

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of the Navy (collectively, the “United States”); Sikorsky Support Services, Inc. (“SSSI”) and Derco Aerospace, Inc. (“Derco”) (collectively, “Defendants”); and relator Mary Patzer (“Relator”), through their authorized representatives. Hereafter, the United States, Defendants, and Relator are collectively referred to as “the Parties”.

RECITALS

A. Defendant SSSI is a Delaware corporation with a principal corporate office in Stratford, Connecticut. For the time period covering the conduct described in Paragraph G below, SSSI was a member of a corporate family owned by United Technologies Company. On June 1, 2006, the Navy awarded SSSI a logistics support contract, No. N00019-06-D-0017 (the “Contract”), to provide aircraft maintenance, logistics, and parts for the Navy’s training aircraft. On March 30, 2011, the Navy awarded SSSI another logistics support contract, No. N00019-11-D-0014 (the “Bridge Contract”), to provide aircraft maintenance, logistics, and parts for the Navy’s training aircraft.

B. Defendant Derco is a Wisconsin corporation with a principal corporate office in Milwaukee, Wisconsin. For the time period covering the conduct described in Paragraph G below, Derco was a member of a corporate family owned by United Technologies Company. SSSI subcontracted with Derco in connection with the Contract and the Bridge Contract.

C. On June 10, 2011, relator Mary Patzer filed a qui tam action in the United States District Court for the Eastern District of Wisconsin captioned *United States ex rel. Patzer v. Sikorsky Aircraft Corporation, et al.*, Case No. 11-C-560, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “*Patzer Action*”). The United States intervened in the *Patzer Action* on August 8, 2014 and filed the operative United States’ Complaint on February 23, 2015.

D. On August 8, 2014, relator Peter Cimma filed a qui tam action in the United States District Court for the Northern District of Florida captioned *United States ex rel. Cimma v. Sikorsky Aircraft Corporation, et al.*, Case No. 3:14-cv-368, pursuant to the qui tam provision of the False Claims Act, 31 U.S.C. § 3730(b) (the “*Cimma Action*”). The *Cimma Action* was subsequently transferred to the District Court for the Eastern District of Wisconsin and docketed as Case No. 14-cv-1381. The United States intervened in the *Cimma Action* on March 16, 2017 and filed the operative United States’ Complaint on May 26, 2017.

E. Following the United States’ intervention in the *Patzer* and *Cimma* Actions, the *Cimma Action* was consolidated with the *Patzer Action* on November 6, 2017 (the consolidated *Cimma Action* and the *Patzer Action* hereinafter referred to as the “*Civil Action*”).

F. On July 20, 2018, the United States District Court for the Eastern District of Wisconsin dismissed relator Peter Cimma from the *Civil Action* pursuant to 31 U.S.C. § 3730(b)(5) on the grounds that the allegations in the *Cimma Action* were based on the same material or essential facts alleged in the *Patzer Action*.

G. The United States contends that it has certain civil claims against Defendants arising from the false statements, false claims, and breaches of contracts by Defendants that the United States alleges occurred during the period from January 5, 2006 through July 1, 2012 specified in the United States' Complaints in the Civil Action referenced in Paragraphs C and D. That conduct is referred to as the "Covered Conduct."

H. This Settlement Agreement is neither an admission of liability by Defendants nor a concession by the United States that its claims are not well founded. Defendants deny the United States' allegations in Paragraph G.

I. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Defendants shall pay to the United States \$70,000,000 (the "Settlement Amount"), of which \$36,467,990 is restitution, and interest on the Settlement Amount at a rate of 4% per annum from June 15, 2024, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Wisconsin.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$13,976,900 to Relator by

electronic funds transfer, plus a share of 19.9% of any interest paid by Defendants pursuant to Paragraph 1 (“Relator’s Share”).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, plus any interest due under Paragraph 1, the United States releases Defendants, together with their current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Contract Disputes Act, 41 U.S.C. §§ 7101 – 710; the Anti-Kickback Act, 41 U.S.C. § 8701 *et seq.*; the Truthful Cost or Pricing Data statute, 10 U.S.C. § 271; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraph 5 below, and upon the United States’ receipt of the Settlement Amount, plus any interest due under Paragraph 1, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases Defendants, together with their current and former parent corporations; direct and indirect subsidiaries; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

5. Notwithstanding the releases given in Paragraph 4 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due; and
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

Conditioned upon Relator's receipt of the Relator's Share, Relator and her heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Defendants waive and shall not assert any defenses Defendants 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.

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

9. Defendants fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof.

10. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Defendants, and its present or former officers, directors, employees, shareholders, and agents in connection with:

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

are unallowable costs for government contracting purposes (hereinafter referred to as "Unallowable Costs").

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Defendants, and Defendants shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Defendants shall

identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Defendants or any of its subsidiaries or affiliates from the United States. Defendants agree that the United States, at a minimum, shall be entitled to recoup from Defendants any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Defendants' books and records and to disagree with any calculations submitted by Defendants or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Defendants, or the effect of any such Unallowable Costs on the amount of such payments.

11. This Agreement is intended to be for the benefit of the Parties and the releasees identified in Paragraphs 3, 4, 6, 8 and 9 only.

12. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Motion to Dismiss the Civil Action pursuant to Rule 41(a)(2).

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

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

15. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Wisconsin. 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.

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

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

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

19. This Agreement is binding on Defendants' successors, transferees, heirs, and assigns.

20. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

22. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Electronic signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 6-20-24 BY: *Alan S. Gale*

Alan S. Gale
Nelson Wagner
Gary Newkirk
Trial Attorneys
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 6/20/24 BY: *MAA*

Michael A. Carter
Assistant United States Attorney
Eastern District of Wisconsin

SIKORSKY SUPPORT SERVICES, INC.



DATED: 6/20/24 BY: _____

Kevin Gingras
Vice President and Associate General Counsel
Lockheed Martin



DATED: 6/20/24 BY: _____

Michael Bronson
Dinsmore & Shohl LLP
Counsel for Sikorsky Support Services, Inc.

DERCO AEROSPACE, INC.



DATED: 6/20/24 BY: _____

Kevin Gingras
Vice President and Associate General Counsel
Lockheed Martin



DATED: 6/20/24 BY: _____

Michael Bronson
Dinsmore & Shohl LLP
Counsel for Derco Aerospace, Inc.

Mary Patzer - RELATOR

DATED: 6/20/2024 BY: Mary Patzer
Mary Patzer

DATED: 6/21/2024 BY: Nola J. Hitchcock Cross
Nola J. Hitchcock Cross
Counsel for Mary Patzer