



**JOSH STEIN**  
**ATTORNEY GENERAL**

**STATE OF NORTH CAROLINA**  
**DEPARTMENT OF JUSTICE**

**SETH DEARMIN**  
**CHIEF OF STAFF**

August 13, 2021

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 Danny Earl Britt, Jr.  
Senator Warren Daniel  
Representative James Boles, Jr.  
Representative Allen McNeill  
Representative Carson Smith  
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 Agreement for A Perfect Fit For  
You/Margaret Gibson

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 has been executed between A Perfect Fit For You/Margaret Gibson and the State of North Carolina.

The settlement resolves allegations that from March 1, 2015 through June 30, 2016, A Perfect Fit For You and Margaret Gibson submitted claims to the Medicaid

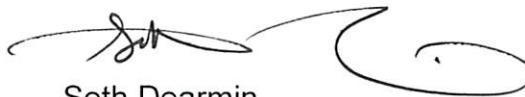
program for durable medical equipment that were not medically necessary, were never purchased and were never delivered to any recipients.

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$20,138,722.70. Of the \$20,138,722.70, \$4,000,000.00 is joint and several with Margaret Gibson. The federal government will receive \$5,644,883.97 for North Carolina's federal portion of Medicaid recoveries. The North Carolina Medicaid Program will receive \$1,648,101.52 as restitution. In addition, 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 \$2,560,202.28 will be paid to the Civil Penalty Forfeiture Fund for the support of North Carolina public schools. Pursuant to G.S. § 115C-457.2 and G.S. § 1-608(c), the North Carolina Department of Justice will receive \$216,173.58 for investigative costs and costs of collection.

This settlement allows for \$10,069,361.35 in offsets. In March 2021, A Perfect Fit For You was ordered to pay \$10,069,361.35 in criminal restitution. Any and all monies paid by A Perfect Fit For You to satisfy the criminal restitution shall be offset against the Civil Settlement Amount.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'Seth', followed by a large, stylized circular flourish.

Seth Dearmin  
Chief of Staff

SD:ng

cc: William Childs, NCGA Fiscal Research Division  
Mark White, NCGA Fiscal Research Division  
Morgan Weiss, NCGA Fiscal Research Division

## 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"), the State of North Carolina, acting through the North Carolina Office of the Attorney General (collectively, the "Government"), A Perfect Fit For You, Inc. and Margaret A. Gibson (collectively, "Parties").

### RECITALS

A. A Perfect Fit For You, Inc., dispensed durable medical equipment supplies and services to clients within the Eastern District of North Carolina. Defendant Margaret A. Gibson acted as owner or co-owner of A Perfect Fit For You, Inc., throughout the time relevant to the "covered conduct" set forth below. Douglas Goines was duly appointed as Receiver for A Perfect Fit For You, Inc., on or about May 16, 2016.

B. On December 13, 2017, The United States of America and the State of North Carolina filed a civil action in the United States District Court for the Eastern District of North Carolina, Eastern Division, captioned United States of America and the State of North Carolina v. A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy, Case No. 4:17-cv-00174-D, pursuant to the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). The Complaint alleged that A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy, submitted false claims to the Medicaid program based on various alleged violations of applicable law and regulations.

C. The United States contends that A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy, submitted or caused to be submitted claims for payment to the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 ("Medicaid") in violation of the Federal False Claims Act,

31 U.S.C. § 3729, *et seq.* The State of North Carolina contends that A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy, submitted or caused to be submitted claims for payment to the Medicaid Program in violation of the North Carolina False Claims Act, N.C.G.S. §§ 1-605, *et seq.*

D. The United States and the State of North Carolina contend that they have certain civil claims against A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy. The United States and State of North Carolina allege that A Perfect Fit For You, Inc., Margaret A. Gibson, and Shelley P. Bandy, falsely billed Medicaid for various durable medical equipment, including but not limited to the following items: Powered Air Flotation Beds (E0193); Bone Growth Stimulators (E0748); Power Wheelchair Accessories (E0482); Custom Knee/Ankle/Foot Orthotics (L2005); and Cough Stimulating Devices (E0482), all of which were not medically necessary, which had not been purchased by A Perfect Fit For You, Inc. through a wholesaler or manufacturer, and which were never delivered to any recipients. This conduct began in March 2015 and continued through June 2016. This conduct, which is detailed in paragraphs 19 to 59 of the Government's complaint in the Civil Action, is referred to below as the "Covered Conduct."

E. This Settlement Agreement is neither an admission of liability by A Perfect Fit For You, Inc., Margaret A. Gibson, Ronald Wayne Gibson, R. Wayne Gibson, Inc. d/b/a Gibson Construction Co., Inc., RW & MA, LLC., as to any party's allegation(s) herein, nor a concession by the United States or the State of North Carolina 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. Margaret A. Gibson is a party to that civil action bearing Carteret County Superior Court file number 16-CVS-456 and which is currently pending before the North Carolina Business Court ("Business Court" and "Business Court Action"). Certain assets which Margaret A. Gibson intends to liquidate or otherwise use to satisfy her payment obligations under this Agreement are currently subject to an injunction entered in the Business Court Action. Following the execution of this Agreement by all parties, Margaret A. Gibson, through her counsel, will file a pleading requesting that the Business Court dissolve the injunction entered in the Business Court Action so that Margaret A. Gibson may comply with her payment obligations under this Agreement. The Government and A Perfect Fit For You agree not to oppose a request by Margaret A. Gibson that the Business Court dissolve the injunction entered in the Business Court Action. All provisions of this Agreement which relate in any way to Margaret A. Gibson are expressly conditioned upon entry by the Business Court of an order which dissolves the injunction entered in the Business Court Action.

2. Margaret A. Gibson shall pay to the Government the amount of four million dollars (\$4,000,000.00) ("Gibson Settlement Amount"), of which all \$4,000,000.00 is hereby classified as restitution, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Eastern District of North Carolina pursuant to the terms as set forth below. No later than thirty (30) days following the Effective Date of this Agreement or approval from the Business Court, whichever occurs later, Margaret A. Gibson shall pay \$2,500,000.00 (Initial Payment) via electronic funds transfer to the Government, which shall be credited to the Gibson Settlement Amount. The remaining principal balance of \$1,500,000.00 shall be paid by Margaret A. Gibson, due by 5:00 pm U.S. Eastern time on the following dates (Payment Date): (a) no later than twelve (12) months following said Initial Payment, Margaret A. Gibson shall pay \$500,000.00 via electronic funds transfer to be credited by the Government

toward the Gibson Settlement Amount; (b) no later than twenty-four (24) months following said Initial Payment, Margaret A. Gibson shall pay \$500,000.00 via electronic funds transfer to be credited by the Government toward the Gibson Settlement Amount; (c) no later than thirty-six (36) months following said Initial Payment, Margaret A. Gibson shall pay \$500,000.00 via electronic funds transfer to be credited by the Government toward the Gibson Settlement Amount until all remaining outstanding settlement monies are paid in full. There is no grace period for any of the above-described payments. Margaret A. Gibson's failure to pay the amounts due, in full, on the dates described above shall constitute a default of this Agreement (Default). Furthermore, interest payable to the Government on the outstanding balance shall accrue at an annual rate of 2.75% beginning on June 17, 2019, and on each Payment Date all interest shall be deemed immediately due and payable. If Margaret A. Gibson makes timely payments in full, as set forth in the schedule of payments referenced above, the Government will waive its right to collect on any and all interest. If, however, Margaret A. Gibson fails to make a timely payment in full, all accrued interest shall become due and payable immediately, interest shall continue to accrue at an annual rate of 12%, and the United States may take any and all action permitted by law, including as set forth in paragraphs 4, 11, and 13, below.

3. A Perfect Fit For You, Inc., shall pay to the Government the amount of twenty million one hundred thirty eight thousand seven hundred twenty two dollars and seventy cents (\$20,138,722.70) (Corporate Settlement Amount), of which \$10,069,361.35 is restitution, as follows: (1) Any and all monies paid by Margaret A. Gibson to the Government under this Settlement Agreement shall be credited to the Corporate Settlement Amount; and (2) any and all monies paid by A Perfect Fit For You, Inc., toward criminal restitution as part of any criminal plea entered into on behalf of A Perfect Fit For You, Inc., shall be credited and/or offset against the Settlement Amount.



4. Margaret A. Gibson shall provide security as to the entire \$4,000,000.00 payment by signing, contemporaneously with this Agreement, a Consent Judgment for the amount of \$4,000,000.00. That signed Consent Judgment is attached hereto as Exhibit A, and the Government may file it immediately upon Margaret A. Gibson's failure to timely pay the Gibson Settlement Amount (including timely making each installment payment) as described in Paragraph 1, above. In addition, Margaret A. Gibson and Ronald Wayne Gibson agree to execute a Deed of Trust listing the Government as trustee on the real property owned by Margaret A. Gibson and Ronald Wayne Gibson as Tenants by the Entirety, located at 275 Venice Lane, Newport, North Carolina 28570 ("Venice Lane Property"). Said Deed of Trust is attached hereto as Exhibit B and is to be executed and notarized by Margaret A. Gibson and Ronald Wayne Gibson contemporaneously with this Agreement. Upon Margaret A. Gibson's Default on any term of this Agreement, the Government will be entitled to pursue any collection remedies allowed by law and this Agreement, including foreclosure of the Venice Lane Property, for the remaining balance of the Gibson Settlement Amount, including all accrued interest. Furthermore, until the Venice Lane Property is sold by them, Margaret A. Gibson and Ronald Wayne Gibson shall make all mortgage, tax, and other required payments for the property (including bringing the mortgage loan current by paying any and all arrears, accrued interest, costs, and fees), and shall maintain complete homeowner's insurance on the property. Furthermore, Margaret A. Gibson and Ronald Wayne Gibson agree not to take any action that would negatively affect the availability or value of the Venice Lane Property, including but not limited to pledging, encumbering, damaging, destroying, wasting, or in any way lessening the value of the property. Any action to the contrary shall constitute a Default under this Agreement, and the United States may pursue any and all remedies permitted by law, as described in paragraphs 11 and 12.

5. Subject to the exceptions in Paragraph 7 (concerning excluded claims) below and subject to Paragraph 15, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), and conditioned upon Margaret A. Gibson's full payment of the Gibson Settlement Amount, the United States releases Margaret A. Gibson 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. In addition, subject to the exceptions in Paragraph 7 (concerning excluded claims) below and subject to Paragraph 15, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), and conditioned upon Margaret A. Gibson's full payment of the Gibson Settlement Amount, the State of North Carolina releases Margaret A. Gibson from any civil or administrative monetary claim the State of North Carolina has for the Covered Conduct, which may include the North Carolina False Claims Act, N.C.G.S. §1-605, et seq.; or the common law theories of payment by mistake, unjust enrichment, and fraud.

6. Subject to the exceptions in Paragraph 7 (concerning excluded claims) below, and conditioned upon A Perfect Fit For You, Inc.'s full payment of the Corporate Settlement Amount, the United States releases A Perfect Fit For You, Inc. 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. In addition, subject to the exceptions in Paragraph 7 (concerning excluded claims) below, and conditioned upon A Perfect Fit For You, Inc.'s full payment of the



Gibson Settlement Amount, the State of North Carolina releases A Perfect Fit For You, Inc. from any civil or administrative monetary claim the State of North Carolina has for the Covered Conduct under the North Carolina False Claims Act, N.C.G.S. §1-605, et seq.; or the common law theories of payment by mistake, unjust enrichment, and fraud.

7. Notwithstanding the releases given in paragraphs 5-6 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 or permissive exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct; and
- e. Any liability based upon obligations created by this Agreement.

8. Margaret A. Gibson and A Perfect Fit For You, Inc. 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 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.

9. Margaret A. Gibson voluntary exclusion.

- a. in compromise and settlement of the rights of OIG-HHS to exclude Margaret A. Gibson pursuant to 42 U.S.C. § 1320a-7(b)(7), based upon the

Covered Conduct, Margaret A. Gibson 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 five years. The exclusion shall be effective upon the Effective Date of this Agreement.

- b. Such exclusion shall have national effect. Federal health care programs shall not pay anyone for items or services, including administrative and management services, furnished, ordered, or prescribed by Margaret A. Gibson, in any capacity while Margaret A. Gibson is excluded. This payment prohibition applies to Margaret A. Gibson and all other individuals and entities (including, for example, anyone who employs or contracts with Margaret A. Gibson and any hospital or other provider where Margaret A. Gibson provides services). The exclusion applies regardless of who submits the claim or other request for payment. 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. Margaret A. Gibson 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. Margaret A. Gibson waives any further notice of the exclusion and agree not to contest such exclusion either administratively or in any state or federal court.



- c. Reinstatement to program participation is not automatic. If Margaret A. Gibson wishes to be reinstated, she must submit a written request for reinstatement to the OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001-3005. Such request may be made to the OIG-HHS no earlier than 120 days prior to the expiration of the five-year period of exclusion. Reinstatement becomes effective upon application by Margaret A. Gibson, approval of the application by the OIG-HHS, and notice of reinstatement by the OIG-HHS. 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 Margaret A. Gibson's eligibility to participate in these programs.

10. In the event that Margaret A. Gibson or A Perfect Fit for You fails to pay any amount as provided in Paragraphs 2, 3 and 4 within 10 business days of the date on which such payment is due, Margaret A. Gibson and A Perfect Fit for You shall be in default of their payment obligations (Default). In the event of such Default, OIG-HHS may exclude Margaret A. Gibson and A Perfect Fit for You from participating in all Federal health care programs until Margaret A. Gibson and A Perfect Fit for You pay the Settlement Amount and reasonable costs as set forth in Paragraphs 2 through 4, above. OIG-HHS will provide written notice of any such exclusion to Margaret A. Gibson and A Perfect Fit for You. Margaret A. Gibson and A Perfect Fit for You waive any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7), and agree 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 Margaret A. Gibson and A Perfect Fit for You wish to apply for reinstatement, Margaret A. Gibson and A Perfect Fit for You must submit a written request for reinstatement to OIG-HHS in accordance with the provisions of

42 C.F.R. §§ 1001.3001-.3005. Margaret A. Gibson and A Perfect Fit for You will not be reinstated unless and until OIG-HHS approves such request for reinstatement

11. In addition to the remedies provided in paragraph 3, above, if Margaret A. Gibson and/or A Perfect Fit For You, Inc. Default on any of their obligations under this Agreement, the Government may take whatever steps it is entitled to take pursuant to law to enforce the obligations of this Agreement, including but not limited to (1) any and all collection action, and (2) reinstate the Civil Action for the Covered Conduct. In the event the Civil Action is reinstated pursuant to subsection (2) of this paragraph, Margaret A. Gibson and A Perfect Fit For You, Inc. agree not to plead, argue, or otherwise raise any defenses under the theories of statutes of limitations, laches, and estoppel, or similar theories, to the allegations in the complaint, except to the extent such defenses were available to them on the Effective Date of this Agreement. Margaret A. Gibson and A Perfect Fit For You, Inc. shall pay to the United States all reasonable costs of collection and enforcement under this paragraph, including attorneys' fees and expenses.

12. Furthermore, if Margaret A. Gibson and/or A Perfect Fit For You, Inc. Default on any terms under this Agreement, they agree to provide full financial disclosures to the United States. The United States may request, and Margaret A. Gibson and A Perfect Fit For You, Inc. shall provide, any and all documents relating to their financial condition, including but not limited to joint or individual (if filing separately) state and federal tax returns and the tax returns for any businesses that they own, have an interest in, or participate in, including all schedules and attachments; all bank account statements (including copies of deposits and checks), for every bank account to which Margaret A. Gibson and A Perfect Fit For You, Inc. have access or an interest (including but not limited to personal accounts, joint accounts, and business accounts); and an updated financial affidavit for any business that Margaret A. Gibson and A Perfect Fit For You, Inc. own and/or have an interest in.



13. Margaret A. Gibson and Ronald Wayne Gibson have provided sworn financial disclosure statements (Financial Statements) to the Government and the Government has relied on the accuracy and completeness of those Financial Statements in reaching this Agreement. Margaret A. Gibson and Ronald Wayne Gibson warrant that the Financial Statements are complete, accurate, and current. If the Government learns of asset(s) in which Margaret A. Gibson or Ronald Wayne Gibson had an interest at the time of this Agreement that were not disclosed in the Financial Statements, or if the Government learns of any misrepresentation by Margaret A. Gibson or Ronald Wayne Gibson, in connection with, the Financial Statements, and if such nondisclosure or misrepresentation changes the estimated net worth set forth in the Financial Statements by \$1,000 or more, the United States may at its option: (a) rescind this Agreement and reinstate the Civil Action 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 Margaret A. Gibson or Ronald Wayne Gibson previously undisclosed. Margaret A. Gibson and Ronald Wayne Gibson 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.

14. In the event that the United States, pursuant to Paragraph 13 (concerning disclosure of assets), above, opts to rescind this Agreement, Margaret A. Gibson and A Perfect Fit For You, Inc. 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 Government within 90 calendar days of written notification to Margaret A. Gibson and A Perfect Fit For You, Inc. 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 this Agreement.

15. Margaret A. Gibson warrants that she has reviewed her financial situation and that she currently 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 Government of the Gibson Settlement Amount. Further, the Government and Margaret A. Gibson 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 Margaret A. Gibson, 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 Government and Margaret A. Gibson 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 Margaret A. Gibson was 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, Margaret A. Gibson commences, 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 Margaret A. Gibson's debts, or seeking to adjudicate Margaret A. Gibson as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Margaret A. Gibson or for all or any substantial part of Margaret A. Gibson's assets, Margaret A. Gibson agrees as follows:

a. Margaret A. Gibson's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and Margaret A. Gibson shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) Margaret A. Gibson's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Margaret A. Gibson was 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 Margaret A. Gibson.

b. If Margaret A. Gibson'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, the Government, at its sole option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Margaret A. Gibson for the claims that would otherwise be covered by the releases provided in Paragraph 4, above. Margaret A. Gibson agrees 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 Margaret A. Gibson shall not argue or otherwise contend that the United States' claims, actions, or proceedings are subject to an automatic stay; (ii) Margaret A. Gibson 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 Government within 90 calendar days of written notification to Margaret A. Gibson 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; and (iii) the United States has a valid claim against Margaret A. Gibson in the amount of \$34,696,084.05, and the Government 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. Margaret A. Gibson acknowledges that her agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

17. A Perfect Fit For You, Inc. and Margaret A. Gibson fully and finally release the United States and the State of North Carolina, and their agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that A Perfect Fit For You, Inc. and Margaret A. Gibson have asserted, could have asserted, or may assert in the future against the United States and the State of North Carolina, and their agencies, officers, agents, employees, and servants, related to the Covered Conduct and the Governments' investigation and prosecution thereof.

18. 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 (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and A Perfect Fit For You, Inc., and Margaret A. Gibson agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

19. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicaid (e.g., North Carolina Department of Health and Human Services/Division of Health Benefits, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and A Perfect Fit For You, Inc., and Margaret A. Gibson agree not to resubmit to any Medicaid contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

20. A Perfect Fit For You, Inc., and Margaret A. Gibson 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. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of A Perfect Fit For You, Inc., Margaret A. Gibson, 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 investigation of the matters covered by this Agreement;
- (3) A Perfect Fit For You, Inc., and Margaret A. Gibson's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation 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 A Perfect Fit For You, Inc., and Margaret A. Gibson make to the United States pursuant to this Agreement

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 A Perfect Fit For You, Inc. and Margaret A. Gibson, and A Perfect Fit For You, Inc. and Margaret A. Gibson 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 A Perfect Fit For You, Inc. and Margaret A. Gibson

or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: A Perfect Fit For You, Inc. and Margaret A. Gibson 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 Margaret A. Gibson and A Perfect Fit For You, Inc. 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. A Perfect Fit For You, Inc. and Margaret A. Gibson agree that the United States and the State of North Carolina, at a minimum, shall be entitled to recoup from A Perfect Fit For You, Inc. and Margaret A. Gibson 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 and the State of North Carolina reserve its rights to disagree with any calculations submitted by A Perfect Fit For You, Inc. and Margaret A. Gibson or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on A Perfect Fit For You, Inc. and Margaret A. Gibson 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 and the State of North Carolina to audit, examine, or re-examine A Perfect Fit For You, Inc.'s and Margaret A. Gibson's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

21. A Perfect Fit For You, Inc. and Margaret A. Gibson agree to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, A Perfect Fit For You, Inc. and Margaret A. Gibson shall encourage and agree not to impair, the cooperation of their directors, officers, and employees, and shall use their best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. A Perfect Fit For You, Inc. and Margaret A. Gibson further agree to furnish to the United States, upon request, complete and unredacted copies of all documents, reports, memoranda of interviews, and records in their possession, custody, or control, except documents which would be privileged or subject to work product or other protections were they requested by a litigant in a forum governed by the laws of the United States, concerning any investigation of the Covered Conduct that they have undertaken, or that has been performed by another on their behalf.

22. 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 23 (waiver for beneficiaries paragraph), below.

23. A Perfect Fit For You, Inc. and Margaret A. Gibson 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.

24. Except as provided elsewhere in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

25. 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.

26. 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, Eastern Division. 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.

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

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

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

30. This Agreement is binding on A Perfect Fit For You, Inc. and Margaret A. Gibson, and on their successors, transferees, heirs, and assigns.

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

32. 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.

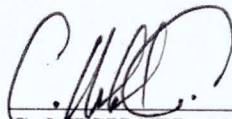


**THE UNITED STATES OF AMERICA**

Robert J. Higdon, Jr.  
UNITED STATES ATTORNEY

DATED: Sept 12, 2019

BY:



C. MICHAEL ANDERSON  
Deputy Chief, Civil Division  
United States Attorney's Office, Eastern District of North  
Carolina  
310 New Bern Avenue  
Federal Building, Ste. 800  
Raleigh, NC 27601

DATED: \_\_\_\_\_

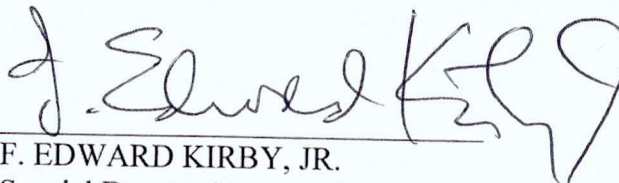
BY:

LISA M. RE  
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**

JOSHUA H. STEIN  
NC Attorney General

DATED: 9-12-19 BY:



F. EDWARD KIRBY, JR.  
Special Deputy Attorney General  
Director, Medicaid Investigations Division  
North Carolina Department of Justice  
5505 Creedmoor Road, Ste. 300  
Raleigh, NC 27612

**MARGARET A. GIBSON**

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
MARGARET A. GIBSON

**RONALD WAYNE GIBSON, R. WAYNE GIBSON, INC., d/b/a GIBSON  
CONSTRUCTION CO., INC.**

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
RONLAD WAYNE GIBSON, individually

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
R. WAYNE GIBSON, INC., d/b/a/ GIBSON  
CONSTRUCTION CO. INC.

**RW & MA, LLC**

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
MARGARET A. GIBSON

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
RONALD WAYNE GIBSON



**THE UNITED STATES OF AMERICA**

Robert J. Higdon, Jr.  
UNITED STATES ATTORNEY

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

C. MICHAEL ANDERSON  
Deputy Chief, Civil Division  
United States Attorney's Office, Eastern District of North  
Carolina  
310 New Bern Avenue  
Federal Building, Ste. 800  
Raleigh, NC 27601

DATED: 09/16/19

BY: \_\_\_\_\_

LISA M. RE  
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**

JOSHUA H. STEIN  
NC Attorney General

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

F. EDWARD KIRBY, JR.  
Special Deputy Attorney General  
Director, Medicaid Investigations Division  
North Carolina Department of Justice  
5505 Creedmoor Road, Ste. 300  
Raleigh, NC 27612

**MARGARET A. GIBSON**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
MARGARET A. GIBSON

**RONALD WAYNE GIBSON, R. WAYNE GIBSON, INC., d/b/a GIBSON  
CONSTRUCTION CO., INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
RONLAD WAYNE GIBSON, individually

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
R. WAYNE GIBSON, INC., d/b/a/ GIBSON  
CONSTRUCTION CO. INC.

**RW & MA, LLC**

DATED: \_\_\_\_\_

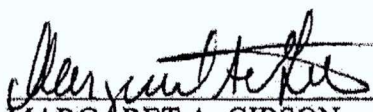
BY: \_\_\_\_\_  
MARGARET A. GIBSON

DATED: \_\_\_\_\_

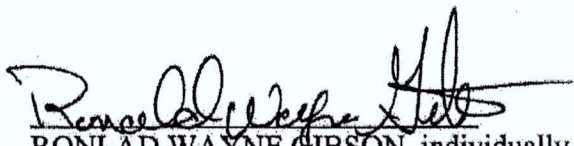
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RONALD WAYNE GIBSON




MARGARET A. GIBSON

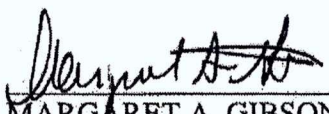
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MARGARET A. GIBSON

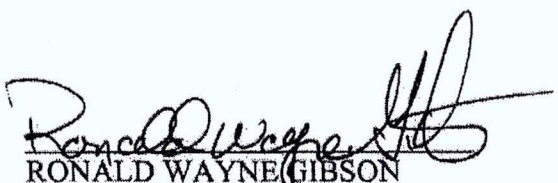
RONALD WAYNE GIBSON, R. WAYNE GIBSON, INC., d/b/a GIBSON  
CONSTRUCTION CO., INC.

DATED: 8-16-19 BY:   
RONLAD WAYNE GIBSON, individually

DATED: 8-16-19 BY:  R. WES.  
R. WAYNE GIBSON, INC., d/b/a/ GIBSON  
CONSTRUCTION CO. INC.

RW & MA, LLC

DATED: 8/16/19 BY:   
MARGARET A. GIBSON

DATED: \_\_\_\_\_ BY:   
RONALD WAYNE GIBSON

DATED: 8/16/19

BY: 

E. BRADLEY EVANS  
Ward and Smith, P.A.  
120 West Fire Tower Road  
Post Office Box 8088  
Winterville, NC 27835-8088  
Counsel for Defendant Margaret A. Gibson

**A PERFECT FIT FOR YOU, INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

M. Douglas Goines  
Court Appointed Receiver for Defendant  
A Perfect Fit For You, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

PHIL MOHR  
Womble Bond Dickinson  
300 N. Greene Street  
Ste. 1900  
Greensboro, NC 27401  
Counsel for Defendant A Perfect Fit For You, Inc.

1141244, v. 1



DATED: \_\_\_\_\_

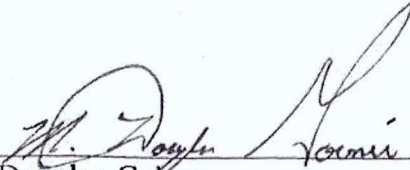
BY: \_\_\_\_\_

E. BRADLEY EVANS  
Ward and Smith, P.A.  
120 West Fire Tower Road  
Post Office Box 8088  
Winterville, NC 27835-8088  
Counsel for Defendant Margaret A. Gibson

A PERFECT FIT FOR YOU, INC.

DATED: 8-21-19

BY: \_\_\_\_\_

  
M. Douglas Gomes  
Court Appointed Receiver for Defendant  
A Perfect Fit For You, Inc.

DATED: 8/21/19

BY: \_\_\_\_\_

  
PHIL MOHR  
Womble Bond Dickinson  
300 N. Greene Street  
Ste. 1900  
Greensboro, NC 27401  
Counsel for Defendant A Perfect Fit For You, Inc.

1141244, v. 1