

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is made and entered into by and between the United States of America, acting through the United States Department of Justice and on behalf of the United States Small Business Administration (“SBA”) (collectively, the “United States”); the Relator Verity Investigations, LLC (“Relator”); and Prefere Melamines LLC (“Prefere”) (hereafter, the United States, Relator, and Prefere are collectively referred to as the “Parties”), through their authorized representatives.

### **RECITALS**

A. Prefere is a for-profit company with a principal place of business in Springfield, Massachusetts. Prefere produces melamine resins.

B. The SBA is an independent agency of the United States government that provides aid, counsel, and assistance to small businesses and entrepreneurs. The Coronavirus Aid, Relief, and Economic Security Act, Section 1102, vested the SBA with the responsibility of managing the Paycheck Protection Program (“PPP”) under the SBA’s 7(a) Loan Program. The PPP was a federal program that provided emergency relief to small businesses affected by the COVID-19 pandemic. *See* 15 U.S.C. § 636(a)(36). The SBA administered the PPP and guaranteed loans that were made according to PPP rules.

C. Under the PPP, an entity could receive up to two loans—a “First Draw” PPP loan and a “Second Draw” PPP loan. An applicant could qualify for a Second Draw loan if, among other things, it had no more than 300 employees on average during the 12 months preceding its loan application or during the period it used to calculate average monthly payroll. 15 U.S.C. § 636(a)(37)(A)(iv); *see also* SBA Form 2483-SD, Instructions. For purposes of determining an applicant’s eligibility, including number of employees, a borrower had to consider its affiliates.

See 15 U.S.C. § 636(a)(36)(D)(iv); 15 U.S.C. § 636(a)(37)(E). Under the SBA's rules, affiliates included entities that owned more than 50% of the applicant. 13 C.F.R. § 121.301(f)(1) (2020).

D. On November 12, 2025, Relator filed a qui tam action in the United States District Court for the District of Massachusetts captioned *United States ex rel. Verity Investigations, LLC v. Prefere Melamines, LLC*, 25-cv-13388-RGS (D. Mass.), pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action"). Relator alleged that Prefere violated the False Claims Act because it was ineligible for the Second Draw PPP loan it received because it had more than 300 employees, when considering affiliates.

E. Prefere admits, acknowledges, and accepts responsibility for the following facts:

1. In 2021, Prefere applied for, and SBA approved, a seven hundred ninety-nine thousand and twenty five dollar (\$799,025) loan through a private lender (SBA#5440328304) ("Prefere's Second Draw Loan" or the "Second Draw Loan"). On its application, Prefere certified that it was eligible for the loan under the PPP regulations in effect at the time of the application. On the application for this loan, Prefere represented that it had thirty-six (36) employees, including affiliates' employees.

2. In March 2022, Prefere sought and received forgiveness from SBA of the full amount of Prefere's Second Draw loan plus interest.

3. When it applied for the Second Draw Loan and when it applied for forgiveness, Prefere did not qualify for the Second Draw Loan because it had more than three hundred (300) employees, when considering employees of its affiliates. Prefere was a wholly owned subsidiary of Prime MidCo GmbH ("Prime MidCo"), a company headquartered in Germany. Including Prime MidCo and Prime MidCo's affiliates, Prefere had more than three hundred (300) employees.

F. The foregoing conduct described in paragraph E, including subparagraphs, is hereinafter referred to as the “Covered Conduct.” The United States contends it has certain civil claims against Prefere based on the Covered Conduct for submitting or causing the submission of false claims to the SBA arising from Prefere’s Second Draw Loan. In particular, the United States contends that, had it complied with the PPP rules, Prefere would not have been eligible for a Second Draw loan. The United States also contends that because of the Covered Conduct, the SBA paid seven hundred ninety-nine thousand and twenty five dollars (\$799,025) in principal, eight thousand eight hundred and thirty-three dollars and sixty-seven cents (\$8,833.67) in interest, and twenty-three thousand nine hundred and seventy dollars and seventy-five cents (\$23,970.75) in lender fees.

G. Prefere received credit under the Department of Justice’s guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual § 4-4.112. Among other actions, Prefere cooperated with the government’s investigation, immediately acknowledged wrongdoing, and sought to resolve this matter expeditiously.

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

#### TERMS AND CONDITIONS

1. Prefere shall pay to the United States the sum of one million two hundred and forty-seven thousand seven hundred and forty-four dollars and thirteen cents (\$1,247,744.13), of which eight hundred thirty-one thousand eight hundred and twenty-nine dollars and forty-two cents (\$831,829.42) is restitution, plus interest at a rate of four percent (4%) from August 25, 2026, and continuing through the date of payment (the “Settlement Amount”). Prefere shall pay the Settlement Amount no later than thirty (30) days after the Effective Date of this Agreement

pursuant to written instructions from the Office of the United States Attorney for the District of Massachusetts.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay ten percent (10%) of the Settlement Amount to Relator by electronic funds transfer (“Relator’s Share”).

3. Within thirty (30) days of the Effective Date of this agreement, Prefere shall pay to Relator the sum of \$5,488.00 for expenses and attorney’s fees and costs pursuant to 31 U.S.C. § 3730(d). Immediately upon execution of this Agreement, Relator shall provide wire instructions to Prefere to effectuate this payment.

4. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, the United States releases Prefere, together with its current and former parents, subsidiaries, divisions, successors, and assigns, 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 Administrative Remedies for False Claims Act, 31 U.S.C. §§ 3801-3812, or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Notwithstanding the release given in Paragraph 4 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, 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; and
- f. Any liability of any individuals.

6. Relator and its 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). Conditioned upon Relator's receipt of Relator's Share, Relator and its heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Conditioned upon its receipt of the payment from Prefere described in Paragraph 3 and payment by Prefere to the United States as described in Paragraph 1, Relator, for itself, its heirs, successors, attorneys, agents, and assigns, releases Prefere, together with its current and former parent corporation or entities, subsidiaries, divisions, and affiliates, and the successors and assigned for any of them, and its directors, officers, agents, employees and attorneys, from any liability to the Relator arising from the filing of the Civil Action and arising out of the Covered Conduct, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

8. Prefere 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.

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

10. Prefere, for itself and its successors, directors, officers, agents, employees, attorneys, and assigns, fully and finally releases Relator and its counsel from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Prefere has asserted, could have asserted, or may assert in the future against Relator, related to the Covered Conduct and Relator's investigation and prosecution thereof.

11. Prefere 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 the Released Parties, and their 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 and any criminal investigation(s) of the matters covered by this Agreement;
- (3) Prefere'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 attorneys' fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment Prefere makes to the United States and Relator 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 will be separately determined and accounted for by Prefere, and Prefere 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 90 days of the Effective Date of this Agreement, Prefere shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Prefere or any of their subsidiaries or affiliates from the United States. Prefere agrees that the United States, at a minimum, shall be entitled to recoup from Prefere 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 the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Prefere's books and records

and to disagree with any calculations submitted by Prefere or any of their subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Prefere, or the effect of any such Unallowable Costs on the amount of such payments.

12. This Agreement is intended to be for the benefit of the Parties only.

13. Upon receipt of the payments described in Paragraphs 1 and 3, above, the United States and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal With Prejudice as to Prefere. The Joint Stipulation of Dismissal shall state that: (1) claims for the allegations described in the Covered Conduct are dismissed with prejudice to the United States; (2) all other claims in the Civil Action as to Prefere, including claims under 31 U.S.C. §§ 3729-3733, shall be dismissed without prejudice to the United States; and (3) all claims in the Civil Action shall be dismissed with prejudice as to Relator.

14. Subject to Paragraph 3, 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 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 jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Massachusetts. 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 Prefere's successors, transferees, heirs, and assigns.

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

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

23. 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 TO FOLLOW ON NEXT PAGES]

THE UNITED STATES OF AMERICA

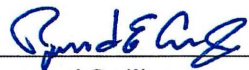
10/2/2026

Date

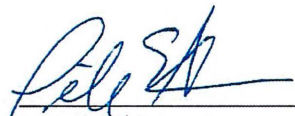
By: Olivia Benjamin  
Olivia Benjamin  
Assistant U.S. Attorney  
United States Attorney's Office  
District of Massachusetts

PREFERE MELAMINES LLC

9/29/2026  
Date

By:   
Raymond Carillon  
Authorized Corporate Officer for  
Prefere Melamines LLC

9/29/2026  
Date

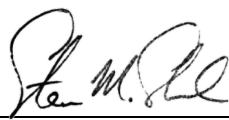
By:   
Peter E. Gelhaar, Esq.  
Donnelly, Conroy & Gelhaar, LLP  
Counsel for Prefere Melamines LLC

RELATOR VERITY INVESTIGATIONS, LLC

9/26/26  
Date

By:   
Verity Investigations, LLC  
Gregory Lyman (principal)  
Relator

Sept. 28, 2026  
Date

By:   
Steven M. Shepard, Esq.  
Susman Godfrey L.L.P.  
Counsel for Relator