

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, (collectively the “United States”), and Protech Powder Coatings, Inc. (“Protech Powder”) (“Defendant”); and GNGH2 Inc. (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Protech Powder Coatings, Inc. is a Delaware corporation with a place of business at 21 Audrey Place, Fairfield, NJ. Protech Powder is a subsidiary of the Protech Group, a Canadian company which manufactures and distributes paints, powder coatings, and specialty materials.

B. On August 28, 2024, GNGH2, Inc. filed a *qui tam* action in the United States District Court for the District of New Jersey captioned *United States ex rel. GNGH2 Inc. v. Protech Powder Coatings, Inc.*, 24-cv-08805, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action).

C. During the period of March 12, 2021 to January 14, 2022 (“Relevant Time Period”) Protech Powder applied for and received the following PPP loan and loan forgiveness, which was associated with the following lender processing fees paid for by the United States:

Defendant	Year	Loan, Amount Forgiven, Including Interest	Lender Processing Fee
Protech Powder	2021	\$2,016,888	\$60,000

D. The United States contends that it has certain civil claims against Protech Powder arising from its knowing submission of a false second-draw PPP loan application to the United States during the Relevant Time Period. Specifically, the United States contends that Protech Powder falsely certified eligibility to receive a second-draw PPP loan and loan forgiveness totaling \$2,016,888 (including interest). The United States contends that Protech Powder knowingly made false statements, or caused false statements to be made, when it certified in its PPP loan application that it was eligible for a PPP loan. At the time of its loan application, the United States contends that Protech Powder was not eligible to participate in the PPP because, inclusive of affiliates' employees, Protech Powder exceeded applicable size standards. In addition, because of Protech Powder's false statements on its loan application, the United States paid \$60,000 in lender processing fees associated with the second-draw loan for which Protech Powder was ineligible. That conduct is referred to below as the Covered Conduct.

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

F. 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.

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. Protech Powder shall pay to the United States \$2,907,643 (Settlement Amount), of which \$2,076,888 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the District of New Jersey no later than 10 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 \$290,764 to Relator by electronic funds transfer (Relator's Share).

3. Within 30 days of the Effective Date of the Agreement, Defendants will pay to Relator two thousand, two hundred and five dollars \$2,205 for expenses, attorneys' fees, and costs pursuant to 31 U.S.C. § 3730(d). Defendants and Relator agree that this amount represents reasonable expenses, attorney's fees, and costs for the Civil Action.

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 Protech Powder 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; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States' receipt of the Settlement Amount, Relator, for itself and for its members, owners,

heirs, successors, attorneys, agents, and assigns, releases Protech Powder 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 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;
- f. Any liability of individuals.

7. Relator and its members, owners, 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 members, owners, 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 members, owners, heirs, successors, attorneys, agents, and assigns, releases Protech Powder, and its officers, agents, 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. Protech Powder waives and shall not assert any defenses Protech Powder 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. Protech Powder 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 Protech Powder 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. Protech Powder fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Protech Powder 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 Protech Powder, 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) Protech Powder'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 Protech Powder makes to the United States pursuant to this Agreement and any payments that Protech Powder 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 Protech Powder, and Protech Powder 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, Protech Powder shall

identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Protech Powder or any of its subsidiaries or affiliates from the United States. Protech Powder agrees that the United States, at a minimum, shall be entitled to recoup from Protech Powder 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 Protech Powder's books and records and to disagree with any calculations submitted by Protech Powder or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Protech Powder, 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 payment 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). The United States will move to dismiss its claims against Protech Powder with prejudice as to the Covered Conduct. Relator will move to dismiss its claims in their entirety, with prejudice.

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.

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 Protech Powder's 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: 11/7/25

BY: *Susan J. Pappy*

Susan J. Pappy
Assistant United States Attorney
District of New Jersey

Protech Powder Coatings, Inc. - DEFENDANT

DATED:

NOV. 3/25 BY: GM CT

[X]

Vice President
Gates CRATEAU

DATED:

BY: _____

Mark A. Rush

K&L Gates LLP

Counsel for Protech Powder Coatings, Inc.

Protech Powder Coatings, Inc. - DEFENDANT

DATED: _____ BY: _____
[X]

DATED: 11/03/2025 BY: 
Mark A. Rush
K&L Gates LLP
Counsel for Protech Powder Coatings, Inc.

GNGH2, Inc. - RELATOR

DATED: 10/28/25 BY: Dave P. Abrams
David Abrams, Esq.
GNGH2, Inc.