



State of North Carolina

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ROY COOPER
ATTORNEY GENERAL

February 4, 2015

North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Tim Moore
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator Stan Bingham
Senator Shirley Randleman
Senator E.S. "Buck" Newton
Representative James Boles, Jr.
Representative Leo Daughtry
Representative John Faircloth
Representative Pat Hurley
Co-Chairs, Appropriations Subcommittee on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreements for Coastline Care,
Inc., Janet Johnson-Hunter & Thomas Hunter

Dear Members:

Section 114-2.5 of the North Carolina General Statutes requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for Medicaid reimbursement to the state and federal governments in the above-referenced matter. Pursuant to federal law (42 C.F.R. § 433.320) recoveries in these cases are shared on a pro rata basis by the state and federal governments.

A Settlement Agreement has been executed between Coastline Care, Inc. (Thomas Hunter & Janet Johnson-Hunter) and the State of North Carolina. Thomas Hunter and Janet Johnson-Hunter were the owners and operators of Coastline Care, Inc. Coastline is a corporation that provided ambulance and medical transportation services in North Carolina.

The settlement resolves allegations that from January 1, 2002 through October 1,

2006, Coastline billed for non-emergency ambulance transport for dialysis patients whose transports were not medically necessary.

The criminal case involving Janet Johnson-Hunter resulted in a Plea Agreement wherein the defendant agreed to the following Criminal Monetary Penalties; the defendant was ordered to pay a \$100.00 Assessment, a fine of \$10,000.00 and Restitution of \$475,089.00. The restitution was to be paid to Medicare in the amount of \$428,924.00 and to Medicaid in the amount of \$46,165.00. That criminal restitution was paid in full by the defendant.

Thereafter, a Civil False Claims Action was brought against both Thomas Hunter and Janet Johnson-Hunter alleging the same conduct as set forth above. Under the terms of this civil settlement, both defendants agreed to pay back a total of \$950,178.00, minus an offset for the criminal restitution referenced in the preceding paragraph. The actual civil recovery, after HHS investigative costs, was \$263,489.00. Taking the same proportional share (9.7%) of Medicaid loss as reflected in the criminal restitution order, the State of North Carolina's share of the civil settlement was \$25,603.56.

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$25,603.56. Of that amount the federal government will receive \$16,316.51 for North Carolina's federal portion of Medicaid recoveries. Pursuant to Article IX, Section 7 of the North Carolina Constitution and G.S. § 115C-457.1, the penalty portion of the settlement in the amount of \$8,991.72 will be paid to the Civil Penalty Forfeiture Fund for the support of North Carolina public schools. Pursuant to G.S. § 115C-457.2 the North Carolina Department of Justice will receive \$295.33 for costs of collection.

Please note that there also was a related civil settlement in which the State recovered monies from the corporation owned by Janet Johnson-Hunter and Thomas Hunter. In that settlement the State recovered \$100,000.00. Of that amount, the federal government received \$92,722.00 for North Carolina's federal portion of Medicaid and Medicare recoveries. The North Carolina Medicaid Program received \$6,967.23 as restitution. Pursuant to G.S. § 108A-70.12(b)(3), the North Carolina Department of Justice received \$310.77 for investigative costs.

We will be happy to respond to any questions you may have regarding this report.

Very truly yours,



Kristi Jones
Chief of Staff

KJ:ng

cc: Kristine Leggett, NCGA Fiscal Research Division
Nels Roseland, NCDOJ, Deputy Chief of Staff

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 Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively the "United States"), the States of North Carolina, by and through the North Carolina Department of Justice (hereafter "State of North Carolina"), and Coastline Care, Inc., (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Coastline Care, Inc. (hereafter "Coastline"), is a North Carolina corporation that provides ambulance and medical transportation services in Eastern North Carolina.

B. On January 13, 2011, the United States filed an action in the United States District Court for the Eastern District of North Carolina captioned *United States v. Coastline Care, Inc., Thomas Hunter and Janet Johnson-Hunter*, Case No. 7-11-CV-12-H (the "Civil Action").

C. The United States contends that Coastline submitted or caused to be submitted claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1.

D. The United States contends that it has certain civil claims against Coastline arising from Medicare and Medicaid claims billed and paid for non-emergency ambulance transport for patients whose transports were not medically necessary, because the patients transported were ambulatory and not bed-confined, and transport by ambulance was not otherwise medically necessary, during the period from January 1, 2002 through October 1, 2006. That conduct is referred to below as the Covered Conduct.

E. This Settlement Agreement is neither an admission of liability by Coastline nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Coastline shall pay to the United States \$100,000 ("Settlement Amount") by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office, no later than 3 business days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 5 (concerning excluded claims) below, and conditioned upon Coastline's full payment of the Settlement Amount, the United States releases Coastline 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 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. No individuals are released by this Agreement.

3. In consideration of the obligations of Coastline in this Agreement, and conditioned upon Coastline's full payment of the Settlement Amount, the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Coastline under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 5

(concerning excluded claims), below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Coastline from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 5, below.

4. In consideration of the obligations of Coastline set forth in this Agreement, and Subject to the exceptions in Paragraph 5, below, in consideration of the obligations of Coastline set forth in this Agreement, and conditioned upon Coastline's full payment of the Settlement Amount, the State of North Carolina (on behalf of itself, its officers, agents, agencies, and departments) agrees to release Coastline, together with its current and former parent corporations; each of its direct and indirect subsidiaries and affiliates; brother or sister corporations; divisions; and the successors and assigns of any of them, from any civil or administrative monetary claim the State of North Carolina has or may have for the Covered Conduct under the North Carolina Medical Assistance Provider False Claims Act, N.C.G.S. § 108A-70.10 et. seq., any other statutory provisions or common law claims creating causes of action for civil damages or civil penalties which North Carolina has authority to assert and compromise, including without limitation the common law theories of payment by mistake, unjust enrichment, and fraud for the Covered Conduct. No individuals are released by this Agreement.

5. Notwithstanding the release given in paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs;
- 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;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;
- i. Any liability of individuals.

6. Coastline waives and shall not assert any defenses Coastline 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.

7. Coastline fully and finally releases the United States, and its agencies, employees,

servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Coastline has asserted, could have asserted, or may assert in the future against the United States, and its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

8. 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 carrier or intermediary or any state payer, related to the Covered Conduct; and Coastline agrees not to resubmit to any Medicare carrier or intermediary or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

9. Coastline 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. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Coastline, its 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 or criminal investigation(s) of the matters covered by this Agreement;
- (3) Coastline'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;

- (5) the payment Coastline makes to the United States pursuant to this Agreement; and
- (6) the negotiation of, and obligations undertaken pursuant to any CIA to: (I) retain an independent review organization to perform annual reviews as described in Section III of the CIA; and (ii) prepare and submit reports to the OIG-HHS, 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). However, nothing in this paragraph 9.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to Coastline.

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Coastline, and Coastline 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 Coastline or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Coastline 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 Coastline 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. Coastline agrees that the United States, at a minimum, shall be entitled to recoup from Coastline 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 United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Coastline or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Coastline 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 United States to audit, examine, or re-examine Coastline's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

10. Coastline agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Coastline 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. Coastline further agrees 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.

11. 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 12 (waiver for beneficiaries paragraph), below.

12. Coastline 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.

13. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal with prejudice as to defendant Coastline from the Civil Action pursuant to Rule 41(a)(1).

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 in to 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 Eastern District of North Carolina. 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 Coastline's successors, transferees, heirs, and assigns.

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

22. 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.

[SIGNATURE BLOCKS ON FOLLOWING PAGES]

THE UNITED STATES OF AMERICA

GEORGE E.B. HOLDING
United States Attorney

DATED: _____

BY: _____

Neal I. Fowler
Assistant United States Attorney
310 New Bern Avenue, Suite 800
Raleigh, NC 27601-1461

DATED: _____

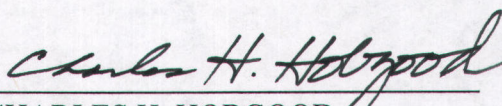
BY: _____

GREGORY E. DEMSKE
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

THE STATE OF NORTH CAROLINA

DATED: 3/3/2011

BY: _____


CHARLES H. HOBGOOD
Special Deputy Attorney General
North Carolina Department of Justice

COASTLINE CARE, INC. - DEFENDANT

DATED: _____

BY: _____

KENNETH D. BELL
McGuire Woods, LLP
100 North Tryon Street, Suite 2900
Charlotte, NC 28202-4011

DATED: _____

BY: _____

Coastline Care, Inc.

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 Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively the "United States"), the State of North Carolina, by and through the North Carolina Department of Justice (hereinafter "State of North Carolina"), and Thomas Hunter and Janet Johnson-Hunter (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Defendants Thomas Hunter and Janet Johnson-Hunter (hereinafter "the Hunters") were the owners and operators of Coastline Care, Inc., a corporation that provided ambulance and medical transportation services in Warsaw, North Carolina.

B. On January 13, 2011, the United States filed an action in the United States District Court of the Eastern District of North Carolina, captioned United States v. Coastline Care, Inc., Thomas Hunter and Janet Johnson-Hunter, Case No. 7:11-CV-12-H2.

C. The United States contends that the Hunters submitted or caused to be submitted claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and the Medicaid Program (Medicaid) 42 U.S.C. §§ 1396-1396w-5.

D. The United States contends that it has certain civil

claims against the Hunters for engaging in the following conduct during the period from January 1, 2002 to October 1, 2006: the Hunters submitted Medicare and Medicaid claims for non-emergency ambulance transport for dialysis patients whose transports were not medically necessary, because the patients transported were ambulatory and not bed-confined, and transport by ambulance was not otherwise medically necessary. Specifically, the Hunters, directly and through subordinates, instructed employees to omit and remove from Ambulance Call Reports references concerning whether a patient could sit upright, stand up, walk, or ride in a wheelchair. That conduct is referred to below as the Covered Conduct.

E. This Settlement Agreement is neither an admission of liability by the Hunters, except to the extent admitted in Janet Johnson-Hunter's guilty plea in the related criminal action, United States v. Janet Johnson-Hunter, Case No. 7:09-cr-00155-H-1, nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The Hunters agree to pay the United States \$950,178.00

(Settlement Amount), and interest on this Settlement Amount at a rate of 6% or the Medicare Trust Fund Interest Rate, which ever is higher, from December 1, 2011, as follows:

a. The Hunters shall pay \$20,000.00 of the Settlement Amount within 10 business days of the Effective Date of this agreement by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office. The Hunters agree to pay the remaining Settlement Amount from the net sale proceeds of their real property, disbursed to the United States after each agreed sale within 10 business days, with any remaining Settlement Amount balance paid in full by a payment within 1 year from the Effective Date of this Settlement Agreement.

b. In order to secure this Settlement Agreement, the Hunters shall enter a consent judgment, contemporaneously with this Settlement Agreement, holding that the Hunters are liable in the full Settlement Amount, plus interest at a rate of 6% or the Medicare Trust Fund Interest Rate, which ever is higher, and this consent judgment shall be properly recorded against the Hunter's real property located in Onslow and Duplin Counties, North Carolina, and Fairfield County, South Carolina, as described in their financial statements and county property records, including the properties at 114 Plantation Boulevard, 307 Bell Fork Road, 309A Bell Fork Road, Riverside Drive, Conover Street, and the

Lincoln Heights lots (lots 1-37) in Jacksonville, North Carolina, 522 and 528 Highway 903 in Kenansville, North Carolina, and 2369 Longtown Road in Ridgeway, South Carolina.

c. The Hunters agree to list their real property with a real estate broker approved by the United States and agree to sell their real property within one year of the Effective Date of this Settlement Agreement, with consultation and approval of any sale by the United States. The United States agrees that the last properties to be sold in the first year, if necessary to satisfy the consent judgment, are the properties at 114 Plantation Boulevard, 307 Bell Fork Road and 309A Bell Fork Road in Jacksonville, North Carolina and 2369 Longtown Road in Ridgeway, South Carolina. The United States will pursue full collection after one year from the executed Settlement Agreement and the Hunters agree to fully cooperate in further collection against their available property and income if the Settlement Amount is not paid within one year.

d. All payments by the Hunters, including disbursements from sale proceeds, shall be applied to the criminal restitution and fine that was ordered in the related criminal action, United States v. Janet Johnson-Hunter, Case No. 7:09-cr-00155-H-1, with credit allowed against this civil Settlement Amount.

2. Subject to the exceptions in Paragraph 6 (concerning excluded claims) below, and conditioned upon the Hunters' full payment of the Settlement Amount, and subject to Paragraph 16 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States releases the Hunters 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 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.

3. Subject to the exceptions in Paragraph 6 (concerning excluded claims) below, and conditioned upon the Hunters' full payment of the Settlement Amount, and subject to Paragraph 16 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the State of North Carolina releases the Hunters from any civil or administrative monetary claim the State of North Carolina has for the Covered Conduct under the North Carolina Medical Assistance Provider False Claims Act, N.C.G.S. § 108A-70.10 et. seq., and the common law theories of payment by mistake, unjust enrichment, and fraud.

4. OIG-HHS expressly reserves all rights to institute, direct, or to maintain any administrative action seeking exclusion against Thomas Hunter from Medicare, Medicaid, and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) under 42 U.S.C. § 1320a-7(a) (mandatory exclusion), or 42 U.S.C. § 1320a-7(b) or 42 U.S.C. § 1320a-7a (permissive exclusion).

5. a. In compromise and settlement of the rights of OIG-HHS to exclude Janet Johnson-Hunter pursuant to 42 U.S.C. § 1320a-7(a)(1), based on an agreement to plead guilty in the United States District Court of the Eastern District of North Carolina to Conspiracy to Make False Statements Relating to Health Care Matters under 18 U.S.C. § 371, and 42 U.S.C. § 1320a-7(b)(7), for the Covered Conduct described in Paragraph D, Janet Johnson-Hunter agrees to be excluded under this statutory provision from Medicare, Medicaid, and all other Federal health care programs, as defined in 42 U.S.C. § 1320a-7b(f), for a period of 15 years. The exclusion shall be effective upon the Effective Date of this Agreement.

b. Such exclusion shall have national effect and shall also apply to all other federal procurement and nonprocurement programs. Federal health care programs shall not pay anyone for items or services, including administrative and management services, furnished, ordered, or prescribed by Janet Johnson-

Hunter in any capacity while Janet Johnson-Hunter is excluded. This payment prohibition applies to Janet Johnson-Hunter and all other individuals and entities (including, for example, anyone who employs or contracts with Janet Johnson-Hunter, and any hospital or other provider where Janet Johnson-Hunter provides services). The exclusion applies regardless of who submits the claim or other request for payment. Janet Johnson-Hunter shall not submit or cause to be submitted to any Federal health care program any claim or request for payment for items or services, including administrative and management services, furnished, ordered, or prescribed by Janet Johnson-Hunter during the exclusion. Violation of the conditions of the exclusion may result in criminal prosecution, the imposition of civil monetary penalties and assessments, and an additional period of exclusion. Janet Johnson-Hunter further agrees to hold the Federal health care programs, and all federal beneficiaries and/or sponsors, harmless from any financial responsibility for items or services furnished, ordered, or prescribed to such beneficiaries or sponsors after the effective date of the exclusion. Janet Johnson-Hunter waives any further notice of the exclusion under 42 U.S.C. § 1320a-7(a)(1) and 42 U.S.C. § 1320a-7(b)(7), and agrees not to contest such exclusion either administratively or in any state or federal court.

c. Janet Johnson-Hunter shall not contest, in any manner, the terms or provisions of this exclusion, nor shall Janet Johnson-Hunter seek any remedy or relief for any matter, cause of action, or claim arising from implementation of this exclusion. Janet Johnson-Hunter expressly waives all procedural rights granted under the OIG's exclusion authority and regulations, section 1128 of the Act, 42 U.S.C. § 1320a-7, and 42 C.F.R. Part 1001, including, but not limited to any notice, hearing, or appeal with respect to her exclusion.

d. Reinstatement to program participation is not automatic. If Janet Johnson-Hunter wishes to be reinstated, Janet Johnson-Hunter must submit a written request for reinstatement to the OIG in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Such request may be made to the OIG no earlier than 120 days prior to the expiration of the period of exclusion set forth above. Reinstatement becomes effective only upon application by Janet Johnson-Hunter, approval of the application by the OIG, and notice of reinstatement by the OIG. Obtaining another license, moving to another state, or obtaining a provider number from a Medicare contractor, a state agency, or a Federal health care program does not reinstate Janet Johnson-Hunter's eligibility to participate in these programs.

6. Notwithstanding the releases given in paragraphs 2, 3, 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 mandatory exclusion from Federal health care programs;
- 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;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

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

7. The Hunters have provided sworn financial disclosure statements (Financial Statements) to the United States and the United States has relied on the accuracy and completeness of those Financial Statements in reaching this Agreement. The Hunters warrant that the Financial Statements are complete, accurate, and current. If the United States learns of asset(s) in which the Hunters had an interest at the time of this Agreement that were not disclosed in the Financial Statements, or if the United States learns of any misrepresentation by the Hunters on, or in connection with, the Financial Statements, and if such nondisclosure or misrepresentation changes the estimated net worth set forth in the Financial Statements by \$95,000 or more, the United States may at its option: (a) rescind this Agreement and reinstate its suit based on the Covered Conduct, or

(b) let the Agreement stand and collect the full Settlement Amount plus one hundred percent (100%) of the value of the net worth of the Hunters previously undisclosed. The Hunters agree not to contest any collection action undertaken by the United States pursuant to this provision, and immediately to pay the United States all reasonable costs incurred in such an action, including attorney's fees and expenses.

8. In the event that the United States, pursuant to Paragraph 7 (concerning disclosure of assets), above, opts to rescind this Agreement, the Hunters agree 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 United States within 90 calendar days of written notification to the Hunters that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on January 13, 2011.

9. The Hunters waive and shall not assert any defenses the Hunters 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.

10. The Hunters fully and finally releases the United States, and its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that the Hunters have asserted, could have asserted, or may assert in the future against the United States, and its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

11. 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 carrier or intermediary or any state payer, related to the Covered Conduct; and the Hunters agree not to resubmit to any Medicare carrier or intermediary or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

12. The Hunters agree 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.

§§ 1395-1395hhh and 1396-1396v; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Coastline Care, Inc., its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement and any related plea agreement;
- (2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;
- (3) The Hunters' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and 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 Agreement; and
- (5) the payment the Hunters make to the United States pursuant to this Agreement.

b. Future Treatment of Unallowable Costs:

Unallowable Costs shall be separately determined and accounted for by the Hunters, and Hunters 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 the Hunters or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously

Submitted for Payment: The Hunters further agree 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 the Hunters 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. The Hunters agree that the United States, at a minimum, shall be entitled to recoup from the Hunters 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 United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by the Hunters or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on the Hunters 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 United States to audit, examine, or re-examine the Hunters' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

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 paragraph), below.

14. The Hunters agree that they waive 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 Hunters warrant that they have reviewed their financial situation and that they currently are 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 United States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to the Hunters, within the meaning of 11 U.S.C. § 547(c)(1), and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which the Hunters were or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

16. If within 91 days of the Effective Date of this Agreement or of any payment made under this Agreement, the Hunters commence, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of the Hunters' debts, or seeking to adjudicate the Hunters as bankrupt or insolvent; or (b) seeking

appointment of a receiver, trustee, custodian, or other similar official for the Hunters or for all or any substantial part of the Hunters' assets, the Hunters agrees as follows:

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

b. If the Hunters' 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, the United States, at its sole option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against the Hunters for the claims that would otherwise be covered by the releases provided in Paragraphs 2, 3 and 5, above. The Hunters agree that (i) any such claims, actions, or proceedings brought by the United States are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or

proceedings described in the first clause of this Paragraph, and the Hunters shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) the Hunters 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 claims, actions, or proceeding that are brought by the United States within 120 calendar days of written notification to the Hunters that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on October 1, 2009; and (iii) the United States has a valid claim against the Hunters in the amount of \$1,546,267.00, and the United States may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. The Hunters acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

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

18. 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.

19. 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 North Carolina. 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.

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

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

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

23. This Agreement is binding on the Hunters' 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.

[SIGNATURE BLOCKS ON FOLLOWING PAGES]

THE UNITED STATES OF AMERICA

GEORGE E.B. HOLDING
United States Attorney

DATED:

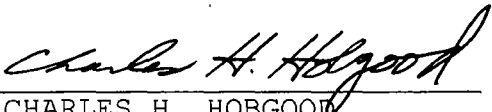
BY: _____
NEAL I. FOWLER
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Telephone: (919) 856-4530
Facsimile: (919) 856-4821
Email: neal.fowler@usdoj.gov
N. C. Bar# 27371

DATED:

BY: _____
GREGORY E. DEMSKE
Assistant Inspector General for
Legal Affairs
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

THE STATE OF NORTH CAROLINA

DATED: 5/4/2012

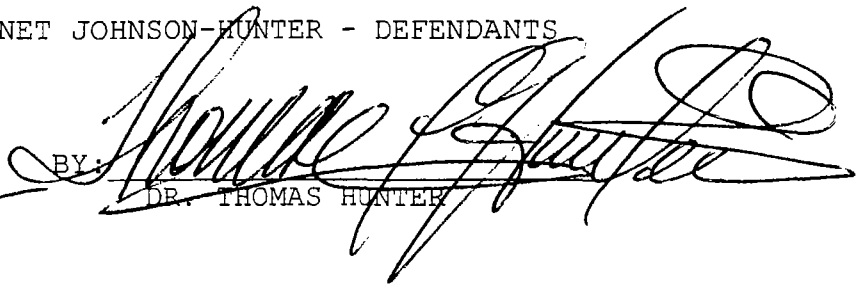
By: 
CHARLES H. HOBGOOD
Special Deputy Attorney General
North Carolina Department of Justice
Telephone: (919) 881-2334

THOMAS HUNTER AND JANET JOHNSON-HUNTER - DEFENDANTS

DATED:

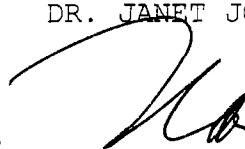
4/1/2012

BY:


DR. THOMAS HUNTER

DATED:

BY:


DR. JANET JOHNSON-HUNTER

DATED:

BY:


TRAWICK H. STUBBS, JR.
KINDELLE M. McCULLEN
Counsel for Thomas Hunter and
Janet Johnson-Hunter

THOMAS HUNTER AND JANET JOHNSON-HUNTER - DEFENDANTS

DATED:

BY: _____

DR. THOMAS HUNTER

DATED:

03/30/2012

BY: _____

DR. JANET JOHNSON-HUNTER

DATED:

BY: _____

TRAWICK H. STUBBS, JR.

KINDELLE M. McCULLEN

Counsel for Thomas Hunter and
Janet Johnson-Hunter