

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into by and between the United States of America (the "United States"), acting through the United States Department of Justice, Office of the United States Attorney for the District of New Jersey, (collectively "United States") and Veteran Construction Associates, LLC ("Veteran Construction"), a corporation headquartered at 1624 Jacksonville Road, Burlington, New Jersey 08016, and doing business in the State of New Jersey, through its authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the United States and Veteran Construction ("the Parties") agree to the following:

A. The United States contends that it has civil causes of action against Veteran Construction for violations of the False Claims Act, 31 U.S.C. §§ 3729 et seq., and for common law remedies, arising from allegations, investigated by the United States Department of Veterans Affairs ("VA") and the United States Small Business Administration ("SBA"), Offices of Inspector General, that 1) Veteran Construction, in its capacity as a potential prime contractor for the United States, improperly represented itself as a business being owned and controlled by a service-disabled veteran in order to obtain government contracts set aside for companies owned and controlled by service-disabled veterans; 2) Veteran Construction

improperly obtained several contracts from the United States set aside for businesses owned and controlled by service-disabled veterans, with the knowledge that Veteran Construction was not owned and controlled by a service-disabled veteran; 3) Veteran Construction obtained the aforementioned government contracts by using a nominee service-disabled veteran, who it represented had ownership and control of the company, while in actuality other non-veteran members of Veteran Construction actually maintained ownership and control of the company; 4) based upon misrepresentations made by Veteran Construction, the United States awarded Veteran Construction with contract #s V542C543, VA244C70230, V542C555, VA244C80491, VA244C90257, VA244C0663, VA244C0716, VA244C0699, VA244C00289, VA244P0925, VA244C1270, W912CF09C0011; 5) Veteran Construction thereafter submitted improper claims by way of \$6,546,049 in invoices to the United States, which were paid by the United States; and 6) such conduct of Veteran Construction violated the False Claims Act, 31 U.S.C. §§ 3729, et seq., and common law causes of action. The allegations contained in this Paragraph are hereinafter referred to as the "Covered Conduct".

B. Veteran Construction admits that it is liable to the United States, under the False Claims Act, 31 U.S.C. §§ 3729, et seq., for the Covered Conduct.

C. In order to resolve Veteran Construction's liability to the United States without the delay, uncertainty, inconvenience, and

expense of protracted litigation of the above claims, the Parties have reached a full and final settlement pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

1. Veteran Construction agrees to pay to the United States One Million, Three Hundred Thousand dollars (\$1,300,000.00) (the "Settlement Amount") within thirty (30) days of this Agreement. The payment of the Settlement Amount in full to the United States shall be made by electronic funds transfer pursuant to written instructions to be provided by the undersigned attorneys for the United States. In the event Veteran Construction fails to pay the Settlement Amount in the manner and within the time frame described above, the United States may, at its option: a) declare Veteran Construction to be in default and may take any action necessary to enforce the terms of this Agreement; or b) file a civil action alleging that Veteran Construction violated the False Claims Act, 31 U.S.C. §§ 3729 et seq., and/or is liable under common law theories for the Covered Conduct. If the United States is required to take legal action to collect the full Settlement Amount under this Agreement, Veteran Construction shall pay to the United States all reasonable costs and fees. Should the United States choose to file a civil action alleging that Veteran Construction has violated the False Claims Act, 31 U.S.C. §§ 3729 et seq., and/or is liable under common law theories for the Covered

Conduct, Veteran Construction agrees that the period of time between August 13, 2014, and January 14, 2015, shall be excluded when determining whether any such claims are time-barred by statute of limitations, laches or any other time related defenses.

2. Subject to the exceptions in Paragraph 7 below and conditioned upon the full payment of the Settlement Amount, in the manner set forth in Paragraph 1, the United States releases Veteran Construction, and the present and former parents, subsidiaries, affiliates and successors of Veteran Construction, and their present and former officers, directors and employees, if acting within the scope of their employment, from any civil monetary claim based upon the Covered Conduct that the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729 et seq., any other statute creating causes of action for civil damages or civil penalties that the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. Part O, Subpart I, § 0.45(d) (1999), and any common law remedies.

3. Veteran Construction agrees that it shall never seek to obtain any contracts awarded by the United States, or any of its agencies, which are set aside for veterans of the United States military.

4. Veteran Construction agrees that it shall not seek to obtain any contracts awarded by the United States, or any of its

agencies, for a period of three (3) years from the date of this Agreement.

5. Veteran Construction agrees that its members and/or former members shall not maintain more than a 10% ownership interest in any company seeking to obtain any contracts awarded by the United States, or any of its agencies, which are set aside for veterans of the United States military, for a period of three (3) years from the date of this Agreement.

6. Veteran Construction fully and finally releases, compromises, acquits and forever discharges the United States, its agencies, officers, agents, employees, and contractors (and their employees) from any and all claims, causes of action, adjustments, and set-offs of any kind which Veteran Construction could have asserted, or might assert in the future, against the United States, its agencies, officers, agents, employees, and contractors (and their employees) arising out of or pertaining to the Covered Conduct, including the United States' investigation, prosecution, or settlement thereof.

7. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement, as to any entity or person, are the following:

a. Any civil, criminal or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);

- b. Any criminal liability;
- c. Any administrative action or liability, including any debarment action;
- d. Any liability to the United States for any conduct other than the Covered Conduct;
- e. Any liability based upon such obligations as are created by the execution of this Agreement; and
- f. Except as explicitly stated in this Agreement, any liability of any other individuals or entities.

8. All costs (as defined in the Federal Acquisition Regulations 31.205-47) incurred by or on behalf of Veteran Construction in connection with a) the matters covered by this Agreement, b) the United States' investigation of the matters covered by this Agreement, c) Veteran Construction's investigation, defense, and corrective actions undertaken in response to the United States' investigation in connection with the matters covered by this Agreement (including attorney's fees), (d) the negotiation and performance of this Agreement, and (e) the payment(s) made to the United States pursuant to this Agreement shall be "unallowable costs" for government contract accounting purposes. These unallowable costs shall be separately determined and accounted for by Veteran Construction, and Veteran Construction will not charge such unallowable costs directly or indirectly to any contracts with the

United States or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by Veteran Construction or any of their subsidiaries to the United States. Veteran Construction further agrees that within 90 days of the effective date of this Agreement it will identify to the United States any unallowable costs (as defined in this Paragraph) included in payments previously sought from the United States, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests, already submitted by Veteran Construction, or any of its subsidiaries or affiliates, and will request, and agree, that such costs reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of unallowable costs. Veteran Construction agrees that the United States, at a minimum, will be entitled to recoup from Veteran Construction 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, Office of the United States Attorney for the District of New Jersey. The United States reserves its rights to disagree

with any calculations submitted by Veteran Construction or any of its subsidiaries on the effect of inclusion of unallowable costs (as defined in this Paragraph) on Veteran Construction's or any of its subsidiaries' cost reports, cost statements, or information reports. Nothing in this Agreement shall constitute a waiver of the rights of the United States to examine or reexamine the unallowable costs in this Paragraph.

9. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other individual, employee, or entity, except to the extent provided for specifically herein.

10. Except as expressly provided in this Agreement, the Parties will bear their own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. The Parties agree that this Agreement is governed by the laws of the United States.

12. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between or among the Parties under this Agreement will be in the United States District Court for the District of New Jersey.

13. This Agreement constitutes the complete agreement between the Parties.

14. This Agreement may not be amended except by written consent of the affected Parties.

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

16. This Agreement is binding on the successors, transferees and heirs of Veteran Construction.

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

18. This Agreement is effective on the date of the signature of the last signatory to the Agreement ("Effective Date").

19. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

20. Neither the United States nor Veteran Construction shall be considered to be the drafter of this Agreement or any of its provisions for the purposes of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement or its provisions.

21. The individual signing this Agreement on behalf of Veteran Construction represents and warrants that he or she is authorized by Veteran Construction to execute this Agreement. The United States signatories represent that they are signing this Agreement

in their official capacity and that they are authorized to execute this Agreement.

22. The illegality or unenforceability of any non-dependent provision, or any part of any non-dependent provision, of this Agreement shall not affect or impair the validity, legality or enforceability of any other non-dependent provision or any part of any non-dependent provision.

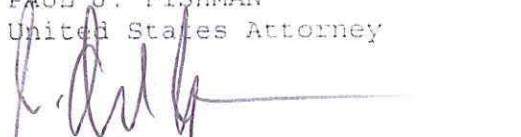
23. Veteran Construction represents that it has entered into this Agreement freely and voluntarily.

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SIGNATURE PAGE

For the United States of America:

PAUL J. FISHMAN
United States Attorney



By: J. ANDREW RUYMANN
Assistant U.S. Attorney
U.S. Attorney's Office
District of New Jersey
Civil Division
402 East State Street, Room 430
Trenton, New Jersey 08608

Dated: 1/20/15

PAUL J. FISHMAN
United States Attorney



By: MARK C. ORLOWSKI
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Civil Division
970 Broad Street, Suite 700
Trenton, New Jersey 08608

Dated: 1/20/15

For Veteran Construction
Associates, LLC



MICHAEL A. SCHWARTZ, ~~ESQ.~~
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Dated: 1/20/15