

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is entered into among (a) the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) and the Defense Health Agency (DHA), acting on behalf of the TRICARE Program (collectively, the United States); and (b) Moustafa Moustafa, M.D. (Dr. Moustafa) and South Carolina Nephrology and Hypertension Center, Inc. (SCNHC), through their authorized representatives. Collectively, all of the above will be referred to as the Parties.

### **RECITALS**

A. Dr. Moustafa owned and operated SCNHC, a nephrology medical practice with offices in Orangeburg, South Carolina and Bamberg, South Carolina. Dr. Moustafa is a physician licensed to practice in the state of South Carolina.

B. The United States contends that Dr. Moustafa and SCNHC caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (Medicare) and the TRICARE Program, 10 U.S.C. §§ 1071–1110b (TRICARE).

C. The United States contends that it has certain civil claims against Dr. Moustafa and SCNHC arising from the following conduct, by which Dr. Moustafa and SCNHC caused the submission of false or fraudulent claims to Medicare and TRICARE:

i. From June 1, 2017, to December 31, 2021, Dr. Moustafa and SCNHC knowingly and willfully solicited and/or received thousands of dollars in remuneration disguised as purported office space rental and phlebotomy payments, paid monthly or, in one instance, in a lump sum money order, from Labtech Diagnostics LLC (Labtech), a clinical laboratory in Anderson, South Carolina, in return for Dr. Moustafa's referrals to Labtech for clinical laboratory

services (as defined in 42 U.S.C. § 1395nn(h)(6)(A)), in violation of the Anti-Kickback Statute (AKS), 42 U.S.C. § 1320a-7b(b).

ii. From August 1, 2020, to December 31, 2022, Dr. Moustafa and/or SCNHC knowingly and willfully solicited and/or received remuneration from RDx Bioscience, Inc. (RDx), a clinical laboratory in Kenilworth, New Jersey, in return for Dr. Moustafa's referrals to RDx for laboratory testing, in violation of the AKS, 42 U.S.C. § 1320a-7b(b). In return for Dr. Moustafa's laboratory testing referrals, RDx paid clinical staff to work in SCNHC's offices who, in addition to collecting patient specimens for testing referred to RDx, provided services to SCNHC and/or Dr. Moustafa unrelated to RDx.

iii. From September 1, 2019, to March 31, 2023, Dr. Moustafa knowingly and willfully solicited and/or received from the marketing company Ralston Health Group, Inc. (Ralston) thousands of dollars in remuneration disguised as consulting and medical director payments, paid monthly, in return for Dr. Moustafa ordering clinical laboratory services from (a) RDx, (b) Natural State Laboratories LLC, a clinical laboratory in Little Rock, Arkansas, (c) Tesis/303 Diagnostics LLC and Claro Scientific Laboratories Inc. d/b/a ClaroLabs, clinical laboratories in Aurora, Colorado, and (d) Phi Life Sciences LLC, a clinical laboratory in Charleston, South Carolina (collectively, Ralston-Affiliated Laboratories), in violation of the AKS, 42 U.S.C. § 1320a-7b(b). The Ralston-Affiliated Laboratories paid Ralston commissions to arrange for and recommend that healthcare providers, including Dr. Moustafa, order their laboratory tests. Ralston, in turn, kicked back to healthcare providers, including Dr. Moustafa, a portion of those payments in return for their laboratory testing referrals to the Ralston-Affiliated Laboratories.

The conduct set forth in Paragraph C is referred to below as the "Covered Conduct."

D. This Agreement is neither an admission of liability by Dr. Moustafa or SCNHC, nor a concession by the United States that its claims are not well founded.

In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

#### TERMS AND CONDITIONS

1. Under the terms and conditions specified herein, Dr. Moustafa and SCNHC shall pay to the United States Five Hundred Eighty-Five Thousand Five Hundred Forty Dollars (\$585,540.00) (Settlement Amount), of which Two Hundred Ninety-Two Thousand Seven Hundred Seventy Dollars (\$292,770.00) is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the Department of Justice, pursuant to the following payment schedule:

a. First Payment: Dr. Moustafa and SCNHC shall pay to the United States One Hundred Forty-Six Thousand Three Hundred Eighty-Five Dollars (\$146,385.00) within fourteen (14) calendar days of the Effective Date.

b. Second Payment: Dr. Moustafa and SCNHC shall pay to the United States Four Hundred Thirty-Nine Thousand One Hundred Fifty-Five Dollars (\$439,155.00) within ninety (90) calendar days of the Effective Date.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, subject to Paragraph 9 (concerning default) below, and conditioned upon the full payment of the Settlement Amount to the United States by Dr. Moustafa and SCNHC, the United States releases Dr. Moustafa and SCNHC 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 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 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, including mandatory or permissive exclusion from Federal health care programs;
- 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 other than Dr. Moustafa;
- g. Any liability of corporate entities other than SCNHC;
- h. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- i. Any liability for failure to deliver goods or services due; and
- j. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Dr. Moustafa and SCNHC waive and shall not assert any defenses they 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. Dr. Moustafa and SCNHC fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Dr. Moustafa and SCNHC have asserted, could have asserted, or may assert in the future against the United States, and its agencies, officers, agents, employees, and servants related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. 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 Dr. Moustafa and SCNHC agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agree not to appeal any such denials of claims, and agree to withdraw any such pending appeals.

7. Dr. Moustafa and SCNHC agree 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 Dr. Moustafa and SCNHC in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;

- (3) Dr. Moustafa and SCNHC's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment Dr. Moustafa and SCNHC makes to the United States pursuant to this Agreement,

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 Dr. Moustafa and SCNHC, and Dr. Moustafa and SCNHC 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 Dr. Moustafa and SCNHC, or any of SCNHC's subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Dr. Moustafa and SCNHC further agree that within ninety (90) days of the Effective Date of this Agreement they 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 Dr. Moustafa and

SCNHC, or any of SCNHC's 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. Dr. Moustafa and SCNHC agree that the United States, at a minimum, shall be entitled to recoup from Dr. Moustafa and SCNHC 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 reserves its rights to disagree with any calculations submitted by Dr. Moustafa and SCNHC, or any of SCNHC's subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Dr. Moustafa and SCNHC, or any of SCNHC's subsidiaries or affiliates' cost reports, cost statements, or information reports.

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

8. Dr. Moustafa and SCNHC agree to cooperate fully, truthfully, completely, and forthrightly with the United States' investigation(s) of, and/or legal proceeding(s) against, individuals and entities not released in this Agreement. Upon request by the United States and reasonable notice, Dr. Moustafa shall be available for interviews by the United States and shall fully, truthfully, completely, and forthrightly answer questions. Upon request by the United States and reasonable notice, Dr. Moustafa shall testify under oath fully, truthfully, completely, and forthrightly at any and all trials of cases or other court proceedings, including depositions, at which

his testimony may be deemed relevant by the United States. Dr. Moustafa agrees to encourage, and not impair, the cooperation of SCNHC's directors, officers, and employees, and to use his best efforts to make available, and encourage, the cooperation of SCNHC's former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Dr. Moustafa and SCNHC further agree to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in their possession, custody, or control relating to Labtech, RDx, Ralston, the Ralston-Affiliated Laboratories, or any agent of the foregoing entities.

9. The Settlement Amount represents the amount the United States is willing to accept in compromise of its civil claims against Dr. Moustafa and SCNHC arising from the Covered Conduct pursuant to the terms and conditions in this Agreement.

a. Dr. Moustafa and SCNHC shall be in default of this Agreement (Default) if they fail to pay the Settlement Amount as provided in Paragraph 1 above, or if they fail to comply materially with any other term or condition of this Agreement, including Paragraph 8 above (concerning cooperation).

b. If Dr. Moustafa and SCNHC fail to pay the Settlement Amount as provided in the payment schedule in Paragraph 1 above, the United States will provide a written Notice of Default, and Dr. Moustafa and SCNHC shall have an opportunity to cure such Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due and paying any additional interest accruing under the Agreement up to the date of payment. Notice of Default will be delivered to Dr. Moustafa and SCNHC, or to such other representative as Dr. Moustafa and SCNHC shall designate in advance in writing. If Dr. Moustafa and SCNHC fail 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 twelve percent (12%) per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance).

c. In the event of Uncured Default, or a failure to comply materially with Paragraph 8 above (concerning cooperation), Dr. Moustafa and SCNHC agree that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Agreement, and bring any civil and/or administrative claim, action, or proceeding against Dr. Moustafa and SCNHC for the claims that would otherwise be covered by the releases provided in Paragraph 2 above, with any recovery reduced by the amount of any payments previously made by Dr. Moustafa and SCNHC to the United States under this Agreement; (ii) take any action to enforce this Agreement in a new action; (iii) offset the remaining unpaid balance from any amounts due and owing to Dr. Moustafa and SCNHC, 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 Agreement, 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, Dr. Moustafa and SCNHC agree 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 Agreement pursuant to this Paragraph, Dr. Moustafa and SCNHC waive and agree 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 Dr. Moustafa and SCNHC within one hundred twenty

(120) days of written notification that this Agreement has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on the Effective Date. Dr. Moustafa and SCNHC agree 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.

d. In the event of Uncured Default, or a failure to comply materially with Paragraph 8 above (concerning cooperation), OIG-HHS may exclude Dr. Moustafa and SCNHC from participating in all Federal healthcare programs (Exclusion for Default). OIG-HHS will provide written notice of any such exclusion to Dr. Moustafa and SCNHC. Dr. Moustafa and SCNHC waive any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7), and agree not to contest such exclusion either administratively or in any state or federal court. Reinstatement to program participation is not automatic. If at the end of the period of exclusion, Dr. Moustafa and SCNHC wish to apply for reinstatement, they must submit a written request for reinstatement to OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001–.3005. Dr. Moustafa and SCNHC will not be reinstated unless and until OIG-HHS approves such request for reinstatement. The option for Exclusion for Default is in addition to, and not in lieu of, the options identified in this Agreement or otherwise available.

10. 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, except to the extent provided for in Paragraph 11 (waiver for beneficiaries Paragraph), below.

11. Dr. Moustafa and SCNHC agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors based upon the claims defined as Covered Conduct.

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

13. The Parties and signatories to this Agreement represent that they freely and voluntarily enter into this Agreement without any degree of duress or compulsion.

14. 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 South Carolina. 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.

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

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

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

18. This Agreement is binding on Dr. Moustafa and SCNHC's successors, transferees, heirs, and assigns.

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

20. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE PAGE(S) FOLLOW]

THE UNITED STATES OF AMERICA

DATED: 9/28/2023

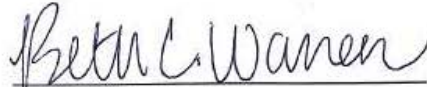
BY:



CHRISTOPHER TERRANOVA  
Senior Trial Counsel  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: 9/27/2023

BY:



BETH C. WARREN  
Assistant United States Attorney  
United States Attorney's Office  
District of South Carolina

DATED: 9/28/23

BY:



KRUTI DHARIA  
Assistant United States Attorney  
United States Attorney's Office  
District of New Jersey

DATED: 9/28/2023

BY:

LISA RE Digitally signed by LISA RE  
Date: 2023.09.28 17:16:18  
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LISA M. RE  
Assistant Inspector General for Legal Affairs  
Office of Counsel to the Inspector General  
Office of Inspector General  
United States Department of Health and Human Services

DATED: 09/28/2023

BY:


BLEY.PAULNICHOLAS Digitally signed by  
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Date: 2023.09.28 08:42:34 -04'00'

for

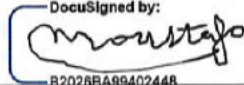
SALVATORE M. MAIDA  
General Counsel  
Defense Health Agency  
United States Department of Defense

MOUSTAFA MOUSTAFA, M.D.

DATED: 9/27/2023 BY:   
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MOUSTAFA MOUSTAFA, M.D.

DATED: 9-26-23 BY:   
M. RHETT DEHART  
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Attorneys for Moustafa Moustafa, M.D.

SOUTH CAROLINA NEPHROLOGY AND HYPERTENSION CENTER, INC.

DATED: \_\_\_\_\_ BY:   
B2026BA99402448...  
MOUSTAFA MOUSTAFA, M.D.  
9/27/2023 Owner  
South Carolina Nephrology and Hypertension Center, Inc.

DATED: 9/27/2023 BY:   
MATTHEW CURLEY  
Bass, Berry & Sims PLC  
Attorneys for South Carolina Nephrology and Hypertension  
Center, Inc.