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 Army (collectively the "United States"), PAE Government Services, Inc. ("PAE"), RM Asia (HK) Limited ("RM Asia") and Steven D. Walker ("Walker" or "Relator") (hereinafter collectively referred to as "the Parties"), through their authorized representatives.

I. RECITALS

A. The Department of the Army awarded a firm fixed price ("FFP") Equipment Maintenance Apprenticeship & Service ("EMAS") Contract, No. W91B4M-08-C-0009 (the "Contract") to PAE on December 19, 2007. The Contract required PAE to provide the Afghanistan National Army with vehicle-fleet maintenance and an apprenticeship/training program. Among other performance requirements, it required PAE to order vehicle parts and perform supply-chain management. PAE awarded a subcontract under the Contract to RM Asia to provide warehousing services for vehicle parts and to perform supply-chain management.


C. The United States contends that it has certain civil claims against PAE and RM Asia for submitting, or causing the submission of, false claims under the Contract as a result of a bid rigging scheme to steer subcontracts to companies owned by a PAE manager and other
personnel and RM Asia managers and their relatives from May 2007 through June 2010, as described in the plea agreements and statements of facts in United States v. Keith Ashley Johnson, No. 1:13-cr-305 (EDVA); United States v. John E. Eisner, No. 1:13-cr-344 (EDVA); United States v. Angela Gregory Johnson, No. 1:13-cr-305 (EDVA); and United States v. Jerry Kieffer, No. 1:13-cr-343 (EDVA). This conduct is referred to below as the Covered Conduct.

D. This Settlement Agreement is neither an admission of liability by PAE and RM Asia nor a concession by the United States that its claims are not well founded.

E. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator’s reasonable expenses, attorneys’ fees and costs.

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 Agreement, the Parties agree and covenant as follows:

II. TERMS AND CONDITIONS

1. PAE and RM Asia collectively shall pay One Million, Seven Hundred Fifty Thousand Dollars ($1,750,000) (the “Total Amount”). Of the Total Amount, PAE and RM Asia collectively shall pay to the United States One Million Four Hundred Fifty Thousand Dollars ($1,450,000) (the “Settlement Amount”) by electronic funds transfer pursuant to written instructions to be provided by the Financial Litigation Unit, U.S. Attorney’s Office for the Eastern District of Virginia. Of the Total Amount, PAE and RM Asia collectively shall pay Three Hundred Thousand Dollars ($300,000) as set forth in paragraph II.3. PAE and RM Asia have agreed to allocate the payment as follows: PAE will pay $1,150,000 and RM Asia will pay $600,000. Payments shall be made no later than ten (10) days after the Effective Date of this Agreement.
2. Conditioned on the United States receiving the Settlement Amount from PAE and RM Asia and as soon as feasible after receipt, the United States shall pay Two Hundred and Sixty-One Thousand Dollars ($261,000) to Relator by electronic funds transfer.

3. PAE and RM Asia shall each pay to the Relator for expenses, attorney’s fees and costs, as set forth in 31 U.S.C. § 3730(d)(1), One Hundred Thousand Fifty Thousand Dollars ($150,000), for a total of Three Hundred Thousand Dollars ($300,000) (the “Relator’s 3730(d) Settlement Amount”) by electronic funds transfer. Payments shall be made no later than 10 days after the Effective Date of this Agreement.

4. Subject to the exceptions in paragraph 6 (concerning excluded claims) below, and conditioned upon PAE and RM Asia’s full payment of the Settlement Amount, the United States releases PAE and RM Asia together with their current and former parent corporations and their successors and assigns; and PAE’s current or former owners, officers, directors, and affiliates 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 Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act, 41 U.S.C. §§ 8701- 8707; 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 fraud.

5. Subject to the exceptions in Paragraph 6 below, and conditioned upon PAE and RM Asia’s full payment of the Settlement Amount, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases PAE its predecessors, successors, current and former parents and owners, including but not limited to Lockheed Martin Corporation (Lockheed), and each respective releasee’s current and former officers, directors, shareholders, affiliates, agents, and employees (except for Keith Johnson), and the assigns of each of them, and
RM Asia, Global Fleet Sales and Kevin Whitcraft, and their predecessors, successors, current and former parents and owners, current and former officers, directors, shareholders, affiliates, agents and employees (except for Jerry Kieffer and John Eisner) from any civil monetary claim the Relator has asserted on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

6. Notwithstanding the releases given above in paragraphs 4 and 5 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 for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

   g. Any liability for failure to deliver goods or services due; or

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

7. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under
all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator’s receipt of the payment described in Paragraph 2, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action Complaint or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action Complaint.

8. Conditioned upon PAE and RM Asia’s full payment of Relator’s 3730(d) Settlement Amount, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases PAE its predecessors, successors, current and former parents and owners, including but not limited to Lockheed, and each respective releasee’s current and former officers, directors, shareholders, affiliates, agents, and employees (except for Keith Johnson), and the assigns of each of them, and RM Asia, Global Fleet Sales and Kevin Whitcraft, and their predecessors, successors, current and former parents and owners, current and former officers, directors, shareholders, affiliates, agents, and employees (except for Jerry Kieffer and John Eisner), from any liability to Relator arising from the filing of the Civil Action Complaint, or under 31 U.S.C. § 3730(d) for expenses or attorney’s fees and costs.

9. PAE and RM Asia waive and shall not assert any defenses they 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 to the Constitution, or under the Excessive Fines Clause in the Eighth Amendment to the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of 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.

10. PAE and RM Asia fully and finally release 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 PAE and RM Asia 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.

11. PAE and RM Asia fully and finally release Relator from any claims (including attorney’s fees, costs, and expenses of every kind and however denominated) that PAE and RM Asia have asserted, could have asserted, or may assert in the future against him, related to the Covered Conduct and the United States’ investigation and prosecution thereof.

12. 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 PAE and RM Asia, and its present or former officers, directors, employees, shareholders, and agents in connection with:

   (1) the matters covered by this Agreement and any related plea agreements;

   (2) the United States’ audit(s), and civil and criminal investigation(s) of the matters covered by this Agreement;

   (3) PAE’s and RM Asia’s investigation, defense, and corrective actions undertaken in response to the United States’ audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney’s fees);
(4) the negotiation and performance of this Agreement and any plea agreements;

(5) the payment PAE and RM Asia makes to the United States pursuant to this Agreement and any payments that PAE and RM Asia may make to Relator, including costs and attorney’s fees, 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 PAE and RM Asia, and PAE and RM Asia 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, PAE and RM Asia shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by PAE and RM Asia or any of its subsidiaries or affiliates from the United States. PAE and RM Asia agrees that the United States, at a minimum, shall be entitled to recoup from PAE and RM Asia 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 PAE’s and RM Asia’s books and records and to disagree with any calculations submitted by PAE and RM Asia, or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by PAE and RM Asia, or the effect of any such Unallowable Costs on the amount of such payments.
13. PAE and RM Asia agree to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Agreement. Upon reasonable notice, PAE and RM Asia shall encourage, and agree not to impair, the cooperation of its directors, officers, and employees, and shall use their best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. PAE and RM Asia further agree to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

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

15. Upon receipt of the payments described in Part II “Terms and Conditions,” paragraphs 1, and 3, above, the Parties shall promptly sign and file in the Civil Action a Stipulation of Dismissal of the Relator’s Complaint pursuant to Rule 41(a)(1). The Relator will seek dismissal with prejudice as to defendants PAE, RM Asia, Global Fleet Sales, and Kevin Whitcraft and without prejudice as to defendants Military Logistic Support, LLC; Taurus Holdings, LLC; Deborah Lynn Jackson; Angela Gregory Johnson; Keith Ashley Johnson; John E. Eisner; and Olena Eisner. The United States will join in the Stipulation of Dismissal of the Relator’s Complaint pursuant to Rule 41(a)(l) with prejudice as to defendants PAE and RM Asia for the Covered Conduct and without prejudice as to all other claims and defendants.

16. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement, except as otherwise provided in this Agreement.
17. 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.

18. 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 Virginia. 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.

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

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

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

22. This Agreement is binding on PAE’s and RM Asia’s successors, transferees, heirs, and assigns.

23. This Agreement is binding on Relator’s successors, transferees, heirs, and assigns.

24. All Parties consent to the United States’ disclosure of this Agreement, and information about this Agreement, to the public.

25. 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: 08/21/2015 BY: Richard W. Sponseller
Assistant United States Attorney
Eastern District of Virginia

DATED: ________________ BY: K. L. Grace Moseley
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

PAE GOVERNMENT SERVICES, INC.

DATED: ________________ BY: ________________

DATED: ________________ BY: Counsel for PAE

RM ASIA

DATED: ________________ BY: Counsel for RM Asia

STEVEN D. WALKER – RELATOR

DATED: ________________ BY: Steven D. Walker

DATED: ________________ BY: Counsel for Steven D. Walker
THE UNITED STATES OF AMERICA

DATED: ________________  BY: ________________
Richard W. Sponseller
Assistant United States Attorney
Eastern District of Virginia

DATED: ________________  BY: ________________
K. L. Grace Moseley
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

PAE GOVERNMENT SERVICES, INC.

DATED: ________________  BY: ________________

DATED: ________________  BY: ________________
Counsel for PAE

DATED: 8/21/15  BY: ________________
RM ASIA
Counsel for RM Asia
Kristin H. Jones, Esquire
Michael A. Schwartz, Esquire
Pepper Hamilton LLP

STEVEN D. WALKER – RELATOR

DATED: ________________  BY: ________________
Steven D. Walker

DATED: ________________  BY: ________________
Counsel for Steven D. Walker
THE UNITED STATES OF AMERICA

DATED: ___________________________ BY: ___________________________

Richard W. Sponseller
Assistant United States Attorney
Eastern District of Virginia

DATED: Aug 21, 2015 BY: ___________________________

K. L. Grant Moseley
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

PAE GOVERNMENT SERVICES, INC.

DATED: ___________________________ BY: ___________________________

DATED: ___________________________ BY: ___________________________

Counsel for PAE

RM ASIA

DATED: ___________________________ BY: ___________________________

Counsel for RM Asia

STEVEN D. WALKER – RELATOR

DATED: ___________________________ BY: ___________________________

Steven D. Walker

DATED: ___________________________ BY: ___________________________

Counsel for Steven D. Walker

-10-
THE UNITED STATES OF AMERICA

DATED: ________________ BY:

Richard W. Sponseller
Assistant United States Attorney
Eastern District of Virginia

DATED: ________________ BY:

K. L. Grace Moseley
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

PAE GOVERNMENT SERVICES, INC.

DATED: August 21, 2015 BY:

Robert K. Huffman

DATED: August 21, 2015 BY:

Robert K. Huffman
Counsel for PAE

RM ASIA

DATED: ________________ BY:

Counsel for RM Asia

STEVEN D. WALKER – RELATOR

DATED: ________________ BY:

Steven D. Walker

DATED: ________________ BY:

Counsel for Steven D. Walker
Dated: 21 August 2015
By: Steven D. Walker

Dated: August 21, 2015
By: Counsel for Steven D. Walker