

## 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 Energy and Terrence Leroy Hissong (hereafter collectively referred to as the Parties), through their authorized representatives.

### RECITALS

A. Between October 1999 and September 2008, Terrence Leroy Hissong (hereinafter “Mr. Hissong”) was employed for CH2M Hill Hanford Group Inc. (hereinafter “CHG”) as, *inter alia*, a Single Shell Tank Retrieval Director and Tank Farms Management Director. Between October 1999 and September 2008, CHG was a prime contractor on Department of Energy (DOE) Contract No. DE-AC27-99RL-14047, a contract for the management, operation, and cleanup of 177 large underground storage tanks at the DOE’s Hanford Nuclear Site in Washington State (hereinafter “the Tank Farms Contract”). The Tank Farms Contract was a cost-reimbursement contract whereby the United States, through DOE, fully paid CHG’s claimed incurred costs including, but not limited to, the fully burdened cost of claimed labor including overtime labor, within the contractual scope of work.

B. The United States contends that it has certain civil claims against Mr. Hissong arising from his knowing authorization of full overtime shifts, as well as full regular shifts, for hourly workers and the corresponding utilization of the resulting false and fraudulent claims to justify payments from DOE. Specifically, the United States contends that CHG employees regularly and systematically inflated their time cards on the Tank Farms Contract to include hours they did not work and/or to include false and

fraudulent job codes which misrepresented to DOE the actual activities of the hourly workers during claimed work hours. The United States contends that Mr. Hissong had knowledge of that regular and systematic practice when he authorized full overtime shifts and regular shifts. The United States further contends that Mr. Hissong knowingly caused the resulting materially false and fraudulent time card information to be utilized to justify falsely and fraudulently inflated drawdowns on the DOE funds for the Tank Farms Contract in order to ensure payment of CHG's payroll. The United States further contends that Mr. Hissong personally benefited from his knowing authorization of false and fraudulent labor claims by receiving corporate bonuses from CHG that he otherwise would not have received in the absence of his authorization of hours that he knew would not actually be worked. Mr. Hissong denies knowledge of time card fraud, and contends that there were reasonable management processes and procedures in effect to deter and detect any fraud. This paragraph is referred to below as the Covered Conduct (as set forth in the Superseding Indictment referred to in paragraph 5).

C. This Settlement Agreement is neither an admission of liability by Mr. Hissong nor a concession by the United States or Mr. Hissong that their respective claims or defenses 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. Mr. Hissong shall pay to the United States \$44,000.00 (the Settlement Amount) by electronic funds transfer, pursuant to written instructions to be provided by

the United States Attorney's Office for the Eastern District of Washington, no later than 7 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraphs 3 and 4 (concerning excluded claims) below, and conditioned upon Mr. Hissong's full payment of the Settlement Amount, the United States releases Mr. Hissong from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Anti-Kickback Act, 41 U.S.C. § 8706, the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Contract Disputes Act, 41 U.S.C. §§ 7101 – 7109, or the common law theories of breach of contract, payment by mistake, unjust enrichment, and alleged fraud (as set forth in the Superseding Indictment).

3. Notwithstanding the releases 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. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- c. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- d. Any liability based upon obligations created by this Agreement;

e. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

f. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; and

g. Any liability of individuals (including current or former directors, officers, employees, agents, or shareholders of CHG) who receive written notification that they are the target or subject of a criminal investigation (as defined in the United States Attorneys' Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct.

h. Without regard to any other provision of this Settlement Agreement, any liability of the following individuals:

1. Daniel B. Cartmell
2. Stephanie Hilton Livesey
3. Ryan Albert Dodd
4. Glenda M. Davis
5. Thomas Huebner
6. Patrick B. Brannan
7. Edward Adams
8. Perry M. Howard
9. Daniel Nieburh
10. James Michael Hay
11. Kenneth Baird

12. Mark Johnson
13. Douglas Edwards
14. Lee Walter
15. Vincent Chapman
16. Chrystal Knopick
17. John Miller
18. Vivian Wyant
19. Vincent Chapman
20. Asa Johnson
21. Vincent Shawver
22. Trent Mooney
23. James Mincey

4. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

5. The Parties acknowledge and agree that Mr. Hissong, through his undersigned counsel, proposed a global resolution of his civil and criminal liability arising out of the Covered Conduct. The Parties acknowledge and agree that upon the Effective Date of this Agreement and upon payment in full of the settlement amount of \$44,000.00, the United States Attorney's Office for the Eastern District of Washington will move to dismiss all charges against Mr. Hissong with prejudice, pursuant to Fed. R. Crim. P. 48(a), in *United States v. Terrence Leroy Hissong*, CR 13-06016-EFS-2.

6. Mr. Hissong 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 Mr. Hissong 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. This includes, but is not limited to, any claim under the Hyde Amendment, 18 U.S.C. § 3006A (Statutory Note), for attorney's fees and other litigation expenses arising out of the investigation or prosecution related to the Covered Conduct.

7. Mr. Hissong agrees to the following:

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 Mr. Hissong, and any agents of his in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audits and civil and criminal investigations of the matters covered by this Agreement;
- (3) Mr. Hissong 's investigation and defense in response to the United States' audits 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 Mr. Hissong makes to the United States pursuant to this Agreement is an unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: should Mr. Hissong ever contract directly with the United States or indirectly as a subcontractor, Unallowable Costs will be separately determined and accounted for by Mr. Hissong, and Mr. Hissong shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

8. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity including, without limitation, any of the CHG officers or employees who knowingly participated in the Covered Conduct.

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

10. 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.

11. 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 Eastern District of Washington. 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.

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

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

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

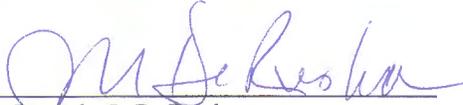
15. This Agreement is binding on Mr. Hissong's successors, transferees, heirs, and assigns.

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

17. 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.

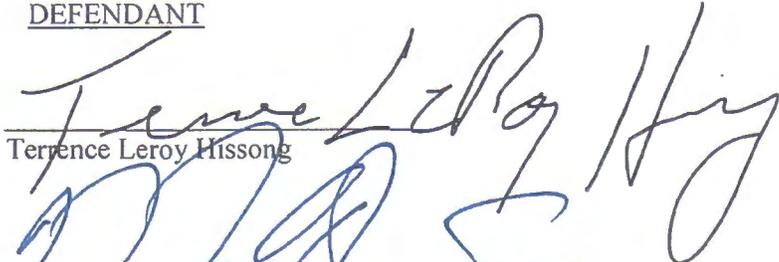
THE UNITED STATES OF AMERICA

DATED: 12-15-14

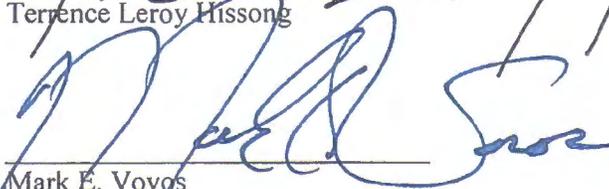
BY:   
Pamela J. DeRusha  
Civil Chief  
United States Attorney's Office for the  
Eastern District of Washington

DEFENDANT

DATED: 12-12-14

BY:   
Terrence Leroy Hissong

DATED: 12-12-14

BY:   
Mark E. Vovos  
Attorney for Terrence Leroy Hissong