

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA and the  
STATE OF NEW YORK *ex rel.* STEPHANIE  
MUNFORD,

Plaintiffs and Relator,

v.

MARANATHA HUMAN SERVICES, INC.  
and HENRY ALFONSO COLEY,

Defendants.

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

MARANATHA HUMAN SERVICES, INC.  
and HENRY ALFONSO COLEY,

Defendants.

18 Civ. 8892 (KMK)

**STIPULATION AND ORDER OF  
SETTLEMENT AND DISMISSAL**

WHEREAS, this Stipulation and Order of Settlement and Dismissal (“Stipulation”) is entered into by and among plaintiff the United States of America (the “United States” or “Government”), by its attorney, Damian Williams, United States Attorney for the Southern District of New York; the relator Stephanie Munford (“Relator”), by her authorized representatives; and defendant Maranatha Human Services, Inc. (“Maranatha” or “Defendant,” and together with the Government and Relator, the “Parties”), by its authorized representatives;

WHEREAS, Maranatha is a New York not-for-profit corporation that provides services to individuals with developmental disabilities;

WHEREAS, Maranatha is chiefly government-funded, primarily through Medicaid;

WHEREAS, Henry Coley founded Maranatha in 1988 and served as its Chief Executive Officer until July 31, 2021;

WHEREAS, providers like Maranatha are required to submit a Consolidated Fiscal Report (“CFR”) each year to the State of New York, reporting its costs and separating those costs that are reasonable and necessary for the provision of Medicaid services (“allowable costs”) from any other costs (“non-allowable costs”);

WHEREAS, for certain of Maranatha’s programs, including its largest program, the State of New York sets provider-specific Medicaid reimbursement rates based in part on the costs reported in that provider’s CFRs;

WHEREAS, on or about September 28, 2018, Relator filed a complaint under the *qui tam* provisions of the False Claims Act (“FCA”), 31 U.S.C. § 3729 *et seq.*, against Maranatha and Coley (the “Relator Complaint”);

WHEREAS, the Government alleges that from 2010 through 2019 (the “Covered Period”), Coley and Maranatha violated the FCA by knowingly submitting CFRs falsely claiming as “allowable costs” millions of dollars Maranatha spent on expenses that were not reasonable and necessary for the provision of Medicaid services, but instead were used to enrich Coley, his family, and his friends and to support for-profit ventures owned or controlled by Coley. The Government further alleges that, at Coley’s direction, Maranatha requested and received Medicaid funds to which it was not entitled based on the fraudulent inclusion of these expenses as allowable costs. The conduct described in this paragraph is the “Covered Conduct” for purposes of this Stipulation;

WHEREAS, the Government filed a Notice of Election to Intervene in the above-referenced *qui tam* action on January 27, 2021;

WHEREAS, on October 25, 2021, the Government filed a Complaint-In-Intervention in the above-referenced *qui tam* action (“Government Complaint”), in which it is asserting claims against Maranatha and Coley under the FCA and common law for the Covered Conduct;

WHEREAS, Maranatha intends to enter into a separate settlement agreement with the State of New York (the “State Settlement”) to resolve claims asserted by the State of New York under New York law for the Covered Conduct, and has agreed to pay a total of \$510,000 to New York pursuant to the State Settlement;

WHEREAS, the Parties have, through this Stipulation, reached a mutually agreeable resolution addressing the claims asserted against Defendant in the Government Complaint and the Relator Complaint, for the Covered Conduct;

NOW, THEREFORE, upon the Parties’ agreement IT IS HEREBY ORDERED that:

#### **TERMS AND CONDITIONS**

1. The Parties agree that this Court has subject matter jurisdiction over this action and consent to this Court’s exercise of personal jurisdiction over each of them.
2. Maranatha admits, acknowledges and accepts responsibility for the following conduct (the “Admitted Conduct”):
  - a. Since 2010, each fiscal year Maranatha submitted Consolidated Fiscal Reports (“CFRs”) to the State of New York.
  - b. The State of New York’s Consolidated Fiscal Reporting and Claiming Manual requires entities such as Maranatha to report all of their costs each fiscal year, separating “allowable costs” from “non-allowable costs.” The Manual defines an “allowable cost” as a cost “reasonable and/or necessary for providing [Medicaid-funded] services in both its nature and amount.”

- c. Maranatha knew of the requirement that Maranatha distinguish “allowable costs” from “non-allowable costs” in its CFRs.
- d. Maranatha knew that the allowable costs Maranatha reports in its CFRs are used by the New York State Department of Health, in part, to determine Maranatha’s reimbursement rates for the provision of Medicaid-funded services.
- e. In each CFR Maranatha submitted since 2010, Maranatha’s CEO, Coley, certified that: (i) the “information furnished in this report . . . is in accordance with the instructions and is true and correct to the best of my knowledge”; and (ii) the statement attached to the CFR “fully and accurately represents all reportable income and expenditures made for services performed in accordance with the provision of the Mental Hygiene Law and approved budgets.” In addition to these certifications, in the CFRs submitted since 2018, Coley certified that Maranatha had “reported and adjusted out all non-allowable expenses on the CFR core and claiming documents as required by [its] funding agency.”
- f. Throughout the Covered Period, every year Maranatha submitted CFRs that reported as “allowable costs” amounts expended not for Maranatha’s provision of Medicaid-funded services but instead to pursue certain for-profit business ventures.
- g. In particular, Maranatha submitted CFRs reporting as “allowable costs” costs expended to benefit certain entities owned and/or operated by Coley

or Maranatha that did not provide Medicaid-funded services (the “Non-Medicaid Ventures”), including the following:

- (1) Mighty Mite Distributors Inc., a for-profit entity created to launch an online home goods store and later an online wellness hub;
  - (2) Wellness 365 Inc., a for-profit entity operated by Coley and owned by Maranatha that was intended to promote wellness;
  - (3) Caregiver Compass LLC, a for-profit entity owned 40% by Coley, 20% by Coley’s daughter, 20% by an acquaintance of Coley’s, and 20% by Maranatha, which was created to launch an online tool to help individuals choose caregivers; and
  - (4) Caregivers Connect LLC, a for-profit entity created to provide non-medical services to senior citizens.
- h. Maranatha’s board, which approved Maranatha funding these Non-Medicaid Ventures, was briefed on them by Coley.
- i. Coley made a presentation to Maranatha’s board of directors acknowledging that “[i]t was always the plan for Maranatha to use government funds as a launching pad to create private enterprise that would enable it to not be dependent on government while at the same time fulfilling its function” consistent with its mission.
- j. Maranatha paid Coley’s family members to perform work related to the Non-Medicaid Ventures. For example, since 2010, Maranatha paid Coley’s daughter more than \$300,000. Though much of her time was spent on work

related to these Non-Medicaid Ventures, Maranatha reported her full compensation as an “allowable cost” in the CFRs.

- k. Since 2010, Maranatha paid Coley more than \$2 million in salary and benefits, and Maranatha claimed the full amount of that compensation as “allowable” costs on its CFRs. However, Coley devoted much of his time to working on Non-Medicaid Ventures. Since 2014, Coley received annual compensation from Maranatha in excess of \$225,000, which exceeded the \$199,000 cap established by the State of New York’s Executive Order 38, promulgated in 2013.
- l. Maranatha also paid for certain of Coley’s personal expenses, including more than \$34,000 spent on personal training sessions, as well as holiday gifts and jewelry. Maranatha reported these expenses as “allowable costs” in its CFRs.

3. Defendant shall execute and agree to the entry of a consent judgment in favor of the Government and against Defendant in the amount of \$2,400,000, a copy of which is attached hereto as Exhibit A (the “Consent Judgment”). The Government may use the Consent Judgment to obtain a security interest in any asset or property of the Defendant, but shall not engage in other collection activity with respect to the Consent Judgment so long as Defendant fully complies with the terms of this Stipulation. Pursuant to this Stipulation, Defendant agrees to pay and the Government agrees to accept \$340,000 and 40% of any Real Estate Profit (as defined in Paragraph 6 below) in full satisfaction of the Consent Judgment (the “Settlement Amount”). Defendant shall pay \$340,000 to the Government within 30 days of the Effective Date. That payment shall be made in accordance with instructions to be provided by the Financial Litigation Unit of the United

States Attorney's Office for the Southern District of New York. The full Settlement Amount constitutes restitution to the United States.

4. Should Defendant comply fully with the requirement to make the payment set forth in Paragraph 3 above as well as the other terms of this Stipulation, the Consent Judgment shall be deemed to be satisfied in full and, upon Defendant's request, the Government shall file with the Clerk of the Court and deliver to Defendant a Full Satisfaction of Judgment. Should Defendant fail to comply fully with the requirement to make the payment set forth in Paragraph 3 above or any other term of this Stipulation, Defendant shall be in default of this Stipulation, in which case the Government may take any of the actions set forth in Paragraph 13 below.

5. Maranatha shall cooperate with the New York State Office for People with Developmental Disabilities and promptly take all necessary steps to complete an auspice change through which Maranatha shall transition the operations of its Medicaid-funded programs to one or more other providers to ensure continuity of services. Maranatha shall cease operations promptly following the completion of the auspice change. Maranatha shall not submit new claims for payment or reimbursement to any federal health care program on or after June 30, 2023. This deadline may be extended upon the written consent of the parties.

6. Maranatha operates community residences for individuals with developmental disabilities (called Individualized Residential Alternatives), as well as a day habilitation program at another property. These properties include 36 Chestnut Hill Road, Stone Ridge, New York; 60 Maurizi Lane, Woodstock, New York; 35-33 10th Street, Queens, New York; 110-14 159th Street, Queens, New York; 114-15 169th Street, Queens, New York; 153-10 79th Street, Queens, New York; 12-27 31st Drive, Queens, New York; and 403 Manchester Road, Suite A, Poughkeepsie, New York. To the extent Maranatha owns or holds an interest in these properties, Maranatha

intends to transfer those properties and interests as part of the auspice change and wind-down process. To the extent that, after satisfying any outstanding mortgages on these properties, Maranatha receives more than \$1 per property in exchange for transferring one or more of these properties—whether in connection with the auspice change, Maranatha’s wind-down, or otherwise—Maranatha shall pay that amount (“Real Estate Profit”) to the United States and the State of New York within 30 days of its receipt of such funds. Forty percent of any Real Estate Profit shall be paid to the United States pursuant to the instructions referenced in Paragraph 3; the remainder shall be paid to the State of New York.

7. Defendant agrees to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Stipulation. Upon reasonable notice, Defendant shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Defendant further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

8. Subject to the exceptions in Paragraph 12 (concerning reserved claims) below and subject to Paragraph 13 (concerning default) and Paragraph 17 (concerning bankruptcy proceedings) below, and Paragraph 18 (concerning disclosure of financial information) below, and conditioned on Defendant’s full compliance with the terms of this Stipulation, including full payment of the Settlement Amount to the United States pursuant to Paragraph 3 above, the United States releases Defendant, including its subsidiaries and corporate predecessors, successors and



assigns, from any civil or administrative monetary claim that the United States has for the Covered Conduct under the FCA, the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801-3812, and the common law theories of fraud, payment by mistake, and unjust enrichment. For avoidance of doubt, this Stipulation does not release any current or former officer, director, employee, or agent of Maranatha (including Coley) from liability of any kind.

9. Defendant fully and finally releases the United States, its agencies, officers, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendant has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, employees, servants, or agents related to the Covered Conduct or the United States' investigation, prosecution and settlement thereof.

10. Subject to the exceptions in Paragraph 12 (concerning reserved claims) below and subject to Paragraph 13 (concerning default) and Paragraph 17 (concerning bankruptcy proceedings) below, and Paragraph 18 (concerning disclosure of financial information) below, and conditioned on Defendant's full compliance with the terms of this Stipulation, including full payment of the Settlement Amount to the United States pursuant to Paragraph 3 above, Relator, for herself and her successors, heirs, attorneys, agents, and assigns, releases Defendant, including its subsidiaries and corporate predecessors, successors and assigns, as well as all of its current and former officers, directors, employees, attorneys, and other agents, from any and all manner of claims, proceedings, liens, and causes of action of any kind or description that Relator has against Defendant related to or arising from the Relator Complaint; provided, however, that nothing in this Stipulation shall release any claims arising under 31 U.S.C. § 3730(h) that Relator has against

Defendant or others and nothing in this Stipulation shall preclude Relator from seeking to recover her reasonable expenses and attorneys' fees and costs pursuant to 31 U.S.C. § 3730(d).

11. In consideration of the execution of this Stipulation by Relator and the Relator's release as set forth in Paragraph 10 above, Defendant, including its subsidiaries, predecessors, and corporate successors and assigns, as well as all of its current and former officers, directors, employees, attorneys, and other agents, releases Relator and her successors, heirs, attorneys, agents, and assigns, from any and all manner of claims, proceedings, liens, and causes of action of any kind or description that Defendant has against Relator related to or arising from the Relator Complaint.

12. Notwithstanding the releases given in Paragraph 8 above, or any other term of this Stipulation, the following claims of the Government are specifically reserved and are not released by this Stipulation:

- a. any liability arising under Title 26, United States Code (Internal Revenue Code);
- b. any criminal liability;
- c. except as explicitly stated in this Stipulation, any administrative liability or enforcement right, including but not limited to the mandatory or permissive exclusion from Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) or 42 U.S.C. § 1320a-7(b) (permissive exclusion);
- 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 Stipulation; and

f. any liability of individuals.

13. The Settlement Amount represents the amount the United States is willing to accept in compromise of its civil claims arising from the Covered Conduct, due solely to Defendant's financial condition as reflected in the Financial Disclosures referenced in Paragraph 18 below. Defendant shall be in default of this Stipulation if Defendant fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 3 above or if it fails to comply materially with any other term of this Stipulation that applies to it ("Default"). The Government will provide a written Notice of Default to Defendant of any Default in the manner set forth in Paragraph 30 below. Defendant shall then have an opportunity to cure the Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due under the payment schedule and paying any additional interest accruing under the Stipulation up to the date of payment. If Defendant fails to cure the Default within seven (7) calendar days of receiving the Notice of Default and in the absence of an agreement with the United States to a modified payment schedule ("Uncured Default"), the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest on the remaining unpaid balance shall thereafter accrue at the rate of 12% per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance). In the event of an Uncured Default, the United States may initiate a collection action or take any other action with respect to the unpaid portion of the amount specified in the Consent Judgment attached hereto as Exhibit A. Defendant also agrees that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Stipulation, and reinstate the claims asserted against Defendant in the Government Complaint or bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in

Paragraph 8 above, with any recovery reduced by the amount of any payments previously made by Defendant to the United States under this Stipulation; (ii) take any action to enforce this Stipulation in a new action or by reinstating the Government Complaint; (iii) offset the remaining unpaid balance from any amounts due and owing to Defendant and/or affiliated companies by any department, agency, or agent of the United States at the time of Default or subsequently; and/or (iv) exercise any other right granted by law, or under the terms of this Stipulation, or recognizable at common law or in equity. The United States shall be entitled to any other rights granted by law or in equity by reason of Default, including referral of this matter for private collection. In the event the United States pursues a collection action, Defendant agrees immediately to pay the United States the greater of (i) a ten-percent (10%) surcharge of the amount collected, as allowed by 28 U.S.C. § 3011(a), or (ii) the United States' reasonable attorneys' fees and expenses incurred in such an action. In the event that the United States opts to rescind this Stipulation pursuant to this paragraph, Defendant waives and agrees not to plead, argue, or otherwise raise any defenses of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims that (i) are filed by the United States against Defendant within 120 days of written notification that this Stipulation has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on September 28, 2018. Defendant agrees not to contest any offset, recoupment, and/or collection action undertaken by the United States pursuant to this paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the United States.

14. Defendant, having truthfully admitted to the Admitted Conduct set forth in Paragraph 2 hereof, agrees it shall not, through its attorneys, agents, officers, or employees, make any public statement, including but not limited to, any statement in a press release, social media

forum, or website, that contradicts or is inconsistent with the Admitted Conduct or suggests that the Admitted Conduct is not wrongful (a “Contradictory Statement”). Any Contradictory Statement by Defendant, its attorneys, agents, officers, or employees, shall constitute a violation of this Stipulation, thereby authorizing the Government to pursue any of the remedies set forth in Paragraph 13 hereof, or seek other appropriate relief from the Court. Before pursuing any remedy, the Government shall notify Defendant that it has determined that Defendant has made a Contradictory Statement. Upon receiving notice from the Government, Defendant may cure the violation by repudiating the Contradictory Statement in a press release or other public statement within four business days. If Defendant learns of a potential Contradictory Statement by its attorneys, agents, officers, or employees, Defendant must notify the Government of the statement within 24 hours. The decision as to whether any statement constitutes a Contradictory Statement or will be imputed to Defendant for the purpose of this Stipulation, or whether Defendant adequately repudiated a Contradictory Statement to cure a violation of this Stipulation, shall be within the sole discretion of the Government. Consistent with this provision, Defendant may raise defenses and/or assert affirmative claims or defenses in any proceeding brought by private and/or public parties, so long as doing so would not contradict or be inconsistent with the Admitted Conduct.

15. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Stipulation; Relator agrees and confirms that the terms of this Stipulation are fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

16. Defendant waives and shall not assert any defenses Defendant 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 Stipulation bars a remedy sought in such criminal prosecution or administrative action.

17. In exchange for valuable consideration provided in this Stipulation, Defendant acknowledges the following:

- a. Defendant has reviewed its financial situation and warrants that it is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment to the United States of the Settlement Amount.
- b. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Defendant, within the meaning of 11 U.S.C. § 547(c)(1), and the Parties conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.
- c. The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do in fact, constitute a reasonably equivalent exchange of value.
- d. The Parties do not intend to hinder, delay, or defraud any entity to which Defendant was or became indebted on or after the date of any transfer contemplated in this Stipulation, within the meaning of 11 U.S.C. § 548(a)(1).
- e. If Defendant's obligations under this Stipulation are avoided for any reason (including but not limited to through the exercise of a trustee's avoidance

powers under the Bankruptcy Code) or if, before the Settlement Amount is paid in full, Defendant or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of Defendant's debts, or to adjudicate Defendant as bankrupt or insolvent, or seeking appointment of a receiver, trustee, custodian, or other similar official for Defendant or for all or any substantial part of Defendant's assets:

- (1) the United States may rescind the releases in this Stipulation and bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in Paragraph 8 above;
- (2) the United States has an undisputed, noncontingent, and liquidated allowed claim against Defendant in the amount of \$2,400,000, less any payments received pursuant to the Stipulation, provided, however, that such payments are not otherwise avoided and recovered from the United States by Defendant, a receiver, trustee, custodian, or other similar official for Defendant; and
- (3) if any payments are avoided and recovered by Defendant, a receiver, trustee, custodian, or similar official for Defendant, Relator shall, within thirty days of written notice from the United States to the undersigned Relator's counsel, return any portions of such payments already paid by the United States to Relator.

f. Defendant agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 17(e) above or Paragraph 13 above is not subject to an “automatic stay” pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States’ police and regulatory power. Defendant shall not argue or otherwise contend that the United States’ claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consents to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Defendant waives and shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claim, action, or proceeding brought by the United States within 120 days of written notification to Defendant that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on September 28, 2018.

18. Defendant has provided sworn financial disclosures and supporting documents (“Financial Disclosures”) to the United States and the United States has relied on the accuracy and completeness of those Financial Disclosures in reaching this Stipulation. Defendant warrants that the Financial Disclosures are complete, accurate, and current. If the United States learns of asset(s) in which Defendant had an interest at the time of the execution of this Stipulation that were not disclosed in the Financial Disclosures, or if the United States learns of any false statement or misrepresentation by Defendant on, or in connection with, the Financial Disclosures, and if such nondisclosure, false statement, or misrepresentation changes the estimated net worth of Defendant as reflected in the Financial Disclosures by \$15,000 or more, the United States may at its option:



(a) rescind this Stipulation and reinstate its lawsuit based on the Covered Conduct, or (b) let the Stipulation stand and collect the full Settlement Amount plus one hundred percent (100%) of the net value of Defendant's previously undisclosed assets. Defendant agrees not to contest any collection action undertaken by the United States pursuant to this provision, and agrees that it will immediately pay the United States the greater of (i) a ten-percent (10%) surcharge of the amount collected in the collection action, as allowed by 28 U.S.C. § 3011(a), or (ii) the United States' reasonable attorneys' fees and expenses incurred in such an action. In the event that the United States pursuant to this paragraph rescinds this Stipulation, Defendant waives and agrees not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (a) are filed by the United States within 120 calendar days of written notification to Defendant that this Stipulation has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on September 28, 2018.

19. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and Defendant agrees not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

20. Defendant agrees to the following:

- a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and 1396-1396w-5; and the

regulations and official program directives promulgated thereunder) incurred by or on behalf of Defendant, including its present or former officers, directors, employees, and agents in connection with:

- (1) the matters covered by this Stipulation;
- (2) the United States' audit(s) and civil investigation(s) of matters covered by this Stipulation;
- (3) Defendant's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with matters covered by this Stipulation (including attorneys' fees);
- (4) the negotiation and performance of this Stipulation; and
- (5) any payment Defendant makes to the United States pursuant to this Stipulation and any payment Defendant may make to Relator, including expenses, costs and attorneys' fees;

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as "Unallowable Costs").

- b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Defendant, and Defendant shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or

payment request submitted by Defendant or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

- c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Stipulation, Defendant shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Defendant or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the Unallowable Costs. Defendant agrees that the United States, at a minimum, shall be entitled to recoup from Defendant any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment. Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to disagree with any calculation submitted by Defendant or any of its subsidiaries or affiliates on the effect of inclusion of

Unallowable Costs (as defined in this paragraph) on Defendant or any of its subsidiaries or affiliates in cost reports, cost statements, or information reports.

- d. Nothing in this Stipulation shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Defendant's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

21. This Stipulation is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity except as otherwise provided herein.

22. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Stipulation; provided, however, nothing in this Stipulation shall preclude Relator from seeking to recover her expenses or attorneys' fees and costs from Defendant, pursuant to 31 U.S.C. § 3730(d).

23. Any failure by the Government to insist upon the full or material performance of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and the Government, notwithstanding that failure, shall have the right thereafter to insist upon the full or material performance of any and all of the provisions of this Stipulation.

24. This Stipulation is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Stipulation is the United States District Court for the Southern District of New York. For purposes of construing this Stipulation, this Stipulation shall be deemed to have been drafted by all Parties to this Stipulation and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

25. This Stipulation constitutes the complete agreement between the Parties with respect to the subject matter hereof. This Stipulation may not be amended except by written

consent of the Parties. Forbearance by the United States from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Stipulation.

26. The undersigned counsel and other signatories represent and warrant that they are fully authorized to execute this Stipulation on behalf of the persons and the entities indicated below.

27. This Stipulation is binding on Defendant's successors, transferees, heirs, and assigns.

28. This Stipulation is binding on Relator's successors, transferees, heirs, and assigns.

29. This Stipulation may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Stipulation. E-mails that attach signatures in PDF form or facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Stipulation.

30. Any notice pursuant to this Stipulation shall be in writing and shall, unless expressly provided otherwise herein, be delivered both by (a) hand, express courier, or postage-prepaid mail and (b) by email, and shall be addressed as follows:

TO THE UNITED STATES:

Jacob Lillywhite  
Assistant United States Attorney  
United States Attorney's Office  
Southern District of New York  
86 Chambers Street, Third Floor  
New York, New York 10007  
Email: jacob.lillywhite@usdoj.gov

TO DEFENDANT:

Tina Sciocchetti  
Nixon Peabody LLP  
677 Broadway, Tenth Floor

Albany, New York 12207  
Email: tsciocchetti@nixonpeabody.com

TO RELATOR:

Heidi Wendel  
Law Office of Heidi A. Wendel PLLC  
43 West 43rd Street, Suite 184  
New York, New York 10036  
Email: hwendel@heidwendellaw.com


31. The effective date of this Stipulation is the date upon which the Stipulation is approved by the Court (the “Effective Date”).

Agreed to by:

**THE UNITED STATES OF AMERICA**

Dated: New York, New York  
August 9, 2022

DAMIAN WILLIAMS  
United States Attorney for the  
Southern District of New York

By:   
\_\_\_\_\_  
Jacob Lillywhite  
Assistant United States Attorney  
86 Chambers Street, Third Floor  
New York, New York 10007  
(212) 637-2639

*Attorney for the United States of America*

**RELATOR**

Dated: \_\_\_\_\_,  
August 5, 2022

By: Stephanie Munford  
Stephanie Munford  
*Relator*

Dated: \_\_\_\_\_,  
August 5, 2022

LAW OFFICE OF HEIDI A.  
WENDEL PLLC


By: Heidi A. Wendel  
Heidi Wendel  
*Attorney for Relator*



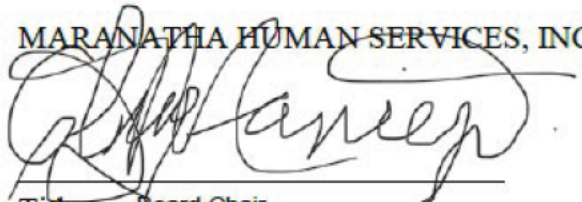
**DEFENDANT MARANATHA HUMAN SERVICES, INC.**

Dated: Albany, New York  
August 4, 2022

NIXON PEABODY LLP

By:   
\_\_\_\_\_  
Tina Sciocchetti  
Philip Rosenberg  
*Attorneys for Defendant*

MARANATHA HUMAN SERVICES, INC.

By:   
\_\_\_\_\_  
Title: Board Chair

SO ORDERED:



\_\_\_\_\_  
HON. KENNETH M. KARAS  
UNITED STATES DISTRICT JUDGE

Dated: August 31  
\_\_\_\_\_, 2022

# **Exhibit A**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA and the  
STATE OF NEW YORK *ex rel.* STEPHANIE  
MUNFORD,

Plaintiffs and Relator,

v.

MARANATHA HUMAN SERVICES, INC.  
and HENRY ALFONSO COLEY,

Defendants.

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

MARANATHA HUMAN SERVICES, INC.  
and HENRY ALFONSO COLEY,

Defendants.

18 Civ. 8892 (KMK)

**JUDGMENT**

Upon the consent of plaintiff the United States of America and Defendant Maranatha Human Services, Inc. (“Defendant”), it is hereby:

ORDERED, ADJUDGED and DECREED: that plaintiff the United States of America is awarded judgment in the amount of \$2,400,000 against Defendant.


SO STIPULATED AND AGREED TO BY:


Dated: New York, New York  
August 9, 2022

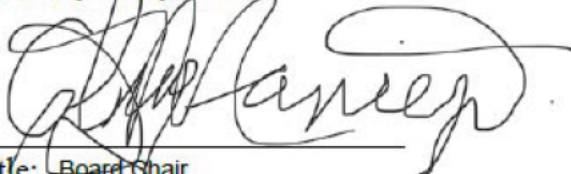
Dated: Albany, New York  
August 5, 2022

DAMIAN WILLIAM  
United States Attorney for the  
Southern District of New York

NIXON PEABODY LLP

By:   
\_\_\_\_\_  
JACOB LILLYWHITE  
Assistant United States Attorney  
86 Chambers Street, Third Floor  
New York, New York 10007  
(212) 637-2639  
jacob.lillywhite@usdoj.gov  
*Counsel for the Government*

  
\_\_\_\_\_  
Tina Sciocchetti  
677 Broadway, 10th Floor  
Albany, New York 12207  
(518) 427-2677  
tsciocchetti@nixonpeabody.com  
*Counsel for Defendant*

By:   
\_\_\_\_\_  
Title: Board Chair  
Maranatha Human Services, Inc.  
*Defendant*

SO ORDERED:

Dated: August 31, 2022



\_\_\_\_\_  
HON. KENNETH M. KARAS  
UNITED STATES DISTRICT JUDGE