

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the Defense Logistics Agency (“DLA”) (collectively the “United States”) and Galvion Ltd. (“Galvion”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Galvion is a company with a corporate parent headquartered in Montreal, Canada, that manufactures protective head systems for use by military and law enforcement personnel. Galvion has three production facilities located in the United States, including one in Newport, Vermont, where it manufactured the protective head systems described in this Agreement.

B. Galvion was created in September 2019 to purchase and continue the protective head systems business that previously was owned by Revision Military Ltd. Specifically, Galvion represents that on September 27, 2019, new ownership acquired Revision Military Ltd. In connection with this acquisition, Revision Military Ltd.’s protective head systems business was carved out and purchased by a wholly owned subsidiary of the former owner of Revision Military Ltd.; this business became part of Galvion.¹

C. The United States contends that it has certain civil claims against Galvion for violations of the False Claims Act, 31 U.S.C. § 3729, *et seq.*, stemming from the

¹ Revision Military Ltd. prior to September 27, 2019, is referred to as “the Company” throughout this agreement.

Company's use of textiles that were not sourced domestically, as required by the Berry Amendment, 10 U.S.C. §4862, in certain components of products sold pursuant to DLA contracts.

D. Specifically, the United States contends that its civil claims against Galvion arise from the following conduct (the "Covered Conduct"):

- i. Between January 1, 2016 and June 30, 2019 (the "relevant period"), the Company manufactured and sold a product called the modular suspension system (MSS) to insert into certain head protection systems.
- ii. The MSS is composed primarily of pads, a harness, and a net.
- iii. The Company sold MSS products to the United States through prime vendors under DLA's Special Operational Equipment Tailored Logistic Support Program ("SOE TLS Program").
- iv. Under the terms of the SOE TLS Program, products must be manufactured in accordance with the Berry Amendment, 10 U.S.C. §4862, which requires, *inter alia*, that textiles in products or components of products be sourced from the United States, as defined in the statute.
- v. During the relevant period, DLA funded the purchase of two types of the Company's MSS products through the SOE TLS Program: (1) standalone MSS inserts and (2) helmet modernization kits that included the MSS.
- vi. The Company submitted bids in response to solicitations from prime vendors under the SOE TLS Program that required compliance with the Berry Amendment.

- vii. The Company used a non-domestic source of pads in the MSS products for its SOE TLS Program orders during the relevant period. The Company also used a non-domestic source of nets and harnesses in MSS products for some SOE TLS orders during this period.
- viii. The Company submitted claims for payment to prime vendors in the SOE TLS Program for the orders described in Subparagraph vii that were non-compliant with the Berry Amendment.
- ix. Certain Company employees responsible for overseeing the sourcing of materials, product operations, and/or product sales during the relevant period were aware that certain components in the orders described in Subparagraph vii needed to be sourced from the United States and were aware that the orders described in Subparagraph vii contained certain non-compliant components during the relevant period.

E. Galvion does not dispute the facts regarding the Covered Conduct insofar as they are described above in Paragraph D (Subparagraphs i-ix), but Galvion does not admit and expressly denies liability based on the Covered Conduct in Paragraph D.

F. Following the relevant period, Galvion developed and implemented an enhanced and comprehensive compliance program to ensure compliance with all applicable federal contracting requirements.

G. Galvion has been partially credited in this settlement under the Justice Department's Guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual § 4-4.112. Specifically, in addition to remedial

measures, Galvion has accepted responsibility for the Covered Conduct and has cooperated with the United States' investigation.

H. 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. Galvion shall pay to the United States two million, four hundred ninety-five thousand dollars (the "Settlement Amount") of which one million three hundred eighty-six thousand one hundred eleven and eleven cents is restitution, and interest on the Settlement Amount at a rate of 2% per annum from the Effective Date of this Settlement Agreement per Paragraph 17 below. Payment shall be made by electronic funds transfer and pursuant to written instructions to be provided by the office of the United States Attorney for the District of Vermont. Galvion shall pay five hundred thousand dollars no later than 30 days after the Effective Date of this Agreement. Galvion shall pay the remaining amount of the Settlement Amount within one year of the Effective Date of the 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 any interest due under Paragraph 1, the United States releases Galvion, 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; 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;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due; and
- i. Any liability for personal injury or property damage or for other consequential damages arising out of the Covered Conduct.

4. Galvion waives and shall not assert any defenses it 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. Galvion, its current or former owners, and the successors and assigns of any of them, 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 Galvion 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 Galvion, 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) Galvion'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 Galvion 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: If applicable, Unallowable Costs will be separately determined and accounted for by Galvion, and it 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: If applicable, within 90 days of the Effective Date of this Agreement, Galvion shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Galvion or any of its subsidiaries or affiliates from the United States. Galvion agrees that the United States, at a minimum, shall be entitled to recoup 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 Galvion's books and records and to disagree with any calculations submitted by Galvion or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments

previously sought by Galvion, or the effect of any such Unallowable Costs on the amount of such payments.

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

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

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

10. 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 Vermont.

11. 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 representing Galvion represents and warrants that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below. The individuals signing on behalf of the United States represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

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 Galvion’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 or PDF versions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

NIKOLAS P. KEREST
United States Attorney
District of Vermont

DATED: June 4, 2024

BY: *Lauren Almquist Lively*
Lauren Almquist Lively
Assistant United States Attorney

GALVION LTD.

DATED: 6/5/2024 | 5:29:56 AM

BY: *Todd Stirtzinger*
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Todd Stirtzinger
Chief Executive Officer
Galvion Ltd.

DATED: 6/4/2024 | 12:29:28 PM

BY: *Laurence Freedman*
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Laurence J. Freedman, Esq.
Nicole E. Henry, Esq.
Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C.
Counsel for Galvion Ltd.