

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 General Services Administration (collectively the “United States”); Varidesk, LLC (“Varidesk”) and Vari Sales Corporation (“Vari Sales”) (collectively, “VARI”); and Elliot Balis (“Relator”), through their authorized representatives. The United States, VARI, and Relator are collectively referred to as the “Parties.”

RECITALS

A. Vari Sales is a Delaware corporation with a principal place of business in Coppell, Texas. Varidesk is a limited liability corporation formed in Texas. Vari Sales and Varidesk do business under the name “VARI.”

B. On December 29, 2022, Relator filed a *qui tam* action in the United States District Court for Northern District of California captioned *United States ex rel. Balis v. Varidesk, LLC and Vari Sales Corporation d/b/a VARI*, Case No. 22-cv-09146-JCS, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). The United States is intervening in the Civil Action for purposes of settlement.

C. The United States contends that it has certain civil claims against VARI arising from General Services Administration Multiple Award Schedule Contract Number GS27F007GA (the “Contract”), which VARI entered into with the GSA on December 8, 2016, and through which VARI sold GSA office furniture during the period of December 8, 2016 through June 30, 2019. The United States contends that VARI knowingly failed to disclose to GSA and provide federal government customers

under the Contract with price discounts that it provided to other customers in the basis-of-award category. The United States contends that, as a result of those discounts, VARI knowingly caused false or fraudulent claims for payment to be presented to GSA. This conduct is referred to below as the “Covered Conduct.”

E. 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.

F. This Settlement Agreement is neither an admission of liability by VARI, 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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. VARI shall pay to the United States the sum of one million, one hundred thousand dollars (\$1,100,000) (“Settlement Amount”), of which \$550,000 is restitution, and interest on the Settlement Amount at a rate of 4.250% per annum from March 3, 2025 to the date of each payment, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office of the Northern District of California, under the terms and conditions specified herein.

a. Within thirty (30) days of the Effective Date of this Agreement, VARI will make a payment to the United States in the amount of \$275,000, plus interest at a rate of 4.250% per annum from March 3, 2025 to the date of such payment.

- b. Over a period of one year, VARI will pay the remaining \$825,000, plus interest at a rate of 4.250% per annum from March 3, 2025 to the date of each such payment, pursuant to the schedule attached as Exhibit A (“Payments Over Time”).
- c. The Settlement Amount may be prepaid, in whole or in part, without penalty or premium.

2. Conditioned upon the United States receiving the Settlement Amount payments, the United States agrees that it shall pay to Relator by electronic funds transfer 17 percent of each such payment received under the Agreement (Relator’s Share) as soon as feasible after receipt of the payment.

3. VARI shall pay one hundred and twenty-five thousand dollars (\$125,000) to Relator’s counsel, Price Benowitz LLP, for attorneys’ fees and costs under 31 U.S.C. § 3730(d). This sum shall be due no later than June 3, 2025.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below and subject to Paragraphs 13-14 (concerning default), and upon the United States’ receipt of the Settlement Amount plus interest due under Paragraph 1, the United States releases VARI, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, 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; the Contract Disputes Act, 41 U.S.C. §§ 7101-7109 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 Paragraphs 13-14 (concerning default) below, and conditioned upon the United States' receipt of the Settlement Amount plus interest due under Paragraph 1, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases VARI 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.

6. Notwithstanding the releases given in Paragraphs 4 and 5 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;
- 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;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

7. Relator and his 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 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. Upon full payment to the United States of all funds as required under Paragraph 1 above and full payment to the Relator for attorneys' fees and costs under 31 U.S.C. § 3730(d) as required under Paragraph 3 above, and subject to Paragraphs 13-14 concerning default, Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases VARI, and its officers, agents, attorneys, and employees, 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. VARI waives and shall not assert any defenses VARI 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. VARI fully and finally releases 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 VARI has 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. VARI fully and finally releases the Relator and all his heirs, executors, administrators, estates, successors, attorneys, agents and assigns from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that VARI has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct, the Civil Action, or the Relator's investigation and prosecution thereof.

12. VARI agrees to the following:

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 VARI, 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) VARI'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 VARI makes to the United States pursuant to this Agreement and any payments that VARI 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 VARI, and VARI 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, VARI shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by VARI or any of its subsidiaries or affiliates from the United States. VARI agrees that the United States, at a minimum, shall be entitled to recoup from VARI 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 VARI's books and records and to disagree with any calculations submitted by VARI or any of its

subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by VARI, or the effect of any such Unallowable Costs on the amount of such payments.

13. In the event that VARI fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above, VARI shall be in Default of VARI's payment obligations ("Default"). The United States will provide a written Notice of Default, and VARI 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 and paying any additional interest accruing under the Settlement Agreement up to the date of payment. Notice of Default will be delivered to VARI, or to such other representative as VARI shall designate in advance in writing. If VARI fails 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). Any such payments made to the United States under this Paragraph are subject to Paragraph 2 above.

14. In the event of Uncured Default, VARI agrees that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Agreement and pursue the Civil Action or bring any civil and/or administrative claim, action, or proceeding against VARI 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 VARI 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 VARI 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, VARI agrees 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, VARI waives and agrees 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 VARI 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 December 29, 2022. VARI agrees not to contest any offset, recoupment, and /or collection action undertaken by the 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.

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

16. Upon the United States receipt of the first payment described in Paragraph 1, above, and upon Relator's receipt of full payment of attorneys' fees and costs described in paragraph 3, 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). The stipulation of dismissal shall include language stating that the action is being dismissed subject to the terms of the Settlement Agreement and that the Court retains jurisdiction over the parties to the extent necessary to enforce the terms and conditions of the Settlement Agreement. The dismissal shall be with prejudice as to the Relator as to all claims and all parties in the Civil Action. With respect to the United States, the dismissal shall be with prejudice as to the Covered Conduct and without prejudice as to all other conduct or causes of action.

17. Except as provided in Paragraph 3 above, 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 Northern District of California. 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 VARI's successors, transferees, heirs, and assigns.

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

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.

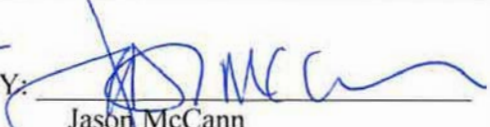
THE UNITED STATES OF AMERICA


DATED: _____

BY: _____

DAVID M. DEVITO
Assistant United States Attorney
Northern District of California

VARIDESH, LLC AND VARI SALES CORPORATION - DEFENDANTS

DATED: 3/28/25 BY: 
Jason McCann
Chief Executive Officer
Varidesk, LLC and Vari Sales Corporation

DATED: 3/28/025 BY: 
DISMAS LOCARIA
Venable LLP
Counsel for Varidesk, LLC and Vari Sales Corporation

ELLIOT BALIS - RELATOR

DATED: _____ BY: _____
ELLIOT BALIS

DATED: _____ BY: _____
ANTHONY C. MUNTER
Price Benowitz LLP
Counsel for Relator

VARIDESK, LLC AND VARI SALES CORPORATION - DEFENDANTS

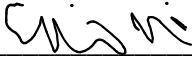
DATED: _____ BY: _____

Jason McCann
Chief Executive Officer
Varidesk, LLC and Vari Sales Corporation

DATED: _____ BY: _____

DISMAS LOCARIA
Venable LLP
Counsel for Varidesk, LLC and Vari Sales Corporation

ELLIOT BALIS - RELATOR

DATED: 3/28/2025 BY:  _____

ELLIOT BALIS

DATED: _____ BY: _____

ANTHONY C. MUNTER
Price Benowitz LLP
Counsel for Relator

VARIDESK, LLC AND VARI SALES CORPORATION - DEFENDANTS

DATED: _____ BY: _____

Jason McCann
Chief Executive Officer
Varidesk, LLC and Vari Sales Corporation

DATED: _____ BY: _____

DISMAS LOCARIA
Venable LLP
Counsel for Varidesk, LLC and Vari Sales Corporation

ELLIOT BALIS - RELATOR

DATED: _____ BY: _____

ELLIOT BALIS

DATED: 3/28/2025 BY: 

ANTHONY C. MUNTER
Price Benowitz LLP
Counsel for Relator

EXHIBIT A – PAYMENTS BY VARI TO THE UNITED STATES OVER TIME¹

Payment Due Date	Principal Payment Due (not including interest)	Balance (not including interest)
---	---	\$1,100,000
Within 30 days of Effective Date	\$275,000	\$825,000
6/3/2025	\$275,000	\$550,000
9/3/2025	\$275,000	\$275,000
12/3/2025	\$275,000	\$0
Total	\$1,100,000	---

¹ In advance of each payment, the United States will provide payment instructions that reflect the principal amount owed as well as interest for each payment.