UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, *ex rel.* VERITY INVESTIGATIONS, LLC,

Plaintiff,

v.

KRIS AGENCY & HOME CARE, INC.,

Defendant.

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STIPULATION AND ORDER

Civil Action No. 24-CV-4353

(Cogan, J.)
(Merkl, M.J.)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Small Business Administration ("SBA") (collectively the "United States"), Kris Agency & Home Care, Inc. ("Kris Agency"), Career Development Center of Queens, Inc. ("Career Development Center" and, with Kris Agency, "Borrowers"), and Verity Investigations, LLC (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Kris Agency is a New York corporation with a principal place of business in Queens, New York.

B. Career Development Center is a New York corporation with a principal place of business in Queens, New York.

C. The SBA is an independent agency of the United States government that provides aid, counsel, and assistance to small businesses and entrepreneurs. The

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Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), Section 1102, vested the SBA with the responsibility of managing the Paycheck Protection Program ("PPP"), under the SBA's 7(a) Loan Program. The PPP was intended to provide economic relief to small businesses nationwide adversely impacted by COVID-19. In March 2020, SBA announced a first round of forgivable loans under the PPP (the "PPP First Draw").

D. On January 8, 2021, SBA announced the PPP Second Draw. This program allowed certain eligible borrowers to apply for a second forgivable loan.

E. To apply for the PPP Second Draw, a business or entity had to certify that it met the requirements of the program, including that it, with its affiliates, had fewer than 300 employees. Applicants also had to disclose all of their affiliates and certify that this information, along with all information submitted on the loan application, was accurate.

F. On June 20, 2024, Verity Investigations, LLC filed a qui tam action in the United States District Court for the Eastern District of New York captioned *United States ex rel. Verity Investigations, LLC v. Kris Agency & Home Care, Inc.*, No. 24-cv-4353, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action").

G. Kris Agency admits, acknowledges, and takes responsibility for the following facts:

1. Kris Agency applied for a Second Draw PPP loan on March 1, 2021.
2. Kris Agency's loan application was approved and it received $1,805,488 from SBA.
3. Kris Agency's Second Draw PPP loan application included a certification that it had disclosed all of its affiliates.

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4. Kris Agency's Second Draw PPP loan application included a certification that it, with its affiliates, employed fewer than 300 employees.

5. Kris Agency subsequently requested, and received, forgiveness for the full amount of the PPP Second Draw loan. SBA also forgave $10,832.92 in interest and incurred a $54,164.61 lender fee.

6. Kris Agency's forgiveness application included a certification that its initial loan application was accurate.

H. Career Development Center admits, acknowledges, and takes responsibility for the following facts:

1. Career Development Center applied for a Second Draw PPP loan on February 10, 2021.

2. Career Development Center's loan application was approved and it received $25,000 from SBA.

3. Career Development Center's Second Draw PPP loan application included a certification that it had disclosed all of its affiliates.

4. Career Development Center's Second Draw PPP loan application included a certification that it, with its affiliates, employed fewer than 300 employees.

5. Career Development Center subsequently requested, and received, forgiveness for the full amount of the PPP Second Draw loan. SBA also forgave $176.71 in interest and incurred a $2,500 lender fee.

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6. Career Development Center's forgiveness application included a certification that its initial loan application was accurate

I. The United States contends that it has certain civil claims against Borrowers for engaging in the conduct described in Recitals G and H (hereafter referred to as the "Covered Conduct."). In particular, the United States contends that, as a result of the Covered Conduct, Borrowers caused the submission of false claims for payment to SBA. The United States contends that the claims were false and Borrowers were ineligible for PPP Second Draw funding, because at all relevant times, Kris Agency employed more than 300 employees. The United States also contends that the claims were false because Borrowers were affiliates but did not disclose each other as affiliates, and together Borrowers employed more than 300 employees.

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

K. This Settlement Agreement is neither an admission of liability by Kris Agency nor a concession by the United States that its claims are not well founded.

L. This Settlement Agreement is neither an admission of liability by Career Development Center nor a concession by the United States that its claims are not well founded.

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 Settlement Agreement, the Parties agree and covenant as follows:

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TERMS AND CONDITIONS

1. Borrowers shall pay to the United States TWO MILLION THREE HUNDRED FORTY-SEVEN THOUSAND ONE HUNDRED THIRTY-THREE DOLLARS AND TEN CENTS ($2,347,133.10) ("Settlement Amount"). $1,898,161.24 of the Settlement Amount is restitution, of which $1,870,484.53 is attributable to Kris Agency and $27,676.71 is attributable to Career Development Center. Within three business days of the Effective Date of this Agreement, Borrowers will make a payment to the United States in the amount of FIVE HUNDRED EIGHTY-SIX THOUSAND SEVEN HUNDRED EIGHTY-THREE DOLLARS AND TWENTY-SEVEN CENTS ($586,783.27) ("Initial Payment").

A. Borrowers will pay the remaining One Million Seven Hundred Sixty Thousand Three Hundred Forty Nine Dollars and Eighty Three Cents ($1,760,349.83) pursuant to the payment schedule attached as Exhibit A (the "Payments Over Time").

B. Both the Initial Payment and the Payments Over Time shall be made pursuant to written instructions provided by the United States Attorney's Office for the Eastern District of New York.

C. If Borrowers, or any of their affiliates are sold, merged, or transferred, or a significant portion of the assets of Borrowers or of any of their affiliates is sold, merged, or transferred into another non-affiliated entity, Borrowers shall promptly notify the United States, and all remaining payments owed pursuant to the Settlement Agreement shall be accelerated and become immediately due and payable.

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D. The Settlement Amount may be prepaid, in whole or in part, without penalty or premium.

2. Conditioned upon the United States receiving the Initial Payment and each of the Payments Over Time, the United States agrees that it shall pay to Relator by electronic funds transfer ten percent (10%) of each such payment received under the Settlement Agreement ("Relator's Share") as soon as feasible after receipt of the payment.

3. Within 7 days of the Effective Date, Borrowers shall pay Verity Investigations, LLC, attorneys' fees and costs in the amount of SEVEN THOUSAND ONE HUNDRED FIFTY-SEVEN DOLLARS AND FIFTY CENTS ($7,157.50).

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below and subject to Paragraph 13 (concerning default), and Paragraph 14 (concerning bankruptcy) below, and upon the United States' receipt of the full Settlement Amount, the United States releases Borrowers 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 Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below and subject to Paragraph 13 (concerning default), and Paragraph 14 (concerning bankruptcy) below, and upon the United States' receipt of the Settlement Amount, Relator, for himself/herself and for his/her heirs, successors, attorneys, agents, and assigns, releases Borrowers from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

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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 this Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement; and

f. Any liability of individuals.

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

8. Relator, for itself, and for its heirs, successors, attorneys, agents, and assigns, releases Borrowers, and its officers, agents, and employees, from any liability to

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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. Borrowers waive and shall not assert any defenses they 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. Borrowers fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Borrowers have asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

11. Borrowers fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Borrowers have asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the 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 Borrowers, and their present or former officers, directors, employees, shareholders, and agents in connection with:

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(1) the matters covered by this Agreement;

(2) the United States' audit and civil investigation of the matters covered by this Agreement;

(3) Borrowers' investigation, defense, and corrective actions undertaken in response to the United States' audit and civil investigation in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement;

(5) the payment Borrowers make to the United States pursuant to this Agreement and any payments that Borrowers may make to Relator, including costs and attorneys' fees,

are unallowable costs for government contracting purposes (hereinafter referred to as "Unallowable Costs").

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Borrowers, and Borrowers 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, Borrowers shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Borrowers or any of their subsidiaries or affiliates from the United States. Borrowers agree that the United States, at a minimum, shall be entitled to recoup from Borrowers any overpayment plus applicable interest and penalties as a result of the inclusion of such

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

13. In the event that Borrowers fail to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above and on Exhibit A, Borrowers shall be in Default of their payment obligations ("Default"). The United States will provide a written Notice of Default, and Borrowers shall have an opportunity to cure such Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due under the payment schedule. Notice of Default will be delivered to Borrowers, or to such other representative as Borrowers shall designate in advance in writing. If Borrowers fail to cure the Default within seven (7) calendar days of receiving the Notice of Default and in the absence of an agreement with the United States to a modified payment schedule ("Uncured Default"), the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest on the remaining unpaid balance shall thereafter accrue at the rate of 12% per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance).

b. In the event of Uncured Default, Borrowers agree that the United States, at its sole discretion, may (i) retain any payments previously made, rescind

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this Agreement and pursue the Civil Action or bring any civil and/or administrative claim, action, or proceeding against Borrowers for the claims that would otherwise be covered by the releases provided in Paragraph 4 above, with any recovery reduced by the amount of any payments previously made by Borrowers to the United States under this Agreement; (ii) take any action to enforce this Agreement in a new action or by reinstating the Civil Action; (iii) offset the remaining unpaid balance from any amounts due and owing to Borrowers and/or affiliated companies by any department, agency, or agent of the United States at the time of Default or subsequently; and/or (iv) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. The United States shall be entitled to any other rights granted by law or in equity by reason of Default, including referral of this matter for private collection. In the event the United States pursues a collection action, Borrowers agree immediately to pay the United States the greater of (i) a ten-percent (10%) surcharge of the amount collected, as allowed by 28 U.S.C. § 3011(a), or (ii) the United States' reasonable attorneys' fees and expenses incurred in such an action. In the event that the United States opts to rescind this Agreement pursuant to this paragraph, Borrowers waive and agree not to plead, argue, or otherwise raise any defenses of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims that are (i) filed by the United States against Borrowers within 120 days of written notification that this Agreement has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on June 20, 2024. Borrowers agree not to contest any offset, recoupment, and /or collection action undertaken by the

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United States pursuant to this paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the United States.

14. In exchange for valuable consideration provided in this Agreement, Borrowers and Relator acknowledge the following:

a. Borrowers have reviewed their financial situations and warrant that each entity is 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 of the Settlement Amount.

b. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Borrowers, within the meaning of 11 U.S.C. § 547(c)(1), and the Parties conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.

c. The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do in fact, constitute a reasonably equivalent exchange of value.

d. The Parties do not intend to hinder, delay, or defraud any entity to which Borrowers were or became indebted to on or after the date of any transfer contemplated in this Agreement, within the meaning of 11 U.S.C. § 548(a)(1).

e. If any of Borrowers' payments or 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) or if, before the Settlement

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Amount is paid in full, Borrowers or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of Borrowers' debts, or to adjudicate Borrowers as bankrupt or insolvent; or seeking appointment of a receiver, trustee, custodian, or other similar official for Borrowers or for all or any substantial part of Borrowers' assets:

(i) the United States may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Borrowers for the claims that would otherwise be covered by the releases provided in Paragraph 4 above;

(ii) the United States has an undisputed, noncontingent, and liquidated allowed claim against Borrowers in the amount of $5,723,102.72, less any payments received pursuant to Paragraph 1 of this Agreement, provided, however, that such payments are not otherwise avoided and recovered from the United States by a receiver, trustee, creditor, custodian, or similar official;

(iii) if any payments are avoided and recovered by a receiver, trustee, creditor, custodian, or similar official, the United States shall not be responsible for the return of any amounts already paid by the United States to the Relator; and

(iv) if, notwithstanding subparagraph (iii), any amounts already paid by the United States to the Relator pursuant to Paragraph 2 are recovered from the United States in an action or proceeding filed by

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a receiver, trustee, creditor, custodian, or similar official in or in connection with a bankruptcy case that is filed within two years of the Effective Date of this Agreement or of any payment made under Paragraph 1 of this Agreement, Relator shall, within thirty days of written notice from the United States to the undersigned Relator's counsel, return to the United States all amounts recovered from the United States.

f. Borrowers agree that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 14.e is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States' police and regulatory power. Borrowers shall not argue or otherwise contend that the United States' claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consents to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Borrowers waive and 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 claim, action, or proceeding brought by the United States within 120 days of written notification to Borrowers that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on June 20, 2024.

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

16. Upon receipt of all payments described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

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17. Except as otherwise provided 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.

18. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

19. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of New York. 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.

20. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. Forbearance by the United States from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement.

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

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

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

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

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

THE UNITED STATES OF AMERICA

DATED: 5/14/2026

JOSEPH NOCELLA, JR.
United States Attorney

BY: Logan J. Gowdicott
Logan J. Gowdicott
Assistant United States Attorney
Eastern District of New York

KRIS AGENCY & HOME CARE, INC. – DEFENDANT

DATED: 5-11-26 BY: Mahadai Deoki
Kris Agency & Home Care, Inc.

DATED: 5/11/26 BY: Nicole Hughes Waid
Nicole Hughes Waid
Counsel for Kris Agency & Home Care, Inc.

CAREER DEVELOPMENT CENTER OF QUEENS, INC. – SETTLING PARTY

DATED: 5-11-26 BY: Krisandrath Deoki
Career Development Center of Queens, Inc.

K.D. M.D

DATED: 5/11/26 BY: Nicole Hughes Waid

Nicole Hughes Waid
Counsel for Career Development Center of Queens, Inc.

VERITY INVESTIGATIONS, LLC – RELATOR

DATED: 5/14/2026 BY:

Gregory Lynam
Verity Investigations, LLC

DATED: May 14, 2026 BY:

Steven M. Shepard
Counsel for Verity Investigations, LLC

SO ORDERED

Brooklyn, New York
May 16, 2026

Brian M. Cogan

HONORABLE BRIAN M. COGAN
United States District Judge
Eastern District of New York

K.D. MP

Exhibit A

Payment Amount	Date
$586,783.27	Within three business days of the Effective date per Paragraph 1
$586,783.27	August 31, 2026
$586,783.27	December 31, 2026
$586,783.29	April 30, 2027

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