

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE ("Settlement Agreement") is entered into this 23rd day of March 2026 ("Effective Date") by and between Sam Awad, Luke Awad, and Passaic Community Pharmacy, Inc. (hereinafter collectively "Passaic Community Pharmacy"), represented by Joseph Carlo, Esq., of Wilentz, Goldman & Spitzer, P.A., and the State of New Jersey, Office of the State Comptroller, Medicaid Fraud Division ("MFD"). Passaic Community Pharmacy and MFD are hereinafter collectively referred to as the "Parties" and each individually as a "Party."

WHEREAS, MFD conducted an investigation and found that from February 1, 2015 through December 31, 2019, Passaic Community Pharmacy was reimbursed by the New Jersey Medical Assistance and Health Services (DMAHS) and/or its fiscal agent and/or the Managed Care Organizations (MCO) for submitting claims that could not be supported by wholesaler invoices, in violation of N.J.S.A. 30:4D-12(d), N.J.S.A. 30:4D-17(e) and N.J.A.C. 10:49-5.5(a)(17), N.J.A.C. 10:49-9.8, N.J.A.C. 13:39-7.6 and N.J.A.C. 13:39-4.19 ("Covered Conduct"); and

WHEREAS, MFD determined that, based on the Covered Conduct, Passaic Community Pharmacy received an overpayment from the Medicaid program; and

WHEREAS, Passaic Community Pharmacy disputed, and continues to dispute MFD's findings in its inventory analysis or otherwise, and maintains that all claims submitted by Passaic Community Pharmacy to Medicaid were for pharmaceutical products actually provided to Passaic Community Pharmacy's customers, and makes no admission of liability or wrongdoing on the part of Passaic Community Pharmacy, or anyone on their behalf; and

WHEREAS, MFD issued a Notice of Claim, Notice of Withhold, and Certificate of Debt in this matter and money has been withheld pursuant to the Notice of Withhold by DMAHS and/or its fiscal agent and/or one or more MCO (these funds are hereinafter referred to as "Withheld Funds"); and

WHEREAS, MFD imposed a civil penalty in the amount of \$21,707.01 against Passaic Community Pharmacy to account for claims paid by the Medicaid program during the period from

February 26, 2016 through December 31, 2019 because Passaic Community Pharmacy had previously entered into a settlement agreement with MFD on February 25, 2016, after receiving overpayments for conduct similar to the Covered Conduct between July 1, 2010 and October 1, 2013; and

WHEREAS, the parties desire to amicably resolve the dispute regarding the alleged overpayment and have reached a mutually acceptable resolution of the controversies that exist between them; and

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) Passaic Community Pharmacy agrees to pay the principal amount of Forty-Three Thousand Four Hundred Fourteen Dollars and Two Cents (\$43,414.02), plus a civil penalty in the amount of Twenty-One Thousand Seven Hundred Seven Dollars and One Cent (\$21,707.01), for a total sum of Sixty-Five Thousand One Hundred Twenty-One Dollars and Three Cents (\$65,121.03) ("Total Payment Amount"), which shall be made as follows:

- i. Passaic Community Pharmacy agrees to allow MFD to apply Withheld Funds as part of the settlement of this matter and MFD agrees that the Withheld Funds will be applied toward the Total Payment Amount set forth in paragraph (1). At present, MFD estimates the Withheld Funds to be approximately Eighty-Five Thousand Six Hundred Nineteen Dollars and Thirty-Five Cents (\$85,619.35) ("Estimated Withheld Funds"). Within five (5) days of execution of this Settlement Agreement, MFD shall notify DMAHS and each MCO immediately to take the necessary steps to terminate withholding of otherwise payable funds. The parties

understand that the Withheld Funds cannot be determined until MFD has completed an accounting of such funds. MFD shall make all reasonable efforts to provide to Passaic Community Pharmacy an accounting of Withheld Funds no later than Sixty (60) days after the Effective Date of this Settlement Agreement.

- ii. MFD will release to Passaic Community Pharmacy any Withheld Funds held by MFD in excess of the Total Payment Amount of \$65,121.03 as set forth above in paragraph (1), within thirty (30) days of completion of the accounting of the Withheld Funds or after MFD is in receipt of the Total Payment Amount from Passaic Community Pharmacy, whichever is later.

(2) Nothing in this Settlement Agreement precludes Passaic Community Pharmacy from disputing the amount of the Withheld Funds by any means permitted by law.

(3) Passaic Community Pharmacy agrees to pay any remaining portion of the Total Payment Amount set forth in paragraph (1) should the sum of the Withheld Funds and the Estimated Balance Due be less than the Total Payment Amount. Payment of this balance, if any, will be made within thirty (30) days of notification by MFD that the Withheld Funds and the Estimated Balance Due are less than the Total Payment Amount.

(4) Payment to MFD 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

“Passaic Community Pharmacy – [REDACTED]” must be included in the memo line so that payment is properly credited.

(5) As soon as practicable after receipt of the Total Payment Amount from Passaic Community Pharmacy, MFD shall file a Warrant to Discharge with the Clerk of the Superior Court of New Jersey indicating that the Certificate of Debt filed against Passaic Community Pharmacy is satisfied and should be removed from the Court’s docketed list of judgments, with a copy of such filing sent to Passaic Community Pharmacy.

(6) If payment as provided for in this Settlement Agreement is more than ten (10) days late, Passaic Community Pharmacy will be in default of this Settlement Agreement, and the total remaining unpaid balance plus interest accruing from the date of default will immediately become due (“the Default Amount”). Should Passaic Community Pharmacy not cure the default within five (5) business days of receiving notice of default, the Default Amount immediately will be collected through any means available to MFD as provided by law. Passaic Community Pharmacy agrees that a default of this settlement agreement constitutes good cause for exclusion pursuant to N.J.A.C. 10:49-11.1(d), and MFD reserves the right to exclude Passaic Community Pharmacy from the New Jersey Medicaid program until the Default Amount is repaid to MFD.

(7) Passaic Community Pharmacy agrees to act in full compliance with all applicable state and federal laws and regulations, including but not limited to submitting only claims that accurately and completely reflect the services provided. To that end, Passaic Community Pharmacy agrees to only submit claims for services provided for which Passaic Community Pharmacy possesses sufficient documentation to support such claims and will implement policies to ensure that the underlying issues that caused or contributed to the Covered Conduct will be appropriately addressed and thereby not

repeated. If Passaic Community Pharmacy is again found to submit unbundled and/or improperly documented claims, MFD may deem Passaic Community Pharmacy to have acted knowingly and willfully and MFD may take such action as deemed appropriate, including but not limited to seek monetary damages, civil penalties, and/or sanctions, based on Passaic Community Pharmacy's knowing and willful conduct.

(8) 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, including MFD's review, and is intended by each party to release the other party and its representatives from liability arising out of the Covered Conduct, including MFD's review, 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).

(9) Nothing in this Settlement Agreement waives the rights of any other state or federal agency, including, among others, the New Jersey Office of Attorney General, from continuing with a pending or beginning a future civil or criminal investigation or other action for alleged conduct concerning Passaic Community Pharmacy or from taking any action for such conduct. Nothing in this Settlement Agreement waives the rights of MFD to conduct an audit or investigation for the improper submission of any claims or conduct not specifically covered by this Settlement Agreement, and to take any action for such conduct, subject to and as limited by applicable law.

(10) The terms of this Settlement Agreement may be modified only by a subsequent written agreement signed by all Parties.

(11) Subject to the express terms of this Settlement Agreement as provided for in paragraphs 1-10 above, by the signatures set forth below, the authorization of which is hereby affirmed, Passaic Community Pharmacy 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 employees,

representatives, officers and directors from liability, obligations, and damages arising out of the Covered Conduct and MFD's investigation.

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

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

(14) This Settlement Agreement may be executed in Counterparts.

(15) This Settlement Agreement is effective upon the Effective Date reflected on the first page of the Settlement Agreement.

(16) 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 understanding. 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:

PASSAIC COMMUNITY PHARMACY

DATE:



Sam Awad, individually and as
authorized signatory for Passaic
Community Pharmacy

DATE:



Luke Awad, individually and as
authorized signatory for Passaic
Community Pharmacy

DATE:

s/s Joseph Carlo

Joseph Carlo, Esq.
Wilentz, Goldman & Spitzer, P.A.
Attorney for Passaic Community
Pharmacy and Sam and Luke Awad

SHIRLEY U. EMEHELU
ACTING STATE COMPTROLLER

DATE: 3/23/2026

By: /s/ Josh Lichtblau

Josh Lichtblau, Director
Medicaid Fraud Division

DATE: 3/23/2026

By: /s/ Nina Galletto

Nina Galletto, Assistant Deputy Director
Medicaid Fraud Division

DATE: 03/20/2026

By: Elizabeth Mieliwocki

Elizabeth Mieliwocki, Regulatory Officer
Medicaid Fraud Division