

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (Agreement) is entered into between the following through their authorized representatives: the United States of America, acting through the United States Department of Justice (DOJ) and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively referred to as the United States); the State of California (State); the County of Los Angeles; and Gurubanda Khalsa (Relator) (hereinafter collectively referred to as the Parties), through their authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. The State is one of the fifty states in the United States of America. The County of Los Angeles is a political subdivision of the State of California.

B. Relator is an individual resident of the State. On April 6, 1999, Relator filed a *qui tam* action in the United States District Court for the Northern District of California styled *United States ex rel. Khalsa v. The State of California and the County of Los Angeles*, Civ. No. 99-1673 MMC (N.D.

Cal.) (the Civil Action). Hereafter, the State and the County of Los Angeles are referred to as the Civil Action Defendants.

C. The United States and the Relator contend that the Civil Action Defendants submitted or caused to be submitted claims for payment to the federal Medicaid Program (Medicaid), 42 U.S.C. §§ 1396-1396v. The Medicaid program was established in 1965 under Title XIX of the Social Security Act in order to assist states in furnishing medical assistance to needy individuals. State Medicaid programs are jointly financed by the Federal and state governments and are administered by states in accordance with approved state Medicaid plans, 42 U.S.C. § 1396; 42 C.F.R. § 430.0. The Federal government reimburses participating states through quarterly grant awards for a portion of the total amount spent by the states for Medicaid services rendered to qualified beneficiaries. 42 U.S.C. § 1396b. These funds are referred to as federal financial participation or "FFP." 42 U.S.C. § 1396b; 42 C.F.R. § 430.30. The state Medicaid program for the State of California is administered and partially funded by the State as part of the "Medi-Cal" program, Cal. Welf. & Inst. C., § 14000 et seq. The State is permitted to expand the scope of services provided under the State's Medi-Cal program

beyond those that may be covered under the federal Medicaid program; however, federal Medicaid funding is not available for such services. Through Medi-Cal, the Civil Action Defendants provide health care services to minors between the age of 12 and 20 for drug and alcohol abuse, pregnancy and pregnancy related services, family planning services, sexual assault treatment, sexually transmitted diseases, and mental health services (collectively referred to as Minor Health Care Services).

D. The United States and the Relator contend that they have certain civil claims against the Civil Action Defendants for violating the False Claims Act, 31 U.S.C. §§ 3729-3733, and the United States also contends that it has certain civil claims against the Civil Action Defendants under other federal statutes and/or common law doctrines, as specified below in Paragraph III.3, for the following conduct within the period from October 1, 1989 through September 30, 1999: Improperly submitting or causing to be submitted to the federal Medicaid program claims for payment of federal monies for Minor Health Care Services when the Civil Action Defendants had no basis for concluding that, under federal law, each of the recipients of these services met the financial qualifications necessary to trigger an obligation on the part of the United States to pay

under the Medicaid program for any part of the cost of providing these services (hereinafter referred to as the Covered Conduct).

E. The United States also contends that it has certain administrative claims against the Civil Action Defendants under the provisions for permissive exclusion from the Medicaid program, 42 U.S.C. §1320a-7(b), and the provisions for civil monetary penalties, 42 U.S.C. § 1320a-7a, for the Covered Conduct.

F. The Civil Action Defendants specifically deny the contentions of the United States and the Relator as set forth in Paragraphs D and E, above, and without limitations further deny that the False Claims Act applies to them or either of them, and deny that the Relator has standing to bring claims against either of them under the False Claims Act. By participating in this settlement, neither the State nor the County of Los Angeles agrees that it is a "person" within the meaning of the False Claims Act. The Civil Action Defendants further deny that the provisions for service providers such as program exclusion and civil monetary penalties apply to them.

G. The Civil Action Defendants contend that they have certain civil claims against the United States and the Relator

including set offs, offsets, claimed and unclaimed amounts, rights of retention of amounts equitably possessed and other claims in recoupment.

H. The United States and the Relator specifically deny the contentions as set forth in Paragraph G above.

I. It is the intent of the Parties that the State and the County of Los Angeles will not lobby HHS, the United States Congress, DOJ or other components of the United States Government to avoid having to pay all or part of the Settlement Amount (as that term is defined in Paragraph 1 below) or any other payment for which the State or the County of Los Angeles is obliged to make pursuant to this Agreement, or to obtain reimbursement so as to essentially cancel out all or part of any such payment. It is also understood between the Parties, however, that nothing in this Agreement is intended to deprive the State of the right to seek Medicaid funds for reasons unrelated to the payment of the Settlement Amount.

J. To avoid the delay, uncertainty, inconvenience and expense of protracted litigation of the claims set forth above, the Parties hereby reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. The Civil Action Defendants agree to pay to the United States seventy-three million three hundred thousand dollars (\$73,300,000.00), plus five percent simple interest as discussed below (collectively referred to as the Settlement Amount), which Settlement Amount shall constitute a debt due and owing to the United States as follows:

(a) The County of Los Angeles shall pay six million eight hundred thousand dollars (\$6,800,000.00) within ten business days after its receipt of a fully executed copy of this Settlement Agreement and written electronic funds transfer instructions, whichever occurs last (Initial Payment). The United States shall satisfy its obligation to provide such notice to the County of Los Angeles of a fully executed copy of the Settlement Agreement as well as electronic funds transfer instructions by furnishing a copy of these documents, either by overnight courier, facsimile transmission, or personal delivery,

to the attorney for the County of Los Angeles who signed this Settlement Agreement, as well as to each of the other attorneys for the Civil Action Defendants who have signed this Settlement Agreement. The County of Los Angeles shall satisfy its payment obligations under this Paragraph by Fedwire electronic funds transfer to "the Department of Justice," as arranged through the United States Attorney's Office, Northern District of California.

(b) In addition to the payment described in Subparagraph (a), the balance of the Settlement Amount shall be paid by the State by accepting a reduction to its payments from the Medicaid program, beginning with the first payment on July 1, 2003, and extending for a period of nine years thereafter, by an equal pro-rata amount sufficient to total sixty-six million five hundred thousand dollars (\$66,500,000.00) in principal, plus simple interest on the remaining unpaid balance. These latter payments after the Initial Payment shall be referred to collectively as the Installment Payments. The Installment Payments shall be made by the State according to the Repayment Schedule attached to this Agreement as Exhibit 1. The Repayment Schedule specifies the dollar amount, including interest, to be paid each quarter until the entire Settlement Amount has been

paid. Specifically, for the first thirty-five quarterly payments, the Repayment Schedule provides for the payment of seven million three hundred eighty-eight thousand eight hundred eighty-eight dollars (\$7,388,888.00) per year plus simple interest on the remaining unpaid balance (under current Centers for Medicare and Medicaid Services (CMS) payment methodologies, this will be accomplished by quarterly payments of one million eight hundred forty-seven thousand two hundred twenty two dollars (\$1,847,222.00) plus simple interest on the remaining unpaid balance). In order for all the quarterly payments to add up to sixty-six million five hundred thousand dollars, the Repayment Schedule provides that the final quarterly payment shall be one million eight hundred forty-seven thousand two hundred thirty dollars (\$1,847,230.00) plus simple interest.

(c) The State shall make the Installment Payments in the form of a decreasing adjustment on each quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (currently, Form CMS-64). In making such adjustments, the State shall follow the procedures set forth in Exhibit 2 attached to this Agreement, which specify the time that, and the manner in which, Form CMS-64 should be completed by the State to make the

Installment Payments. In the event that (i) the State fails to report to the United States at such time as it is required to do so pursuant to this Agreement all or part of the total amount, including interest, that is due to be paid by the State in a particular quarter pursuant to the Repayment Schedule, or (ii) the payment is properly and/or timely reported by the State but CMS initially fails to reduce appropriately the United States' next reimbursement to the State in accordance with the information reported by the State, it is agreed by the Parties that CMS shall be permitted, at any time after the deadline for the State to report the payment has passed, unilaterally to withhold the amount due by deducting it from the CMS grant award that reconciles the quarterly advance by the United States to the State to the expenditures being reported by the State to the United States.

(d) In the event that prior to the payment of the full Settlement Amount, there is a change in the quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, or in CMS's payment mechanisms generally: (i) at such time as the State provides its documentation seeking federal funds under the Medicaid program, the State shall follow

procedures analogous to those set forth in Exhibit 2 in order to report to the United States the payments that are due from the State pursuant to this Agreement; and (ii) the State shall maintain the same repayment schedule set forth in Exhibit 1 (i.e., with comparable payment methodology) so that recovery of the entire Settlement Amount is completed within nine years from the date of the first Installment Payment. At the United States' option, the first Installment Payment may occur later than the above-specified date of July 1, 2003.

(e) The amounts due to the United States pursuant to this Agreement shall bear simple interest at the rate of five percent per annum initially commencing from the date that the Initial Payment is due. Interest on the outstanding balance that accrues by the date each payment becomes due shall be paid by that date; provided, however, that notwithstanding any other provision of this Agreement, if the Initial Payment is paid when due, no interest shall be due on that payment. There will be no prepayment penalty should the State discharge the obligations set forth in this Paragraph earlier than scheduled, although interest on any outstanding balance which is the subject of any prepayment

shall accrue from the effective date of this Agreement through the date of the prepayment.

(f) The County of Los Angeles shall have no obligation under this Agreement to make the Installment Payments, or any payment of the Settlement Amount other than the Initial Payment.

2. The United States agrees that, pursuant to 31 U.S.C. § 3730(d)(1), the Relator's share of the Settlement Amount is 1.856 percent of the Settlement Amount actually recovered under this Agreement. The United States agrees that within a reasonable time after it receives or effects a reduction or withhold that results in any payment of the Settlement Amount, the United States will pay to Relator an amount equal to 1.856 percent of each such payment. All payments to Relator under this Agreement shall be made by electronic funds transfer to an account in Relator's name in accordance with the written instructions of Relator's counsel. In accordance with 31 U.S.C. § 3730(d), at the same time that it makes the Initial Payment, the County of Los Angeles shall convey to Relator's counsel, pursuant to the Relator's counsel's written instructions, the sum of one hundred forty thousand six hundred forty-six dollars and fifty three cents (\$140,646.53), representing an award of

reasonable attorneys' fees and expenses incurred in connection with the Civil Action; this payment of attorneys' fees is in addition to, and not included within, the Settlement Amount payments that the Civil Action Defendants are making pursuant to this Agreement.

3. Subject to the exceptions in Paragraph 5 below, in consideration of the obligations of the Civil Action Defendants set forth in this Agreement, including without limitation the Civil Action Defendants' payment of the Settlement Amount, and conditioned upon the Initial Payment being made by the County of Los Angeles, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release and hereby does release the Civil Action Defendants and any of their political subdivisions, including their counties, departments, offices, agencies, divisions, employees, agents, local subdivisions, municipalities and other governmental units (hereafter the Released Entities and Individuals), from any civil or administrative monetary claim the United States has or may have 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, those

provisions of Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq., that pertain to the rights of disallowance, offset, withholding, recapture, repayment or recoupment, or the common law theories of payment by mistake, unjust enrichment, breach of contract, conversion and fraud, for the Covered Conduct.

4. In consideration of the obligations of the Civil Action Defendants set forth in this Agreement, and conditioned upon the Initial Payment being made by the County of Los Angeles, the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from the Medicare, Medicaid, or other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against the Released Entities and Individuals 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. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude the Released Entities and Individuals from the Medicare, Medicaid, or 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 civil claims have been reserved in this Paragraph or in Paragraph 5 below.

5. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including the Civil Action Defendants) are any and all of the following:

(a) Any civil, criminal or administrative claims arising under Title 26, U.S. Code (Internal Revenue Code), if applicable;

(b) Any criminal liability;

(c) Except as explicitly stated in this Agreement, such as in Paragraph 3 of this Agreement (pertaining to the release of certain specified claims by the United States) and Paragraph 4 of this Agreement (pertaining to the release of certain specified claims by OIG-HHS), any administrative liability, 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 claims based upon such obligations as are created by this Agreement;

(f) Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and

(g) Any liability for failure to deliver goods or services due.

6. The Civil Action Defendants waive and will not assert any defenses the Civil Action Defendants may have to any criminal prosecution or administrative action relating to the Covered Conduct, which defenses 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 Settlement bars a remedy sought in such criminal prosecution or administrative action. The Civil Action Defendants agree that this settlement is not punitive in purpose or effect for purposes of criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the

Internal Revenue Laws, Title 26 of the United States Code. The Civil Action Defendants do not waive any other legal, administrative or procedural defenses they may have in the event that any agency of the United States seeks to state a claim concerning the Covered Conduct through civil, criminal or administrative action.

7. The Civil Action Defendants fully and finally release the Relator and his attorneys, and the United States, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which the Civil Action Defendants have asserted, could have asserted, or may assert in the future against the Relator and his attorneys, or the United States, its agencies, employees, servants, and agents, related to the Covered Conduct or the United States', Relator's or Relator's counsel's investigation and prosecution of the Civil Action.

8. The Settlement Amount will not be decreased as a result of the denial of claims for payment now being withheld from payment by the Medicaid program; and the Civil Action Defendants agree not to resubmit to the Medicaid program any

previously denied claims related to the Covered Conduct, and agree not to appeal any such denials of claims.

9. In consideration of the obligations of the Civil Action Defendants set forth in this Agreement, and conditioned upon the Initial Payment being made by the County of Los Angeles, the Relator and his attorneys, for themselves, their heirs, successors and assigns, will release and will be deemed to have released and forever discharged:

(a) The Released Entities and Individuals from any claims the Relator or his attorneys have or may have that arise under or relate to any of the allegations in the Civil Action and/or Covered Conduct, including but not limited to all claims pursuant to 31 U.S.C. § 3730; and

(b) the United States and the Released Entities and Individuals from any claims arising from or relating to the filing of the Civil Action, or pursuant to 31 U.S.C. § 3730(d), for a share of any recoveries relating to or arising out of the Civil Action or this Agreement, beyond that share specified in Paragraph 2 of this Agreement.

10. The Civil Action Defendants agree to the following:

(a) Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulations (FAR) § 31.205-47 and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg and 1396-1396v, and the regulations and official program directives promulgated thereunder) incurred by or on behalf of any of the Released Entities and Individuals, in connection with:

(i) the matters covered by this Agreement,

(ii) the United States Government's audit(s) and civil investigation(s) of the matters covered by this Agreement,

(iii) the Civil Action Defendants' investigation, defense, and corrective actions undertaken in response to the United States Government's audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees),

(iv) the negotiation and performance of this Agreement, and

(v) the payments made pursuant or ancillary to this Agreement, including any costs and attorneys' fees,

are unallowable costs on United States Government contracts and under the Medicare Program, Medicaid Program,

TRICARE Program, Veterans Affairs Program (VA) and Federal Employee Health Benefits Program (FEHBP). (All costs described or set forth in this Paragraph 10(a) are hereafter, unallowable costs). The cost of providing Minor Health Care Services is not included in the category of unallowable costs; though payment of the Settlement Amount, any portion of the Settlement Amount, or any other payment made pursuant to Paragraphs 1 and 2 of this Agreement shall not be deemed to be a "cost of providing Minor Health Care Services."

(b) Future Treatment of Unallowable Costs: These unallowable costs will be separately determined and accounted for by the Civil Action Defendants, and the Civil Action Defendants will not charge such unallowable costs directly or indirectly to any contracts with the United States, or seek payment for such unallowable costs through any cost report, cost statement, information statement or payment request submitted by the Civil Action Defendants to the Medicare, Medicaid, TRICARE, VA or FEHBP programs.

(c) Treatment of Unallowable Costs Previously Submitted for Payment: The Civil Action Defendants further agree that within 150 days of the effective date of this Agreement they

will identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid, VA and FEHBP fiscal agents, any unallowable costs (as defined in this Paragraph) included in payments previously sought from the United States, including, but not limited to, payments sought in any cost report, cost statements, information reports, or payment requests already submitted by any of the Released Entities and Individuals and will 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. The Civil Action Defendants agree that the United States, at a minimum, will be entitled to recoup from the Civil Action Defendants 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. If the Civil Action Defendants fail to identify such costs in past filed cost reports in conformity with this Paragraph, the United States may seek an appropriate penalty or other sanction in addition to the recouped amount.

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 the Civil Action Defendants or any of the other Released Entities or Individuals, on the effect of inclusion of unallowable costs (as defined in this Paragraph) on the cost reports, cost statements, or information reports of the Civil Action Defendants or any of the other Released Entities or Individuals. Nothing in this Agreement shall constitute a waiver of the rights of the United States to examine or reexamine the unallowable costs described in this Paragraph.

11. This Agreement is intended to be for the benefit of the Parties, only, and by this instrument the Parties do not release any claims against any other person or entity, except to the extent specifically provided for in this Agreement.

12. The Civil Action Defendants agree that they will not seek payment from any health care beneficiaries or their parents or sponsors for any of the minor health care services that are subject to this Agreement, except to collect otherwise allowable share of cost or coinsurance pursuant to 22 Cal. Code

Regs. §§ 50090 and 51002(a)(3). The Civil Action Defendants waive any causes of action against these beneficiaries or their parents or sponsors related to the Covered Conduct, except for those causes of action that relate to otherwise allowable share of cost or coinsurance pursuant to 22 Cal. Code Regs. §§ 50090 and 51002(a)(3).

13. Except as previously stated in Paragraph III. 2 above, each party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

14. The Civil Action Defendants and the Relator represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever. Pursuant to 31 U.S.C. § 3730(c)(2)(B), the Relator asserts that the settlement of the allegations to the Civil Action is fair, adequate and reasonable under all the circumstances.

15. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the Northern District of California.

16. Upon receipt of the Initial Payment described in Paragraph III.1 above, the United States shall promptly file a Notice of Intervention in the Civil Action, and the United States and the Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal with prejudice of the Civil Action pursuant to the terms of the Agreement.

17. This Agreement constitutes the complete agreement between the Civil Action Defendants and the United States, the Civil Action Defendants and the Relator, and the United States and the Relator. This Agreement may not be amended except by written consent of the Parties.

18. The individuals signing this Agreement on behalf of the Civil Action Defendants and the Relator warrant that they are authorized by those parties to execute this Agreement. The undersigned United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

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 effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

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

THE UNITED STATES OF AMERICA

Daniel A Spiro

DANIEL A. SPIRO
Trial Attorney
Commercial Litigation Branch
Civil Division
U.S. Department of Justice

Dated: June 17, 2002

DAVID W. SHAPIRO

United States Attorney

Sara Winslow

SARA WINSLOW
Assistant United States
Attorney
Office of the United States
Attorney for the
Northern District of
California

Dated: June 17, 2002

L Morris

Dated: 5/31/02

LEWIS MORRIS
Assistant Inspector General for
Legal Affairs
Office of Counsel to the
Inspector General
U.S. Department of Health and
Human Services

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THE STATE OF CALIFORNIA

Gail Margolis
GAIL L. MARGOLIS
Deputy Director
Medi-Cal Care Services
Department of Health Services

Dated: 6/12/02

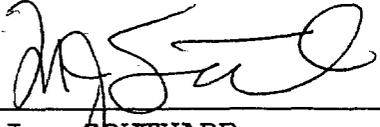
James Weiss
JAMES WEISS
Preston Gates Ellis &
Rouvalas Meeds LLP
1735 New York Avenue, N.W.
Suite 500
Washington, D.C. 20006-6209

Dated: 6/14/02

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Settlement Agreement between the U.S.,
the State of California and others

THE COUNTY OF LOS ANGELES



MARVIN J. SOUTHARD
Director of the Department
of Mental Health

Dated: May 30, 2002

Reviewed and Approved as
to Form:



ANITA D LEE
Principal Deputy Counsel
Public Services Division

Dated: May 30, 2002

THE RELATOR

BRANDON WISOFF
Farella Braun & Martel, LLP
235 Montgomery St.
San Francisco, CA 94104

Dated: _____

GURUBANDA SINGH KHALSA
Relator

Dated: _____

MAY-29-2002 16:55

THE COUNTY OF LOS ANGELES

Dated: _____

MARVIN J. SOUTHARD
Director of the Department
of Mental Health

Reviewed and Approved as
to Form:

Dated: _____

ANITA D LEE
Principal Deputy Counsel
Public Services Division

THE RELATOR

Dated: 5/31/02

C Brandon Wisoff
BRANDON WISOFF
Farella Braun & Martel, LLP
235 Montgomery St.
San Francisco, CA 94104

Dated: May 31, 2002

Gurubanda Singh Khalsa
GURUBANDA SINGH KHALSA
Relator

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General ("OIG-HHS") and the Centers for Medicare and Medicaid Services ("CMS") of the Department of Health and Human Services ("HHS") (collectively, the "United States"), and Alabama Quality Assurance Foundation and Florida Medical Quality Assurance, Inc. ("AQAF" and "FMQAI"), hereafter referred to as "the Parties", through their authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. Alabama Quality Assurance Foundation ("AQAF") is an Alabama non-profit organization which serves as the Peer Review Organization for Medicare claims in Alabama under a series of contracts with CMS, an agency of the United States.

B. Florida Medical Quality Assurance, Inc. ("FMQAI") is a Florida for-profit corporation, which is a wholly owned subsidiary of AQAF. FMQAI has served since 1993 as the Peer Review Organization for Medicare claims in Florida under a series of contracts with CMS.

C. The United States contends that from May 1997 through September 1998, AQAF and FMQAI submitted or caused to be submitted claims for payment to the Medicare Program ("Medicare"), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg.

D. The United States contends that it has certain civil claims against AQAF and FMQAI under the False Claims Act, 31 U.S.C. §§ 3729-3733, and other federal statutes and/or common law doctrines as identified in Paragraph 3 below, for engaging in the following conduct:

from July 1, 1996 up to and through September 15, 1998, FMQAI recorded time and coded expenses that had been incurred in performing a fixed-price Medicaid contract between FMQAI and an agency of the State of Florida and in bid and proposal efforts associated with the Medicaid contract and a CHAMPUS procurement, as if the time and expenses for these matters had been incurred in performing a cost-reimbursement Medicare contract between FMQAI and CMS (Contract No. 500-96-P710), and AQAF and FMQAI submitted or caused to be submitted to CMS claims for payment under FMQAI's Medicare contract for time and expenses associated with the Medicaid contract and with the bid and proposal effort related to the Medicaid contract and the CHAMPUS procurement (hereinafter referred to as the "Covered Conduct").

E. The United States also contends that it has certain administrative claims against AQAF and FMQAI under the provisions for permissive exclusion from the Medicare, Medicaid and other federal health care programs, 42 U.S.C. § 1320a-7(b), and the provisions for civil monetary penalties, 42 U.S.C. § 1320a-7a, for the Covered Conduct.

F. The Parties desire a final negotiated settlement and compromise of the claims against AQAF and FMQAI set forth in Paragraphs D and E, above, and in the qui tam action United States ex. rel Janice Hensley v. Alabama Quality Assurance Foundation and Florida Medical Quality Assurance, Inc., No. 99-2685 Civ-T-23F (M.D. Fla.) (the "qui tam action").

G. By a separate Relator Share Agreement dated May 16, 2002, the person who filed the qui tam action (the "Relator") has agreed that the terms of this Agreement are fair, adequate, and reasonable pursuant to 31 U.S.C. § 3730(c)(2)(B).

H. AQAF and FMQAI deny the contentions of the United States that they may have violated the civil False Claims Act or other fraud-based federal statutes or common law

doctrines, or that AQAF and FMQAI are subject to permissive exclusion based upon the Covered Conduct.

I. In order to avoid the delay, uncertainty, inconvenience and expense of protracted litigation of these claims, the Parties reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. AQAF and FMQAI jointly and severally agree to pay to the United States \$838,832.00 (the "Settlement Amount").

(a) Because AQAF and FMQAI have represented to the United States that they are unable to pay the Settlement Amount in a single installment, the United States agrees to accept payment of the Settlement Amount over time, at a simple interest rate of 7 percent per annum. The payment of the Settlement Amount shall be made in monthly installments of \$10,000 as set forth in Schedule A attached hereto.

(b) In addition to the monthly payments of \$10,000, AQAF and FMQAI jointly and severally agree to make the following lump sum payments:

	<u>Amount</u>	<u>Due date</u>
(i)	\$100,000	6/14/2002
(ii)	\$100,000	3/15/2003
(iii)	\$188,442	3/15/2003

AQAF and FMQAI have represented to the United States that lump sum payment (i) will be made from moneys due FMQAI from its 5th Scope contract with CMS (Contract No. 500-96-P710); that lump sum payment (ii) will be made from moneys due FMQAI from its 6th Scope contract with CMS (Contract No. 500-99-FL02); and that lump sum payment (iii) will be made from the Award Fee it anticipates under its 6th Scope contract with CMS. Accordingly, it is understood and agreed by the parties that AQAF and FMQAI shall be obligated to pay to the United States the above lump sum amounts within 3 business days after FMQAI has received the corresponding payment from CMS. If AQAF and FMQAI fail to make any of the lump sum payments listed above on or before the due date scheduled above solely because of their failure to receive the corresponding payment from CMS, then and only then such nonpayment shall not be the basis for acceleration under the provisions of Paragraph 2 below. If AQAF and FMQAI fail to pay any of the lump sum amounts listed above on or before the listed due date for any other reason, the provisions of Paragraph 2 shall apply to such nonpayment. If AQAF and FMQAI have not paid the United States one or more of the above lump sum amounts by the listed due date because of their failure to receive the corresponding payment from CMS, simple interest shall continue to accrue at 7 percent per annum from the due date for the particular unpaid lump

sum amount until the date on which AQAF and FMQAI shall have made payment to the United States. If any of the above lump sum amounts has not been paid in full to the United States by January 1, 2004, then the provisions of Paragraph 2 below shall apply to such nonpayment regardless of the reason for the nonpayment.

(c) At their option, AQAF and FMQAI may prepay the unpaid principal balance without penalty, in which case such payment shall include simple interest on the outstanding principal balance calculated at the rate of 7 percent per annum to and including the date of prepayment.

(d) AQAF and FMQAI agree to make all payments of the Settlement Amount to the United States by electronic funds transfer, pursuant to written instructions to be provided by the United States.

(e) AQAF and FMQAI each agree to provide the following financial information to the United States on or before December 31 of each year until they have made all payments to the United States pursuant to this Agreement: (i) audited financial statements for the most recently concluded fiscal year, including balance sheet, income statement, statement of cash flows and all accompanying notes and schedules; (ii) the most recent summary page from the aging of receivables report (*i.e.*, showing total receivables broken out by 30, 60, 90, etc. days); (iii) the most recent summary page from the aging of payables report (*i.e.*, showing total payables broken out by 30, 60, 90, etc. days); and (iv) correspondence, if any, from CMS regarding the status of CMS payments corresponding to any of the lump sum amounts set forth in Paragraph 1(b) above. AQAF and FMQAI, through a properly authorized officer, agree to make and

execute the following certification with regard to the annual financial information presented to the United States:

With knowledge of the penalties for false statements provided by 18 U.S. Code Section 1001 (\$10,000 fine and/or 5 years imprisonment) and with knowledge that these financial statements are submitted by me as a responsible officer of this Corporation to affect action by the U.S. Department of Justice, I hereby certify that I believe I completely understand these financial statements, and I believe that the same are true and complete.

Dated: _____

By: _____
(Typed name)
(Position)

2. (a) Except for such notice as is provided for in Paragraph 2(b), below, AQAF and FMQAI waive presentment, proof of diligence, demand, protest, notice of dishonor, notice of protest, notice of default, notice of failure to perform or pay, and all other notices necessary to hold AQAF and FMQAI immediately liable for the payments (including payments resulting from acceleration of the indebtedness herein) and performances required by this Agreement. AQAF and FMQAI agree to remain fully bound by their payment obligations until all sums provided in this Agreement shall have been paid to and collected by the United States in full, notwithstanding: (i) any and all extensions of time or other indulgences granted to AQAF and FMQAI; (ii) the waiver of any defaults by AQAF and FMQAI; and (iii) the discharge of any or all of the obligations of AQAF and FMQAI under any law relating to bankruptcy, insolvency, or for any other reason whatsoever (other than discharge due to full payment and performance under this Agreement). The remedy provided in this subparagraph shall be in addition to, and not in lieu of, any other remedies available under this Agreement and by law.

(b) The parties further agree that, if AQAF and FMQAI fail to make any payment required herein, then the United States shall send written notice to AQAF and FMQAI at the corporate addresses noted below that such failure has occurred.

Henry Koehler
Chief Executive Officer
Alabama Quality Assurance Foundation
Suite 200 North
One Perimeter Park South
Birmingham, AL 35243

Dr. T. Logan Malone
Chief Executive Officer
Florida Medical Quality Assurance, Inc.
Suite 900
4350 West Cypress Street
Tampa, FL 33607

Alexander J. Brittin, Esq.
Brittin Law Group, P.L.L.C.
1900 K Street, NW, Suite 100
Washington, DC 20006-1108
Tel: (202)496-7726
Fax: (202)496-7756

If the failure remains uncured for more than ten (10) business days after notice has been sent, then all amounts remaining due shall accelerate and shall become immediately due and payable. The United States shall not be required to sue upon this Agreement, or any other agreement securing payment of the Settlement Amount, or to provide further notice of such acceleration. Accordingly, the United States shall have the right to seek entry of judgment against AQAF and FMQAI, jointly and severally, in the amount of \$838,832, less the total amount previously paid to the United States by AQAF and FMQAI pursuant to this Agreement, plus any interest due and owing under the terms of this Agreement. The remedy provided by this paragraph shall be in addition to, and not in lieu of, any other remedies available under this Agreement and by law.

(c) The Parties further agree that, if the failure to make any payment required herein remains uncured for more than ten (10) business days after the notice referred to in Paragraph 2(b) above has been sent, the United States may immediately withhold all or part of any accelerated or overdue amount from any amounts due and owing by the United States or any agency thereof to AQAF and/or FMQAI, including, but not limited to any payments owed by the Medicare program to AQAF and/or FMQAI. The remedy provided in this paragraph shall be in addition to, and not in lieu of, any other remedies available under this Agreement and by law. AQAF and FMQAI agree not to contest in any forum any offset or withholding imposed pursuant to this provision.

(d) AQAF and FMQAI will pay the United States all reasonable costs of collection and enforcement under this Paragraph 2, including attorney's fees and expenses, plus simple interest at 10 percent per annum from the date incurred.

3. Subject to the exceptions in Paragraph 5 below, in consideration of the obligations of AQAF and FMQAI set forth in this Agreement, conditioned upon AQAF and FMQAI's payment in full of the Settlement Amount, and subject to Paragraph 16 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement), the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release AQAF and FMQAI, including their predecessors, successors, subsidiaries and assigns, from any civil or administrative monetary claim the United States has or may have 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, disgorgement, restitution, recoupment, breach of contract and fraud, for the Covered Conduct. No individuals are released by this Agreement.

4. In consideration of the obligations of AQAF and FMQAI set forth in this Agreement, conditioned upon AQAF and FMQAI's payment in full of the Settlement Amount and subject to Paragraph 16 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement), the OIG-HHS agrees to release and refrain from instituting, directing or maintaining any administrative claim or any action seeking exclusion from the Medicare, Medicaid or other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against AQAF and FMQAI and their predecessors, successors, subsidiaries and assigns under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law), or 42 U.S.C. § 1320a-7(b) (permissive exclusion), for the Covered Conduct, except as reserved in this Paragraph and in Paragraph 5, below. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude AQAF and FMQAI from the Medicare, Medicaid or other Federal health care program 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 civil claims have been reserved in Paragraph 5, below.

5. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including without limitation AQAF and FMQAI) are any and all of the following claims of the United States:

(a) Any civil, criminal or administrative claims of the United States 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, 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 claims based upon such obligations as are created by this Agreement;
- (f) Any express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services, provided by AQAF and FMQAI; and
- (g) Any claims of the United States based on a failure to deliver items or services due; and
- (h) Any claims against any individuals, including officers and employees of AQAF and/or FMQAI; however, if such individuals are legally entitled to repayment by AQAF and/or FMQAI, by claim for indemnification, contribution, reimbursement or otherwise as a result of a civil or administrative claim brought by the United States (including any of its agencies) for the Covered Conduct, then the releases provided in Paragraph 3 above shall apply to such individuals with respect to that claim.

6. AQAF and FMQAI waive and will not assert any defenses AQAF and FMQAI may have to any criminal prosecution or administrative action relating to the Covered Conduct, which defenses 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 settlement bars a remedy sought in such criminal

prosecution or administrative action. AQAF and FMQAI agree that this settlement is not punitive in purpose or effect. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Laws, Title 26 of the United States Code.

7. AQAF and FMQAI have provided sworn financial disclosure statements ("Financial Statements") to the United States, and the United States has relied on the accuracy and completeness of those Financial Statements in reaching this Agreement. AQAF and FMQAI warrant that the Financial Statements are thorough, accurate, and complete. AQAF and FMQAI further warrant that neither of them owns or has an interest in any assets which have not been disclosed in the Financial Statements, and that AQAF and FMQAI have made no misrepresentations on, or in connection with, the Financial Statements. In the event the United States learns of asset(s) in which AQAF and/or FMQAI had an interest at the time of this Agreement which were not disclosed in the Financial Statements, or in the event the United States learns of a misrepresentation by AQAF and/or FMQAI on, or in connection with, the Financial Statements, and in the event such nondisclosure or misrepresentation changes the estimated net worth of AQAF and/or FMQAI set forth on the Financial Statements by one hundred thousand dollars (\$100,000) or more, the United States may at its option: (1) rescind this Agreement and file suit upon the claims underlying the Covered Conduct (described in Paragraph D); or (2) let the Agreement stand and collect the full Settlement Amount plus one hundred percent (100%) of the value of the net worth of AQAF and FMQAI previously undisclosed up to a maximum total of \$2,604,000. AQAF and FMQAI agree not to contest any collection action undertaken by the United States pursuant to this provision.

8. In the event that the United States, pursuant to Paragraph 7, above, opts to rescind this Agreement, AQAF and FMQAI expressly agree 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 which (a) are filed by the United States within 60 calendar days of written notification to AQAF and FMQAI that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on the day before the Effective Date.

9. In the event that AQAF and/or FMQAI agree to, or make public notice of, a merger, acquisition, sale, transfer or reorganization of AQAF or FMQAI or parts thereof, or the acquisition, sale or transfer of any of the assets of AQAF or FMQAI, or parts thereof where the fair market value of the asset equals or exceeds \$100,000, such event will be an "Event of Default." AQAF and FMQAI shall provide the United States written notice of the Event of Default within two (2) business days of such event by providing written notice by overnight mail, or facsimile followed by overnight delivery, to the Department of Justice, Civil Division, Commercial Litigation Branch, 601 D Street, N.W., Washington, D.C. 20004, Fax No. (202)616-3085 Attention: Tracy L. Hilmer (or to the attention of such other person as may be designated in writing by the Department of Justice).

Immediately upon the occurrence of such Event of Default, without further notice or presentment and demand by the United States:

(a) The Settlement Amount (minus any payments of principal made to date, plus accrued interest) shall become immediately due and payable ("Settlement Default Amount"); and

(b) In addition, AQAF and FMQAI will pay the United States all reasonable costs of collection and enforcement of the Settlement Default Amount, including attorney's fees and expenses, plus simple interest at 10 percent per annum from the date incurred. The Settlement Default Amount, plus interest, together with the costs of collection and enforcement described in this sub-paragraph, will be referred to as the "Default Obligation."

(c) Upon occurrence of such Event of Default, the United States may exercise, at its sole option, any and all rights and remedies it has or may have under law and equity. No failure or delay on the part of the United States to exercise any right or remedy shall operate as a waiver of the United States' rights. No single or partial exercise by the United States of any right or remedy shall operate as a waiver on the part of the United States.

10. AQAF and FMQAI each fully and finally release the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which AQAF and FMQAI have asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

11. The amount that AQAF and FMQAI must pay pursuant to any applicable provision of this Agreement will not be decreased as a result of the denial of claims for payment now being withheld from payment by CMS. AQAF and FMQAI agree not to resubmit to CMS any previously denied claims related to the Covered Conduct and agree not to appeal any such denials of claims.

12. AQAF and FMQAI agree that all costs (as defined in the Federal Acquisition Regulations ("FAR"), 48 C.F.R. Part 31, and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg and 1396-1396v, and the regulations promulgated thereunder) incurred by or on behalf of AQAF and/or FMQAI, in connection with: (a) the matters covered by this Agreement, (b) the Government's audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement, (c) AQAF and FMQAI's investigation and audit of the Covered Conduct, defense or corrective actions in response to the Government's audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees), (d) the negotiation of this Agreement, and (e) the payments made pursuant to this Agreement, are unallowable costs on Government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, Veterans Affairs Program (VA) and Federal Employee Health Benefits Program (FEHBP) (hereafter, "unallowable costs"). These unallowable costs will be separately estimated and accounted for by AQAF and FMQAI, and AQAF and FMQAI will 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 AQAF and FMQAI or any of their subsidiaries to the Medicare, Medicaid, TRICARE, VA or FEHBP programs.

AQAF and FMQAI further agree that within 60 days of the Effective Date of this Agreement they will identify to CMS 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 AQAF and FMQAI or any of its subsidiaries, and will 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. AQAF and FMQAI agree that the United States will be entitled to recoup from AQAF and FMQAI any overpayment 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 AQAF and/or FMQAI or any of their subsidiaries on the effect of inclusion of unallowable costs (as defined in this paragraph) on AQAF and/or FMQAI or any of their subsidiaries' cost reports, cost statements or information reports. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine or reexamine the unallowable costs described in this Paragraph.

13. This Agreement is intended to be for the benefit of the Parties, only, and by this instrument the Parties do not release any claims against any other person or entity.

14. AQAF and FMQAI expressly warrant that they have reviewed their financial situations and that they currently are solvent within the meaning of 11 U.S.C. Section 547(b)(3), and will not become insolvent as a result of the payment obligations to the United States set forth in this Agreement. Further, the Parties expressly warrant that, in evaluating whether to execute this Agreement, the Parties (a) have intended that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to AQAF and FMQAI, within the meaning of 11 U.S.C. Section 547(c)(1), and (b) have concluded that these

mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange.

15. In the event AQAF and/or FMQAI commences, or a third party commences, within 91 days of the Effective Date of this Agreement, any case, proceeding, or other action (a) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have any order for relief of AQAF's or FMQAI's debts, or seeking to adjudicate AQAF and/or FMQAI as bankrupt or insolvent, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for AQAF and/or FMQAI or for all or any substantial part of AQAF and/or FMQAI's assets, AQAF and FMQAI agree as follows:

(i) AQAF and FMQAI's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. Section 547, and AQAF and FMQAI will not argue or otherwise take the position in any such case, proceeding or action that: (1) AQAF and FMQAI's obligations under this Agreement may be avoided under 11 U.S.C. Section 547; (2) AQAF and FMQAI were insolvent at the time this Agreement was entered into, or became insolvent as a result of the payments made to the United States hereunder; or (3) the mutual promises, covenants and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to AQAF and FMQAI.

(ii) In the event that AQAF and FMQAI's obligations hereunder are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action or proceeding against AQAF and FMQAI for the claims that would otherwise be covered by the releases provided in

Paragraphs 3 and 4, above. If the United States chooses to do so, AQAF and FMQAI agree that (1) any such claims, actions or proceedings brought by the United States (including any proceedings to exclude AQAF and/or FMQAI from participation in Medicare, Medicaid, or other federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. Section 362(a) as a result of the action, case or proceeding described in the first clause of this Paragraph, and that AQAF and FMQAI will not argue or otherwise contend that the United States' claims, actions or proceedings are subject to an automatic stay; (2) that AQAF and FMQAI will 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 claims, actions or proceeding which are brought by the United States within 90 calendar days of written notification to AQAF and FMQAI that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the day before Effective Date of this Agreement; and (3) the United States has a valid claim against AQAF and FMQAI in the amount of \$2,604,000 (plus interest), and the United States may pursue its claim, inter alia, in the case, action or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

(iii) AQAF and FMQAI acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

16. Each party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

17. AQAF and FMQAI each represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

18. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the Middle District of Florida.

19. After AQAF and FMQAI have paid to the United States the first payment of \$10,000 due under Schedule A, the United States shall promptly execute and file the Stipulation of Dismissal with Prejudice in the qui tam action, a copy of which is Exhibit B to this Agreement.

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

21. The undersigned individuals signing this Agreement on behalf of AQAF and FMQAI represent and warrant that they are authorized by AQAF and FMQAI to execute this Agreement. The undersigned United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

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

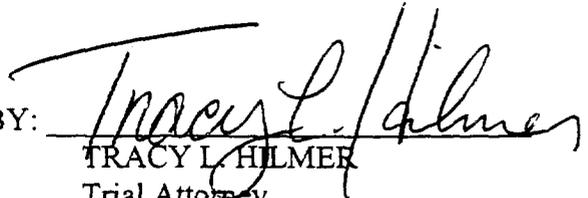
23. The Effective Date of this Agreement is the date of signature of the last signatory to the Agreement.

24. AQAF and FMQAI hereby consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

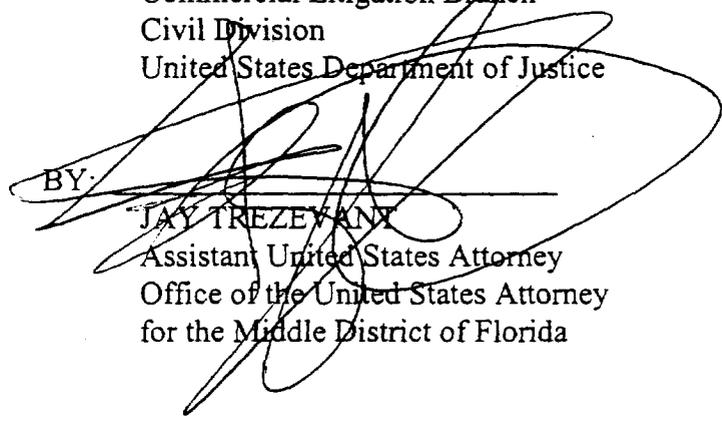
25. This Agreement is binding on the Parties, their transferees, heirs, successors and assigns.

THE UNITED STATES OF AMERICA

DATED: 6/10/02

BY: 
TRACY L. HILMER
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 6/10/02

BY: 
JAY TREZEVANT
Assistant United States Attorney
Office of the United States Attorney
for the Middle District of Florida

DATED: _____

BY: _____
LEWIS MORRIS
Assistant Inspector General
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

DATED: _____

BY: _____
STEPHEN JENCKS
Director
Quality Improvement Group
Office of Clinical Standards
and Quality
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

25. This Agreement is binding on the Parties, their transferees, heirs, successors and assigns.

THE UNITED STATES OF AMERICA

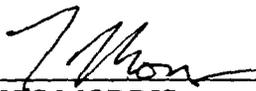
DATED: _____

BY: _____
TRACY L. HILMER
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

BY: _____
JAY TREZEVANT
Assistant United States Attorney
Office of the United States Attorney
for the Middle District of Florida

DATED: 6/5/02

BY: 
LEWIS MORRIS
Assistant Inspector General
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

DATED: _____

BY: _____
STEPHEN JENCKS
Director
Quality Improvement Group
Office of Clinical Standards
and Quality
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

25. This Agreement is binding on the Parties, their transferees, heirs, successors and assigns.

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____
TRACY L. HILMER
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

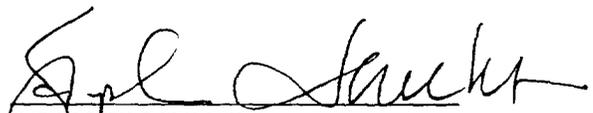
DATED: _____

BY: _____
JAY TREZEVANT
Assistant United States Attorney
Office of the United States Attorney
for the Middle District of Florida

DATED: _____

BY: _____
LEWIS MORRIS
Assistant Inspector General
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

DATED: 5/31/02

BY: 
STEPHEN JENCKS
Director
Quality Improvement Group
Office of Clinical Standards
and Quality
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

DATED: 5/31/02/TEH

BY: David Elizalde
DAVID ELIZALDE
Deputy Director
Acquisition and Grants Group
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

ALABAMA QUALITY ASSURANCE FOUNDATION

DATED: _____

BY: _____
HENRY KOEHLER
Chief Executive Officer
Alabama Quality Assurance Foundation

DATED: _____

BY: _____
ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Alabama Quality
Assurance Foundation

FLORIDA MEDICAL QUALITY ASSURANCE, INC.

DATED: _____

BY: _____
DR. T. LOGAN MALONE
Chief Executive Officer
Florida Medical Quality Assurance, Inc.

DATED: _____

BY: _____
ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Florida Medical
Quality Assurance, Inc.

DATED: _____

BY: _____

DAVID ELIZALDE
Deputy Director
Acquisition and Grants Group
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

ALABAMA QUALITY ASSURANCE FOUNDATION

DATED: 6/3/02

BY: Henry W. Koehler

HENRY KOEHLER
Chief Executive Officer
Alabama Quality Assurance Foundation

DATED: 6/9/02

BY: Alexander J. Brittin

ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Alabama Quality
Assurance Foundation

FLORIDA MEDICAL QUALITY ASSURANCE, INC.

DATED: _____

BY: _____

DR. T. LOGAN MALONE
Chief Executive Officer
Florida Medical Quality Assurance, Inc.

DATED: _____

BY: _____

ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Florida Medical
Quality Assurance, Inc.

DATED: _____

BY: _____

DAVID ELIZALDE
Deputy Director
Acquisition and Grants Group
Centers for Medicare and Medicaid Services
United States Department of
Health and Human Services

ALABAMA QUALITY ASSURANCE FOUNDATION

DATED: _____

BY: _____

HENRY KOEHLER
Chief Executive Officer
Alabama Quality Assurance Foundation

DATED: _____

BY: _____

ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Alabama Quality
Assurance Foundation

FLORIDA MEDICAL QUALITY ASSURANCE, INC.

DATED: 5/31/02

BY: _____

Dr. T. Logan Malone
DR. T. LOGAN MALONE
Chief Executive Officer
Florida Medical Quality Assurance, Inc.

DATED: 6/4/02

BY: _____

Alex Brittin
ALEXANDER J. BRITTIN, ESQ.
Brittin Law Group, P.L.L.C.
Counsel for Florida Medical
Quality Assurance, Inc.