

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 United States Small Business Administration (“SBA,” collectively with the Department of Justice, the “United States”) and KeyBank National Association (“Key”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Key is a national bank headquartered in Cleveland, Ohio that conducts business and has customers throughout the United States, including in New Jersey. Key operates over 900 retail branches across 15 states, including a branch in Conshohocken, Pennsylvania (the “Conshohocken Branch”).

B. In 2020 and 2021, Key served as a lender in the SBA’s Paycheck Protection Program (“PPP”), originating loans on behalf of qualifying small businesses during the COVID-19 pandemic. These PPP loans were intended to be used for specific, identified purposes that would allow those small businesses to continue to operate normally for a period of time despite the effects of the pandemic. A business seeking a PPP loan through Key had to be either an existing Key customer or had to open an account so that Key could perform its normal KYC procedures on the new customer. As part of its regular compensation practices, Key’s branch managers were eligible for incentives related to several factors which included an increase in the number of business bank accounts at his or her branch.

C. Key originated PPP loans for small businesses through an online portal accessible by Key employees working in its retail branches, including the Conshohocken Branch. Until Key terminated him in May 2021, the Conshohocken Branch was managed by branch manager Tommy Hawkins (“Hawkins”).

D. From January 2021 through May 2021, during the second draw of PPP loans, Hawkins conspired with non-Key employees to facilitate the submission of dozens of fraudulent PPP loan applications to the Conshohocken Branch, including for businesses with little or no operation and few or no employees (“Fraudulent PPP Borrowers”). In violation of Key’s policies but while employed as a branch manager, Hawkins used Key’s systems to open business bank accounts for Fraudulent PPP Borrowers, some of which purportedly maintained a physical address far from the Conshohocken Branch, and helped Fraudulent PPP Borrowers obtain PPP loans.

E. Hawkins was aware that the applications he facilitated at Key on behalf of the Fraudulent PPP Borrowers contained significantly inflated payroll expenses and numbers of employees, and he was aware that these applications contained other false information and false documentation. In total, Hawkins facilitated approximately four dozen loan applications on behalf of the Fraudulent PPP Borrowers while employed by Key at its Conshohocken Branch. Unaware at the time that Hawkins processed these applications with false information and false documentation, Key then submitted the applications to the SBA for approval, which resulted in the disbursement of a \$5,905,803.00 in PPP funds to Fraudulent PPP Borrowers.

F. On May 28, 2024, Hawkins pleaded guilty in the U.S. District Court for the District of New Jersey to bank fraud conspiracy in violation of 18 U.S.C. § 1349. On

October 18, 2024, he was sentenced to 65 months' imprisonment, three years of supervised release, and restitution of \$5.3 million.

G. Hawkins personally benefitted from the bank fraud scheme to which he pleaded guilty. Hawkins received cash payments, and was to receive additional significant payments, from his co-conspirators to use his position and authority as a Key branch manager improperly to facilitate their fraud conspiracy. Before Key became aware of the bank fraud scheme, Hawkins also received incentive compensation from Key related in part to the increase in new business accounts at the Conshohocken Branch opened by Fraudulent PPP Borrowers.

H. Key received processing and origination fees from the SBA for the PPP loans that it originated. For the 48 loans to Fraudulent PPP Borrowers that Hawkins facilitated, Key received \$299,646.20 in fees from the SBA.

I. In spring 2021, Key detected suspicious patterns in Hawkins' origination of new business accounts, which it subsequently determined were related to his facilitation of loans to 18 Fraudulent PPP Borrowers. After an internal investigation determined that Hawkins had violated various Key policies, Key terminated Hawkins in May 2021.

J. Key also disclosed to the SBA its concerns with the 18 loans to Fraudulent PPP Borrowers Key identified as potentially fraudulent by submitting individual complaints to the SBA's Office of Inspector General ("SBA-OIG") electronic PPP fraud hotline in June 2021.

K. Between June 2021 and December 2023, Key's investigations identified 13 additional PPP loans to Fraudulent PPP Borrowers that Hawkins facilitated. Key

submitted similar complaints to the SBA-OIG regarding those borrowers. During this timeframe, Key did not investigate or otherwise detect fraud in the remaining 17 loans to Fraudulent PPP Borrowers that Hawkins facilitated.

L. In late 2021 and early 2022, Key submitted forgiveness applications to SBA for 40 of the PPP loans at issue. Key applied for guaranty purchase from the SBA on the remaining 8 PPP loans.

M. In response to these applications, SBA forgave or approved guaranty purchase of the 48 PPP loans to Fraudulent PPP Borrowers. Key subsequently received full payment from SBA of the loan principal for these loans.

N. The United States contends that it has certain civil claims against Key arising during the period from January 1, 2021 through September 30, 2022, from (a) its vicarious liability for the criminal actions of Hawkins, who facilitated 48 loans to Fraudulent PPP Borrowers while he was a supervisory employee at Key, acted with actual or apparent authority from Key, used certain of Key's resources to which he had access within the scope of his employment, and produced a monetary benefit to Key in the form of fees from SBA for processing the loans to Fraudulent PPP Borrowers, which the United States contends were within the scope of his employment or actual or apparent authority and which the United States therefore contend bind Key; and (b) Key's actions as set forth in Settlement Agreement Recital paragraphs D, E, G, H, and K–M, *supra*, which the United States contends demonstrate an insufficient response to Hawkins' bank fraud scheme. That conduct is collectively referred to below as the Covered Conduct.

O. This Settlement Agreement is neither an admission of liability for the Covered Conduct by Key nor a concession by the United States that its claims are not well founded.

P. Since September 2023, Key has cooperated in the government's investigation, including by identifying Fraudulent PPP Borrowers and other third parties substantially involved in or responsible for misconduct, providing relevant documents, making employees available for interview, and disclosing facts relevant to the government's investigation gathered during Key's investigation of matters including Hawkins' criminal conduct.

Q. 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. Key shall pay to the United States \$7,770,595.25 ("Settlement Amount"), of which \$6,205,449.20 is restitution, and interest on the Settlement Amount at the post-judgment interest rate per annum from August 22, 2025, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of New Jersey no later than 15 business days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Key, together with its current and former parent corporations and direct and indirect subsidiaries, 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.

3. Notwithstanding the release given in Paragraph 2 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.

4. Key waives and shall not assert any defenses Key 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.

5. Key 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 Key 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 and the United States' investigation and prosecution thereof.

6. 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 Key, 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 and criminal investigation(s) of the matters covered by this Agreement;
- (3) Key's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and criminal 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 Key makes to the United States pursuant to this Agreement,

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 Key, and Key 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, Key shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Key or any of its subsidiaries or affiliates from the United States. Key agrees that the United States, at a minimum, shall be entitled to recoup from Key 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 Key's books and records and to disagree with any calculations submitted by Key or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Key, or the effect of any such Unallowable Costs on the amount of such payments.

7. Key agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Key shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its reasonable best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Key further

agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

8. This Agreement is intended to be for the benefit of the Parties only. For purposes of this provision, neither Hawkins nor any other current or former employee of Key shall be considered a beneficiary of this Agreement.

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

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

12. 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 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.

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

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

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

16. This Agreement is binding on Key's successors, transferees, heirs, and assigns.

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

18. 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: 12/1/2025

BY: 
Assistant United States Attorney


UNITED STATES SMALL BUSINESS ADMINISTRATION

DATED: 12/1/25


BY: 
Agency Representative

KEYBANK NATIONAL ASSOCIATION

DATED: 11/25/25

BY: 
Victor B. Alexander
Executive Vice President

DATED: 11/25/2025

BY: 
Justin Herdman, Esquire
Adam Hollingsworth, Esquire
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Counsel for KeyBank National Association