

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into among the State of Connecticut, acting through the Attorney General of the State of Connecticut (the "State of Connecticut"); Precision Testing Laboratories, Inc. ("PTL"); and David Fromm ("Fromm"), (all of the above are hereinafter collectively referred to as "the Parties"), through their authorized representatives.

II. RECITALS

- A. During the time period covered by this Agreement, PTL was a Massachusetts corporation with its principal place of business located at 46 Hall Road, Sturbridge, Massachusetts, and at 79 North Street, Southbridge, Massachusetts. PTL was a licensed clinical laboratory enrolled as a provider in the Connecticut Medical Assistance Program ("CMAP") whose business included, *inter alia*, urine drug testing services provided to residents of facilities that required sobriety as a condition of residency.
- B. During the time period covered by this Agreement, Fromm was an officer, director, or owner, of PTL and exercised management authority and control over the submission of claims for reimbursement on behalf of PTL for drug testing services rendered to CMAP recipients. Fromm resides at 62 L Street, Hull, Massachusetts.
- C. The State of Connecticut contends that PTL and Fromm submitted or caused to be submitted claims for payment to the CMAP, which includes the Connecticut Medicaid Program ("Connecticut Medicaid"), 42 U.S.C. §§ 1396-1396w-5.

- D. The State of Connecticut contends that it has certain civil claims against PTL and Fromm, arising from PTL and Fromm submitting or causing to be submitted false claims to Connecticut Medicaid for medically unnecessary urine drug tests, during the period of February 1, 2010 through and including March 8, 2015. The foregoing conduct is referred to below as the "Covered Conduct".
- E. This Agreement is neither an admission of liability by PTL or Fromm, nor a concession by the State of Connecticut that its claims are not well founded.
- F. 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 Agreement, the Parties agree and covenant as follows:

III. TERMS AND CONDITIONS

1. PTL and Fromm agree to give up and release all right, title, and interest to all Connecticut Medicaid funds that have been suspended and/or retained by the State of Connecticut, in the amount of Six Hundred Fifty-Six Thousand, Nine Hundred and Twelve Dollars and Forty-Seven Cents (\$656,912.47) (the "Suspended Amount"). PTL and Fromm agree that the calculation of the Suspended Amount is accurate and that no further monies related to the Suspended Amount is due and owing to PTL and/or Fromm from the State of Connecticut. PTL and Fromm agree that the State of Connecticut shall retain the Suspended Amount forevermore. PTL and Fromm expressly relinquish any and all rights of any kind that they may have with respect to the Suspended Amount, including, but not limited to, any and all claim or rights to have an overpayment determined, any and all rights to payment of those funds, and any and all rights to appeal, whether formally or informally and whether administratively or judicially, the right of the State of Connecticut to retain those funds, and any other rights PTL

and/or Fromm may have to challenge the Suspended Amount in any respect. PTL and Fromm further agree to execute any documents necessary to effectuate the release of PTL and/or Fromm's right, title, and interest to the Suspended Amount.

2. Contemporaneous with executing this Agreement, Fromm shall execute the document, attached hereto as **Exhibit A**, which consents to the Connecticut Commissioner of Social Services suspending PTL and Fromm from participating in the CMAP for a period of ten (10) years ("CMAP Suspension Agreement").

3. Subject to the exceptions in Paragraph 4 (concerning excluded claims) below, and conditioned upon PTL and Fromm's releasing all right, title, and interest to the Suspended Amount and execution of the CMAP Suspension Agreement, the State of Connecticut releases PTL and Fromm from any civil claims the State of Connecticut has, or could have asserted, for the Covered Conduct under: (a) Section 4-274, *et seq.*, of the Connecticut General Statutes (Connecticut False Claims Act); (b) Section 42-110a, *et seq.*, of the Connecticut General Statutes (Connecticut Unfair Trade Practices Act); and (c) any other civil statute or common law.

4. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the State of Connecticut specifically reserves and does not release any potential claim concerning the following:

- a. Any liability arising under the laws and regulations that are administered and enforced by the State of Connecticut Department of Revenue Services;
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability to the State of Connecticut Department of Social Services;

- d. Any liability to the State of Connecticut (or their agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due; and
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

5. PTL and Fromm fully and finally release the State of Connecticut, its agencies, employees, servants, and agents from any claims in their official and individual capacities (including attorney's fees, costs, and expenses of every kind and however denominated) that PTL and/or Fromm have asserted, could have asserted, or may assert in the future against the State of Connecticut, its agencies, employees, servants, and agents, related to the Covered Conduct and the State of Connecticut's investigation and prosecution thereof.

6. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity.

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

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

9. This Agreement is governed by the laws of the State of Connecticut. The exclusive jurisdiction and venue for any dispute relating to this Agreement is Superior Court for

the Judicial District of Hartford, Connecticut. 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.

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

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

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

13. Nothing in this Agreement shall be construed to create a waiver of the State of Connecticut's sovereign immunity.

14. All Parties consent to the State of Connecticut's disclosure of this Agreement, and information about this Agreement, to the public.

15. 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 STATE OF CONNECTICUT

GEORGE JEPSEN
ATTORNEY GENERAL

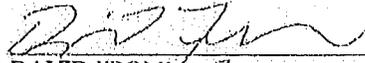
DATED: 7/31/18

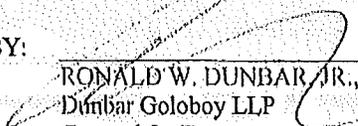
BY: 

JOSHUA L. JACKSON
Assistant Attorney General
State of Connecticut

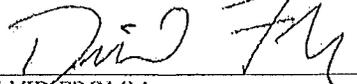
*Michael E. Pole
Assistant Attorney General*

DAVID FROMM

DATED: 1.30.18 BY: 
DAVID FROMM

DATED: 1/21/18 BY: 
RONALD W. DUNBAR, JR., ESQ.
Dunbar Goloboy LLP
Counsel for Fromm

PRECISION TESTING LABORATORIES, INC.

DATED: 1.30.18 BY: 
DAVID FROMM
Its Member or Controlling Shareholder

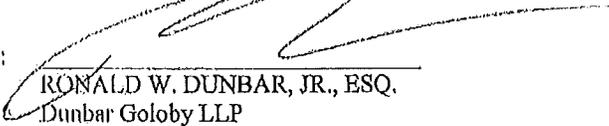
DATED: 1/31/18 BY: 
RONALD W. DUNBAR, JR., ESQ.
Dunbar Goloboy LLP
Counsel for PTL

EXHIBIT A

STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES

RE: DAVID FROMM; PRECISION TESTING LABORATORIES, INC.

SUSPENSION AGREEMENT

This Suspension Agreement ("Agreement") is entered into among the State of Connecticut Department of Social Services, David Fromm, and Precision Testing Laboratories, Inc. (collectively, "the Parties") through their authorized representatives.

RECITALS

- A. Pursuant to Conn. Gen. Stat. § 17b-2 (8), the State of Connecticut Department of Social Services ("Department") is the single state agency responsible for administering the Medicaid Program, which is part of the Connecticut Medical Assistance Program ("CMAP").
- B. Precision Testing Laboratories, Inc. ("PTL") was a Massachusetts corporation with its principal place of business located at 46 Hall Road, Sturbridge, Massachusetts, and at 79 North Street, Southbridge, Massachusetts. During the time period covered by this Agreement, PTL was a licensed clinical laboratory enrolled as a provider in the CMAP whose business included, *inter alia*, urine drug testing services provided to residents of facilities that required sobriety as a condition of residency.
- C. During the time period covered by this Agreement, David Fromm ("Fromm") was an officer, director, or owner, of PTL and exercised management authority and control over the submission of claims for reimbursement on behalf of PTL for drug testing services rendered to CMAP recipients. Fromm resides at 62 L Street, Hull, Massachusetts.
- D. The State of Connecticut, acting through the Attorney General of the State of Connecticut (the "State of Connecticut"), contends that it has certain civil claims against PTL and Fromm, arising from PTL and Fromm submitting or causing to be submitted false claims to Connecticut

Medicaid for medically unnecessary urine drug tests, during the period of February 1, 2010 through and including March 8, 2015. The foregoing conduct is referred to below as the "Covered Conduct".

- E. With regard to the Covered Conduct, the Respondents have knowingly and voluntarily agreed to enter into a Settlement Agreement with the State of Connecticut. An express condition of the Settlement Agreement is that PTL and Fromm execute this Agreement, and this Agreement is attached to the Settlement Agreement as **Exhibit A**.
- F. Pursuant to Conn. Gen. Stat. § 17b-99 and Regs., Conn. State Agencies §§ 17-83k-1 through 17-83k-9, the Department may bring an administrative Notice of Regulatory Violations and Proposed Sanctions against the Respondents to suspend the Respondents from providing goods or services under the CMAP, or any other program administered by the Department, for the Covered Conduct.
- G. This Agreement is neither an admission of liability by the Respondents, nor a concession by the Department that its administrative claims are not well founded.
- H. In consideration of the provisions in the Settlement Agreement, as well as the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Pursuant to Connecticut General Statutes § 17b-99 and Regulations of Connecticut State Agencies §§ 17-83k-1 through 17-83k-7, inclusive, and the Consent Order, below, PTL and Fromm knowingly and voluntarily agree to be excluded and suspended from providing any goods or services or otherwise participating in the CMAP, the Medicaid Program, and/or any and all other programs administered by the Department for a period of ten (10) years (hereinafter, the "Suspension"). The Suspension shall become effective upon execution of this Agreement.
2. PTL and Fromm understand this Suspension may result in an exclusion that shall have national effect and apply to Medicare, Medicaid, and all other federal health care programs providing

health care benefits, whether directly through insurance or otherwise, that is funded directly, in whole or part, by the United States Government, and any State health care program including, but not limited to, Medicaid, the Maternal and Child Health Services Block Grant program, and Block Grants to States for Social Services.

3. PTL and Fromm acknowledge that pursuant to this Suspension, the Department shall not reimburse any enrolled provider for goods or services, including administrative and management services, furnished, ordered, or prescribed by PTL or Fromm in any capacity. The prohibition against payment for administrative and management services extends to all services directly related, or indirectly related, to patient care, but that are a necessary component of providing goods and services to program beneficiaries including, but not limited to, services related to treatment plan reviews, data entry, claims processing, preparation for providing goods or services, transportation, delivery, or providing equipment, goods, or services used to provide goods and services to program beneficiaries. This payment prohibition applies to PTL, Fromm, and all other individuals and entities (including, for example, anyone who employs or contracts with PTL or Fromm). The Suspension applies regardless of who submits the claim or other request for payment.
4. PTL and Fromm shall not submit or cause to be submitted to any program administered by the Department any claim or request for payment for goods or services, including administrative and management services, furnished, ordered, or prescribed by PTL or Fromm during the Suspension.
5. PTL and Fromm understand that violation of the conditions of this Suspension may result in, among other things, criminal prosecution, civil prosecution, and the imposition of civil penalties including, but not limited to, monetary penalties and assessments.
6. PTL and Fromm agree to hold any and all programs administered by the Department, and all recipients and/or beneficiaries, harmless from any financial responsibility for goods or services furnished, ordered, or prescribed to such beneficiaries or sponsors by PTL or Fromm during the

period of the Suspension.

7. PTL and Fromm agree to not operate, have or acquire any ownership interest in, share in the profits of, receive any payments from, or loan any money to, any person or entity that applies for reimbursement for goods or services from any program administered by the Department during the Suspension. PTL and/or Fromm shall not apply directly or indirectly for reimbursement for goods or services from any program administered by the Department during the Suspension. PTL and/or Fromm shall not be employed by any person or entity that obtains reimbursement from any program administered by the Department for services performed by PTL and/or Fromm during the Suspension, nor shall PTL and/or Fromm receive compensation as an agent or contractor from any such entity or person for services performed by PTL and/or Fromm during the Suspension.
8. PTL and Fromm waive and shall not assert any defenses to this Suspension.
9. PTL and Fromm waive any further notice of this Suspension and agree not to contest the Suspension, under Connecticut General Statutes § 17b-99 and Regulations of Connecticut State Agencies §§ 17-83k-1 through 17-83k-7, inclusive, either administratively or in any state or federal court.
10. Any notice necessary under the Consent Order shall be in writing and delivered by facsimile or certified mail return receipt requested. Such notice shall be effective upon receipt. Notice shall be addressed to the Department as follows:

John F. McCormick, Director
Office of Quality Assurance
Department of Social Services
55 Farmington Avenue
Hartford, CT 06105

and

Michael E. Cole, Assistant Attorney General
Antitrust & Government Program Fraud Department
Office of the Attorney General
P.O. Box 120

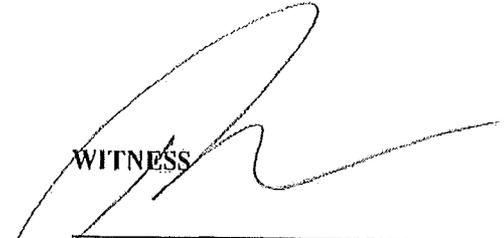
55 Elm Street
Hartford, CT 06141-0120.

Notice shall be addressed to PTL and/or Fromm as follows:

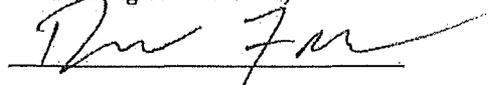
Ronald Dunbar, Esq.
Dunbar Goloboy LLP
197 Portland Street
Boston, MA 02114.

11. PTL and Fromm admit all jurisdiction of the Commissioner to issue the Consent Order. PTL and Fromm understand the Consent Order shall have no force or effect, nor shall it become a part of the official record, unless or until it is accepted in writing by the Commissioner. Upon written acceptance by the Commissioner, the Consent Order shall become final without further notice to PTL and/or Fromm, and shall relieve the Commissioner from all responsibility to render a final decision regarding the suspension under Connecticut General Statutes § 17b-99 and Regulations of Connecticut State Agencies §§ 17-83k-1 through 17-83k-7, inclusive. The Consent Order shall have the same force and effect of law as an Order entered into as a final decision after a full hearing with Findings of Fact and Conclusions of Law. The Consent Order shall be enforceable by the Department in the same manner in which a final decision by the Commissioner is enforceable. The Consent Order shall be governed by the laws of the State of Connecticut. PTL and Fromm agree that exclusive jurisdiction and venue for any dispute arising under the Consent Order shall be the Superior Court for the Judicial District of Hartford, Connecticut.
12. PTL and Fromm fully and finally release the Department, the State of Connecticut, and their respective agencies, officers, agents, employees, attorneys, and servants, from any legal claims (including attorney's fees, costs, and expenses of every kind and however denominated) that PTL and/or Fromm has asserted, could have asserted, or may assert in the future against the Department, the State of Connecticut, and their respective agencies, officers, agents, employees, attorneys, and servants, concerning the Covered Conduct and the investigation and prosecution thereof.

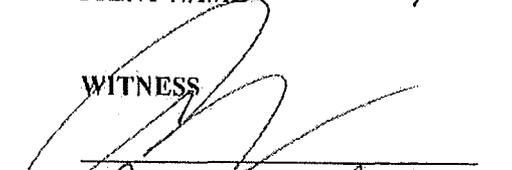
13. Except as explicitly stated, this Agreement shall not create or extinguish any of the Parties' rights or obligations. This Agreement and Consent Order has no bearing on any criminal, civil, or federal administrative liability the Respondents may have. This Agreement shall have no precedential effect whatsoever adverse to the Parties, and is based upon the unique circumstances surrounding this case. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. By their signature below, each signatory warrants that they have full power and authority to enter into this Agreement on behalf of the Parties for which they sign, and that the signatory has been properly authorized and empowered to enter into this Agreement. The Parties consent to the disclosure of this Agreement to the public.
14. Should any part of this Agreement be rendered or declared invalid by a court of the State of Connecticut, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.
15. PTL and Fromm have read this Agreement, understand it, and agree to be bound by it. PTL and Fromm are knowingly and voluntarily signing this Agreement, and consenting to being excluded and suspended from providing goods or services or otherwise participating in the CMAP, the Connecticut Medicaid Program, and/or any and all other programs administered by the Department for a period of ten (10) years, effective upon execution of this Agreement.

WITNESS


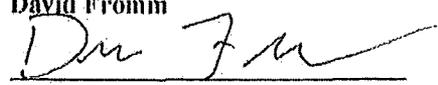
Ronald W. Dunbar, Sr.
PRINT NAME

Precision Testing Laboratories, Inc.
(By: David Fromm, PTL's President and/or
Controlling Shareholder)


DAVID FROMM
PRINT NAME

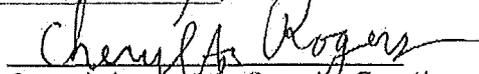
WITNESS


Ronald W. Dunbar, Jr.
PRINT NAME

David Fromm


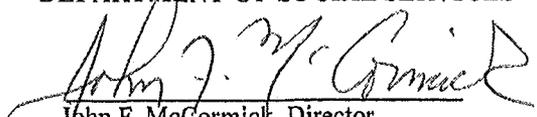
DAVID FROMM
PRINT NAME

Acknowledged before me on the 5 day of February, 2018.



Commissioner of the Superior Court/
Notary Public
My commission expires on: 8/22/19

February 7, 2018
Date

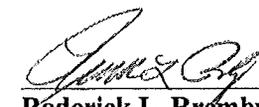
STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES


John F. McCormick, Director
Office of Quality Assurance
Department of Social Services

CONSENT ORDER

The provisions of the Suspension Agreement between Precision Testing Laboratories, Inc., David Fromm, and the State of Connecticut Department of Social Services, set forth in paragraphs A through G, and paragraphs 1 through 15, above, are hereby incorporated by reference and accepted as an order of the State of Connecticut Department of Social Services.

Accepted and approved and Consent Order entered by the Commissioner on the
4th day of February, 2018.



Roderick L. Bremby
Commissioner
Department of Social Services