

## 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”), Argosy Investment Partners V, L.P. (“AIP V”), Argosy Investment Partners Parallel V, L.P. (“AIP Parallel V” and, together with AIP V, “Argosy V”), and AIP-ECS Holdings, LLC (Argosy V and AIP-ECS Holdings, LLC are referred to collectively hereinafter as the “Defendants”), and relator Zachary Holtzman. (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

### RECITALS

A. AIP V is a Small Business Investment Company (SBIC) specializing in investment in small businesses with a principal place of business of 950 West Valley Road, Ste. 2900, Wayne, PA 19087. AIP Parallel V, with a principal place of business of 950 West Valley Road, Ste. 2900, Wayne, PA 19087, invests in parallel with AIP V. Argosy V has an ownership interest in a number of companies, including AIP-ECS Holdings, LLC, which has a principal place of business of 2201 Taylors Valley Road, Belton, TX 76513.

B. On or about August 7, 2024, Relator filed a *qui tam* action in the United States District Court for the District of New Jersey captioned *United States of America ex rel. Zachary Holtzman v. Argosy Capital Company, LLC, et al.*, Civil Action No. 24-8318, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). Defendants deny the allegations in Relator’s complaint.

C. In May 2021, AIP-ECS Holdings LLC applied for a Paycheck Protection Program (“PPP”) loan in the amount of \$1,205,352.00 (the “PPP Loan”). That second draw loan, number

8960288803, was approved on or about May 7, 2021, and was subsequently forgiven by the SBA in the amount of \$1,220,378 upon application by AIP-ECS Holdings LLC.

D. At the time AIP-ECS Holdings LLC applied for the PPP Loan, other companies in which AIP V held a majority ownership interest had also applied for second draw PPP loans in excess of \$3 million.

E. Second draw PPP loans had a cap of \$4 million, collectively, for all loans to companies within the same corporate group, as SBA defines that term.

F. The United States contends that:

- a. AIP-ECS Holdings LLC was in the corporate group with the companies in which AIP V held a majority ownership interest and that, therefore, AIP-ECS Holdings LLC was ineligible for any second draw PPP loan that would bring the corporate group collectively to over \$4 million in second draw PPP loans;
- b. AIP-ECS Holdings LLC was ineligible for the PPP Loan because the PPP Loan would bring the corporate group collectively to over \$4 million in second draw PPP loans;
- c. By submitting an application for the PPP Loan and/or by submitting an application for forgiveness of the PPP Loan while being ineligible for such loan due to the fact that the PPP Loan brought the corporate group collectively to over \$4 million in second draw PPP Loans, AIP-ECS Holdings LLC submitted a false claim for the PPP Loan within the meaning of the False Claims Act; and/or
- d. By causing an application for the PPP Loan and/or causing an application for forgiveness of the PPP Loan to be submitted while AIP-ECS Holdings LLC was ineligible for such loan due to the fact that the PPP Loan brought the corporate

group collectively to over \$4 million in second draw PPP Loans, Argosy V caused AIP-ECS Holdings LLC to submit a false claim for the PPP Loan within the meaning of the False Claims Act.

That conduct is referred to below as the “Covered Conduct.” The United States will decline to intervene with respect to the allegations and claims in the Civil Action other than the Covered Conduct as defined above.

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

H. Defendants have timely and fully cooperated in the government’s investigation by disclosing relevant facts, including facts gathered during their independent investigation.

I. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to attorneys’ fees and costs.

J. 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. Argosy V and/or AIP-ECS Holdings LLC shall collectively pay to the United States One Million, Five Hundred Thousand Dollars (\$1,500,000.00) (the “Settlement Amount”), of which One Million, Two Hundred Fifty-Eight Thousands, One Hundred Twenty-One Dollars and Sixty Five Cents (\$1,258,121.65) is restitution, by electronic funds transfer pursuant to written instructions to be provided by Office of the United States Attorney for the District of New Jersey no later than 15 business days after the Effective Date of this Agreement.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay One Hundred Fifty Thousand Dollars (\$150,000.00) to Relator by electronic funds transfer (“Relator’s Share”).

3. No later than 15 business days after the Effective Date of this Agreement, Argosy V and/or AIP-ECS Holdings LLC shall collectively pay to counsel for Relator, the Law Offices of Darth Newman LLC, Eleven Thousand Dollars (\$11,000.00) for attorney fees and/or costs.

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 the Defendants, together with Defendants’ current and former parent entities; direct and indirect subsidiaries; brother or sister entities; divisions; current or former entity owners; the entity 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; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud. 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 the Defendants, together with Defendants’ current and former parent entities; direct and indirect subsidiaries; brother or sister entities; divisions; current or former entity owners; the entity successors and assigns of any of them, from any SBA claim, administrative liability or enforcement right, or any SBA administrative remedy, arising from the Covered Conduct, including any action to suspend, debar, or limit Defendants - including Defendants’ affiliated SBIC licensed entities or those with pending SBIC licensing applications - from participation in any SBA or SBIC licensing programs.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States' receipt of the Settlement Amount and Relator's counsel's receipt of the payment for fees and/or costs set out in Paragraph 3, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases the Defendants and any of their current or former officers, agents, employees, or owners, from any claim the Relator has individually or on behalf of the United States pertaining to or arising from the Covered Conduct and/or the allegations in the Civil Action, in law or in equity, in contract or tort, or under any statute or regulation, including under the False Claims Act, 31 U.S.C. §§ 3729-3733; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud and any and all causes of action, claims, or other theories of liability for the Covered Conduct which were or which could have been asserted or alleged in the Civil Action.

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; 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 its 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 the receipt of payment for fees and/or costs set out in Paragraph 3, Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases Defendants, and their officers, agents, employees, and owners 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. Defendants 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. Defendants 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 they 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. Defendants fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that they have asserted, could have asserted, or may assert in the future against the Relator for acts taken up to the date of this Settlement Agreement, 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 Defendants, and their 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) Defendants' 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 Defendants make to the United States pursuant to this Agreement and any payments that Defendants 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 Defendants, and Defendants 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, Defendants shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Defendants or any of their subsidiaries or affiliates from the United States. Defendants agree that the United States, at a minimum, shall be entitled to recoup from Defendants 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 Defendants' books and records and to disagree with any calculations submitted by Defendants or any of their subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Defendants, 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 payments described in Paragraphs 1 and 3, above, the Relator and the United States shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

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

16. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into 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 New Jersey. 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 Defendants' successors, transferees, heirs, and assigns.


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

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

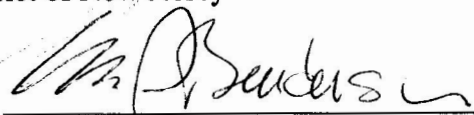
24. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 5/8/2025

BY:   
Paul W. Kaufman  
Assistant United States Attorney  
U.S. Attorney's Office  
District of New Jersey

DATED: 5/7/2025

BY:   
Eric S. Benderson  
Associate General Counsel for Litigation and Claims  
Office of General Counsel  
U.S. Small Business Administration

RELATOR ZACHARY HOLTZMAN

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

BY: \_\_\_\_\_  
Zachary Holtzman

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

BY: \_\_\_\_\_  
Darth M. Newman  
Law Offices of Darth Newman LLC  
Counsel for Relator Zachary Holtzman

24. 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: \_\_\_\_\_

Paul W. Kaufman  
Assistant United States Attorney  
U.S. Attorney's Office  
District of New Jersey

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

BY: \_\_\_\_\_

Eric S. Benderson  
Associate General Counsel for Litigation and Claims  
Office of General Counsel  
U.S. Small Business Administration

RELATOR ZACHARY HOLTZMAN

DATED: 5-8-2025

BY:   
Zachary Holtzman

DATED: 5/8/25

BY: Darth Newman  
Darth M. Newman  
Law Offices of Darth Newman LLC  
Counsel for Relator Zachary Holtzman

ARGOSY INVESTMENT PARTNERS V, L.P.

DATED: 5/7/2025

BY: Sarah Roth  
Sarah Roth  
CEO *of the GP*

DATED: May 7, 2025

BY: Suzanne Jaffe Bloom  
Suzanne Jaffe Bloom  
Winston & Strawn LLP  
Counsel for Argosy Investment Partners V, L.P.

ARGOSY INVESTMENT PARTNERS PARALLEL V, L.P.

DATED: 5/7/2025

BY: Sarah Roth  
Sarah Roth  
CEO *of the GP*

DATED: May 7, 2025

BY: Suzanne Jaffe Bloom  
Suzanne Jaffe Bloom  
Winston & Strawn LLP  
Counsel for Argosy Investment Partners Parallel V, L.P.

AIP-ECS HOLDINGS, LLC

DATED: 05/07/2025

BY: Blake Z  
Blake Leinart  
CEO

DATED: May 7, 2025

BY: Suzanne Jaffe Bloom  
Suzanne Jaffe Bloom  
Winston & Strawn LLP  
Counsel for AIP-ECS Holdings, LLC