

SETTLEMENT AGREEMENT

I. PARTIES

1. This Settlement Agreement ("Settlement Agreement") is entered into this 2nd day of March, 1993 by and among the United States of America, acting through its Department of Justice, the Health Care Financing Administration ("HCFA") of the United States Department of Health and Human Services ("HHS"), (collectively "the Government"), Professional Foundation For Health Care, Inc. ("PFHC"), a non-profit corporation organized and existing under the laws of the State of Florida and the relators in United States ex rel. Sally H. Hartman and Patricia S. Rover v. Professional Foundation For Health Care Inc., 88-1663-CIV-T-13A (M.D. Fla.) ("Rover"), Sally H. Hartman and Patricia S. Rover ("Rover relators"), and the relators in United States ex rel. Joan Browning, Douglas Doughty, and Catherine Sarchet v. Professional Foundation for Health Care, Inc., 89-1670-CIV-T-23A (M.D. Fla.) ("Browning"), Joan Browning, Douglas Doughty, and Catherine Sarchet ("Browning relators") (collectively "the parties").

II. RECITALS

2. Pursuant to 31 U.S.C. § 3730 (b)(1), the United States has intervened in the Rover and Browning suits. In the Rover suit the Government has filed a Second Amended Complaint. PFHC has filed counterclaims against the relators in the Rover suit.

3. HCFA is presently withholding \$1,000,000 owed PFHC pending resolution of the Rover and Browning suits ("withholding").

4. The parties desire to reach an agreement that would settle the disputes between them.

III. TERMS

5. In exchange for dismissal with prejudice of Second Amended Complaint and the counterclaims in Rover and the Complaint in Browning, the parties mutually agree as follows:

(A) The Government hereby sets off against \$110,000 of the withholding as recovery in Rover ("Rover settlement proceeds").

(B) The Government hereby sets off against \$210,000 of the withholding as recovery in Browning ("Browning settlement proceeds").

(C) The Government will pay the Rover relators \$19,800 pursuant to 31 U.S.C. § 3730(d)(1), as the Rover relators'

proportionate share of the Rover settlement proceeds, pursuant to the mechanism outlined below in paragraph 6.

(D) The Government will pay the Browning relators \$37,800 pursuant to 31 U.S.C. § 3730(d)(1), as the Browning relators' proportionate share of the Browning settlement proceeds, pursuant to the mechanism outlined below in paragraph 6.

(E) The remaining \$680,000 of the withholding will be employed to pay any amounts still owing and due by PFHC to:

- (1) the United States' Internal Revenue Service,
- (2) PFHC's 1991 Employee Pension Contribution,
- (3) PFHC's former employees, excluding physicians, for accrued but unpaid benefits,
- (4) PFHC's former employees for those former employees' medical claims,

by means of HCFA's transference of the \$680,000 to the Department of Justice, which will forward \$52,381 of the \$680,000 to the Internal Revenue Service, and the remainder of the \$680,000 to the entities coordinating payments (E)(2)-(4) as directed by PFHC as follows: \$115,000, Sun Bank, N.A. (PFHC Employee Pension Plan), P.O. Box 3808, Orlando, Fl. 33823, Tax Id. No. 59-1768474; \$14,784, Safeguard Business Systems (PFHC Non-Physician Employee Benefits), 3507 Frontage Road, Suite 150, Tampa, Fl. 33607, Tax Id. No. 23-689322; and \$497,835 Heritage Consultants Inc. (PFHC Employee Medical Claims), P.O. Box 1730, Auburndale, Fl. 33823, Tax Id. No. 59-2305659. PFHC represents that the entities outlined above will satisfy the claims referred to in (E)(2)-(4) with the respective amounts forwarded to them.

(F) The Government, PFHC, and the Rover relators also agree that upon execution of this Agreement, they shall execute and file with the court in the Rover suit, the attached Joint Stipulation of Dismissal With Prejudice of the Second Amended Complaint and Counterclaims.

(G) The Government, PFHC and the Browning relators also agree that upon execution of this Agreement, they shall execute and file with the court in the Browning suit, the attached Voluntary Dismissal With Prejudice of the Complaint.

6. HCFA shall transfer to the Department of Justice \$57,600 out of Rover and Browning proceeds as soon as practicable, and within a reasonable time of receiving the \$57,600 the Department of Justice shall transmit:

- (A) \$19,800 of the \$57,600 to the Rover relators or their counsel; and
- (B) the remaining \$37,800 of the \$57,800 to the Browning relators or their counsel.

7. Each party reserves the right to enforce any claim[s] or cause of action[s] that is/are created by this Agreement including but not limited to as provided in the Joint Stipulation.

8. Each of the parties shall bear their own respective costs and fees.

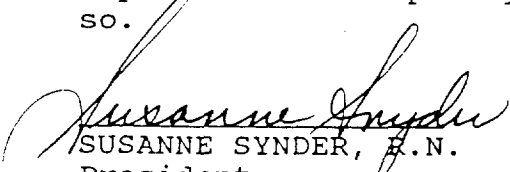
9. It is agreed that all costs (as defined in the Federal Acquisition Regulations ("FAR") 31.205-47) incurred by or on behalf of PFHC its officers, directors, agents and employees in connection with the matters covered by this Settlement Agreement, the Government's audit and investigation of the matters covered by this Settlement Agreement, any investigation by PFHC, PFHC's defense of the matters, and/or corrective actions, the negotiation of this Settlement Agreement, and the amounts set off by the Government as indicated in paragraph 4, shall be unallowable costs for government contract accounting purposes. These amounts shall be separately accounted for by PFHC.

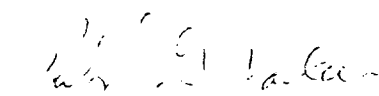
10. Nothing in this Agreement is intended to settle any liability under the Internal Revenue Laws, Title 26 of the United States Code.

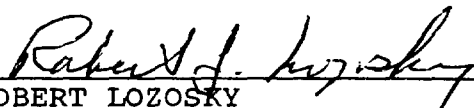
11. This Settlement Agreement may not be changed, altered, or modified, except in writing signed by all parties hereto. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all parties.

12. This Settlement Agreement may be executed in counterparts, and all counterparts together shall be construed as one agreement.

13. Each person who signs this Agreement in a representative capacity warrants that he is duly authorized to do so.


SUSANNE SYNDER, F.N.
President,
Professional
Foundation for Health
Care, Inc.
September , 1992


RICHARD G. VARTAIN
Trial Attorney
Commercial Litigation Branch
U.S. Department of Justice
September , 1992
March 2 3 17 4



ROBERT LOZOSKY
Contracting Officer
Health Care Financing Administration
September 4, 1992

SALLY H. HARTMAN
September , 1992

PATRICIA ROVER
September , 1992

JOAN BROWNING
September , 1992

DOUGLAS DOUGHTY
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CATHERINE SARCHET
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Joan Browning

JOAN BROWNING
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Douglas Doughty

DOUGLAS DOUGHTY
September 16, 1992

Catherine Sarchet

CATHERINE SARCHET
September 17, 1992