

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 Housing & Urban Development (“HUD”) (collectively the “United States”), the City of Los Angeles (“City”), and the Fair Housing Council of San Fernando Valley (“FHC”) (collectively “the Parties”), through their authorized representatives.

RECITALS

A. The City of Los Angeles is a recipient of federal grant funding administered by HUD.

B. On February 1, 2011, Mei Ling and the FHC (collectively “Relators”) filed a *qui tam* action in the United States District Court for the Central District of California captioned *United States ex rel. Mei Ling and Fair Housing Council of San Fernando Valley v. City of Los Angeles, California and Community Redevelopment Agency of the City of Los Angeles*, Case No. 11-cv-974, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). The United States intervened in the Civil Action on May 30, 2017, and on July 31, 2017, filed a Complaint-in-Intervention asserting claims for violations of the False Claims Act and claims for negligent misrepresentation, restitution (unjust enrichment) and payment by mistake under common law. The United States filed a First Amended Complaint-in-Intervention on December 10, 2018 asserting the same legal claims. The conduct set forth in the First Amended Complaint-in-Intervention is referred to below as the “Covered Conduct.”

C. FHC claims entitlement under 31 U.S.C. § 3730(d) to a *qui tam* share of the proceeds of this Settlement Agreement and to its reasonable expenses, attorneys' fees and costs as a Relator.

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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The City shall pay to the United States Thirty-Eight Million Two Hundred Sixty-Six Thousand Nine Hundred Eighty-Nine Dollars (\$38,266,989), plus interest accrued at the rate of four percent per annum from May 15, 2024 (“Interest”) and continuing until and including the date of payment (“Settlement Amount”) under the terms and conditions set forth in this Agreement. The City shall pay not less than Sixteen Million Dollars (\$16,000,000), plus Interest, within ten business days of the entry of the Court Order referenced in Paragraph 2; and the City shall pay any balance of the remaining Twenty-Two Million Two Hundred Sixty-Six Thousand Nine Hundred Eighty-Nine Dollars (\$22,266,989), plus Interest, no later than July 8, 2024 or ten business days after entry of the Court Order referenced in Paragraph 2, whichever is later. The City shall pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

2. Upon the Effective Date of this Agreement, the Parties jointly will seek an order from the Court confirming the Settlement Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, the United States releases the City and its agencies 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; or the common law theories of fraud, negligent misrepresentation, restitution (unjust enrichment) and payment by mistake.

4. Subject to the exceptions in Paragraph 5 below, and upon the United States' receipt of the Settlement Amount, FHC and its heirs, successors, attorneys, agents, and assigns, fully and finally release the City and its agencies, officers, agents, employees, and servants from any civil monetary claim FHC has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; or any other claims that were or could have been brought relating to the Covered Conduct. For avoidance of doubt, this release does not include any claim FHC may bring with respect to this Civil Action pursuant to 31 U.S.C. § 3730(d).

5. Notwithstanding the releases given in Paragraphs 3 and 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 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; and
- g. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. FHC and its 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). In connection with this Agreement and this Civil Action, FHC and its heirs, successors, attorneys, agents, and assigns agree that neither this Agreement nor any dismissal of the Civil Action, shall waive or otherwise affect the ability of (a) the United States to contend that provisions in the False Claims Act, including 31 U.S.C. §§ 3730(d)(3) and 3730(e), bar Relators from sharing in the proceeds of this Agreement; or (b) the City to contend that any costs or fees sought pursuant to 31 U.S.C. § 3730(d)(1) were neither necessary nor reasonable, or that any Relator is otherwise ineligible to recover the same. Moreover, the United States and FHC and its heirs, successors, attorneys, agents, and assigns agree that they each retain all of their rights pursuant to the False Claims Act on the issue of the *qui tam* award percentage, if any, that Relators should receive of any proceeds of the settlement pursuant to 31 U.S.C 3730(d)(1).

7. The City waives and shall not assert any defenses the City 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. The City 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 the City has asserted, or 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. The City fully and finally releases the FHC from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that the City has or could have asserted, or may assert in the future against the FHC, related to the Covered Conduct or the FHC'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 the City, 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), civil investigation(s), and litigation of the matters covered by this Agreement;

- 3) the City's investigation, defense, and corrective actions undertaken in response to the United States' audit(s), civil investigation(s), and litigation in connection with the matters covered by this Agreement (including attorneys' fees);
 - 4) the negotiation and performance of this Agreement;
 - 5) the payments the City makes to the United States pursuant to this Agreement and any payments that the City may make to Relators, 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 shall be separately determined and accounted for by the City, and the City 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, the City shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by the City or any of its subsidiaries or affiliates from the United States. The City agrees that the United States, at a minimum, shall be entitled to recoup from the City any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The City shall identify these unallowable costs through: 1) accounting records to the extent that is possible; 2) memorandum records including

diaries and informal logs, regardless of whether such records are part of official documentation, where accounting records are not available; and 3) itemized estimates where no other accounting basis is available.

The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine the City's books and records and to disagree with any calculations submitted by the City or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by the City, 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 only.

12. Upon receipt of the Settlement Amount described in Paragraph 1, above, FHC and the United States shall promptly file in the Civil Action, pursuant to Rule 41(a)(2) and the terms and conditions of this Agreement, a Motion to Dismiss, with prejudice, claims against the City in the Civil Action; to which the City shall not object.

13. Except for any rights of Relators under 31 U.S.C. § 3730(d) against the City (and with respect to which the City retains all rights to object or contest), 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 Central District of California. 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 the City's successors, transferees, heirs, and assigns.

20. This Agreement is binding on FHC'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"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

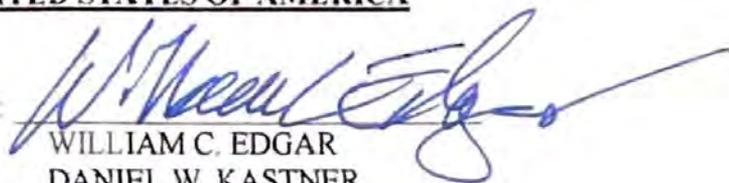
[signatures follow]

THE UNITED STATES OF AMERICA

DATED:

6/11/2024

BY:

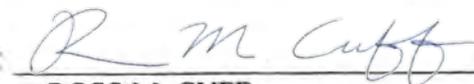


WILLIAM C. EDGAR
DANIEL W. KASTNER
JENNIFER CHORPENING
WESLEY J. HEATH
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED:

6/11/2024

BY:



ROSS M. CUFF
KAREN Y. PAIK
PAUL B. LASCALA
Assistant United States Attorneys
Central District of California

CITY OF LOS ANGELES - DEFENDANT

DATED: 6-11-24 BY: 
MICHAEL J. BOSTROM
Senior Assistant City Attorney
City of Los Angeles

DATED: _____ BY: _____
DANIEL B. LEVIN
Counsel for City of Los Angeles

CITY OF LOS ANGELES - DEFENDANT

DATED: _____ BY: _____
MICHAEL J. BOSTROM
Senior Assistant City Attorney
City of Los Angeles

DATED: June 11, 2024 BY: 
DANIEL B. LEVIN
Counsel for City of Los Angeles

FAIR HOUSING COUNCIL FOR SAN FERNANDO VALLEY - RELATOR

DATED: June 13, 2024 BY: 
SHARON KINLAW
Executive Director
Fair Housing Council of the San Fernando Valley

DATED: June 13, 2024 BY: 
PHILLIP E. BENSON
DONALD R. WARREN
DAVID O. IYALOMHE
ODION L. OKOJIE
Counsel for Fair Housing Council of the San
Fernando Valley