

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 Corporation for National and Community Service (CNCS) (collectively the “United States”), Maricopa County Community College District (MCCCD), and Christine Hunt (Relator) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. MCCCD is the entity responsible for operation of community colleges in Maricopa County, Arizona.

B. On November 15, 2011, Relator filed a *qui tam* action in the United States District Court for the District of Arizona captioned *United States ex rel. Christine Hunt v. Maricopa County Community College District; Dr. Paula Vaughn and Richard Vaughn*, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). Relator alleged that defendants caused the fraudulent disbursement of AmeriCorps funds. Relator also brought claims relating to the anti-retaliation provisions of the False Claims Act, 31 U.S.C. § 3730(h), including alleged retaliation against Relator when Relator complained about the conduct of MCCCD.

C. The United States contends that it has certain civil claims against MCCCD arising from MCCCD’s participation in administering Project Ayuda, a program based at Paradise Valley Community College and for which federal grants funds were awarded by CNCS through the AmeriCorps State and National program. Specifically, the United States contends that, for the period 2005 through 2011, under

Grant Numbers 05EDHAZ001; 08EDHAZ001; 08EDHAZ0010001; 08EDHAZ0010002;
08EDHAZ0010003; 08EDHAZ0010004; 08EDHAZ0010005; 08EDHAZ0010006;
08EDHAZ0010008; 08EDHAZ0010010; 09REHAZ001; 09REHAZ0010001;
09REHAZ0010002 (the "Grants"), MCCCCD employees did not properly account for
hours worked by AmeriCorps program members, did not obtain and keep required
AmeriCorps member records, and falsely certified MCCCCD-required academic and
training hours as valid national service hours, causing the improper disbursement of
Segal AmeriCorps Education Awards by CNCS to AmeriCorps members. This conduct
is referred to below as the Covered Conduct. The funds themselves as described in the
Covered Conduct are not Unallowable Costs as set forth in Paragraph 12 below.

D. Relator contends that she has certain civil claims against MCCCCD for
employment retaliation in violation of 31 U.S.C. § 3730(h). This conduct is referred to
below as the Employment Covered Conduct.

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

F. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the
proceeds of this Agreement and to Relator's reasonable expenses, attorneys' fees and
costs.

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

TERMS AND CONDITIONS

1. MCCCCD shall pay to the United States four million, eighty-three thousand, three hundred and four dollars and sixty-six cents (\$4,083,304.66) (Settlement Amount), and interest on the Settlement Amount at a rate of one percent (1%) from March 17, 2014, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than thirty (30) days after the Effective Date of this Agreement.

a. Conditioned upon the United States receiving the Settlement Amount from MCCCCD and as soon as feasible after receipt, the United States shall pay seven hundred and seventy-five thousand, eight hundred and twenty-seven dollars (\$775,827), plus 19 percent of the interest on the Settlement Amount, to Relator and her Counsel by electronic funds transfer as will be directed separately by Relator through her Counsel.

2. In addition, MCCCCD agrees to make the following payments to CNCS with respect to administrative claims arising out of the Covered Conduct:

a. MCCCCD shall pay to CNCS eighty-one thousand, nine hundred and twenty-eight dollars and fourteen cents (\$81,928.14) (Current Administrative Claims Amount), by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than thirty (30) days after the Effective Date of this Agreement. The Current Administrative Claims Amount is the sum of the actual Segal AmeriCorps Education Awards certified by MCCCCD under the Grants, but not covered in the Settlement Amount, that were claimed by individuals as of July 22, 2014 (\$45,200.29), and the expected future claims by

individuals for Segal AmeriCorps Education Awards that were certified by MCCCCD under the Grants (\$36,727.85),

b. If the actual future claims by individuals with Segal Education Awards certified by MCCCCD under the Grants exceed forty four-thousand, seventy-three dollars and forty-two cents (\$44,073.42), MCCCCD will pay CNCS for all additional actual future claims in excess of that amount (Future Administrative Claims Amount).

c. In the event that actual future claims meet the conditions in paragraph 2(b), CNCS will make a one-time request for payment to MCCCCD for the Future Administrative Claims Amount no later than December 31, 2020.

3. MCCCCD agrees to pay Relator and her Counsel \$197,500 (the Employment Settlement Amount); \$76,803.50 (hourly Attorneys' Fees); and \$350.00 (Costs) in consideration for the release and dismissal of any and all claims in this Action relating to the Employment Covered Conduct. The foregoing payment shall be made as follows:

a. \$128,725.00 payable to Relator. MCCCCD and Relator agree that this amount shall be for alleged emotional distress damages, which shall not be subject to any withholding.

b. \$69,125.00 payable to Richard J. Harris and Assoc., P.C., for alleged attorneys' fees, costs and expenses in connection with settlement of the Employment Covered Conduct; and \$73,753.42 payable in connection with settlement of Relator's claims arising from the Covered Conduct.

c. \$2,700.08 payable to Robaina and Kresin, PLLC for alleged attorneys' fees, costs and expenses.

d. MCCCCD and Relator agree that MCCCCD shall issue Form 1099s to Relator and Relator's Counsel for any payments made respectively to Relator and Relator's Counsel (i.e., Relator will receive a 1099 for the amount paid to her and not to her lawyers; Relator's Counsel will receive 1099s for the amount paid to them and not each other or to Relator). MCCCCD and Relator further agree that Relator is liable for and will indemnify MCCCCD for taxes, penalties, interest, costs, and legal fees, in the event any error should be found due on account of said payments to her Counsel. Relator acknowledges that MCCCCD nor her Counsel are not undertaking to advise her with respect to any tax issue and that she is responsible for determining the tax consequences of this Agreement.

e. MCCCCD agrees to pay the Employment Settlement Amount to Relator and her Counsel by electronic funds transfers pursuant to written instructions to be provided by Relator's Counsel.

f. MCCCCD agrees to make these electronic funds transfers no later than twenty (20) days after the date of the entry of the Order of the District Court dismissing the case with prejudice.

4. Subject to the exceptions in Paragraph 7 (concerning excluded claims) below, and conditioned upon MCCCCD's full payment of the Settlement Amount, the United States releases MCCCCD, its current and former officers, agents, members and employees, except for Dr. Paula Vaughn, 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 Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the

common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Further, subject to the exceptions in Paragraph 7 (concerning excluded claims) below, and conditioned on MCCCCD's full payment of the Settlement Amount, Current Administrative Claims Amount, and Future Administrative Claims Amount, CNCS releases and agrees to refrain from instituting, directing, or maintaining any administrative action related to the Covered Conduct against MCCCCD, its current and former officers, agents, members and employees, except for Dr. Paula Vaughn, including but not limited to suspension or debarment, subject to the enforcement of Paragraph 2 concerning current and future administrative claims.

6. Subject to the exceptions in Paragraph 7 below, and conditioned upon MCCCCD's full payment of the Settlement Amount and Employment Settlement Amount and Attorneys' Fees and Costs described above in Paragraph 3, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases and forever discharges, to the fullest extent permissible by law, MCCCCD, its current and former officers, agents, members and employees, except Dr. Paula Vaughn, from any and all claims, debts, notes, contracts and potential liabilities, whether known or unknown, foreseen or unforeseen, patent or latent, in contract or tort, for any and all past and future damages, actual or exemplary, that the Relator has, may have, or may bring against MCCCCD, or their affiliates, directors, officers, employees, agents, attorneys, successors and assigns, related either directly or indirectly to the Civil Action, or Relator's employment with MCCCCD, and any claim that could have been brought in the Civil Action through the Effective Date of this Agreement including, but not limited to, any claim brought pursuant to 31

U.S.C. §§ 3729 *et seq.*, including any civil monetary claim the relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733, or any claim under 31 U.S.C. § 3730(h); other than claims for Relator's expenses, attorney's fees and costs. The Relator hereby covenants not to sue or to institute or cause to be instituted any action in any federal, state or local agency or any court or other tribunal against the MCCCCD, or their affiliates, directors, officers, employees, agents, attorneys, successors and assigns (other than Dr. Paula Vaughn), that is related directly or indirectly to the Civil Action or any claim that could have been brought therein through the Effective Date of this Agreement including, but not limited to, any claim brought pursuant to 31 U.S.C. §§ 3729, *et seq.*, except for any claims for attorneys' fees and costs or claims created by this Agreement.

7. Notwithstanding the releases given in paragraphs 4 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. Any administrative liability, including the suspension and debarment right of any federal agency, for any conduct other than the Covered Conduct;
- 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 of individuals (including current or former officers, agents, members and employees of MCCCCD) who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorney's Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct.

8. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the payment described in Paragraph 1(a), Relator and her heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

9. MCCCCD waives and shall not assert any defenses MCCCCD 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. MCCCCD fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that MCCCCD has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

11. MCCCCD and MCCCCD's Counsel hereby fully release and forever discharge, to the fullest extent permissible by law, Relator and her heirs, successors, attorneys, agents and assigns, including Relator's Counsel, from any and all claims, debts, notes, contracts and potential liabilities, whether known or unknown, foreseen or unforeseen, patent or latent, in contract or tort, for any and all past and future damages, actual or exemplary, that MCCCCD and MCCCCD's Counsel have, or may have, against Relator related either directly or indirectly to the Civil Action, including, but not limited to, any claim that could have been brought therein through the Effective Date of this Agreement. MCCCCD and MCCCCD's Counsel hereby covenant not to sue or to institute or cause to be instituted any action in any federal, state or local agency or any court or other tribunal against the Relator that is related directly or indirectly to the Civil Action and any claim that could have been brought therein through the Effective Date of this Agreement, except for claims created by this Agreement. MCCCCD further agrees that it will not pursue any action against any student for claims that might arise from the conduct alleged in the Civil Action. MCCCCD agrees that if asked about Relator by future

employers or others, MCCCCD shall state that as of the date of this Agreement, Relator has maintained the status of "employee in good standing." MCCCCD agrees that Relator may, within 60 days of the payment of all settlement amounts schedule a meeting with one or more of the following: The president of the Board, one other board member of Relator's choosing, two of Relator's friends, the Chancellor of MCCCCD (Rufus Glasper), President of Paradise Valley Community College (Paul Dale) and her lawyer. If Relator chooses to bring a lawyer, she will advise MCCCCD and MCCCCD will have the right to be represented by MCCCCD counsel. Participation of board members shall be subject to their consent. Relator shall have no less than one hour to present her thoughts, comments and feelings about her experience as a whistleblower and her recommendation for policy and practice improvements.

12. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of MCCCCD, and its present or former officers, directors, employees, members, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- (3) MCCCCD'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; or
- (5) the payments MCCCCD makes to the United States pursuant to this Agreement and any payments that MCCCCD may make to Relator, including costs and attorneys fees,

are unallowable costs for government contracting or federal financial assistance purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by MCCCCD, and MCCCCD shall not charge such Unallowable Costs directly or indirectly to any contract or federal financial assistance agreement with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, MCCCCD shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by MCCCCD or any of its subsidiaries or affiliates from the United States. MCCCCD agrees that the United States, at a minimum, shall be entitled to recoup from MCCCCD any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine MCCCCD's books and records and to disagree with any calculations submitted by MCCCCD or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by MCCCCD, or the effect of any such Unallowable Costs on the amount of such payments.

13. This Agreement is intended to be for the benefit of the Parties and their counsel only.

14. Upon receipt of the payments described in Paragraph 1 and 2(a), above, the Parties shall promptly, but no later than 5 business days following receipt of the payments described in Paragraphs 1 and 2(a), sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

15. Other than the payments described herein for Relator's claim for attorneys' fees and costs under 31 U.S.C. § 3730(d), each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. 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.

17. This Agreement is governed by the laws of the United States, except for any claim between MCCCCD and Relator relating to the Employment Settlement Amount, which is governed by the laws of the State of Arizona. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Arizona. 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.

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

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

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

21. This Agreement is binding on MCCC'D's successors, transferees, heirs, and assigns.

22. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

24. 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.

THE UNITED STATES OF AMERICA

DATED: 11/11/14 BY: 
Patrick Klein
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

CORPORATION FOR NATIONAL AND COMMUNITY
SERVICE

DATED: 11/25/14 BY: 
Jeffrey Page
CMCS Chief Operating Officer

MARICOPA COUNTY COMMUNITY
COLLEGE DISTRICT

DATED: 11-26-14 BY: Margaret E. McConnell
MARGARET E. MCCONNELL

ASSISTANT GENERAL COUNSEL

DATED: 12/1/14 BY: Leigh Manasevit
Leigh Manasevit
Counsel for MCCC

Christine Hunt - RELATOR

DATED: _____ BY: _____
Christine Hunt

DATED: _____ BY: _____
Richard Harris
Counsel for Christine Hunt

MARICOPA COUNTY COMMUNITY
COLLEGE DISTRICT

DATED: _____ BY: _____

DATED: _____ BY: _____
Leigh Manasevit
Counsel for MCCCCD

Christine Hunt - RELATOR

DATED: 11/20/14 BY: Christine Hunt
Christine Hunt

DATED: _____ BY: _____
Richard Harris
Counsel for Christine Hunt

MARICOPA COUNTY COMMUNITY
COLLEGE DISTRICT

DATED: _____ BY: _____

DATED: _____ BY: _____
Leigh Manasevit
Counsel for MCCC

Christine Hunt - RELATOR

DATED: _____ BY: _____
Christine Hunt

DATED: 11/21/14 BY: 
Richard Harris
Counsel for Christine Hunt