

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among The J.L. Gray Company, Logan Estates 2017, LLLP; Parkside Manor Limited Partnership and JLG Properties LLC (collectively, “J.L. Gray”), and Margaret McGuinn (collectively, the “Parties”), through their authorized representatives.

RECITALS

A. On January 13, 2020, McGuinn filed a qui tam action in the United States District Court for the District of New Mexico captioned *United States ex rel. McGuinn v. J.L. Gray Company, Inc., et al.* pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). The operative complaint is the First Amended Complaint, filed on December 21, 2020

B. McGuinn contends that she has certain civil claims, asserted on behalf of the United States, against J.L. Gray arising from J.L. Gray’s knowingly false statements that at least 57 apartment communities owned or operated by J.L. Gray comply with the accessibility requirements of the Rehabilitation Act of 1973 and the Fair Housing Act from January 13, 2014 through the present. (the “Covered Conduct”). J.L. Gray denies all allegations.

C. McGuinn claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement 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 Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. J.L. Gray shall pay to the United States \$350,000 (“Settlement Amount”), of which \$150,000 is restitution, by electronic funds transfer (pursuant to written instructions to be provided by the Civil Division of the U.S. Department of Justice), no later than 45 days after the Effective Date of this Agreement.

2. Pursuant to 31 U.S.C. §3730(d)(2), J.L. Gray shall pay the sum of \$100,000 for Relator’s attorneys’ fees, costs and expenses (“Relator Expenses”) to Relator’s counsel no later than 45 days after the Effective Date of this Agreement, pursuant to written instructions to be provided by Relator’s counsel.

3. Subject to the exceptions in Paragraph 6 below, and upon the United States’ receipt of the Settlement Amount, McGuinn, for herself and for her heirs, successors, attorneys, agents, and assigns, releases J.L. Gray from 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.

4. For the avoidance of doubt, claims and rights of the United States are not released by this Agreement, including but not limited to: a.

Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency; or

d. Any liability of individuals.

5. 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 J.L. Gray, and 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 investigation(s) of the matters covered by this Agreement;
- (3) J.L. Gray's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment J.L. Gray makes to the United States pursuant to this Agreement and any payments that J.L. Gray may make to Relator, including costs and attorneys fees,

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

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by J.L. Gray, and J.L. Gray shall not charge such Unallowable Costs directly or indirectly to any contract with the United States or in any other manner.

c. Treatment of Unallowable Costs Previously Submitted for

Payment: Within 90 days of the Effective Date of this Agreement, J.L. Gray shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by J.L. Gray or any of its subsidiaries or affiliates from the United States. J.L. Gray agrees that the United States, at a minimum, shall be entitled to recoup from J.L. Gray 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 J.L. Gray's books and records and to disagree with any calculations submitted by J.L. Gray or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by J.L. Gray, or the effect of any such Unallowable Costs on the amount of such payments.

6. Upon receipt of the payments described in Paragraphs 1 and 3, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1), which dismissal shall be without prejudice to the United States.

7. McGuinn 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. § 37309(C)(2)(B).

8. 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 District New Mexico. 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.

9. This Agreement constitutes the complete agreement between the Parties. This agreement supersedes in all respects all prior, partial, or preliminary agreements between the parties related to this matter, including the document titled “Partial Settlement and Cooperation Agreement” effective May 27, 2023. This Agreement may not be amended except by written consent of the Parties.

10. Nothing in this agreement shall be construed to prohibit J.L. Gray from using operating account(s) if funds permit, within all applicable rules and regulations for such accounts. J.L. Gray shall seek agency approval to draw upon its reserve account(s) for accessibility inspections or repairs to the 57 properties at issue in this suit in accordance with applicable rules and regulations, including 7 CFR 3560.306 and 3560, as well as USDA Rural Development Handbook 2-3560.

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

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

13. This Agreement is binding on J.L. Gray’s successors, transferees, heirs, and assigns.

14. This Agreement is binding on McGuinn’s successors, transferees, heirs, and assigns.

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

16. 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.

DEFENDANT

DATED: _____ BY: _____
Bobby C. Griffith

DATED: _____ BY: _____

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Attorneys for The J.L. Gray Company, Logan Estates 2017,
LLLP; Parkside Manor Limited Partnership and JLG
Properties LLC

RELATOR

DATED: _____ BY: _____
Margaret McGuinn

DATED: _____ BY: _____

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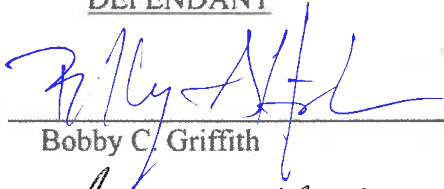
Attorneys for Margaret McGuinn

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DEFENDANT

DATED: 9/6/2024 BY:


Bobby C. Griffith

DATED: 9/9/2024 BY:



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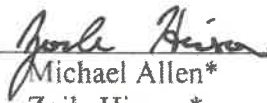
Attorneys for The J.L. Gray Company, Logan Estates 2017,
LLLP; Parkside Manor Limited Partnership and JLG
Properties LLC

RELATOR

DATED: 9/28/24 BY:


Margaret McGuinn

DATED: 8/28/24 BY:


Michael Allen*
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