

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 Small Business Administration (collectively, the “United States”), California Advisors, LLC, William Gonzalez, and Delaney Hunter (collectively, “Defendants”), (collectively referred to as “the Parties”) through their authorized representatives.

RECITALS

A. California Advisors, LLC is a limited liability company organized under the laws of California and located at 915 L Street, Suite 1270, Sacramento, California 95814. California Advisors, LLC is a lobbying firm.

B. Delaney Hunter is an individual residing in Yolo County in California. Delaney Hunter is a partner of California Advisors, LLC.

C. William Gonzalez is an individual residing in Sacramento County in California. William Gonzalez was a managing partner of California Advisors, LLC.

D. In 2020, Delaney Hunter and William Gonzalez owned and controlled California Advisors, LLC and were California Advisors, LLC’s only two managing members. In 2021, Delaney Hunter owned and controlled California Advisors, LLC.

E. On April 10, 2020, Delaney Hunter, as an authorized representative of California Advisors, LLC, applied for a Paycheck Protection Program (“PPP”) loan and certified in good faith that California Advisors, LLC was eligible for a PPP loan.

F. In May 2020, California Advisors, LLC received an SBA-guaranteed Paycheck Protection Program (“PPP”) loan through American River Bank in the amount of \$144,340.

G. SBA paid an estimated \$7,217 in processing fees to American River Bank in connection with the PPP loan.

H. On December 18, 2020, Delaney Hunter, as an authorized representative of California Advisors, LLC, applied for PPP loan forgiveness and certified in good faith that it was eligible for the PPP loan and PPP loan forgiveness.

I. In February 2021, SBA forgave the entirety of the PPP loan, paying in full \$144,340 in principal and \$1,090.57 in interest.

J. The United States contends that it has certain civil claims against Defendants arising from Defendants’ false certifications in connection with the PPP loan application and PPP loan forgiveness application submitted in connection with the PPP loan issued to California Advisors, LLC. More specifically, the United States alleges:

1. Defendants violated the False Claims Act, 31 U.S.C. §§ 3729-3733, by knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval to the Small Business Administration.

2. Defendants violated the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 12 U.S.C. § 1833a, by making false statements in connection with its PPP loan.

The conduct described above is referred to below as the “Covered Conduct.”

K. 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.

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. California Advisors, LLC shall pay to the United States a total of \$534,266.50 plus interest as detailed below (“California Advisors, LLC Settlement Amount”), as follows:
 - a. California Advisors, LLC shall pay to the United States \$381,618.93, of which \$152,647.57 is restitution, to resolve liability for the Covered Conduct described in Paragraph J.1, above, and
 - b. California Advisors, LLC shall pay to the United States \$152,647.57, none of which is restitution, to resolve the Covered Conduct described in Paragraph J.2, above.

California Advisors, LLC shall pay \$250,000 of the California Advisors, LLC Settlement Amount by electronic funds transfer no later than 14 days after the Effective Date of this Agreement pursuant to written instructions to be provided by the United States Attorney’s Office for the Eastern District of California. The remainder of the California Advisors, LLC Settlement Amount, \$284,266.50 plus interest on this amount at a rate of four percent (4%) per annum calculated from August 12, 2024 to February 8, 2025, amounting to a total payment of \$289,951.83, shall be paid no later than 180 days after the Effective Date of the Agreement. If California Advisors, LLC intends to make this second payment early, California Advisors, LLC will provide the United States, through

the United States Attorney's Office for the Eastern District of California, with its planned payoff date and obtain a revised interest calculation and payment instructions.

2. Delaney Hunter shall pay to the United States a total of \$25,000 ("Hunter Settlement Amount"), none of which is restitution, to resolve liability for the Covered Conduct described in Paragraph J. Delaney Hunter shall pay the Hunter Settlement Amount by electronic funds transfer no later than 14 days after the Effective Date of this Agreement pursuant to the written instructions provided by the United States Attorney's Office for the Eastern District of California.

3. William Gonzalez shall pay to the United States a total of \$25,000 ("Gonzalez Settlement Amount"), none of which is restitution, to resolve liability for the Covered Conduct described in Paragraph J. William Gonzalez shall pay the Gonzalez Settlement Amount by electronic funds transfer no later than 14 days after the Effective Date of this Agreement pursuant to the written instructions provided by the United States Attorney's Office for the Eastern District of California..

4. In the event that any of the Defendants fail to satisfy the payment obligations set forth in Paragraphs 1 through 3, any such party (the "Defaulting Party") shall be in Default of its payment obligations ("Default"). Upon Default, the United States will provide the Defaulting Party, through its legal counsel or other representative previously designated by the Defaulting Party, by electronic mail a written Notice of Default, and the Defaulting Party shall have an opportunity to cure such Default within three business days from the date the Notice of Default is sent by counsel for the United States. If the Defaulting Party fails to cure the Default within three business days from the date the Notice of Default is sent by the United States, all settlement amounts noted

above shall become immediately due and payable, and interest on such amount shall accrue at the rate of 10 percent per annum, compounded daily from the date of Default.

5. Upon execution of this Settlement Agreement, Defendants shall enter into a Consent Judgment with the United States in the form attached as **Attachment A**. The United States shall not file the Consent Judgment unless any of the Defendants is in uncured Default as defined above. Defendants agree not to contest any Consent Judgment 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. At its sole option, in the event of uncured Default as defined above, the United States alternatively may rescind this Agreement as to the defaulting Defendant and bring any civil and/or administrative claim, action, or proceeding against the defaulting Defendant for the claims that would otherwise be covered by the releases provided herein. If the United States opts to rescind this Agreement in the event of uncured Default as defined above, Defendants 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 are (a) filed by the United States against Defendants within 180 days of written notification that this Agreement has been rescinded, and (b) relate to the Covered Conduct.

6. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon the United States' receipt of the settlement amounts outlined above, the United States releases Defendants 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 Financial Institutions Reform, Recovery, and Enforcement Act of 1989,

12 U.S.C. § 1833a; 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.

7. Notwithstanding the releases given in Paragraph 6 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, 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;
and
- f. Any liability of individuals other than Delaney Hunter and William Gonzalez as set forth herein.

8. Defendants 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.

9. 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 they 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. Defendants hereby expressly waive all rights they may have by virtue of Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

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; and

(5) any payments Defendants make 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: 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 only.

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

14. 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 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.

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 Defendants' 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 of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE PAGES FOLLOW]

THE UNITED STATES OF AMERICA

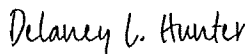
PHILLIP A. TALBERT
United States Attorney

DATED: 8/19/2024

By: 
TARA A. AMIN
Assistant United States Attorney
Eastern District of California

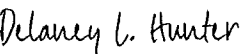
CALIFORNIA ADVISORS, LLC; DELANEY HUNTER; and WILLIAM GONZALEZ

DATED: 8/16/2024

BY: DocuSigned by:

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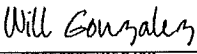
Partner of California Advisors, LLC

DATED: 8/16/2024

BY: DocuSigned by:

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Delaney Hunter
Managing Partner of California Advisors, LLC

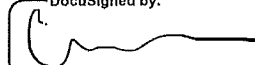
DATED: 8/16/2024

BY: Signed by:

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William Gonzalez
Former Partner of California Advisors, LLC

APPROVED AS TO FORM:

DATED: 8/16/2024

DocuSigned by:

By: 309F75E4DCE040E...
Candice Fields
Candice Fields Law, PC
Counsel for California Advisors, LLC, Delaney
Hunter, and William Gonzalez