). On May 25, 2022, the United States filed an amended complaint against Hardaway and others at Docket Number 98 in the Civil Action (“United States’ Amended Complaint”).

C. On November 30, 2023, Hardaway was found guilty by a jury in *United States v. Hardaway, et al.*, No. 6:22-cr-00003-JDK (E.D. Tex.), of Conspiracy to Commit Illegal Remunerations in violation of 18 U.S.C. § 371. Hardaway is currently appealing his conviction. Effective October 20, 2025, Hardaway was excluded pursuant to 42 U.S.C. § 1320a-7(a)(1) from

Medicare, Medicaid, and all other Federal healthcare programs, as defined in 42 U.S.C. § 1320a-7b(f), for a period of six (6) years.

D. The United States contends that Hardaway submitted or caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (“Medicare”); the Medicaid Program, 42 U.S.C. §§ 1396–1396w-5 (“Medicaid”); and the TRICARE Program, 10 U.S.C. §§ 1071–1110b (“TRICARE”).

E. The United States contends that it has certain civil claims against Hardaway arising from the conduct alleged in the United States’ Amended Complaint in Count I, for Presenting or Causing False Claims to Be Presented for Payment, 31 U.S.C. § 3729(a)(1)(A); Count II, for Making or Using False Records or Statements, 31 U.S.C. § 3729(a)(1)(B); Counts III and IV, for Conspiracy to Submit False Claims, 31 U.S.C. § 3729(a)(1)(C); and Counts XIX and XX, for Unjust Enrichment and Payment by Mistake, respectively. The conduct in this paragraph is referred to below as the “Covered Conduct.”

F. This Settlement Agreement is neither an admission of liability by Hardaway, 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, Hardaway shall pay to the United States Two Hundred Fifty Thousand Dollars (\$250,000.00) (“Settlement Amount”), of which no portion is restitution, within thirty (30) calendar days of the Effective Date by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, subject to Paragraph 10 (concerning default) below, and conditioned upon the United States' receipt of the full payment of the Settlement Amount, the United States releases Hardaway 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 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 or permissive exclusion from Federal healthcare 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 corporate entities;
- 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. Hardaway waives and shall not assert any defenses he 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.

5. Hardaway 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 he 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, the Civil Action, and the United States' investigation and prosecution thereof.

6. The 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 Hardaway agrees not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agree not to appeal any such denials of claims, and agree to withdraw any such pending appeals.

7. Hardaway 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. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program

directives promulgated thereunder) incurred by or on behalf of Hardaway or his present or former employees and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;
- (3) Hardaway's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal 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 payments Hardaway 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 Hardaway, and Hardaway 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 Hardaway to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Hardaway further agrees that within ninety (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 Hardaway, and shall request, and agrees, 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. Hardaway agrees that the United States, at a minimum, shall be entitled to recoup from Hardaway 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 Hardaway on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Hardaway's 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 Hardaway's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

8. 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 9 (waiver for beneficiaries Paragraph), below.

9. Hardaway 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.

10. The Settlement Amount represents the amount the United States is willing to accept in compromise of its civil claims against Hardaway arising from the Covered Conduct pursuant to the terms and conditions in this Agreement.

a. Hardaway shall be in default of this Agreement (Default) if he fails to pay the Settlement Amount as provided in Paragraph 1 above, or if he fails to comply materially with any other term or condition of this Agreement.

b. If Hardaway fails to pay the Settlement Amount as provided in Paragraph 1 above, Hardaway shall be in Default of his payment obligations (“Default”). The United States will provide a written Notice of Default, and Hardaway shall have an opportunity to cure such Default within seven (7) calendar days from the date of receipt of the Notice of Default by paying the remaining unpaid balance of the Settlement Amount and paying any additional interest accruing under the Settlement Agreement up to the date of payment. Notice of Default will be delivered to Hardaway, or to such other representative as Hardaway shall designate in advance in writing. If Hardaway 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).

c. In the event of Uncured Default, Hardaway 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

Hardaway 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 Hardaway 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 Hardaway 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, Hardaway 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, Hardaway 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 (i) are filed by the United States against Hardaway 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. Hardaway 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.

d. In the event of Uncured Default, OIG-HHS may exclude Hardaway, or extend the period of Hardaway's exclusion, from participating in all Federal healthcare programs until Hardaway pays the Settlement Amount, with interest, as set forth above (Exclusion for

Default). OIG-HHS will provide written notice of any such exclusion to Hardaway. Hardaway 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, Hardaway 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. Hardaway 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.

11. Upon the United States' receipt of the Settlement Amount, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the claims against Hardaway in the Civil Action pursuant to Rule 41(a)(1). The Joint Stipulation of Dismissal shall be with prejudice as to the United States' claims in the Civil Action against Hardaway as to the Covered Conduct and consistent with the terms and conditions of this Agreement.

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 he or she 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 Eastern 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.

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

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 Hardaway'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: 6/1/2026

BY: 
CHRISTOPHER TERRANOVA
GAVIN THOLE
Trial Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 5/29/2026

BY:  Digitally signed by
BETTY YOUNG
Date: 2026.05.29
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JAMES GILLINGHAM
BETTY YOUNG
Assistant United States Attorneys
United States Attorney's Office
Eastern District of Texas

DATED: 5/29/2026

BY:  Digitally signed by
SPENCER TURNBULL
Date: 2026.05.29
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SUSAN E. GILLIN
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

DATED: _____

BY: _____
SALVATORE M. MAIDA
General Counsel
Defense Health Agency
United States Department of Defense

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

CHRISTOPHER TERRANOVA
GAVIN THOLE
Trial Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

BY: _____

JAMES GILLINGHAM
BETTY YOUNG
Assistant United States Attorneys
United States Attorney's Office
Eastern District of Texas

DATED: _____

BY: _____

SUSAN E. GILLIN
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

DATED: 6/1/2026

BY: _____

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SALVATORE M. MAIDA
General Counsel
Defense Health Agency
United States Department of Defense

THOMAS GRAY HARDAWAY

DATED: 5/29/26

BY: Gray Hardaway w/ permission GRS
THOMAS GRAY HARDAWAY

DATED: 5/29/26

BY: 
GENE BESEN
Sheppard, Mullin, Richter & Hampton LLP
Counsel for Thomas Gray Hardaway