

## 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 Northern District of New York and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively, the "United States"), Center for Disability Services Holding Corporation, d/b/a St. Margaret's Center, and Amanda Hodge and Jennifer Minshell (collectively, "Relators"), through their authorized representatives. All the above will be referred to as "the Parties."

### RECITALS

A. Center for Disability Services Holding Corporation, d/b/a St. Margaret's Center (SMC), is a not-for-profit corporation organized under New York law, which operates a skilled nursing facility (SNF) located in Albany, New York with 56 Residential Health Care Beds, 36 Pediatric Beds, and 2 Respite Care (Short Term) Beds.

B. SMC provides skilled nursing and rehabilitation services to chronically ill and disabled children and other residents insured by the Medicaid Program. 42 U.S.C. §§ 1396-1396w-5.

C. As a Skilled Nursing Facility (SNF), SMC is subject to the Federal Nursing Home Reform Act (FNRRA), 42 U.S.C. § 1395i-3 and § 1396r, and its implementing regulations at 42 C.F.R. § 483. The FNRRA requires SNFs to "care for its residents in such a manner and in such an environment as will promote maintenance or enhancement of the quality of life of each resident." § 1395i3(b)(1)(A). New York State laws and regulations impose similar obligations.

*See generally*, N.Y. Public Health Law § 2803-c; 10 NYCRR § 415.3.

D. Each state is responsible for inspecting SNFs' compliance with the FNHRA. 42 U.S.C. § 1395i-3(g)(1)(A). States evaluate compliance by conducting on-site surveys. 42 C.F.R. § 483.1(b). If the surveys reveal noncompliance with the FNHRA or other requirements, then the state or the Centers for Medicare & Medicaid Services (CMS) can seek administrative remedies, to include denying payment and assessing civil monetary penalties. 42 U.S.C. § 1395i-3(g)(2). 42 C.F.R. § 488.402; § 488.406. When a survey reveals that residents' health or safety is in "immediate jeopardy," Medicare and Medicaid payments can be suspended. 42 U.S.C. § 1395i-3(h)(2). In New York, the New York State Department of Health (NYSDOH) is responsible for conducting these surveys.

E. Between January 1, 2018 through December 31, 2023, the care that SMC provided to its residents did not consistently meet federal and state standards. For example, the NYSDOH conducted on-site surveys at SMC and determined that SMC did not consistently: ensure that residents were free of any significant medication errors (6/27/2023 survey); provide appropriate respiratory (3/21/2022 survey) and tracheostomy care and suctioning (6/28/2022 and 6/27/2023 surveys); provide sufficient nursing staffing (3/21/2022 survey); and maintain resident records in accordance with professional standards of practice (6/28/2022). During one such survey in March 2022, NYSDOH determined that SMC failed to adequately supervise three residents which NYSDOH found immediately jeopardized the health or safety SMC's residents. Based on NYSDOH's finding, NYSDOH placed SMC into "immediate jeopardy" status from March 21, 2022 until April 28, 2022.

F. Based in part on NYSDOH's 2022 findings, CMS temporarily placed SMC into the CMS's Special Focus Facility program. CMS recognizes that most nursing homes have some deficiencies, but it created the Special Focus program to identify the "minority" of nursing

homes that have a history of serious quality issues—that is “more problems than other nursing homes”; “more serious problems than most other nursing homes (including harm or injury experienced by residents)”; and a pattern of serious problems that have persisted over a long period of time.”

G. Federal law requires SNFs to have a “compliance and ethics program that is effective in preventing and detecting criminal, civil, and administrative violations … and in promoting quality of care” consistent with the implementing regulations. 42 U.S.C. § 1320a-7j(b)(1). *See also* 42 C.F.R. § 483.85 (effective November 28, 2019).

H. Changes to New York law require SNFs to designate a compliance committee, and a compliance officer, who reports directly to the Chief Executive Officer or other senior management, and periodically to the governing body (*i.e.*, SMC’s Board of Directors). NY Social Services Law § 363-d (effective April 1, 2020); 18 NYCRR § 521.3 (effective until December 28, 2022); 18 NYCRR § 521-1.4 (effective after December 28, 2022; enforcement commenced March 28, 2023). The compliance program applies to various risk areas including, “quality of care.” The law further requires SNFs to annually certify their compliance programs as effective.

I. As a condition of receiving Medicaid funding an SMC official annually certified that SMC had adopted and implemented an effective compliance program. SMC’s compliance program failed to meet one or more statutory and/or regulatory requirements. For example, when SMC’s designated compliance officer was questioned under oath by the United States about duties pertaining to SMC, the compliance officer: had “no idea” how to identify potential compliance risks associated with caring for medically fragile infants and children; and was unaware that SMC had been placed in “immediate jeopardy” status by NYSDOH in 2022.

Further, the designated compliance officer acknowledged that a document entitled “Compliance Plan for FY 2021” did not include quality of care issues; SMC did not establish a compliance committee that included quality of care as a risk area in its compliance program until March 2023; and the compliance officer’s position was not reflected as reporting directly to the chief executive officer or other senior management of SMC in an organization chart dated December 3, 2021.

J. SMC admits, acknowledges, and accepts responsibility for the facts set forth above, in Paragraphs A through I.

K. The United States contends that the admitted facts demonstrate that between January 1, 2018 and December 31, 2023, SMC knowingly presented or caused to be presented false claims for payment to the New York State Medicaid program, in violation of the False Claims Act, 31 U.S.C. § 3729. Such claims are alleged to be false because they were presented for care that, as outlined in Paragraphs A-J, was grossly substandard and, therefore, worthless. These claims were also false because SMC failed to consistently maintain an effective compliance program that met all statutory and regulatory requirements and promoted quality care. This Paragraph, together with the admitted facts set forth above in Paragraphs A through J, constitutes the “Covered Conduct.”

L. On January 4, 2022, Relators Amanda Hodge and Jennifer Minshell filed a *qui tam* action in the United States District Court for the Northern District of New York captioned *United States of America and State of New York, ex rel. Amanda Hodge and Jennifer Minshell v. Center for Disability Services Holding Corp. d/b/a St. Margaret’s Center, et. al.*, 1:22-cv-0004, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). The Relators alleged that SMC presented false claims to Medicaid for, among other

things, providing substandard care to its residents. Concurrent with this Agreement, the United States is intervening in the Civil Action with regard to the Covered Conduct, as defined above.

M. Relators claim entitlement under 31 U.S.C. § 3730(d) and N.Y. Financial Law § 190(6) to a share of the proceeds of this Settlement 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 Settlement Agreement, the Parties agree and covenant as follows:

#### TERMS AND CONDITIONS

1. Center for Disability Services Holding Corporation, d/b/a St. Margaret's Center shall pay to the United States and the State of New York, a total of \$1,300,000 (Total Settlement Amount). Of the Total Settlement Amount, SMC will pay \$592,800 to the United States (Federal Settlement Amount), of which \$296,400 is restitution, no later than 14 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by United States Attorney's Office for the Northern District of New York.

2. Conditioned upon the United States receiving the Federal Settlement Amount and as soon as feasible after receipt, the United States shall pay \$112,632 to Relators by electronic funds transfer (Relator's Share).

3. No later than 14 days after the Effective Date of this Agreement or the date that Relators' counsel provides SMC's counsel with wire instructions, whichever is later, SMC shall pay attorneys' fees, costs, and expenses to Relators, through Relators' counsel, in full and complete satisfaction of any claim Relator or their counsel has or could have asserted for

attorneys' fees, costs, and expenses arising out of, relating to, or in connection with the Civil Action and related investigation.

4. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon SMC's payment of the Total Settlement Amount, the United States releases SMC, 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 Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, as amended; or the common law theories of payment by mistake, disgorgement, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 7 below, and upon the United States' receipt of the Federal Settlement Amount, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release Center for Disability Services Holding Corporation, d/b/a St. Margaret's Center and Center for Disability Services, Inc. their heirs, successors, attorneys, agents, and assigns from any civil monetary claim the Relators have on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

6. In consideration of the obligations of SMC in this Agreement and the Corporate Integrity Agreement (CIA), entered into between OIG-HHS and the Center for Disability Services Holding Corporation d/b/a St. Margaret's Center and upon the United States' receipt of full payment of the Total Settlement Amount, the OIG-HHS shall release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare,

Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against SMC under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in this paragraph and in Paragraph 7 (concerning reserved claims), below. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude SMC from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the 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 7, below.

7. Notwithstanding the releases given in Paragraphs 4 and 6 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, including mandatory exclusion from Federal health care programs;
- 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.

8. Relators and their 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 Relators' receipt of the Relators' Share, Relators and their 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.

9. SMC waives and shall not assert any defenses SMC 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. SMC fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that SMC 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 and the United States' investigation and prosecution thereof.

11. SMC for itself and for its successors, assigns, present and former parents, subsidiaries, agents, employees, and affiliates (including but not limited to Center for Disability Services, Inc.), fully and finally release Relators, their heirs, successors, attorneys, agents, and assigns from any claims and all manner of claims, proceedings, liens, and causes of action of any kind or description, whether known or unknown (including attorney's fees, costs, and expenses of every kind and however denominated) that SMC has asserted, could have asserted, or may

assert in the future against Relators related to or arising from the Covered Conduct, the allegations set forth in the Civil Action, and Relators' investigation and prosecution thereof.

12. Conditioned upon the United States' receipt of the Federal Settlement Amount payment, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, releases SMC, and its officers, agents, and employees, from any liability to Relators arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

13. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and SMC agrees not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

14. SMC agrees to the following:

a. Unallowable Costs Defined: 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. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of SMC, 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 and civil investigation of the matters covered by this Agreement;
- (3) SMC's 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 SMC makes to the United States pursuant to this Agreement and any payments that SMC may make to Relator, including costs and attorneys' fees; and
- (6) the negotiation of, and obligations undertaken pursuant to the CIA to: (i) retain an independent review organization to perform annual reviews as described in Section III of the CIA; and (ii) prepare and submit reports to the OIG-HHS

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs). However, nothing in paragraph 14.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to SMC.

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for in nonreimbursable cost centers by SMC, and SMC 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 SMC or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: SMC further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and 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 SMC or any of its 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. SMC agrees that the United States, at a minimum, shall be entitled to recoup from SMC 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 SMC or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on SMC or any of its 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 to audit, examine, or re-examine SMC's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

15. 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 16 (waiver for beneficiaries paragraph), below.

16. SMC agrees that it waives 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, based upon the claims defined as Covered Conduct.

17. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file a Joint Stipulation of Dismissal of the Civil Action pursuant to Fed. R. Civ. P. 41(a)(1).

- a. As to the Relators, the dismissal shall be with prejudice as to the Complaint and all claims therein filed on behalf of the United States or the State of New York.
- b. As to the United States, the dismissal shall be with prejudice as to all claims related to the Covered Conduct as defined in the Federal Settlement Agreement. All other claims as to the United States, if any, that the Relators have filed in the Complaint on behalf of the United States are dismissed without prejudice
- c. As to the State of New York, the dismissal shall be with prejudice as to all claims delineated in Paragraph 5 of the State of New York's Stipulation and Order of Settlement ("NYS Settlement Agreement") related to the Covered Conduct for defendant Center for Disability Services Holding Corporation d/b/a St. Margaret's Center and without prejudice for defendant Center for Disability Services Holding Corporation d/b/a St. Margaret's Center as to any other allegations contained in the Civil Action, as defined in the NYS Settlement Agreement. For all other defendants (*i.e.*, Center for Disability Services, Inc., and Gregory Sorrentino), the dismissal shall be with prejudice as to all allegations contained in the Civil Action.

18. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

20. 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 Northern 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.

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

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

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

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

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

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

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

\*\*\* SIGNATURES APPEAR ON FOLLOWING PAGE \*\*\*

**FOR THE UNITED STATES OF AMERICA**

JOHN A. SARCONE, III  
Acting United States Attorney  
Northern District of New York

DATED: December 10, 2025

 Digitally signed by  
CHRISTOPHER MORAN  
Date: 2025.12.10 15:19:44  
-05'00'

**CHRISTOPHER R. MORAN**  
Assistant United States Attorney

DATED: \_\_\_\_\_

SUSAN E. GILLIN  
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

**FOR CENTER FOR DISABILITY SERVICES  
HOLDING CORPORATION, D/B/A ST.  
MARGARET'S CENTER**

DATED: \_\_\_\_\_

JOHN QUEENAN  
MARY APERANCE  
JEFFREY EHRHARDT  
Rivkin Radler LLP  
Counsel for Center for Disability Services Holding  
Corporation, d/b/a St. Margaret's Center

DATED: \_\_\_\_\_

GREGORY SORRENTINO, President and CEO of  
Center for Disability Services Holding Corporation d/b/a  
St. Margaret's Center

FOR THE UNITED STATES OF AMERICA

JOHN A. SARCONE, III  
Acting United States Attorney  
Northern District of New York

DATED: \_\_\_\_\_

CHRISTOPHER R. MORAN  
Assistant United States Attorney

12/11/2025

DATED: \_\_\_\_\_

*Chris*  
SUSAN E. GILLIN  
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

FOR CENTER FOR DISABILITY SERVICES  
HOLDING CORPORATION, D/B/A ST.  
MARGARET'S CENTER

DATED: 12/8/2025

*John Queenan*  
JOHN QUEENAN  
MARY APERANCE  
JEFFREY EHRHARDT  
Rivkin Radler LLP  
Counsel for Center for Disability Services Holding  
Corporation, d/b/a St. Margaret's Center

DATED: 12/5/25

*Meggy Sorrentino*  
GREGORY SORRENTINO, President and CEO of  
Center for Disability Services Holding Corporation d/b/a  
St. Margaret's Center

FOR RELATORS, AMANDA HODGE AND  
JENNIFER MINSELL

DATED: 12/10/25

Jeffrey A. Newman

JEFFREY A. NEWMAN

REA KASEMI

Jeff Newman Law

Counsel for the Relators, Amanda Hodge and Jennifer  
Minshell

DATED: \_\_\_\_\_

Amanda Hodge

DATED: \_\_\_\_\_

Jennifer Minshell

**FOR RELATORS, AMANDA HODGE AND  
JENNIFER MINSHELL**

DATED: \_\_\_\_\_

JEFFREY A. NEWMAN

REA KASEMI

Jeff Newman Law

Counsel for the Relators, Amanda Hodge and Jennifer  
Minshell



Amanda Hodge

DATED: 12/10/2025

DATED: \_\_\_\_\_

Jennifer Minshell

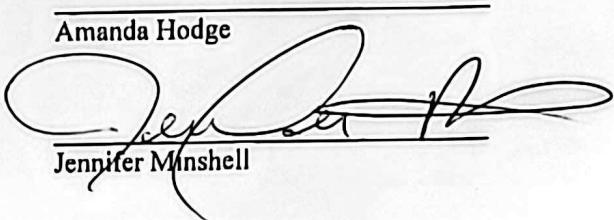
FOR RELATORS, AMANDA HODGE AND  
JENNIFER MINSELL

DATED: \_\_\_\_\_

JEFFREY A. NEWMAN  
REA KASEMI  
Jeff Newman Law  
Counsel for the Relators, Amanda Hodge and Jennifer  
Minshell

DATED: \_\_\_\_\_

DATED: 12/10/25

Amanda Hodge  
  
Jennifer Minshell