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”), SRA International, Inc., a Virginia corporation (“SRA”), Galaxy Scientific Corporation (“GSC”), Galaxy Technology LLC, a Virginia limited liability company (“GTech”), and Engineering Integrated Services L.L.C., a New Jersey limited liability company (“EIS”) (collectively the “Defendants”), and John Carr (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. GSC was a New Jersey corporation engaged in business with the United States. EIS and GTech were affiliates of GSC and were involved in contracts entered into between GSC and the United States. SRA is a Virginia corporation which purchased GSC in July of 2005, and which has, and continues to engage in business with the United States.

B. On December 18, 2007, Relator filed a qui tam action in the United States District Court for the District of New Jersey captioned United States ex rel. John Doe v. Galaxy Scientific Inc. et al., 07-6072 (DNJ), pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). Relator alleged that GSC through the use of affiliates, or otherwise, fraudulently billed for unallowable profits and/or work not actually performed, and thereby submitted, or caused to be submitted, false claims to the United States. More specifically, Relator alleged that false claims were submitted by GSC for Task Orders 29 and Y-601 on the Communications-Electronics Life Cycle Management Command’s (“CECOM’s”)
C. The United States contends that it has certain civil claims against Defendants arising from false claims related to two separate Task Orders under the Communications-Electronics Life Cycle Management Command’s (“CECOM’s”) Rapid Response Contract No. DAAB07-03-D-B011. First, with respect to Task Order 29, for which GSC invoiced the Government in the amount of $755,612, the United States contends that GSC improperly induced the Government to fund and award the Task Order, and used a shell affiliate, GTech, to disguise actual costs, misrepresent what work was performed, and capture unlawful profit during the period of February 2004 through January 2005. Second, with respect to Task Order Y601, the United States contends that GSC improperly induced the Government to fund and award the Task Order, and used a shell affiliate, EIS, to disguise actual costs and capture unlawful profit during the period of February 2004 through July 1, 2005. The United States further has contended that it had certain civil claims against Defendants arising from false claims related to GSC’s Subcontract with prime contractor Computer Sciences Corporation (“CSC”) in support of CSC’s prime contract #DAAB007-03-D-B007. Specifically, the United States has contended that with respect to Task Orders 79 and 107, GSC captured unlawful profit by including GSC profit on GSC subcontractor labor. The conduct identified in this Paragraph is referred to below as the Covered Conduct.

D. Defendants expressly deny the allegations related to the Covered Conduct and expressly deny any wrongdoing or liability for the Covered Conduct. Neither this Agreement, nor the performance of any obligations under it, including any payment, nor the fact of settlement, is intended to be, or shall be understood as, an admission of liability or wrongdoing,
or expression reflecting upon the merits of the dispute by Defendants. The Settlement Agreement is not 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 Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. No later than sixty (60) calendar days after the Effective Date (as defined below) (the “Payment Date”), Defendants shall pay to the United States $1,105,087 plus accrued interest at the rate of 2.25% per annum earned on that amount beginning on April 13, 2016 and continuing through the day before full payment (the “Settlement Amount”) by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the District of New Jersey.

2. Conditioned upon the United States receiving the Settlement Amount from Defendants and as soon as feasible after receipt, the United States shall pay 22.5% of the Settlement Amount to Relator in accordance with instructions as provided by Relator’s counsel.

3. Subject to the exceptions in Paragraph 5 (concerning excluded claims) below, and conditioned upon Defendants full payment of the Settlement Amount, the United States releases Defendants together with their current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative

4. a. Release by Relator. Subject to the exceptions in Paragraphs 4(c) and 5 below, and conditioned upon Defendants’ full payment of the Settlement Amount, Relator, for himself/herself and for his/her heirs, successors, attorneys, agents, and assigns, releases Defendants and their current and former parent corporations; predecessors, successors, heirs, transferees, affiliates, direct and indirect subsidiaries, brother and sister corporations, divisions, partners, licensees, and joint ventures; current or former corporate owners; and the corporate successors and assigns of any of them, together with all of their officers, directors, agents, and employees from any and all claims, rights, demands, suits, matters, issues, actions, causes of action, liabilities, damages, losses, obligations, sanctions, costs, loss of services, loss of earnings, compensation of any nature whatsoever, and judgments of any kind or nature whatsoever, whether known or unknown, contingent or absolute, foreseeable or unforeseeable, suspected or unsuspected, disclosed or undisclosed, matured or unmatured, for damages (compensatory or punitive), injunctive relief or any other remedy, whether for violation of any federal, state, or local law, regulation, rule or ordinance, public policy, contract (express, implied or otherwise), duty, standard of care, tort, right, common law, or other source of obligation or theory of recovery that the Relator has asserted, could have asserted, or otherwise may have, may gain, or may assert, now or in the future, for himself or on behalf of the United States, against any or all the Defendants related to the Civil Action and the matters raised therein, the Covered Conduct, or the Relator’s investigation and prosecution thereof, including but not limited to any and all
claims under the False Claims Act, 31 U.S.C. §§ 3729-3733 (for purposes of the foregoing provisions of this subsection (a) of this paragraph only, the term “Relator” shall include Relator’s attorneys). Relator represents that he has no causes of action against Defendants other than an action already filed by Relator in federal district court, and certain potential employment law-based claims to the extent not otherwise released.

b. Representations and Warranty. Relator represents and warrants that he and his counsel are the exclusive owner of the rights, claims, and causes of action herein released and none of them have previously assigned, reassigned, or transferred or purported to assign, reassign or transfer, any or any portion of any claim, demand, action, cause of action, or other right released or discharged under this Settlement Agreement except between themselves and their counsel.

c. Exception from Release by Relator. Notwithstanding the foregoing, or any other terms of this Agreement, this Agreement expressly does not resolve or release Relator’s right pursuant to 31 U.S.C. § 3730(d) to reasonable expenses necessarily incurred, plus reasonable attorneys’ fees and costs relating to the Civil Action, the amount of which claim will be addressed separately by Relator, Relator’s counsel, and Defendants.

5. Notwithstanding the releases given in paragraph 3 and 4 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 the 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;

and

f. Any liability of individuals.

6. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement and 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 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.

7. Defendants waive and shall not assert any defenses Defendants 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. 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.

8. Defendants 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 Defendants have 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.

9. a. Release by Defendants. Defendants fully and finally release the Relator from any claims (including attorney’s fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator’s investigation and prosecution thereof.

b. Exception from Release by Defendants. Notwithstanding the foregoing, or any other terms of this Agreement, this Agreement expressly does not resolve or release Defendants right pursuant to 31 U.S.C. § 3730(d) to assert defenses to Relator’s claimed attorneys’ fees and costs relating to the Civil Action, the amount of which claim will be addressed separately by Relator, Relator’s counsel, and Defendants.

10. 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 Defendants, and their present or former officers, directors, employees, shareholders, and agents in connection with:

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

(3) Defendants’ investigation, defense, and corrective actions
undertaken in response to the United States’ audit(s) and
civil investigation(s) in connection with the matters
covered by this Agreement (including attorney’s fees);

(4) the negotiation and performance of this Agreement;

(5) the payment Defendants make to the United States pursuant
to this Agreement and any payments that Defendants may
make to Relator, including costs and attorneys’ 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 Defendants, and Defendants 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, Defendants shall identify and
repay by adjustment to future claims for payment or otherwise any Unallowable Costs included
in payments previously sought by Defendants or any of their subsidiaries or affiliates from the
United States. Defendants agree that the United States, at a minimum, shall be entitled to recoup
from Defendants 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 Defendants’ books and records and to disagree with any calculations submitted by Defendants or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Defendants, or the effect of any such Unallowable Costs on the amount of such payments.

11. Defendants agree to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Defendants shall encourage, and agree not to impair, the cooperation of its directors, officers, and employees, and shall use its 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.

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

13. Upon receipt of the payment described in Paragraph 1, above, the Relator and the United States shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). Such dismissal shall be with prejudice as to both the Relator and the United States with respect to the Covered Conduct and with prejudice as to Relator and without prejudice to the United States with respect to any remaining claims in the Civil Action.

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

15. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.
16. 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.

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

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

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

20. This Agreement is binding on Defendants’ successors, transferees, heirs, and assigns.

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

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

23. This Agreement is effective on the date of signature of the last signatory to the Agreement (the “Effective Date” of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.
THE UNITED STATES OF AMERICA

DATED: June 28, 2016 BY:

[Signature]

David E. Dauenheimer
Assistant United States Attorney
District of New Jersey
DEFENDANTS

DATED: 6/24/2016  BY:  
Jason Silverman  
Dentons US LLP  
Counsel for SRA International Inc.  
and Galaxy Scientific Corporation  
(“GSC”)

DATED: 6/24/2016  BY:  
Wallace E. Christner  
Venable LLP  
Counsel for Galaxy Technology  
LLC and Engineering Integrated  
Services, L.L.C.
JOHN J. CARR JR – RELATOR

DATED: 06/24/16  BY: [Signature]

DATED:  _____________________________  BY: _____________________________
          William J. Hardy, Esq.
          Kleinfeld, Kaplan and Becker LLP
          Counsel for Relator

DATED:  _____________________________  BY: _____________________________
          Eric H. Jaso, Esq.
          Fleming Ruvoldt PLLC
          Counsel for Relator
JOHN CARR – RELATOR

DATED: ___________  BY: __________________________
John Carr
Relator

DATED: 27 May '16  BY: __________________________
William J. Hardy, Esq.
Kleinfeld, Kaplan and Becker LLP
Counsel for Relator

DATED: ___________  BY: __________________________
Eric H. Jaso, Esq.
Fleming Ruvoldt PLLC
Counsel for Relator
DATED: ________  BY: ____________________________

John Carr
Relator

DATED: ________  BY: ____________________________

William J. Hardy, Esq.
Kleinfeld, Kaplan and Becker LLP
Counsel for Relator

DATED: June 23, 2016  BY: ____________________________

Eric H. Jaso, Esq.
Fleming Ruvoldt PLLC
Counsel for Relator