

SETTLEMENT AGREEMENT

This Civil Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice, United States Attorney’s Office for the District of New Jersey and on behalf of the Department of Defense (collectively the "United States") and Subsystems Technologies, Inc. (“STI”) (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. STI is a New Jersey corporation engaged in the business of providing information technology services, advanced engineering, advanced analytics, and management consulting services.

B. The United States contends that it has certain civil claims against STI arising from government contracts awarded to STI for services at Picatinny Arsenal in New Jersey, between January 1, 2012 and January 31, 2017. Specifically, the United States contends that STI employees purchased various electronic and luxury items and charged those items against government contracts that had been awarded to STI. STI employees then kept some of those items for personal use and provided some of those items, along with sporting event tickets and other things of value, to government employees in order to gain favorable treatment. That conduct is referred to below as the “Covered Conduct”.

C. STI admits that its employees purchased, at times with the knowledge of government employees at Picatinny Arsenal, electronic and luxury items for personal use by STI employees and government employees, and that the STI employees improperly

charged the costs of the items to government contracts awarded to STI. With respect to other allegations, this Settlement Agreement is neither an admission of liability by STI, 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 Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. STI shall pay to the United States Eight Hundred Thousand dollars (\$800,000.00) (“Settlement Amount”), of which Four Hundred Thousand dollars (\$400,000.00) is restitution, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the District of New Jersey. STI shall make an initial payment of Four Hundred Thousand dollars (\$400,000.00) on or before June 1, 2022, and four yearly payments of One Hundred Thousand dollars (\$100,000.00) in accordance with the schedule set forth on Schedule A to this Agreement, which is incorporated by reference. There shall be no penalty for, nor prohibition against, advance payment of any or all amounts due hereunder.

2. STI’s Chief Executive Officer shall guarantee the payment of the Settlement Amount, as stated in the Guaranty Agreement, which is incorporated herein by reference.

3. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below and conditioned upon the United States’ receipt of the Settlement Amount, the United States releases STI 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.

4. 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;
- f. Any liability of individuals;

5. STI waives and shall not assert any defenses STI 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.

6. STI 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 STI 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.

7. 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 STI, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement and any related plea agreement;
- (2) the United States' audit and civil and criminal investigations of the matters covered by this Agreement;
- (3) STI's investigation, defense, and corrective actions undertaken in response to the United States' audit and civil and criminal investigations in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement and any related plea agreements;
- (5) the payment STI 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 STI, and STI 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, STI shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by STI or any of its subsidiaries or affiliates from the United States. STI agrees that the United States, at a minimum, shall be entitled to recoup from STI 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 STI's books and records and to disagree with any calculations submitted by STI or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by STI, or the effect of any such Unallowable Costs on the amount of such payments.

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

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

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

11. 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.

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

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

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

15. This Agreement is binding on STI's successors, transferees, heirs, and assigns.

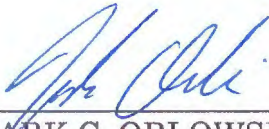
16. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

17. 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.

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SIGNATURE PAGE

For the United States of America:



MARK C. ORŁOWSKI
Assistant U.S. Attorney
Government Fraud Unit
U.S. Attorney's Office
District of New Jersey
970 Broad Street, Suite 700
Newark, New Jersey 07102

Dated: *5/5/2022*

APPROVED:



5/4/2022

JASON S. GOULD
Chief, Health Care Fraud Unit
U.S. Attorney's Office
District of New Jersey

Dated:

For Subsystems Technology, Inc.



JOHN L. BROWNLEE ESQ.
MEGAN MOCHO ESQ.
Holland and Knight, LLP
1650 Tysons Blvd., Suite 1700
McLean, VA 22102

Dated: May 3, 2022



SAMIR MALHOTRA
President
Subsystems Technology, Inc.

Dated: May 3, 2022

SCHEDULE A

Schedule of Payments

Date	Amount
June 1, 2022	\$400,000.00
June 1, 2023	\$100,000.00
June 1, 2024	\$100,000.00
June 1, 2025	\$100,000.00
June 1, 2026	\$100,000.00