

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (“Settlement Agreement”) is entered into this day of June, 2017 (“Effective Date”) by and between VALLEY PHARMACY (“Valley”), its owners, directors, officers, successors and assigns, represented by Angelo Cifaldi, Esq., of Wilentz, Goldman and Spitzer, P.A., and STATE OF NEW JERSEY, OFFICE OF THE STATE COMPTROLLER, MEDICAID FRAUD DIVISION (“MFD”). Valley and MFD are hereinafter collectively referred to as the "Parties" and each individually as a “Party.”

WHEREAS, MFD investigated Valley and determined that Valley, on its provider application, failed to disclose an individual’s ownership and/or control interest and/or status as a managing employee, and failed to disclose that the individual was convicted of a criminal offense related to their involvement in the Title XIX program and was suspended from participation in the New York State Medicaid program, as required by N.J.A.C. 10:49-3.2 and 42 C.F.R. 455.104 (“the Covered Conduct”), resulting in Valley receiving overpayments from the Medicaid Program; and

WHEREAS, Valley has asserted that the individual determined by MFD to have an ownership and/or control interest and/or status as a managing employee was not an owner of Valley Pharmacy and that Valley Pharmacy had no obligation to disclose the individual on its provider application, and has denied all wrongdoing; and

WHEREAS, the parties desire to amicably resolve all disputes between them giving rise to the Covered Conduct and have reached a mutually acceptable resolution of the controversies that exist between them;

NOW THEREFORE, in consideration of the mutual promises contained herein, as well as for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to settle their dispute on the following terms:

(1) Valley agrees to pay restitution to the Medicaid program in the sum of Three Hundred Thousand Dollars (\$300,000.00) principal, plus interest in the amount of 6% applied to the portion of the Three Hundred Thousand Dollars (\$300,000.00) not paid in the first six months of the execution of this Settlement Agreement, resulting in a total settlement payment of Three Hundred Nine Thousand Dollars (\$309,000.00), in the following manner:

(a) A lump sum payment of One Hundred Thousand Dollars (\$100,000.00) shall be remitted no later than the close of business on the last day of August, 2017;

(b) Each of the following 6 months, beginning September 2017, a payment of \$8,333.00 shall be remitted no later than the close of business on the last day of the month;

(c) Each of the following 17 months, beginning March 2018, a payment of \$8,833.00 shall be remitted no later than the close of business on the last day of the month;

(d) The final payment of \$8,841.00 shall be remitted no later than the close of business on the last day of August, 2019;

(2) Payment shall be by certified check, bank check, or attorney trust check made payable to "Treasurer, State of New Jersey," and shall be mailed or delivered as follows:

Attention: Processing Bureau
Treasurer, State of New Jersey
Division of Revenue
200 Woolverton Street, Building 20

Lockbox 656
Trenton, New Jersey 08646

Valley will include “Valley Pharmacy – OSC-MFD” in the memo line so that it is properly credited.

(3) If any payment provided for in this Settlement Agreement is more than ten (10) days late, Valley will be in default of this Settlement Agreement and the outstanding and unpaid balance plus interest will immediately become due and collected through any means available to MFD as provided by law.

(4) The parties agree that this Settlement Agreement is intended to be a final resolution of all issues arising out of the Covered Conduct, referenced above, and is intended by each party to release the other party and its representatives from liability arising out of the Covered Conduct, unless MFD is mandated to act by federal or State law; or mandated by order or judgment of a court or administrative agency (other than MFD).

(5) Nothing in this Settlement Agreement waives the rights of any other State or federal agency, including, among others, the New Jersey Division of Criminal Justice, from continuing with a pending or beginning a future civil or criminal investigation or other action for alleged conduct concerning Valley or from taking any action for such conduct. Nothing in this Settlement Agreement waives the rights of MFD to conduct an audit or investigation of prior or future years for the improper submission of any claims or conduct not specifically covered by this agreement, and to take any action civilly or criminally for such conduct. Nothing in this Settlement Agreement waives any defenses that Valley, its officers, directors, successors or assigns may raise with respect to claims of any nature that may be raised by MFD or any other state or federal agency.

(6) Subject to the express terms of this Settlement Agreement as provided for in paragraphs 1-5 above, by the signatures set forth below, the authorization of which is hereby affirmed, Valley and MFD agree to the following release: in consideration of the provision hereof including this release, each party agrees to release the other party and its representatives from liability, obligations and damages arising out of the Covered Conduct, referenced above.

(7) Nothing herein shall constitute an admission, concession or finding of wrongdoing or liability by any party.

(8) This Settlement Agreement shall be construed, enforced and governed by the laws of the State of New Jersey.

(9) This Settlement Agreement may be executed in counterparts.

(10) This Settlement Agreement is effective upon the last date it is executed by the parties hereto.

(11) This Settlement Agreement sets forth the entire agreement between and among the parties hereto with respect to the claims described herein and supersedes any other written or oral understandings. This Settlement Agreement does not reflect any other terms or conditions or agreements between or among the parties with respect to any other matter.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto on the following page have executed the foregoing Settlement Agreement:

FORM AND CONTENT ACCEPTED AND AGREED TO BY:

DATE:


8/12/17

By:

A. Maddali
Annapurna Maddali
Owner


Valley Pharmacy

DATE:

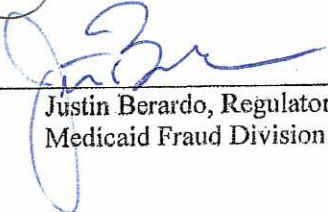
By: 
Angelo Cifaldi, Esq.
Wilentz, Goldman and Spitzer, P.C.
Counsel to Valley Pharmacy

PHILIP JAMES DEGNAN
STATE COMPTROLLER

DATE: 8/23/17

By: 
Josh Lichtblau, Director
Medicaid Fraud Division

DATE: 8/22/17

By: 
Justin Berardo, Regulatory Officer
Medicaid Fraud Division