

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Attorney’s Office for the District of Arizona and on behalf of the Small Business Administration (collectively, “the United States”), Mutoh America, Inc. (“Mutoh”), and Verity Investigations, LLC (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Mutoh, a Nevada corporation with its principal place of business in Phoenix, Arizona, is a manufacturer in the large format printing industry and is a technology distributor of drafting machines.

B. Verity Investigations, LLC is a whistleblower entity that has filed multiple *qui tam* lawsuits under the False Claims Act regarding fraudulent Paycheck Protection Program (“PPP”) loans.

C. Mutoh sought and obtained federal funding through the Paycheck Protection Program (“PPP”), which Congress established in March 2020 under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) to provide loans to eligible small businesses.

D. On May 15, 2025, Relator filed a *qui tam* action in the United States District Court for the District of Arizona captioned *United States ex rel. Verity Investigations, LLC v. Mutoh America, Inc.*, No. CV-25-01647-PHX-SPL, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (“the Civil Action”). The United States anticipates intervening in the Civil Action to effectuate this Agreement.

E. The United States contends that it has certain civil claims against Mutoh arising from Mutoh's knowing submission of an application containing misrepresentations regarding how many employees it had, which application was approved on or about March 18, 2021, to obtain a PPP loan from the Small Business Administration ("SBA") that the SBA later forgave based on Mutoh's application for forgiveness submitted on or about September 29, 2021. Specifically, the United States alleges that Mutoh was not eligible to apply to receive PPP loans or have PPP loans forgiven under the terms of the CARES Act and SBA rules and regulations because, together with its foreign affiliates, Mutoh had more than 300 employees at the time of its second PPP loan. That conduct is referred to below as "the Covered Conduct."

F. Mutoh admits, acknowledges, and accepts responsibility for the following facts:

a. The CARES Act is a federal law enacted on March 29, 2020, to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

b. One source of relief under the CARES Act was the authorization of hundreds of billions of dollars in forgivable loans to small businesses for job retention and certain other expenses through the PPP.

c. The PPP was subsequently expanded and modified by the Economic Aid Act ("EAA") in December 2020 and the American Recovery Plan Act ("ARPA") in March 2021.

d. ARPA provided new restrictions on PPP loans, including limiting loans to applicants who, together with their domestic and foreign affiliates, collectively employed 300 or fewer persons.

e. ARPA clarified that second draw PPP loans required applicants to include employees working overseas at foreign affiliates in the computation of the total number of employees.

f. Mutoh is a wholly owned subsidiary of Mutoh Holdings, Inc., a publicly traded company in Japan.

g. Together with its foreign affiliates, Mutoh had more than 300 employees at the time of its second PPP loan.

h. Mutoh Holdings, Inc., collectively had approximately 684 employees in March 2019, approximately 693 employees in March 2020, and approximately 674 employees in March 2021.

i. Mutoh applied for a second draw PPP loan, which Mutoh received on or about March 18, 2021.

j. Mutoh did not disclose its affiliated entities' employees in its computation of the total number of employees on the application as otherwise required.

k. Before Mutoh's application was submitted, a high-ranking Mutoh official seriously doubted Mutoh's eligibility for the loan but decided to proceed with the application anyway and run the risk of a repayment obligation.

l. On or about September 29, 2021, Mutoh applied for forgiveness of the loan, which the SBA later approved.

m. The United States was unaware of the misrepresentations regarding the number of employees in Mutoh's applications to receive the loan and have it forgiven, and these misrepresentations were material to the United States' decision to pay and forgive Mutoh's PPP loan in the amount of \$584,012.

G. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Agreement and to Relator's reasonable expenses, attorneys' fees, and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. No later than 20 days after the Effective Date of this Agreement, Mutoh shall pay to the United States \$900,000 ("the Settlement Amount") by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of Arizona.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$90,000 to Relator by electronic funds transfer ("Relator's Share").

3. Mutoh agrees to pay \$5,312.95 to Relator pursuant to 31 U.S.C. § 3730(d) in satisfaction of all attorneys' fees, expenses, and costs incurred by Relator in connection with the Civil Action, no later than 30 days after the Effective Date of this Agreement. Payment under this paragraph shall be made by electronic funds transfer pursuant to written instructions provided by Relator's counsel.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, the United States releases Mutoh from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Administrative False Claims Act, 31 U.S.C. §§ 3801-3812; and the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States' receipt of the Settlement Amount, Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases Mutoh from any civil monetary claim Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

6. Notwithstanding the releases given in Paragraph 4 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due; and
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

7. Relator and its heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and its heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States and its agencies, officers, agents, employees, and servants from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730 and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

8. Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases Mutoh from any liability to Relator arising from the filing of the Civil Action or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

9. Mutoh waives and shall not assert any defenses it may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth

Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

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

11. Mutoh fully and finally releases Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Mutoh has asserted, could have asserted, or may assert in the future against Relator related to the Covered Conduct and Relator's investigation and prosecution thereof.

12. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Mutoh and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Mutoh's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil 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 Mutoh makes to the United States pursuant to this Agreement and any payments that Mutoh may make to Relator, including costs and attorneys fees

are unallowable costs for government contracting purposes (“Unallowable Costs”).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Mutoh, and Mutoh shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Mutoh shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Mutoh or any of its subsidiaries or affiliates from the United States. Mutoh agrees that the United States, at a minimum, shall be entitled to recoup from Mutoh any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Mutoh’s books and records and to disagree with any calculations submitted by Mutoh or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Mutoh or the effect of any such Unallowable Costs on the amount of such payments.

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

14. Upon receipt of the payment described in Paragraph 1, above, and after the case is unsealed, the Parties shall promptly sign and file in the Civil Action a Stipulation of Dismissal of the Civil Action pursuant to Federal Rule of Civil Procedure 41(a)(1).

15. Except as provided in Paragraph 3, the Parties shall bear their own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. The Parties to this Agreement represent that they freely and voluntarily enter this Agreement without any degree of duress or compulsion. The signatories to this Agreement represent that they freely and voluntarily sign this Agreement without any degree of duress or compulsion.

17. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Arizona. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

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

19. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

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

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

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

23. The Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

24. This Agreement is effective on the date of signature of the last signatory to the Agreement ("the Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[THIS SECTION IS INTENTIONALLY LEFT BLANK. SIGNATURES FOLLOW.]

THE UNITED STATES OF AMERICA

TIMOTHY COURCHAIINE
United States Attorney

DATED: 3/31/26


BY:



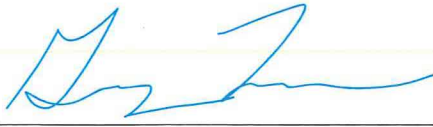
LON R. LEAVITT
Assistant United States Attorney
United States Attorney's Office
District of Arizona
Counsel for the United States of America


MUTOH AMERICA, INC. - DEFENDANT

DATED: 3-24-26 BY: 
Brian Phipps
President

DATED: 3/24/26 BY: 
Ashley Adams
Adams & Associates, PLC
Counsel for Mutoh America, Inc.

VERITY INVESTIGATIONS, LLC - RELATOR

DATED: 3/24/26 BY: 
Gregory Lynam
Verity Investigations, LLC

DATED: Mar. 24, 2026 BY: 
Steven Shepard
Susman Godfrey, LLP
Counsel for Verity Investigations, LLC