

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 the United States Drug Enforcement Administration ("DEA") (hereinafter the "United States"); and Schultz Pharmacy, Inc. and Charles Schultz (hereinafter "Schultz"); through their authorized representatives (collectively the "Parties"), effective as of the last signature date below (the "Effective Date").

II. PREAMBLE

As a preamble to this Agreement, the Parties state as follows:

A. Schultz Pharmacy, Inc. is a licensed and registered pharmacy doing business in Oshkosh, Wisconsin as "Schultz Pharmacy" and in Monroe, Wisconsin as "The Medicine Mart." Charles Schultz is the owner and operator of Schultz Pharmacy, Inc.

B. The United States alleges that it has certain civil claims under 21 U.S.C. §§ 802, 829, and 842(a)(1) which arise from Schultz's distribution throughout the United States of schedule III controlled substances in response to prescription orders received via the internet, without ensuring the existence of a proper physician-patient relationship, from July 1, 2007 to December 30, 2012 (hereinafter the "Covered Conduct").

C. The Parties stipulate that this Agreement does not constitute an admission of wrongdoing or liability by Schultz, nor a concession by the United States that its claims are not well founded, and does not constitute an adjudication of any issue of fact or law.

D. The Parties desire to reach a full and final compromise of the potential civil claims described herein which the United States may have based upon the Covered Conduct, and further wish to avoid the delay, uncertainty, inconvenience and expense of protracted litigation

of these claims.

Accordingly, the parties agree as follows:

III. TERMS AND CONDITIONS

1. Schultz agrees to pay to the United States Department of Justice the total amount of One Hundred Thousand Dollars (\$100,000.00)(the "Settlement Amount") within thirty (30) days of the Effective Date of this Agreement. Schultz agrees to pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Wisconsin.

2. Conditioned upon payment in full of the Settlement Amount, and subject to the terms of paragraph 3 of this Agreement, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release, and hereby does release, waive and discharge Schultz Pharmacy, Inc. and Charles Schultz from any civil or administrative monetary claim the United States has asserted, could have asserted, arising from or in connection with the Covered Conduct.

3. 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 Internal Revenue Code, Title 26 of the United States Code.

4. Schultz fully and finally releases 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 Schultz has 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 investigation and prosecution thereof.

5. Schultz warrants that it has reviewed its financial situation and that it currently is

solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(B)(ii)(I), and will remain solvent following its payment to the United States hereunder. Further, Schultz expressly warrants 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 Schultz, within the meaning of 11 U.S.C. § 547(c)(1); and (b) have concluded that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange.

6. If within 91 days of the execution of this Agreement or of any payment made hereunder, Schultz commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors: (a) seeking to have any order for relief of Schultz's debts, or seeking to adjudicate Schultz as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Schultz or for all or any substantial part of Schultz's assets, Schultz agree as follows:

a. Schultz's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, and Schultz will not argue or otherwise take the position in any such case, proceeding or action that: (1) Schultz's obligations under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548; (2) Schultz was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment 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 Schultz.

b. If Schultz obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the

Bankruptcy Code, 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 Schultz for the claims that would otherwise be covered by the releases provided in this Agreement. Schultz agrees that: (1) any such claims, actions or proceedings brought by the United States are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case or other proceedings described in the first clause of this Paragraph, and that neither will argue or otherwise contend that the United States' claims, actions or proceedings are subject to an automatic stay; (2) that Schultz will not plead, argue or otherwise raise any defenses under the theories of a 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 thirty (30) calendar days of written notification to Schultz that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of the Agreement.

c. Schultz acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

7. In the event that any part of this Agreement should be found invalid, unenforceable, or nonbinding, the remaining portions shall remain in force and fully binding.

8. 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.

9. Schultz represents that this Agreement is freely and voluntarily entered into without duress or compulsion, and with the advice of counsel.

10. 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 Eastern District of Wisconsin.

11. This Agreement may be amended or modified only by a written document signed by the Parties to this Agreement.

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

14. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

15. This Agreement shall be binding upon the parties to it and their successors, assigns, heirs and/or transferees.

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

17. Facsimiles or scanned images of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

JAMES L. SANTELLE
United States Attorney

By:


CHRIS R. LARSEN

4-2-14
Date

Assistant United States Attorney
Attorney for United States of America

3-14-14
Date



HAL HARLOWE
Attorney for Schultz Pharmacy, Inc. and
Charles Schultz

SCHULTZ PHARMACY, INC.

By:

3-14-14
Date

Charles Schultz
CHARLES SCHULTZ
President, Schultz Pharmacy, Inc.

3-14-14
Date

Charles Schultz
CHARLES SCHULTZ