

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 Department of Defense, United States Air Force (collectively the "United States") and UST-Aldetec Holding Company LLC, which includes its wholly owned subsidiary United States Technologies, Inc. ("UST") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. UST is a corporation with its principal place of business located in the State of New Jersey. UST is engaged in the sale of technological equipment to parties including the United States Government.

B. The United States contends that it has certain civil claims against UST arising from false claims made in conjunction with contracts awarded to it by the United States. The United States contends that UST provided nonconforming circuit card assemblies, at least some of which were counterfeit, for a weapons system used by the United States on four separate government contracts. Specifically, the United States contends that UST provided a total of 52 of the nonconforming circuit card assemblies to the United States Air Force on contracts SPRHA4-13-C-0027, SPRHA4-14-M-0056, SPRHA4-16-P-0038, and SPRHA4-17-P-0022 during the period from 2013 through 2017. That conduct is referred to below as the Covered Conduct.

C. This Settlement Agreement is neither an admission of liability by UST 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. UST shall pay to the United States Five Hundred and Twenty-Five Thousand dollars (\$525,000.00) ("Settlement Amount"), of which \$325,750.00 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of New Jersey no later than 30 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning excluded claims) below, and conditioned upon UST's full payment of the Settlement Amount, the United States releases UST, and its predecessors and successors, from any civil or administrative monetary claims (including attorney's fees, costs, and expenses of every kind and however denominated) the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in paragraph 2 of this Agreement, or any other term of this Agreement, the following claims 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, 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;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. UST waives and shall not assert any defenses UST 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.

5. UST fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that UST has 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 and the United States' investigation and prosecution thereof.

6. 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 UST, 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 and civil investigation of the matters covered by this Agreement;
- (3) UST's investigation, defense, and corrective actions undertaken in response to the United States' audit and civil and criminal investigations in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment UST makes 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 UST, and UST 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, UST shall identify and

repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by UST or any of its subsidiaries or affiliates from the United States. UST agrees that the United States, at a minimum, shall be entitled to recoup from UST 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 UST's books and records and to disagree with any calculations submitted by UST or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by UST, or the effect of any such Unallowable Costs on the amount of such payments.

7. This Agreement is intended to be for the benefit of the Parties only.

8. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

10. 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 District of New Jersey. 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.

11. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

12. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

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

14. This Agreement is binding on UST's successors, transferees, heirs, and assigns.

15. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

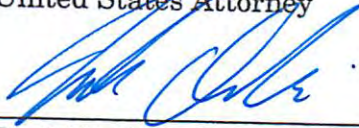
16. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

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SIGNATURE PAGE

For the United States of America:

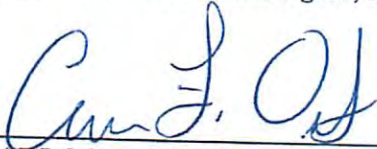
CRAIG CARPENITO
United States Attorney



By: MARK C. ORLOWSKI
Assistant U.S. Attorney
U.S. Attorney's Office
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Newark, New Jersey 07102

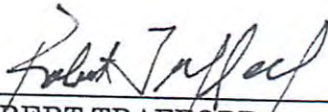
Dated: 1/14/2020

For UST-Aldetec Holding Company LLC and
United States Technologies, Inc.



CARLOS F. ORTIZ, ESQ.
Norton, Rose, Fulbright, US LLP
1301 Avenue of the Americas
New York, New York 10019

Dated: 1/13/2020



ROBERT TRAFFORD
Principal and Government Account Manager
United States Technologies, Inc.

Dated: 1/10/2020