

## LASR SETTLEMENT AGREEMENT

### I. PARTIES

This Settlement Agreement (the “Agreement”) is entered into between the State of California (the “State”), and Defendants LASR Enterprises, Inc. (“LASR”), Ravji Lunagaria, and Sameer Rakholia (collectively, the “Settling Defendants”).

### II. PREAMBLE

As a preamble to this Agreement, the parties agree to the following:

A. At all relevant times, LASR was a California corporation, with its principal place of business in Palm Springs, California, which provided pharmaceutical goods and services to beneficiaries of the California Medical Assistance Program (“Medi-Cal”). At all relevant times, Defendants Ravji Lunagaria and Sameer Rakholia were officers and owners of LASR.

B. On October 3, 2018, the State, acting through the Division of Medi-Cal Fraud and Elder Abuse (“DMFEA”), filed a civil action against Defendants in the Superior Court of California for San Diego County, identified as *State of California v. LASR Enterprises, Inc., et al.* (Civil Action No. 37-2019-00040496-CU-MC-CTL) (the “Action”), seeking damages from Defendants under the California False Claims Act, Cal. Gov’t Code §§ 12650, *et seq.*

C. The State contends that it has certain civil and administrative claims against the Settling Defendants arising from the following conduct, for the period from January 1, 2015, through December 31, 2017:

Through the direct or indirect submission of claims to Medi-Cal, Settling Defendants, individually and collectively, knowingly sought reimbursement from Medi-Cal for pharmaceuticals that were in fact not provided or were otherwise provided late or in a manner inconsistent with Settling Defendants' respective obligations under federal or state law and regulations, guidance issued by relevant federal or state authorities, or applicable provider agreements.

The State further contends that by these practices, described below as the "Covered Conduct," the Settling Defendants, collectively or individually, submitted, or caused to be submitted, false claims to Medi-Cal in violation of the California False Claims Act, Cal. Gov't Code §§ 12650, et seq.

D. This Agreement is neither an admission of facts or liability by any Defendant nor a concession by the State that its allegations are not well founded.

E. The parties mutually desire to reach a full and final settlement of the State's claims on the terms set forth below.

### **III. TERMS AND CONDITIONS**

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the parties agree as follows:

1. (a) Settling Defendants shall pay to the State the sum of \$925,000.00, which constitutes restitution to the State, no later than ten (10) business days of the final execution of this Agreement (the "Settlement Amount").

(b) Settling Defendants may seek a finding, pursuant to Section 877.6 of the Code of Civil Procedure, that this settlement was reached in good faith. The State will not oppose any such application.

2. Subject to the exceptions in Paragraph 3 below, in consideration of the obligations of the Settling Defendants set forth in this Agreement, the State agrees to release the Settling Defendants, their predecessors and current and former parents, divisions, subsidiaries, affiliates, successors, transferees, heirs, and assigns (collectively, the "Released Entities"), from any civil or administrative monetary cause of action that the State has for any claims submitted or caused to be submitted to Medi-Cal as a result of the Covered Conduct.

3. Notwithstanding the releases given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the State are specifically reserved and are not released:

(a) any criminal, civil, or administrative liability arising under California's Revenue and Taxation Code;

(b) any criminal liability not specifically released by this Agreement;

(c) any civil or administrative liability that any person or entity, including the "Released Entities," has or may have to the State or to individual consumers or state program payors under any statute, regulation, or rule not expressly covered by the release in Paragraph 2 above, including, but not limited to, any and all of

the following claims: (i) state or federal antitrust violations; and (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;

(d) any liability to the State for any conduct other than the Covered Conduct;

(e) any liability based upon obligations created by this Agreement;

(f) except as explicitly stated in this Agreement, any administrative liability, including licensing matters, and any suspension or exclusion from Medi-Cal;

(g) any liability for expressed or implied warranty claims or other claims for defective or deficient products and services, including claims regarding quality of goods and services;

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

4. Settling Defendants further agree that they will institute corporate procedures to ensure that LASR does not submit false claims in the future; specifically including procedures to verify that inventory levels are accurately recorded. Nothing in this Agreement precludes the State from taking action against any person in the event that person is excluded by the federal government for engaging in Covered Conduct or other conduct.

5. In consideration of the obligations of the State set forth in this Agreement, the Settling Defendants waive and discharge the State and any of its agencies, departments, and personnel including, but not limited to, officials, employees, and agents, whether current or former in their official capacities, from any causes of action (including attorneys' fees, costs, and expenses of every kind and however denominated) which the

Settling Defendants have against the State and any of its agencies, departments, and personnel as previously referenced arising from the State's investigation and prosecution of the State's Complaint or the Covered Conduct.

6. The amount that Settling Defendants must pay to the State pursuant to Paragraph 1 above will not be decreased as a result of the denial of any claims for payment now or in the future withheld from payment by Medi-Cal, or any other state program payor for the Covered Conduct; and Settling Defendants agree not to resubmit to Medi-Cal or any other state program payor, any previously denied claims, which denials were based on the Covered Conduct.

7. The Settling Defendants shall not seek payment for any claims for reimbursement to Medi-Cal covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors.

8. LASR expressly warrants that it has reviewed its financial condition and that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 48(a)(1)(B)(ii)(I), and shall remain solvent following payment of the Settlement Amount and compliance with this Agreement.

9. If within 91 days of the effective date of this Agreement LASR commences, or a third party commences, any case, action, or other proceeding under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors: (a) seeking an order for relief of LASR's debts, or seeking to adjudicate LASR as bankrupt or insolvent; or (b) seeking appointment of a trustee, custodian, or other similar official for LASR or for all or any substantial part of its assets, LASR agrees as follows:

(a) The obligations of LASR under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and LASR shall not argue or otherwise take the position in any such case, action, or proceeding that: (i) LASR's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) LASR was insolvent at the time this Agreement was entered into; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to LASR.

(b) If the obligations of LASR 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, the State, at its sole option, may rescind the releases in this Agreement and pursue any civil and/or administrative claim, action, or proceeding against LASR that would otherwise be covered by the releases in Paragraph 2 above. LASR agrees that: (i) any such claim, action, or proceeding brought by the State would not be subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the case, action, or proceeding described in the first clause of this Paragraph, and LASR shall not argue or otherwise contend that the State's claims, actions, or proceedings are subject to an automatic stay; (ii) LASR shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppels or similar theories, to any claim, action, or proceeding that is brought by the State within 120 calendar days of written notification to LASR that the releases in this Agreement have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on and (iii) the State has a valid claim against LASR for the full Settlement Amount, and the State

may pursue the claim in the case, action, or proceeding described in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

(c) LASR acknowledges that the agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

10. LASR and the individual defendants agree not to contest any collection action undertaken by the State pursuant to this Agreement, and to immediately pay the State a surcharge totaling ten percent (10%) of the amount collected to cover the cost to the State of processing and handling the collection action.

11. LASR and the individual defendants 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 of the U.S. Constitution, the Excessive Fines Clause in the Eighth Amendment of the U.S. Constitution, or the California Constitution, Article I, §§ 15 and 24, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

12. LASR and the individual defendants agree to cooperate fully and truthfully with the State's investigation of individuals and entities not released in this Agreement. Upon reasonable notice, LASR 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. LASR further agrees to furnish to the State, 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 on its behalf.

13. Time is of the essence as to all payments required under Paragraph 1 and Attachment A. In the event that Settling Defendants fail to pay the Settlement Amount within ten (10) calendar days of the date upon which payment is due, Settling Defendants shall be in "Default" of their payment obligations. The State will provide a written notice of the Default to Settling Defendants (the "Notice of Default") through their counsel David Balfour, Esq., or to such other representative as Settling Defendants shall designate in advance in writing, and Settling Defendants shall have an opportunity to cure such Default within ten (10) calendar days from the date of receipt of the Notice of Default. If Settling Defendants fail to cure the Default within ten (10) calendar days of receiving the Notice of Default, and in the absence of an agreement by the State to accept a modified payment date, 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). In the event of Default, Settling Defendants shall consent to entry of a consent judgment in the amount of the unpaid balance, and the State, at its sole discretion, may (a) take any action to execute and collect on the consent judgment against Settling Defendants; (b) offset the remaining unpaid balance from any amounts due and owing to LASR and any LASR subsidiaries and/or affiliated companies by any department, agency, or agent of the State at the time of Default; and/or (c) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. Settling



Defendants agree not to contest any offset imposed or any collection action undertaken by the State pursuant to this Paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the State. At its sole option, the State alternatively may rescind this Agreement and pursue the Action or bring any civil and/or administrative claim, action, or proceeding against Settling Defendants for the claims that would otherwise be covered by the releases provided in Paragraph 2, above. In the event that the State opts to rescind this Agreement pursuant to this Paragraph, Settling Defendants agree 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 (a) filed by the State against Settling Defendants within 120 days of written notification that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on or before the effective date of this Agreement.

14. In the event LASR is sold or merges into another non-affiliated entity, including the sale, assignment or transfer of all or substantially all LASR assets, then LASR shall promptly notify the State, and, at the State's option, all remaining payments owed pursuant to the Settlement Agreement may be accelerated and become immediately due and payable upon the closing date of such sale, assignment or transfer.

15. The parties each represent that this Agreement was freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

16. Except as expressly provided to the contrary in this Agreement, each party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

17. Except as otherwise stated in this Agreement, this Agreement is intended to be for the benefit of the parties only, and the parties do not release any liability of any other person or entity.

18. Other than specifically provided herein, nothing in this Agreement constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of California's Revenue and Taxation Code or the Internal Revenue Code, U.S. Code, Title 26.

19. This Agreement is governed by the laws of the State of California, and venue for addressing and resolving any and all disputes relating to this Agreement shall lie in the California state courts of appropriate jurisdiction.

20. The undersigned signatories represent and warrant that they are authorized by appropriate corporate action to execute this Agreement on behalf of LASR as well as themselves. The undersigned State signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement on behalf of the State through their respective agencies and departments.

21. The effective date of this Agreement shall be the date of signature of the last signatory to this Agreement. Facsimiles of signatures shall constitute acceptable binding signatures for purposes of this Agreement.

22. This Agreement shall be binding on the successors, transferees, heirs, and assigns of the parties.

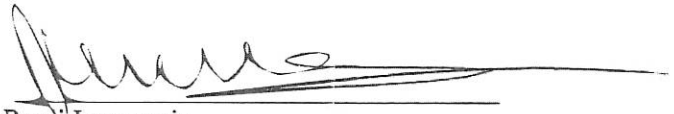
23. This Agreement constitutes the complete agreement between the parties with respect to this matter and may not be amended except by written consent of all parties.

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

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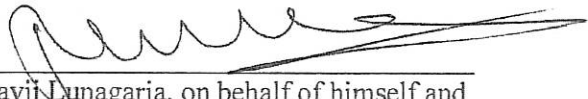
DEFENDANTS

Date: 07/25/2023



Ravji Lunagaria  
LASR Enterprises, Inc., by its duly  
authorized officer

Date: 07/25/2023



Ravji Lunagaria, on behalf of himself and  
LASR Enterprises, Inc.

Date: 7/25/23



Sameer Rakholia, on behalf of himself  
and LASR Enterprises, Inc.

THE STATE OF CALIFORNIA

Date: 9/20/23



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David Zlotnick  
Deputy Attorney General  
State of California