

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among and between the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (“OIG-HHS”) of the Department of Health and Human Services (“HHS”) (collectively, the “United States”); the State of California, acting through the California Department of Justice, Office of the Attorney General, Division of Medi-Cal Fraud and Elder Abuse (“California”); Minas Kochumian, M.D.; Minas Kochumian M.D., a Medical Corporation; and Elize Oganessian and Damon Davies (“Relators”) (hereafter collectively referred to as “the Parties”), through their authorized representatives. The United States and California are hereafter referred to as the “Governments.”

RECITALS

A. Minas Kochumian, M.D. is an internal medicine practitioner in Southern California and the sole owner and operator of Minas Kochumian, M.D., a Medical Corporation, d/b/a California Medical and Rehabilitation Group (collectively referred to as “Kochumian”). At all relevant times, Kochumian performed medical services that were billed to and paid for by Medicare and Medicaid.

B. On October 25, 2017, Elize Oganessian and Damon Davies (the “Relators”) filed a *qui tam* action in the United States District Court for the Eastern District of California captioned *United States and State of California ex rel. Elize Oganessian and Damon Davies v. Minas Kochumian, Veronica Kochumian, and Minas Kochumian, M.D., a Medical Corporation*, Case No. 2:17-cv-2236 KJM JDP, pursuant to the *qui tam* provisions of the False Claims Act (“Federal FCA”), 31 U.S.C. § 3730(b), and the California False Claims Act, Cal. Gov’t Code §§ 12650-12656 (“California FCA”) (the “Civil Action”). The Relators alleged that the Defendants violated the FCA by submitting, or causing to be submitted, claims to Medicare and the

Medicaid program for drugs, procedures, services, and tests Defendants never administered to patients. The Governments intervened in the Civil Action on October 29, 2021.

C. The Governments contend that Kochumian submitted or caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (“Medicare”) and to California’s Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (which is called, and hereinafter referred to as, “Medi-Cal”).

D. 1. The United States contends that it has certain civil claims against Kochumian arising from the following conduct: during the period from November 1, 2011, through April 30, 2018, Kochumian submitted or caused to be submitted claims to Medicare and Medi-Cal for drugs, procedures, services, and tests that were never administered to patients, in violation of the Federal FCA, 31 U.S.C. §§ 3729-3733. The Medicare program then paid certain of those claims.

2. California contends that it has certain civil claims against Kochumian arising from the following conduct: from November 1, 2011, through April 30, 2018, Kochumian submitted or caused to be submitted claims to the Medi-Cal program for drugs, procedures, services, and tests that were never administered to patients, in violation of the California FCA, Cal. Gov. Code § 12650, *et seq.* The Medi-Cal program then paid certain of those claims.

The conduct described in Paragraph D is referred to below as the “Covered Conduct.”

E. With respect to the Covered Conduct, Kochumian admits and acknowledges that:

1. the Covered Conduct constituted misrepresentations, fraudulent omissions and/or deceptive conduct;
2. Kochumian knew the Covered Conduct was false and/or deceptive;

3. the Covered Conduct was undertaken with an intent to deceive the Governments;
4. the Governments justifiably relied on the Covered Conduct;
5. this reliance proximately caused damage to the Governments;
6. Kochumian committed the Covered Conduct with the subjective intent to cause harm to the Governments and/or with the subjective knowledge that harm to the Governments was certain to occur; and
7. the Covered Conduct was wrongful, injurious to the Governments, done intentionally, and taken without just cause or excuse.

F. On September 29, 2020, the Centers for Medicare & Medicaid Services (CMS) put in place for NPI 1407805500 a Medicare payment suspension. The term “Suspended Amount” shall be defined as the total amount held in the Medicare payment suspension account as of October 28, 2022. The suspended amount, as of March 31, 2022, totals approximately \$1,456,509.10.

G. Relators claim entitlement under 31 U.S.C. § 3730(d)(1) and (2) to a share of the recovery set forth in this Settlement Agreement and to Relators’ reasonable expenses, attorneys’ fees and costs.

H. On September 22, 2020, Dr. Kochumian was indicted in federal court on four counts of health care fraud under 18 U.S.C. § 1347 in a parallel criminal case that was filed in the Central District of California and entitled *United States of America v. Minas Kochumian, M.D.*, No. 2:20-CR-00423-RGK (the “Criminal Case”). As the allegations in the Criminal Case overlap with some of the Covered Conduct in the Civil Action, the damages suffered by Medicare as a result of Dr. Kochumian’s alleged criminal misconduct are recoverable both as

criminal restitution and as civil damages pursuant to the Federal FCA. California was not a party to the Criminal Case.

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. Payments to the Governments by Kochumian. Kochumian shall pay to the Governments the sum of \$9,486,287, as outlined in subparagraphs 1.a-b., below (collectively, the “Settlement Amount”). Due to the aforementioned overlap between the Civil Action and the Criminal Case (see paragraph H above), the Parties agree that any amount Dr. Kochumian ultimately pays pursuant to a restitution order issued in the federal Criminal Case shall be credited toward the total Settlement Amount. All payments toward satisfaction of the Settlement Amount shall be made by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Eastern District of California and by the California Department of Justice, Office of the Attorney General, Division of Medi-Cal Fraud and Elder Abuse, as follows:

a. Initial Payment. On or before April 30, 2022, Dr. Kochumian shall make a payment to the Governments (the “Initial Payment”) in the amount of \$5,500,000 plus interest accrued on the Settlement Amount of \$9,486,287, at a rate of 1.625 percent (1.625%) per annum from October 29, 2021, as follows:

- i. Dr. Kochumian shall make a payment to the United States in the amount of \$5,204,330.90; and
- ii. Dr. Kochumian shall make a payment to the State of California in the amount of \$372,534.02.

b. Payments Over Time. Over a period of six (6) months commencing the Effective Date of this Agreement, Dr. Kochumian will pay the remaining balance of \$3,986,287, plus interest accrued at 1.625 percent (1.625%) per annum from October 29, 2021, in accordance with the payment schedule attached as Attachment A (the "Payments Over Time").

c. Kochumian's obligation set forth in subparagraphs 1.a and 1.b above shall be secured by the four real properties located at 18251 Roscoe Boulevard, Northridge, California 91325; 18501 Marblehead Way, Tarzana, California 91356; 10986 Vanalden Avenue, Northridge, California, 91326; and 8157 Morse Avenue, North Hollywood, California 91405.

d. If at any time prior to full satisfaction of the Settlement Amount Dr. Kochumian sells any of the four properties listed in subparagraph (c) above, then within fourteen (14) business days of the close of escrow he shall pay to Governments the Net Proceeds of the sale, in an amount not to exceed the unpaid balance of the Settlement Amount. As used herein, the term "Net Proceeds" shall include all money realized from the sale of any piece of real property, less (1) real estate commission to realtor(s) or agent(s), (2) real estate taxes that are due and owing on the real property, (3) fees customarily paid by the seller in those localities in which each piece of real property is situated, including escrow fees, document recording fees, title fees, and county transfer fees, and (4) any and all other amounts expressly approved by the Governments. The Parties acknowledge and agree that the Net Proceeds from the sale of the real property located at 18251 Roscoe Boulevard, Northridge, California 91325 shall be included in the Initial Payment.

e. As referenced in Paragraph F of this Settlement Agreement, the Suspended Amounts shall be credited toward Kochumian's obligation to pay the Settlement Amount. Kochumian expressly relinquishes any and all rights of any kind that they may have with respect to those funds, including, but not limited to: any and all claims or rights to have an

overpayment determined under 42 C.F.R. § 405.372(c), any and all rights to payment of those funds, and any and all rights to appeal, whether formally or informally and whether administratively or judicially, the right of the United States and any agency thereof to retain those funds, and any other rights Kochumian may have to challenge the withheld or suspended amount in any respect.

f. The Settlement Amount may be prepaid, in whole or in part, without penalty or premium.

2. Releases.

a. Release of Kochumian by the United States. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and subject to Paragraph 6 (concerning disclosure of assets), Paragraph 15 (concerning default), and Paragraph 16 (concerning bankruptcy) below, and upon the United States' receipt of the full Settlement Amount, plus interest due under Paragraph 1, the United States will release Kochumian from any civil or administrative monetary claim the United States has for the Covered Conduct under the Federal FCA, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

b. Release of Kochumian by California. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and subject to Paragraph 6 (concerning disclosure of assets), Paragraph 15 (concerning default), and Paragraph 16 (concerning bankruptcy) below, and upon California's receipt of the full Settlement Amount, plus interest due under Paragraph 1, California will release Kochumian from any civil or administrative monetary claim California has for the Covered Conduct under the California FCA, Cal. Gov't

Code §§ 12650 *et seq.*, or the common law theories of payment by mistake, unjust enrichment, and fraud.

3. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and subject to Paragraph 6 (concerning disclosure of assets), Paragraph 15 (concerning default), and Paragraph 16 (concerning bankruptcy) below, and upon Kochumian's full payment of the Settlement Amount, plus interest due under Paragraph 1, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, will release Kochumian from any and all claims they may have whatsoever, including but not limited to: (1) any civil monetary claim the Relators have on behalf of the United States for the Covered Conduct under the Federal FCA, 31 U.S.C. §§ 3729-3733, (2) any civil monetary claim the Relators have on behalf of California for the Covered Conduct under the California FCA, and (3) any employment or contractual claim the Relators may have against Kochumian. The only claim contained in this section that is not included is Relators' claims against Kochumian asserted in the Civil Action for statutory attorneys' fees, expenses, and costs pursuant to 31 U.S.C. § 3730(d)(1)-(2). As a condition for Relators' agreement herein, including dismissal of Relators' claims, Kochumian agrees that Relators and their attorneys are entitled to reasonable expenses, attorney's fees and costs pursuant to 31 U.S.C. § 3730(d) for intervened and non-intervened claims. The Parties agree that the United States District Court shall have continuing jurisdiction to issue orders with regard to any disputes over the amounts for expenses, attorney's fees and costs. If Relators and Kochumian cannot resolve Relators' claims against Kochumian asserted in the Civil Action for statutory attorneys' fees, expenses, and costs pursuant to 31 U.S.C. § 3730(d)(1)-(2) within sixty (60) days of the Effective Date of this Agreement, Relators will file a fee petition with the Court.

4. Reserved Claims.

a. Reserved Claims of the United States. Notwithstanding the releases to be given pursuant to Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- i. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- ii. Any criminal liability;
- iii. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory and permissive exclusion from Federal health care programs;
- iv. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- v. Any liability based upon obligations created by this Agreement;
- vi. Any liability of individuals except as explicitly stated herein;
- vii. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- viii. Any liability for failure to deliver goods or services due;
- ix. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

b. Reserved Claims of the State of California. Notwithstanding the releases to be given pursuant to Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the State of California are specifically reserved and not released:

- i. Any criminal liability;

- ii. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory or permissive exclusion from Federal or State health care programs;
- iii. Any liability to California (or its agencies) for any conduct other than the Covered Conduct;
- iv. Any liability based upon obligations created by this Agreement;
- v. Any liability of individuals except as explicitly stated herein;
- vi. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- vii. Any liability for failure to deliver goods or services due;
- viii. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

5. Relators and their 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) and Cal. Gov't Code § 12652(e)(2)(B). Conditioned upon the Governments receiving the Settlement Amount payments, the Governments agrees that they shall pay to Relators, by electronic funds transfer pursuant to instructions provided by Counsel, eighteen and one half percent (18.5%) of each such payment received under the Settlement Agreement, including 18.5% of the Suspended Amounts ("Relators' Share") as soon as feasible after receipt of the payment. Conditioned upon Relators' receipt of the Relators' Share, Relators and their heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the Governments, and their respective agencies, officers, agents, employees, and servants, from any claims arising from the filing of the

Civil Action or under 31 U.S.C. § 3730 or Cal. Gov't Code §§ 12650 *et seq.*, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

6. Kochumian has provided sworn financial disclosures and supporting documents (together, "Financial Disclosures") to the Governments, and the Governments have relied on the accuracy and completeness of those Financial Disclosures in reaching this Agreement.

Kochumian warrants that the Financial Disclosures are complete, accurate, and current as of the Effective Date of this Agreement. If the Governments learn of asset(s) in which Kochumian had an interest of any kind as of the Effective Date of this Agreement (including, but not limited to, promises by insurers or other third parties to satisfy Kochumian's obligations under this Agreement) that were not disclosed in the Financial Disclosures, or if the Governments learn of any false statement or misrepresentation by Kochumian on, or in connection with, the Financial Disclosures, and if such nondisclosure, false statement, or misrepresentation changes the estimated net worth set forth in the Financial Disclosures by \$250,000 or more, the Governments may at their option: (a) rescind this Agreement and reinstate their suit or file suit based on the Covered Conduct or (b) collect the full Settlement Amount in accordance with the Agreement plus one hundred percent (100%) of the net value of Kochumian's previously undisclosed assets. Kochumian agrees not to contest any collection action undertaken by the United States pursuant to this provision, and agrees to immediately pay the United States the greater of (i) a ten percent (10%) surcharge of the amount at issue in the collection action, as provided under 28 U.S.C. § 3011(a), or (ii) the Governments' reasonable attorneys' fees and expenses incurred in such action. In the event that the Governments, pursuant to this paragraph, rescind this Agreement, Kochumian waives and agrees not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (a) are filed by the Governments within 120 calendar days of written

notification to Kochumian that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on the Effective Date of the Agreement.

7. Kochumian waives and shall not assert any defenses Kochumian 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 civil settlement Agreement bars a remedy sought in such criminal prosecution or administrative action. For avoidance of doubt, nothing in this paragraph constitutes a waiver of any rights Kochumian may possess to make future arguments under the Fifth of Eighth Amendments on grounds other than specified herein.

8. Kochumian fully and finally releases the United States and California, and their respective agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Kochumian has asserted, could have asserted, or may assert in the future against the United States and California, and their respective agencies, officers, agents, employees, and servants, related to the Covered Conduct or the Governments' investigation or prosecution thereof. Kochumian hereby expressly waives all rights it may have by virtue of Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

9. Kochumian fully and finally releases the Relators from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Kochumian

has asserted, could have asserted, or may assert in the future against the Relators, related to the Civil Action and the Relators' investigation and prosecution thereof.

10. Except as set forth in Paragraph 1.e of this Settlement Agreement, the Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (*e.g.*, Medicare Administrative Contractor, fiscal intermediary, carrier or any state payer), related to the Covered Conduct, and Kochumian agrees to not resubmit to any Medicare contractor or any state payer, any previously denied claims related to the Covered Conduct, to refrain from appealing any such denials of claims, and to withdraw any such pending appeals.

11. Kochumian agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Kochumian, its present or former officers, directors, employees, shareholders, and agents in connection with:

- i. the matters covered by this Agreement and any related plea agreement;
- ii. the Governments' audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- iii. Kochumian's investigation, defense, and corrective actions undertaken in response to the Governments' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

- iv. the negotiation and performance of this Agreement and any plea agreement; and
- v. the payment Kochumian makes to the Governments pursuant to this Agreement and any payments that Kochumian may make to Relators, including costs and attorneys' fees

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as "Unallowable Costs").

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Kochumian, and Kochumian shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any state Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by Kochumian or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment:
Kochumian further agrees that within 90 days of the Effective Date of this Agreement, it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this paragraph) included in payments previously sought from the United States, or any state Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Kochumian or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the Unallowable Costs. Kochumian agrees that the Governments, at a minimum,

shall be entitled to recoup from Kochumian any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the Governments pursuant to the direction of the Department of Justice, the California Department of Justice, and/or the affected agencies. The Governments reserve their rights to disagree with any calculations submitted by Kochumian or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Kochumian or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the Governments to audit, examine, or re-examine Kochumian's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

12. Kochumian agrees to cooperate fully and truthfully with the Governments' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Kochumian shall encourage, and agrees 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. Kochumian further agrees to furnish to the Governments, 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.

13. 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, except to the extent provided for in Paragraph 14 (waiver for beneficiaries), below.

14. Kochumian agrees that it waives and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

15. The Settlement Amount represents the amount the Governments and Relators are willing to accept in compromise of their civil claims arising from the Covered Conduct due solely to Kochumian's financial condition as reflected in the Financial Disclosures referenced in Paragraph 6.

a. In the event that Kochumian fails to pay the Settlement Amount as provided in the payment schedule set forth in Paragraph 1 above, Kochumian shall be in Default of Kochumian's payment obligations ("Default"). The Governments will provide a written Notice of Default, and Kochumian shall have an opportunity to cure such Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due under the payment schedule and paying any additional interest accruing under the Settlement Agreement up to the date of payment. Notice of Default will be delivered to Kochumian, or to such other representative as Kochumian shall designate in advance in writing. If Kochumian fails to cure the Default within seven (7) calendar days of receiving the Notice of Default and in the absence of an agreement with the Governments to a modified payment schedule ("Uncured Default"), the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest on the remaining unpaid balance shall thereafter accrue at the rate

of twelve percent (12%) per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance).

b. In the event of Uncured Default, Kochumian shall consent to a Consent Judgment in the amount of the unpaid balance and in the form attached hereto as Attachment B, and Kochumian agrees that the Governments, at their sole discretion, may (i) retain any payments previously made, rescind this Agreement and pursue the Civil Action or bring any civil and/or administrative claim, action, or proceeding against Kochumian for the claims that would otherwise be covered by the releases provided in Paragraph 2 above, with any recovery reduced by the amount of any payments previously made by Kochumian to the Governments under this Agreement; (ii) take any action to enforce this Agreement in a new action or by reinstating the Civil Action; (iii) offset the remaining unpaid balance from any amounts due and owing to Kochumian and/or affiliated companies by any department, agency, or agent of the Governments at the time of Default or subsequently; and/or (iv) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. The Governments shall be entitled to any other rights granted by law or in equity by reason of Default, including referral of this matter for private collection. In the event the Governments pursue a collection action, Kochumian agrees immediately to pay the Governments the greater of (i) a ten-percent (10%) surcharge of the amount collected, as allowed by 28 U.S.C. § 3011(a), or (ii) the Governments' reasonable attorneys' fees and expenses incurred in such an action. In the event that the Governments opt to rescind this Agreement pursuant to this paragraph, Kochumian waives and agrees not to plead, argue, or otherwise raise any defenses of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims that are (i) filed by the Governments against Kochumian within 120 days of written notification that this Agreement has been rescinded, and (ii) related to the Covered Conduct, except to the extent these defenses were

available on the Effective Date of the Agreement. Kochumian agrees not to contest any offset, recoupment, and /or collection action undertaken by the Governments pursuant to this paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the Governments.

c. In the event of Uncured Default, OIG-HHS may exclude Kochumian from participating in all Federal health care programs until Kochumian pays the Settlement Amount, with interest, as set forth above (“Exclusion for Default”). OIG-HHS will provide written notice of any such exclusion to Kochumian. Kochumian waives any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7) and agrees not to contest such exclusion either administratively or in any state or federal court. Reinstatement to program participation is not automatic. If at the end of the period of exclusion, Kochumian wishes to apply for reinstatement, it must submit a written request for reinstatement to OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Kochumian will not be reinstated unless and until OIG-HHS approves such request for reinstatement. The option for Exclusion for Default as defined in this paragraph is in addition to, and not in lieu of, the options identified in this Agreement or otherwise available.

16. In exchange for valuable consideration provided in this Agreement, Kochumian acknowledges the following:

a. Dr. Kochumian has reviewed his financial situation and warrants that he is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment to the Governments of the Settlement Amount.

b. Dr. Minas Kochumian, M.D., a Medical Corporation has reviewed its financial situation and warrants that it is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment to the Governments of the Settlement Amount.

c. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Kochumian, within the meaning of 11 U.S.C. § 547(c)(1), and the Parties conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.

d. The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do in fact, constitute a reasonably equivalent exchange of value.

e. The Parties do not intend to hinder, delay, or defraud any entity to which Kochumian was or became indebted to on or after the date of any transfer contemplated in this Agreement, within the meaning of 11 U.S.C. § 548(a)(1).

f. If Kochumian's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, or if, before the Settlement Amount is paid in full, Kochumian or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (i) seeking any order for relief of Kochumian's debts, or to adjudicate Kochumian as bankrupt or insolvent; or (ii) seeking appointment of a receiver, trustee, custodian, or other similar official for Kochumian or for all or any substantial part of Kochumian's assets, (1) the Governments may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Kochumian for the claims that would otherwise be covered by the releases provided in Paragraph 2 above; and (2) the United States has an undisputed, noncontingent, and liquidated allowed claim against Kochumian in the amount of \$672,423,993, less any payments received pursuant to this agreement, provided, however, that such payments are not otherwise avoided and recovered from the United States by Kochumian, a receiver, trustee, custodian, or other similar official for

Kochumian; and (3) if any payments are avoided and recovered by Kochumian, a receiver, trustee, custodian, or similar official for Kochumian, Relators shall, within thirty (30) days of written notice from the Governments to the undersigned Relators' counsel, return any portions of such payments already paid by the Governments to Relators.

g. Kochumian agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 16.f is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States' police and regulatory power. Kochumian shall not argue or otherwise contend that the United States' claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consents to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Kochumian waives and shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claim, action, or proceeding brought by the United States within 120 days of written notification to Kochumian that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on the Effective Date of this Agreement.

17. Upon receipt of the Initial Payment described in Paragraph 1.a, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the claims by the Governments against Defendants pursuant to Rule 41(a)(1), preserving the Court's jurisdiction to reopen the matter to enforce this Settlement Agreement, and also preserving Relators' ability to file a fee petition consistent with Paragraph 3 of this agreement.

18. As set forth in Paragraph 1.c of this Settlement Agreement, Kochumian's obligation to pay the Settlement Amount shall remain secured by the following properties until the properties are sold and the proceeds have been paid to the Governments: (a) 18251 Roscoe Boulevard, Northridge, California 91325, (b) 18501 Marblehead Way, Tarzana, California

91356, (c) 10986 Vanalden Avenue, Northridge, California, 91326, and (d) 8157 Morse Avenue, North Hollywood, California 91405. The four parcels of real property identified in this Paragraph shall be referred to as the "Collateral." If the Settlement Amount is not paid in full pursuant to the Agreement, the Governments may file an abstract of judgment in order to secure its judgment. Kochumian shall not convey, sublet, lease, or further encumber the Collateral, or permit any other person to acquire any further interest in the Collateral, including any lien, security interest, right of way, easement, or other equitable, possessory, or legal interest, absent the consent of the Governments. Dr. Kochumian warrants that he or an entity under his control has good title to the Collateral. Kochumian also agrees defendants will keep and maintain the Collateral in good condition and repair, and will maintain the same insurance coverage on the Collateral as identified in the Financial Disclosures referenced in Paragraph 6. Kochumian warrants that the security interest granted in favor of the Governments pursuant to this Agreement shall unconditionally be, and remain at all times, a lien or charge against the Collateral in accordance with the terms of this Agreement. Further, as set forth in Paragraph 1.d of this Settlement Agreement, in the event Kochumian sells any of the above-referenced real property, Dr. Kochumian should promptly notify the Governments, and the proceeds of the sale shall immediately become due and payable to the Governments within 14 days of the close of escrow. Kochumian shall provide the Governments with at least 30 days' written notice of an anticipated sale of any of the properties listed in this Paragraph. As set forth in Paragraph 1.d, the Parties acknowledge and agree that the Net Proceeds from the sale of the real property located at 18251 Roscoe Boulevard, Northridge, California 91325 shall be included in the Initial Payment. The Parties further acknowledge that on March 21, 2022, Kochumian disclosed to the Government his intention to sell the properties located at 10986 Vanalden Avenue, Northridge,

California, 91326, and 8157 Morse Avenue, North Hollywood, California 91405, and anticipates listing these properties for sale in April 2022.

19. Except as stated in Paragraph 3, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement. Relators and Kochumian agree that Relators and their attorneys are entitled to reasonable expenses, attorney's fees and costs pursuant to 31 U.S.C. § 3730(d) for intervened and non-intervened claims.

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

21. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of California. For purposes of construing this Agreement, the 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.

22. This Settlement Agreement constitutes the complete agreement between the Parties. The Agreement may not be amended except by written consent of the Parties. Forbearance by the United States from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement.

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

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

25. This Agreement is binding on Kochumian's successors, transferees, heirs, and assigns.

26. This Agreement is binding on Relators' successors, transferees, heirs, and assigns.

27. All Parties consent to the Governments' disclosure of this Agreement, and information about this Agreement, to the public.

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

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

RACHEL MUOIO
Assistant United States Attorney
Eastern District of California

DATED: _____

BY: _____

LISA M. RE
Deputy Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

STATE OF CALIFORNIA

DATED: _____

BY: _____

ELIZABETH S. VOORHIES
Deputy Attorney General
State of California Department of Justice

DEFENDANTS MINAS KOCHUMIAN, M.D., AND
MINAS KOCHUMIAN, M.D., A MEDICAL CORPORATION


DATED: 4/28/2022

BY:


MINAS KOCHUMIAN, M.D.

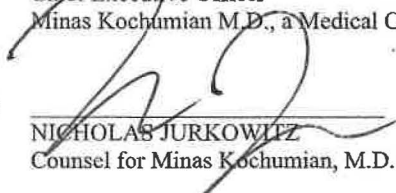
DATED: 4/28/2022

BY:


MINAS KOCHUMIAN, M.D.
Chief Executive Officer
Minas Kochumian M.D., a Medical Corporation

DATED: 6/28-22

BY:


NICHOLAS JURKOWITZ
Counsel for Minas Kochumian, M.D.

RELATORS ELIZE OGANESYAN AND DAMON DAVIES

DATED: _____

BY: _____
ELIZE OGANESYAN

DATED: _____

BY: _____
DAMON DAVIES

DATED: _____

BY: _____
JANEL QUINN
The Employment Law Group, PC
Counsel for Relators

ATTACHMENT A

Dr. Minas Kochumian and Minas Kochumian, M.D., a Medical Corporation						
Settlement Agreement						
Payment Schedule						
Payments	Payment Amount			Principal	Interest*	Balance
	Federal Share	California Share	Total Payment			
						\$9,486,287
Initial Payment April 29, 2022	\$5,204,330.90	\$372,534.02	\$5,576,864.91	\$5,500,000	\$76,864.91	\$3,986,287
July 15, 2022	\$1,412,552.63	\$101,112.69	\$1,513,665.32	\$1,500,000	\$13,665.32	\$2,486,287
September 30, 2022**	\$2,331,049.43	\$166,860.11	\$2,497,909.54	\$2,486,287	\$11,622.54	
TOTAL	\$8,947,932.96	\$640,506.82	\$9,588,439.77	\$9,486,287	\$102,152.77	

* Interest accrued at 1.625% per annum beginning on October 29, 2021.

**The Suspended Amount will be credited to the final payment due on September 30, 2022.

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Attorneys for the United States of America

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA and
STATE OF CALIFORNIA,

Plaintiffs,

vs.

MINAS KOCHUMIAN and MINAS
KOCHUMIAN, M.D., a Medical Corporation,

Defendants.

No.

CONSENT JUDGMENT

1 Plaintiffs United States of America and the State of California (the “Governments”) and
2 Defendants Minas Kochumian and Minas Kochumian M.D., a Medical Corporation (“Kochumian”), by
3 and through the undersigned counsel, consent to the entry of this judgment based upon the following
4 uncontested allegations:

5 1. This Court has jurisdiction over this case under 31 U.S.C. §§ 3732(a), 3237(b), and
6 28 U.S.C. §§ 1331, 1345, 1367(a). Kochumian consents to the jurisdiction of the United States District
7 Court for the Eastern District of California for the resolution of this dispute.

8 2. On April __, 2022, Kochumian entered into a settlement agreement with the
9 Governments for the purpose of resolving allegations under the False Claims Act, 31 U.S.C. § 3729 *et*
10 *seq.* and common law causes of action (“the Settlement Agreement”). A copy of the Settlement
11 Agreement is attached hereto as Exhibit A and is incorporated by reference herein.

12 3. Under the terms of the Settlement Agreement, Kochumian agreed to pay the
13 Governments the total sum of \$9,486,287 plus interest accrued thereon on the unpaid balance at the rate
14 of 1.625 percent per annum from October 29, 2021, and continuing until and including the day before
15 the final payment is made (“Settlement Amount”). Kochumian agreed to pay the Settlement Amount by
16 paying \$9,486,287 plus interest on or before the Effective Date of the Settlement Agreement (*i.e.*, April
17 __, 2022), and the remaining balance plus interest as set forth in the payment schedule attached as
18 Attachment A to the Settlement Agreement.

19 4. Under the terms of the Settlement Agreement, the Governments and the Relators agreed,
20 upon payment of the initial payment of \$5,500,000, plus interest, to file a Stipulation of Dismissal
21 pursuant to Fed. R. Civ. P. 41(a)(1).

22 5. Under the terms of the Settlement Agreement, Kochumian agreed that in the event that of
23 its failure to pay the Settlement Amount set forth in the Settlement Agreement, the dismissals of
24 Kochumian shall, at the Governments’ option, be null and void.

25 6. Under the terms of the Settlement Agreement, Kochumian agreed that in the event that it
26 defaults by failing to pay the Settlement Amount, within seven (7) calendar days of the failure to cure
27 the default, the remaining unpaid balance of the Settlement Amount shall become immediately due and
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1 payable, and interest on the remaining unpaid balance shall thereafter accrue at the rate of twelve
2 percent (12%) per annum, compounded daily from the date of default, on the remaining unpaid total
3 (principal and interest balance).

4 7. Under the terms of the Settlement Agreement, Kochumian agreed that in the event that it
5 defaults by failing to pay the Settlement Amount, within seven (7) calendar days of the failure to cure
6 the default, the Governments may file a Consent Judgment against Kochumian, in the amount of the
7 unpaid balance owed under the terms of the Settlement Agreement.

8 8. Kochumian failed to make payments in accordance with the Settlement Agreement, and
9 therefore it is in default under the terms of the Settlement Agreement as of the date of default.

10 9. Within a reasonable time after the filing of this Consent Judgment, the Governments will
11 file a statement of debt showing the amount due and owing under the Settlement Agreement as of the
12 date of default.

13 10. The Governments have given Kochumian written Notice of Default under the terms of
14 the Settlement Agreement, and demanded that Kochumian cure that default. The Governments have
15 given Kochumian seven (7) days to cure the default, as provided in the Settlement Agreement, but
16 Kochumian has failed to make arrangements to comply with the terms of the Settlement Agreement.

17 Accordingly, this Court enters judgment for the Governments against Kochumian, in the amount
18 of \$_____, plus interest at the post-judgment rate of interest from the date this Consent
19 Judgment is entered until it is satisfied.

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21 IT IS SO ORDERED THIS ____ day of _____, 20__.

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25 _____
CHIEF UNITED STATES DISTRICT JUDGE
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