

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (Agreement) is entered into by and between the United States of America acting through the United States Attorney's Office for the District of Columbia and the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively "United States"); the District of Columbia; Centennial HealthCare Corporation (CHC), Grant Park Nursing Home Limited Partnership (GPNHLP), Grant Park Management LLC (GPM), Centennial Service Corporation-Grant Park (CSC), Centennial Acquisition Corporation (CAC), Centennial Healthcare Management Corporation (CHMC), Centennial Employee Management Corporation (CEMC), Hilltopper Acquisition Corporation (HAC), Hilltopper Holding Corp. (HHC), Shoreline HealthCare Management LLC (Shoreline), and Coastal Administrative Services LLC (Coastal) (collectively the "Defendants"); and Julia Perkins, Martha Ludwig, and Rosa Watson (hereafter all of whom are referred to as "the Parties"), through their authorized representatives.

II. PREAMBLE

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

A. CHC, located in Atlanta, Georgia, is a holding corporation that owns interest in entities that owned several skilled nursing facilities (SNFs) which provided health care services to Medicare and District of Columbia Medicaid beneficiaries.

B. GPNHLP, located in Washington, D.C., is a limited partnership that owns the real estate of Grant Park Care Center (GPCC) located at 5000 Nannie Burroughs Avenue, NE in Washington, D.C.

- C. CSC is a Georgia corporation that serves as the general partner of GPNHLP.
- D. CAC is a Georgia corporation that is the 100% owner of CSC.
- E. CHMC is a Georgia corporation that managed GPCC from January 1, 1993 through July 31, 2004.
- F. GPM subcontracted with Shoreline, located in Tampa, Florida, to provide management consulting services to GPCC from August 1, 2004 to present.
- G. GPNHLP contracted with Coastal, located in Atlanta, Georgia, to provide administrative support services to GPCC from August 1, 2004 to present.
- H. HAC was a Georgia corporation which merged with and into CHC on June 14, 2000.
- I. HHC is a Delaware Corporation and is the parent entity for CAC, CHMC, CSS, CEMC, and CHC. HHC also has an interest in GPNHLP.
- J. Julia Perkins (Relator) is a resident of Virginia. Relator Perkins worked for GPCC from 1983 through 1999 as a supervisor.
- K. Martha Ludwig (Relator) is a resident of Prince George's County, Maryland. Relator Ludwig was formerly employed as a Certified Nursing Assistant at GPCC from March 1998 through November 1999.
- L. Rosa Watson (Relator) is a resident of Prince George's County, Maryland. Relator Watson was a Licensed Practical Nurse employed as Staff Development Coordinator at GPCC from 1983 through May 2002.
- M. On October 17, 2002, Relators filed a *qui tam* action in the United States District Court for the District of Columbia captioned United States & District of Columbia ex rel. Perkins

et al. v. Centennial Healthcare Corporation et al., No. 1:02CV02033 (D.D.C.) (hereinafter “the Civil Action”).

N. The United States contends that Defendants 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. §§ 1395-1395hhh, and to the District of Columbia Medicaid Program (Medicaid), Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v.

O. The United States contends that it has certain civil claims against the Defendants for the submission of claims to the Medicare and Medicaid Programs for nursing and other health care services and treatment provided at GPCC during the period from January 1, 1998 through December 31, 2007 (hereinafter the “Covered Period”), that failed to meet the needs of the residents at GPCC in one or more of the following areas: (1) resident nutrition and hydration, (2) assessments and evaluations of residents’ needs, (3) care planning and nursing interventions, (4) medication management, (5) fall prevention and management, and (6) pressure ulcer care, including the prevention and treatment of wounds. In addition, the United States contends that Defendants understaffed GPCC during the Covered Period with knowledge that resident care would be compromised (hereinafter “Federal Covered Conduct”).

P. The District of Columbia contends that the Defendants submitted or caused to be submitted claims for reimbursement to the Medicaid Program.

Q. The District of Columbia contends that it has certain civil claims against the Defendants for the submission of claims to the Medicaid Program for nursing and other health care services and treatment provided at GPCC during the Covered Period, that failed to meet the needs of the patients at GPCC in one or more of the following areas: (1) resident nutrition and

hydration, (2) assessments and evaluations of residents' needs, (3) care planning and nursing interventions, (4) medication management, (5) fall prevention and management, and (6) pressure ulcer care, including the prevention and treatment of wounds. In addition, the District of Columbia contends that Defendants understaffed GPCC during the Covered Period with knowledge that resident care would be compromised (hereinafter "District of Columbia Covered Conduct").

R. The United States also contends that it has certain administrative claims against the Defendants for engaging in the Federal Covered Conduct.

S. The Defendants individually and collectively deny that they engaged in any wrongdoing and specifically deny that they knowingly compromised resident care or submitted false or fraudulent claims.

T. This Agreement is neither an admission of liability by the Defendants nor a concession by the United States and the District of Columbia that their claims are not well founded.

U. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the claims in the Civil Action, the Parties reach a full and final settlement, pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

1. Defendants, jointly and severally, agree to pay the United States and the District of Columbia a total of \$2,000,000.00 plus interest (interest) as set forth in Paragraph III. 1.a. & b. below (the "Total Settlement Amount"), \$1,679,350.17 plus interest of which shall constitute the "Federal Settlement Amount" and \$320,649.82 plus interest of which shall constitute the

“District of Columbia Settlement Amount”. The foregoing Total Settlement Amount payment and other payments to be made pursuant to this Agreement shall be made as follows:

a. Defendants agree to pay \$1,679,350.17 plus interest to the United States by electronic funds transfer pursuant to written instructions to be provided by the United States. Defendants agree to make this electronic funds transfer within five (5) business days after the Effective Date of this Agreement. Interest shall accrue at a simple rate of 5.0% from June 19, 2008, until Defendants pay the Federal Settlement Amount.

b. Defendants agree to pay \$320,649.82 plus interest to the District of Columbia by electronic funds transfer pursuant to written instructions to be provided by the District of Columbia. Defendants agree to make this electronic funds transfer within five (5) business days after October 1, 2008. Interest shall accrue at a simple rate of 5.0% from June 19, 2008, until the Defendants pay the Federal Settlement Amount.

c. Contingent upon the United States receiving the Federal Settlement Amount from Defendants and as soon as feasible after receipt, the United States agrees to pay \$285,489.52 plus 17% of interest it has received to the Relators by electronic funds transfer, as Relators’ share of the Federal Settlement Amount, pursuant to 31 U.S.C. § 3730(d); accordingly, this Relators’ share constitutes 17% of the Federal Settlement Amount. Contingent upon the District of Columbia receiving the District of Columbia Settlement Amount from the Defendants and as soon as feasible after receipt, the District of Columbia agrees to pay \$54,510.46 plus 17% of the interest it has received to the Relators by electronic funds transfer, as Relators’ share of the District of Columbia Settlement Amount, pursuant to D.C. Official Code § 2-308.15(f)(1); accordingly, this Relators’ share constitutes 17% of the District of Columbia Settlement Amount.

Payment to the Relators under this Agreement shall be made by electronic funds transfer in accordance with the written instructions of Relators' Counsel, Steven Pavsner.

d. The Parties agree that the United States is in no way responsible to pay the Relators any portion of the \$54,510.46 plus interest that is the 17% share of the District of Columbia Settlement Amount. Nor is the District of Columbia responsible to pay the Relators any portion of the \$285,489.52 plus interest that is the 17% share of the Federal Settlement Amount.

e. In accordance with 31 U.S.C. § 3730(d)(1), at the same time that Defendants pay the Federal Settlement Amount to the United States, Defendants shall convey to Relators' counsel, Steven Pavsner, pursuant to 31 U.S.C. § 3730(d), D.C. Official Code § 2-308.15(f)(4), and Relators' counsel's written instructions, reasonable attorneys' fees, costs, and expenses incurred in connection with the Civil Action in the amount of \$60,000.00. This payment of these statutory attorneys' fees, costs, and expenses is in addition to, and not included within, the Total Settlement Amount payment that Defendants are making to the United States and the District of Columbia pursuant to this Agreement.

2. Subject to the exceptions in Paragraph 5 below, in consideration of the obligations of Defendants set forth in this Agreement, conditioned upon Defendants' full payment of the Federal Settlement Amount, and subject to Paragraph 19 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment under this Agreement), the United States (on behalf of itself, its officers, agents, agencies, and departments) agrees to release Defendants together with their predecessors, successors, subsidiaries, affiliates, and their present and former directors, officers, shareholders, members,

employees, administrators, partners, agents, attorneys, and accountants from any civil or administrative monetary claim the United States has or may have for the Federal Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

3. Subject to the exceptions in Paragraph 5 below, in consideration of the obligations of Defendants set forth in this Agreement, conditioned upon Defendants' full payment of the District of Columbia Settlement Amount, and subject to Paragraph 19 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment under this Agreement), the District of Columbia (on behalf of itself, its officers, agents, agencies, and departments) agrees to release Defendants together with their predecessors, successors, subsidiaries, affiliates, and their present and former directors, officers, shareholders, members, employees, administrators, partners, agents, attorneys, and accountants from any civil or administrative monetary claim the District of Columbia has or may have for the District of Columbia Covered Conduct under D.C. Official Code §§ 2-308.13 *et seq.*; or the common law theories of payment by mistake, unjust enrichment, and fraud.

4. In consideration of the obligations of Defendants set forth in this Agreement and the Corporate Integrity Agreement (CIA) entered into between OIG-HHS and GPNHLP and GPM, conditioned upon Defendants' full payment of the Total Settlement Amount, and subject to Paragraph 19, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment under this Agreement), 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 GPNHLP and GPM under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law), 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities), or 42 U.S.C. § 1320a-7(b)(6)(B) (permissive exclusion for failure to furnish medically necessary services) for the Federal Covered Conduct, except as reserved in Paragraph 5 below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude GPNHLP and GPM from the Medicare, Medicaid, or other Federal health care program under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Federal Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 5, below.

OIG-HHS expressly reserves all rights to institute, direct, or to maintain any administrative action seeking exclusion against Centennial Service Corporation, Centennial Service Corporation-Grant Park, Centennial Acquisition Corporation, Centennial Healthcare Management Corporation, Centennial Employee Leasing Management Corporation, Hilltopper Acquisition Corporation, Hilltopper Holding Corp., Shoreline HealthCare Management LLC, Coastal Administrative Services LLC, and/or their officers, directors, and employees from Medicare, Medicaid, and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) under 42 U.S.C. § 1320a-7(a) (mandatory exclusion), or 42 U.S.C. § 1320a-7(b) or 42 U.S.C. 1320a-7a (permissive exclusion).

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 Defendants and

Relators) are the following claims of the United States and the District of Columbia:

- a. Any civil, criminal, or administrative 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, including mandatory exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) and the District of Columbia (or its agencies) for any conduct other than the Federal and District of Columbia Covered Conduct;
- e. Any liability based upon such obligations as are created by this Agreement; and
- f. Any liability for personal injury or property damage or for other consequential damages arising from the Federal and District of Columbia Covered Conduct.

6. Relators and their heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree to confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B) and, conditioned upon receipt of Relators' share of the Federal Settlement Amount and subject to the exceptions in Paragraph 5 above, Relators, for themselves individually, and for their heirs, successors, agents, and assigns, fully and finally release, waive, and forever discharge the United States, its officers, agents, and employees, from any claims arising from or relating to 31 U.S.C. § 3730, including 31 U.S.C. §§ 3730(b), (c)(5), (d), and (d)(1), from any claims arising from the filing of the Civil Action, and from any other claims for a share of the Federal Settlement Amount defined herein,

and in full settlement of any claims Relators may have against the United States under this Agreement. This Agreement does not resolve or in any manner affect any claims the United States has or may have against the Relators arising under Title 26, U.S. Code (Internal Revenue Code), or any claims arising under this Agreement.

7. Relators and their heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree to confirm that this Agreement is fair, adequate, and reasonable under all the circumstances and, conditioned upon receipt of Relators' share of the District of Columbia Settlement Amount and subject to the exceptions in Paragraph 5 above, Relators, for themselves individually, and for their heirs, successors, agents, and assigns, fully and finally release, waive, and forever discharge the District of Columbia, its officers, agents, and employees, from any claims arising from or relating to D.C. Official Code §§ 2-308.13 *et seq.*, from any claims arising from the filing of the Civil Action, and from any other claims for a share of the District of Columbia Settlement Amount defined herein, and in full settlement of any claims Relators may have against the District of Columbia under this Agreement.

8. Conditioned upon receipt of the payments described in subparagraphs 1.a., 1.b., and 1.e., the Relators, for themselves, and for their heirs, successors, attorneys, agents, and assigns, agree to release Defendants, together with their predecessors, successors, subsidiaries, affiliates, and their present and former directors, officers, shareholders, members, employees, administrators, partners, agents, attorneys, and accountants from any liability arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) and D.C. Official Code § 2-308.15(f)(4) for expenses or attorneys' fees and costs; and:

a. Any and all claims, whether disclosed or undisclosed, which Relators have

asserted, could have asserted, or may assert in the future against the Defendants related to the Civil Action, the Federal and District of Columbia Covered Conduct, and the Relator's investigation and prosecution thereof (including but not limited) to any civil monetary claim the Relators have or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. § 3730(d) or any claim for retaliation under 31 U.S.C. § 3740(h): and,

b. Any and all claims (including attorney's fees, costs, and expenses of every kind and however demoninated), whether disclosed or undisclosed, which Relators have asserted, could assert, or may assert in the future against the Defendants under federal or state law, regulation, rule, ordinance, and/or public policy, common law, contract, or tort claim, including any claims arising out of or in any way connected with the Civil Action, Federal and District of Columbia Covered Conduct, or Relator's employment or cessation of employment with the Defendants.

9. Defendants waive and shall not assert any defenses they may have to any criminal prosecution or administrative action relating to the Federal and District of Columbia 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 Agreement bars a remedy sought in such 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.

10. Defendants fully and finally release 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 Defendants have asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Federal Covered Conduct and the United States' investigation and prosecution thereof.

11. Defendants fully and finally release the District of Columbia, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which Defendants have asserted, could have asserted, or may assert in the future against the District of Columbia, its agencies, employees, servants, and agents, related to the District of Columbia Covered Conduct and the District of Columbia's investigation and prosecution thereof.

12. Defendants fully and finally release the Relators, and their heirs, successors, partners, employees, agents, attorneys, consultants, and/or assigns from any claims (including attorneys' fees, costs, and expenses) of every kind and however denominated which Defendants, or any of them asserted, could have asserted, or may assert in the future against Relators, their heirs, successors, partners, employees, agents, attorneys, consultants, and/or assigns related to the Civil Action, the Federal and District of Columbia Covered Conduct, or the United States', District of Columbia's, or the Relators' investigation of the Civil Action or the Federal and District of Columbia Covered Conduct.

13. The Total Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary or any state payer, related to the Federal or District of Columbia Covered Conduct; and Defendants

shall not resubmit to any Medicare carrier or intermediary or any state payer any previously denied claims related to the Federal or District of Columbia Covered Conduct, and shall not appeal any such denials of claims.

14. Defendants agree to the following:

a. Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47 and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh and 1396-1396v, and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Defendants, their present or former officers, directors, employees, shareholders, and agents, in connection with the following shall be "Unallowable Costs" on contracts with the United States and under the Medicare Program, any state Medicaid Program, TRICARE Program, and Federal Employee Health Benefits Program (FEHBP):

- (1) the matters covered by this Agreement;
- (2) the United States' audits and any civil or criminal investigations of the matters covered by this Agreement;
- (3) Defendants' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and any civil or criminal investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Defendants make to the United States pursuant to this Agreement and any payments that Defendants may make to Relators, including costs, expenses and attorneys' fees; and

(6) the negotiation of, and obligations undertaken pursuant to the CIA to:

(i) Retain an independent monitor as described in Section III of the CIA;

and

(ii) prepare and submit reports to the OIG-HHS.

However, nothing in this Paragraph 14.a.(6) that may apply to the obligations undertaken pursuant to the CIA affect the status of costs that are not allowable based on any other authority applicable to Defendants. (All costs described or set forth in this Paragraph 14.a. are hereafter "Unallowable Costs").

b. Future Treatment of Unallowable Costs: These Unallowable Costs shall be separately determined and accounted for by Defendants, and Defendants shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any state Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by Defendants, or any subsidiaries or affiliates to the Medicare, any state Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Defendants further agree that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and any state Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any state Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Defendants, or any subsidiaries or affiliates, and shall 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. Defendants agree that the United States, at a minimum, shall be entitled to recoup from them any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice, and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Defendants on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Defendants' or any subsidiaries or affiliates' cost reports, cost statements, or information reports.

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

15. If applicable, Defendants agree to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Defendants shall encourage, and agree not to impair, the cooperation of its directors, officers, and employees, and shall use their best efforts to make available, and encourage the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Defendants agree to furnish to the United States and the District of Columbia, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in their possession,

custody, or control concerning any investigation of the Federal or District of Columbia Covered Conduct that they have undertaken, or that has been performed by their counsel or other agent.

16. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 17 below.

17. Defendants waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Federal or District of Columbia Covered Conduct.

18. Defendants warrant that each of them has reviewed their financial situations and that each of them is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and shall remain solvent following payment to the United States, the District of Columbia and Relators pursuant to this Agreement. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Defendants, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended and do, in fact, represent a reasonably equivalent exchange of value which is not intended to hinder, delay, or defraud any entity to which Defendants were or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

19. If, within 91 days of the Effective Date of this Agreement or of any payment made hereunder, Defendants commence, 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 Defendants' debts, or seeking to adjudicate Defendants as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Defendants or for all or any substantial part of Defendants' assets, Defendants agree as follows:

a. Defendants' obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and Defendants shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) Defendants' obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Defendants were insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States, the District of Columbia, and the Relators hereunder; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Defendants.

b. If Defendants' 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 and/or the District of Columbia, at their sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action, or proceeding against Defendants for the claims that would otherwise be covered by the releases provided in Paragraphs 2 and 3 above. Defendants agree that (i) any such claims, actions, or proceedings brought by the United States and/or the District of Columbia (including any

proceedings to exclude Defendants from participation in Medicare, any state Medicaid, or other Federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceeding described in the first clause of this Paragraph, and that Defendants shall not argue or otherwise contend that the United States' and/or the District of Columbia's claims, actions, or proceedings are subject to an automatic stay; (ii) Defendants shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding which are brought by the United States and/or the District of Columbia within 90 calendar days of written notification to Defendants that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of this Agreement; and (iii) the United States has a valid claim against Defendants in the amount of \$4,561,572.00, and the United States may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding; and (iv) the District of Columbia has a valid claim against Defendants in the amount of \$1,438,427.28, and the District of Columbia may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action or proceeding.

c. Defendants acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

20. Except as expressly provided to the contrary in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

21. Defendants represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

22. Relators represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever

23. 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 shall be the United States District Court for the District of Columbia, except that disputes arising under CIA shall be resolved exclusively under the dispute resolution provisions in CIA.

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

25. The United States shall file a Notice of Intervention and upon receipt of the payments described in Paragraph 1 above, the United States and the Relators shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal as follows:

- (a) as to the United States: the Civil Action will be dismissed with prejudice as to the Federal Covered Conduct; and all other allegations in the Civil Action will be dismissed without prejudice as to the United States.
- (b) as to the District of Columbia: the Civil Action will be dismissed with prejudice as to the District of Columbia Covered Conduct; and
- (c) as to the Relators: the Civil Action will be dismissed with prejudice.

26. The individuals signing this Agreement on behalf of Defendants represent and warrant that they are authorized by Defendants to execute this Agreement. The individuals

signing this Agreement on behalf of the Relators represent and warrant that they are authorized by the Relators to execute this Agreement. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement. The District of Columbia signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

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

28. This Agreement is binding on Defendants' successors, transferees, heirs, and assigns.

29. This Agreement is binding on Relators' successors, transferees, heirs, and assigns.

30. All Parties consent to the United States' and the District of Columbia's disclosure of this Agreement, and information about this Agreement, to the public.

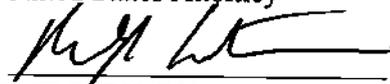
31. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

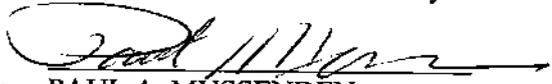
32. The "Effective Date" of this Agreement shall be the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

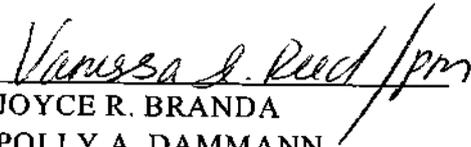
DATED: 8/28/08

JEFFREY TAYLOR
United States Attorney

BY: 
RUDOLPH CONTRERAS,
Assistant United States Attorney

BY: 
PAUL A. MUSSENDEN
Assistant United States Attorney
555 4TH Street, N.W.
Washington, D.C. 20530
202-305-4740

DATED: 8/28/08

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DATED: _____

BY: _____
GREGORY E. DEMSKE
Assistant Inspector General for Legal
Affairs
Office of Counsel to the Inspector
General
Office of Inspector General
United States Department of Health
and Human Services

DISTRICT OF COLUMBIA

PETER J. NICKLES
Acting Attorney General for the
District of Columbia

DATED: 8-27-08

BY: George Valentine / EAC
GEORGE VALENTINE
Deputy Attorney General
Civil Litigation Division

DATED: 8-27-08

BY: Stephane J. Latour
STEPHANE J. LATOUR
Chief, Civil Enforcement Section

DATED: 8-27-08

BY: Jane Drumme
JANE DRUMMEY
ZOL RAINEY
Assistant Attorneys General
Office of the Attorney General
441 4th Street, N.W., # 650-North
Washington, D.C. 20001

DATED: 8-28-08

By: Robert T. Maruca
ROBERT T. MARUCA
Senior Deputy Director
Medical Assistance Administration

GRANT PARK NURSING HOME LIMITED PARTNERSHIP

DATED: _____

BY: Centennial Service Corporation -
Grant Park

Its: General Partner

BY: _____
Kent C. Fosha, Sr.

Its: President & CEO

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Washington, D.C. 20001

DATED: _____

By: _____
ROBERT T. MARUCA
Senior Deputy Director
Medical Assistance Administration

GRANT PARK NURSING HOME LIMITED PARTNERSHIP

DATED: AUGUST 28, 2008

BY: Centennial Service Corporation -
Grant Park

Its: General Partner

BY: Kent C. Fosha, Sr.
Kent C. Fosha, Sr.

Its: President & CEO

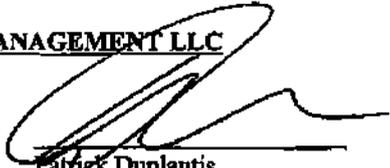
**CENTENNIAL HEALTHCARE CORPORATION
CENTENNIAL SERVICE CORPORATION-GRANT PARK
CENTENNIAL ACQUISITION CORPORATION
CENTENNIAL HEALTHCARE MANAGEMENT CORPORATION
HILLTOPPER HOLDING CORP.**

DATED: _____

BY: _____
Kent C. Fosha, Sr.
President & CEO

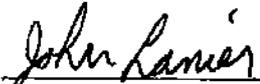
SHORELINE HEALTHCARE MANAGEMENT LLC

DATED: August 28, 2008

BY: 
Patrick Duplantis
Its: Interim President & CEO

COASTAL ADMINISTRATIVE SERVICES LLC

DATED: August 28, 2008

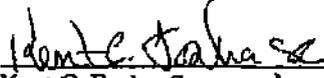
BY: 
John Lanier
Its: President & CEO

DATED: _____

BY: _____
ERIC A. DUBELIER
GINA M. CAVALIER
Counsel for Defendants

**CENTENNIAL HEALTHCARE CORPORATION
CENTENNIAL SERVICE CORPORATION-GRANT PARK
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John Lanier
Its: President & CEO

DATED: 8-28-2008

BY: 
ERIC A. DUBÉLIER
GINA M. CAVALIER
Counsel for Defendants

THE RELATORS

DATED: 8/28/08

BY:

Julia Perkins
JULIA PERKINS

DATED: 8-27-08

BY:

Martha Ludwig
MARTHA LUDWIG

DATED: Aug. 27th 2008

BY:

Rosa Watson
ROSA WATSON

DATED: 8/28/08

BY:

Steven PAVNER
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