

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into between the United States of America, acting through the United States Attorney’s Office for the District of Arizona and on behalf of the United States Postal Service (“USPS”) (collectively “the United States”), and Plexus Worldwide, LLC (“Plexus”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Plexus, an Arizona limited liability corporation, represents itself as a health and wellness company offering products and opportunities designed to help people improve their lives and well-being and meet their health and financial goals.

B. The United States contends that it has certain civil claims against Plexus arising from the following: from January 2015 through January 2016, Plexus presented mail to the USPS for delivery with postage that was based upon and calculated with attributes not associated with the items mailed, which resulted in shortpaid (underreported postage). Further, Plexus mailed other items with re-used postage (unpaid/duplicate). The postage Plexus affixed to the mailed items represented that postage had been appropriately paid, when in fact, it had not; the misrepresentations facilitated Plexus’ underpayment or non-payment of postage. The United States, through a statistical consulting firm, determined that of the Plexus-mailed pieces examined during a review, more than 40% were sent with shortpaid postage. The United States’ allegations in this recital are referred to below as “the Covered Conduct.”

C. With respect to the Covered Conduct, the United States served Civil Investigation Demand No. 16-03 dated May 19, 2016, on Plexus Worldwide, Inc., and

Plexus Worldwide, Inc. provided its initial response on July 1, 2016, followed by multiple supplemental responses.

D. Plexus admits, acknowledges, and accepts responsibility for the following facts:

a. As used in this Agreement, “shortpaid postage” refers to a mailing for which the total postage and fees affixed are less than the postage required for the applicable price and any extra services.

b. As used in this Agreement, “duplicate postage” is the unauthorized re-use of postage, which represents that postage has been paid for the delivery services when, in fact, none has been paid.

c. Beginning in June 2013, the United States Postal Inspection Service (“USPIS”) discovered Plexus was mailing packages with shortpaid postage and others with duplicate postage.

d. In response to this discovery, first in June 2013 and again in March 2014 and July 2016, the USPIS sent Plexus certified letters regarding the fact that it mailed items with shortpaid postage. These letters also pointed out Plexus’ use of duplicate postage.

e. However, notwithstanding these notifications, Plexus’ use of shortpaid postage and duplicate postage continued despite Plexus’ representation that it attempted to remedy these issues. From June 2013 through October 2016, the USPIS received approximately 125 notifications from post offices throughout the country pertaining to shortpaid postage and duplicate postage from Plexus.

f. From August 2013 to September 2016, Plexus received 31 written notices from the USPS regarding shortpaid postage.

g. From November 2014 to June 2016, Plexus' customers, also known as its "ambassadors," informed Plexus more than 30 times about shortpaid postage.

h. Plexus represented that it experienced errors caused by third-party information systems and that those errors resulted in both underpayments and overpayments of postage. Nevertheless, Plexus admits, acknowledges, and accepts responsibility for short paying postage and for submitting duplicate postage that resulted in a net deficit of postage due to the USPS.

i. Plexus presented mail to the USPS for delivery, even though the postage weights and other attributes used to calculate postage were underreported, resulting in shortpaid postage and duplicates. Additionally, systems and controls were lacking, resulting in duplicate postage and in payments that understated the postage due.

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

TERMS AND CONDITIONS

1. No later than 30 days after the Effective Date of this Agreement, Plexus shall pay to the United States \$600,000.00 ("the Settlement Amount"), of which \$232,776.69 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of Arizona.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, the

United States releases Plexus, together with its 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 monetary claim (including attorneys' fees, costs, and expenses of every kind and however denominated) the United States has or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733, or under common law theories such as breach of contract, payment by mistake, unjust enrichment, negligent misrepresentation and fraud.

3. Notwithstanding the release given in Paragraph 2 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 this 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 personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Plexus waives and shall not assert any defenses it 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. Plexus fully and finally releases 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 Plexus has 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 and the United States' investigation and prosecution thereof.

6. 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 Plexus, 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) Plexus' 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; and
- (5) the payment Plexus makes to the United States pursuant to this Agreement

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

b. Future Treatment of Unallowable Costs: Plexus will separately determine and account for Unallowable Costs, and Plexus 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, Plexus shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Plexus or any of its subsidiaries or affiliates from the United States. Plexus agrees that the United States, at a minimum, shall be entitled to recoup from Plexus 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 Plexus' books and

records and to disagree with (i) any calculations submitted by Plexus or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Plexus or (ii) the effect of any such Unallowable Costs on the amount of such payments.

7. This Agreement is intended to be for the benefit of the Parties only.

8. The Parties shall bear their own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

9. The Parties and their respective signatories represent that the Parties freely and voluntarily enter this Agreement without any degree of duress or compulsion.

10. 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 Arizona. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by the Parties to this Agreement and shall not, therefore, be construed against either of the Parties for that reason in any subsequent dispute.

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

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

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

14. This Agreement is binding on Plexus' successors, transferees, heirs, and assigns.

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


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

[SIGNATURE BLOCKS APPEAR ON FOLLOWING PAGE]

THE UNITED STATES OF AMERICA

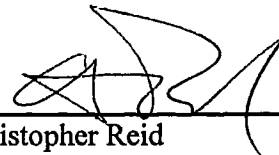
GARY M. RESTAINO
United States Attorney
District of Arizona

DATED: 7/28/23

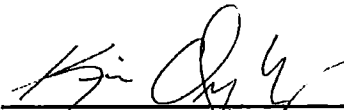
BY: 
LON R. LEAVITT
Assistant United States Attorney
District of Arizona

PLEXUS WORLDWIDE, LLC

DATED: 7/19/2023

BY: 
Christopher Reid
Chief Legal Officer
Plexus Worldwide, LLC

DATED: 7/20/2023

BY: 
KEVIN D. QUIGLEY
Quarles & Brady LLP
Counsel for Plexus Worldwide, LLC