

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE ("Settlement Agreement") is entered into this 25th day of February, 2016 ("Effective Date") by and between Passaic Community Pharmacy, Osama Awad and Nabil Awad, respectively (hereinafter collectively referred to as "Passaic"), represented by Angelo J. Cifaldi, Esq. of Wilentz, Goldman and Spitzer, PA and STATE OF NEW JERSEY, OFFICE OF THE STATE COMPTROLLER, MEDICAID FRAUD DIVISION ("MFD"). Passaic and MFD are hereinafter collectively referred to as the "Parties" and each individually as a "Party."

WHEREAS, MFD conducted a pharmacy inventory analysis and found that during the period of review between July 1, 2010 and October 1, 2013, Passaic submitted a total of 7,032 claims for pharmaceutical products provided to Medicaid patients that could not be supported by wholesaler invoices (the "Covered Conduct"); and

WHEREAS, MFD determined that, based on the Covered Conduct, Passaic had received overpayments from the Medicaid Program; and

WHEREAS, Passaic, having denied any civil wrongdoing, agreed to a pre-hearing conference in advance of any proceeding before the State of New Jersey, Office of Administrative Law, to attempt to resolve the overpayments asserted by MFD stemming from the Covered Conduct; and

WHEREAS, the Parties held a pre-hearing conference on September 24, 2015; 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) Passaic agrees to pay to MFD the sum of Six Hundred Thousand Dollars (\$600,000.00) as follows:

Two Hundred Fifty Thousand Dollars (\$250,000.00) upon the execution of this Settlement Agreement. Thereafter, Passaic agrees to pay to MFD twelve (12) consecutive monthly payments of Twenty Nine Thousand One Hundred Sixty Six Dollars and Sixty Seven Cents (\$29,166.67) on or before the 1st of each month starting April 1, 2016.

(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

Please include "Passaic Community 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, Passaic will be in default of this Settlement Agreement and the outstanding and unpaid balance will immediately become due and collected through withholding of Medicaid reimbursements and/or through any other means available to MFD as provided by law.

(4) Passaic agrees to adhere to the Corrective Action Plan ("CAP") which is attached hereto and hereby incorporated herein. As set forth in the CAP, the reporting requirement by the CAP Coordinator to the Manager of the Regulatory Unit of MFD will be quarterly for the first year, semi-annually for the second year, and once for the third year. Failure to include all necessary information and/or to meet the reporting deadlines under the CAP shall constitute

grounds for MFD to declare Passaic in default of this Settlement Agreement which shall be communicated to the CAP Coordinator or his/her designee. Upon receipt of a Notice of Default, Passaic shall have 15 days to cure the deficiency identified by the Notice of Default. Failure to cure a Notice of Default shall permit MFD to take action against Passaic, including, but not limited to a fine of \$1,000 for the first offense, a \$2,500 fine for the second offense and a \$7,500 fine for the third offense.

(5) The Parties agree that this Settlement Agreement is intended to be a final resolution of all issues arising out of the Covered Conduct, and is intended by each Party to release the other Party and its representatives from liability arising out of the Covered Conduct.

(6) 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, if any, or beginning a future civil, administrative or criminal investigation or other action for alleged conduct concerning Passaic 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 conduct (outside of the Covered Conduct) for the improper submission of any claims or conduct not specifically covered by this Settlement Agreement, and to take any action it deems appropriate to address such conduct.

(7) Subject to the express terms of this Settlement Agreement as provided for in paragraphs 1-6 above, by the signatures set forth below, the authorization of which is hereby affirmed, Passaic 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.

(8) Nothing herein shall constitute an admission, concession or finding of liability by any Party.

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

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

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

(12) 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
have executed the foregoing Settlement Agreement:

FORM AND CONTENT ACCEPTED AND AGREED TO BY:

DATE:

By: 
Osama Awad, Owner
Passaic Community Pharmacy

DATE:

By: 
Nabil Awad, Owner
Passaic Community Pharmacy

DATE:

By: 
Angelo J. Chaldi, Esq.
Attorney for Passaic Community
Pharmacy

DATE:

By: _____
Josh Lichtblau, Director
Office of the State Comptroller
Medicaid Fraud Division

DATE:

By: _____
Daniel A. Prupis, Regulatory Officer
Office of the State Comptroller
Medicaid Fraud Division

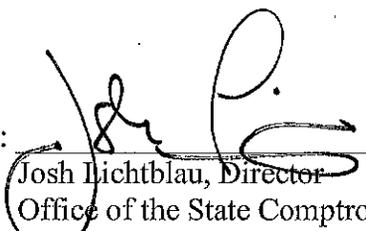
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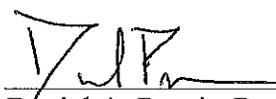
FORM AND CONTENT ACCEPTED AND AGREED TO BY:

DATE: _____ By: _____
Osama Awad, Owner
Passaic Community Pharmacy

DATE: _____ By: _____
Nabil Awad, Owner
Passaic Community Pharmacy

DATE: _____ By: _____
Angelo J. Cifaldi, Esq.
Attorney for Passaic Community
Pharmacy

DATE: 2/25/16 By: 
Josh Lichtblau, Director
Office of the State Comptroller
Medicaid Fraud Division

DATE: 2/25/16 By: 
Daniel A. Prupis, Regulatory Officer
Office of the State Comptroller
Medicaid Fraud Division