

STATE SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (the “Agreement”) is entered into between the State of Hawaii (“the State”) and Precision Toxicology, LLC d/b/a Precision Diagnostics, Inc. (“Precision Diagnostics”), Precision Toxicology Holdings, Inc., and PT Intermediate Holdings, Inc. (collectively “Precision” or “Settling Parties”), (hereafter collectively the State and Settling Parties are referred to as “the Parties”), through their authorized representatives.

II. PREAMBLE

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

A. Precision Diagnostics is a toxicology laboratory that markets and performs laboratory urine drug testing (UDT) nationwide, primarily for substance use disorder and pain management providers. Precision Diagnostics is a California limited liability corporation authorized to do business throughout the United States with its principal place of business located in San Diego, California. Precision Toxicology Holdings, Inc. is the majority shareholder of Precision Diagnostics. PT Intermediate Holdings, Inc. is a minority shareholder that maintains approximately 35% ownership of Precision Diagnostics.

B. On May 25, 2018, Bryce Hudak filed a *qui tam* action in the United States District Court for the District of Maryland captioned *United States and Maryland ex rel. Hudak v. Precision Toxicology, LLC d/b/a Precision Diagnostics*, Civil Action No. ELH-18-1510, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b), (“Hudak Civil Action”). On April 19, 2019, [Under Seal] filed a *qui tam* action in the United States District Court for the District of Colorado, Case Number [Under Seal], captioned *United States and Colorado ex rel. [Under Seal] v. [Under Seal]*, which was later amended on September 16, 2019, (“Colorado Civil Action”). On

February 19, 2021, Elizabeth Buonauro filed a *qui tam* action pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b), (“Buonauro Civil Action”). On December 21, 2021, the Buonauro Civil Action was transferred to the United States District Court for the District of Maryland and an amended complaint was filed captioned *United States, Illinois and Minnesota ex rel. Buonauro v. Precision Diagnostics*, Civil Action No. ELH-21-3231. The United States intends to partially intervene in the Hudak Civil Action, partially intervene in the Buonauro Civil Action, and partially intervene in the Colorado Civil Action as to Precision only.

These *qui tam* actions will be referred to collectively as the “Civil Actions.”

C. The Settling Parties have entered into a separate civil settlement agreement (the “Federal Settlement Agreement”) with the “United States of America” (the “United States”).

D. The State contends that the Settling Parties caused claims for payment to be submitted to the State’s Medicaid Program (42 U.S.C. Chapter 7 Subchapter XIX), including “managed care entities” as defined by 42 U.S.C. § 1396u-2.

E. The State contends that it has certain civil and administrative causes of action against the Settling Parties for engaging in the following conduct (the “Covered Conduct”):

From January 1, 2013, until December 31, 2022, knowingly submitting or causing the submission of false claims to the State’s Medicaid Program for UDT that was not medically reasonable and necessary for the diagnosis or treatment of an illness or injury or to improve the functioning of a malformed body member. Specifically, the State contends that Settling Parties developed and implemented a policy and practice of utilizing non-allowable blanket orders for UDT without any physician making an individualized determination that the UDT was medically necessary or reasonable for the particular patients for whom the tests were ordered. The medically unreasonable and unnecessary UDT was performed by Precision, and the resulting false claims were submitted to the State’s Medicaid Program by Precision, from January 1, 2013, until December 31, 2022. Precision submitted these UDT claims to the State’s Medicaid Program using the Current Procedural Terminology and Healthcare Common Procedure Coding System codes found in Exhibit A. In

addition, the State contends that, during the period of January 1, 2013, through June 30, 2014, Precision provided free point-of-care UDT cups to physicians in exchange for UDT referrals, in violation of the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b). Collectively, the foregoing claims and conduct described in this paragraph is referred to below as the "Covered Conduct."

By engaging in this conduct, the Settling Parties knowingly submitted or caused the submission of false and/or fraudulent claims to the State's Medicaid Program, in violation of the False Claims Act 31 U.S.C. § 3729 *et seq.*, and relevant state statutes.

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

G. The Parties mutually desire to reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

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

1. Settling Parties agree to pay to the United States and the Medicaid Participating States (as defined in sub-paragraph (e) and subject to the non-participating state deduction provision of sub-paragraph (f) below), collectively, the sum of \$27,000,000.00 (the "Settlement Amount"). The Settlement Amount shall constitute a debt immediately due and owing to the United States and the Medicaid Participating States on the "effective date" of the Federal Settlement Agreement, as defined therein and subject to the terms of this Agreement. The debt shall forever be settled by payments to the United States and the Medicaid Participating States under the following terms and conditions:

(a) Settling Parties shall pay to the United States the sum of \$18,286,680.59 plus interest at the rate of four and a quarter percent (4.25%) per annum from January 1, 2024, until the day before full payment is made, pursuant to terms of the Federal Settlement Agreement.

(b) The total Medicaid recovery for the Covered Conduct is \$17,782,284.51 consisting of \$8,713,319.41 for the states pursuant to this Agreement and \$9,068,965.10 for the United States pursuant to the Federal Settlement Agreement. Settling Parties shall pay to the Medicaid Participating States the sum of \$8,713,319.41 plus accrued interest on that amount of 4.25% per annum from January 1, 2024, all of which is restitution, (the “Medicaid State Settlement Amount”), in 5 payments as set forth in the Medicaid State Settlement Amount Payment Schedule (“Payment Schedule”) attached as Exhibit B. Payments of the Medicaid State Settlement Amount pursuant to Exhibit B shall be deposited by electronic funds transfer to the New York State Attorney General’s National Global Settlement Account, for the benefit of the Medicaid Participating States, pursuant to written instructions from the state negotiating team (the “State Team”), which written instructions shall be delivered to counsel for Settling Parties. The State shall be deemed to have been paid its state-specific share of each installment Payment in satisfaction of the obligations in Paragraph 1(f) upon receipt and deposit of each installment Payment via the electronic fund transfers into the New York State Attorney General’s National Global Settlement Account. This electronic fund transfer shall constitute tender and negotiation of an installment payment of the State Amount as defined in Paragraph 1(f) below.

(c) The portion of the Medicaid State Settlement Amount payable after the First Installment Payment shall be secured pursuant to Letter of Credit No. [pending], in the form of Exhibit C, that Settling Parties shall cause to be issued within two business days of the Effective Date of the last Medicaid Participating State Agreement. Settling Parties may, with the prior written

approval of the Medicaid Participating States, cause to be issued a substitute Letter of Credit of like terms and conditions. If Letter of Credit No. [pending] is set to expire before the entire outstanding balance due under the Agreement is paid, Settling Parties shall, within 30 days of the Medicaid Participating States providing notice to Settling Parties that Letter of Credit No. [pending] (Exhibit C) will not be automatically extended without amendment at any point prior to the Final Expiration Date of the Letter of Credit, cause to be issued a substitute Letter of Credit of like terms and conditions. The Final Expiration Date of the Letter of Credit shall be at least four years following the date on which the Letter of Credit is issued. If Letter of Credit No. [pending] (Exhibit C) is not automatically extended without amendment at any point prior to the Final Expiration Date of the Letter of Credit, and the Settling Parties have not caused to be issued a substitute letter of credit of like terms and conditions as specified in this subparagraph, all remaining payments of the Medicaid State Settlement Amount owed pursuant to the Agreement and as specified in Exhibit B shall be accelerated and become immediately due and payable. If Letter of Credit No. [pending] (Exhibit C) is not automatically extended without amendment at any point prior to the Final Expiration Date of the Letter of Credit, the Medicaid Participating States shall be entitled to draw on Letter of Credit No. [pending] (Exhibit C) for any remaining balance of the Medicaid State Settlement Amount not yet paid.

(d) If Precision or any of its affiliates are sold, merged, or transferred, or a significant portion of the assets of Precision or of any of its affiliates is sold, merged, or transferred into another non-affiliated entity, Settling Parties shall promptly notify the United States and the Medicaid Participating States, and all remaining payments of the Medicaid State Settlement Amount owed pursuant to the Agreement, and as specified in Exhibit B, shall be accelerated and become immediately due and payable. If Settling Parties are not able to make all remaining

payments of the Medicaid State Settlement Amount pursuant to the Agreement and as specified in Exhibit B within 30 days, the Medicaid Participating States shall be entitled to draw on Letter of Credit No. [pending] (Exhibit C) for any remaining balance of the Medicaid State Settlement Amount not yet paid.

(e) Settling Parties shall execute a State Settlement Agreement with any State that executes such an Agreement in the form to which Settling Parties and the State Team have agreed, or in a form otherwise agreed to by Settling Parties and an individual State. The State shall constitute a Medicaid Participating State provided this Agreement is fully executed by the State and delivered to Settling Parties' attorneys within 60 days of receiving this Agreement. Settling Parties' offer to resolve this matter with the State shall become null and void absent written agreement between counsel for Settling Parties and the State Team to extend the 60-day period.

(f) The total portion of the amount paid by Settling Parties in settlement for the Covered Conduct for the State is \$177,306.82, consisting of a portion paid to the State under this Agreement and another portion paid to the United States as part of the Federal Settlement Agreement. The amount allocated to the State under this Agreement is the sum of \$101,416.16 plus applicable interest (the "State Amount"), of which \$101,416.16 is restitution. If the State does not execute this Agreement within 60 days of receiving this Agreement, the State Amount shall be deducted from the Medicaid State Settlement Amount and shall not be paid by the Settling Parties absent written agreement between counsel for Settling Parties and the State Team to extend the time period for executing this Agreement.

(g) The Medicaid State Settlement Amount, or any portion thereof, may be prepaid without premium or penalty. If Settling Parties elect to prepay the Medicaid State

Settlement Amount, or any portion thereof, interest shall accrue through the date on which Settling Parties make said prepayment.

2. Contingent upon receipt of the first installment payment of the State Amount, the State agrees to dismiss without prejudice any state law claims which the State has the authority to dismiss currently pending against Settling Parties in State or Federal Courts for the Covered Conduct.

3. Subject to the terms and conditions of this Agreement, including, without limitation, the exceptions in Paragraph 4 below and the right to pursue the Civil Action(s) or file a new suit based on the Covered Conduct to the extent provided in Paragraphs 5 and 6 below, and in consideration of the obligations of Settling Parties set forth in this Agreement, and conditioned upon receipt of the State Amount in full in accordance with the terms of this Agreement and the passage of 91 days, the State agrees to release Settling Parties from any civil or administrative monetary cause of action that the State has for any claims submitted or caused to be submitted to the State's Medicaid Program for the Covered Conduct.

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

- (a) any criminal, civil, or administrative liability arising under state revenue codes;
- (b) any criminal liability;
- (c) any civil or administrative liability that any person or entity has or may have to the State or to individual consumers or state program payors under any statute, regulation, or rule not expressly covered by the release in Paragraph 3 above, including, but not limited to, any and all of the following claims: (i) claims involving unlawful or illegal conduct based on State or federal

antitrust violations; and (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;

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

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

(f) except as explicitly stated in this Agreement, any administrative liability or right, including exclusion from the State's Medicaid Program;

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

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

(i) any liability for failure to deliver goods or services due; or

(j) any liability of individuals.

5. Settling Parties provided sworn financial disclosures and supporting documents (together "Financial Disclosures") to the United States, and the State has relied on the accuracy and completeness of those Financial Disclosures in reaching this State Settlement Agreement. Settling Parties warrant that the Financial Disclosures are complete, accurate, and current as of the Effective Date of this Agreement. If the State learns of asset(s) in which Settling Parties had an interest of any kind at the time of this State Settlement Agreement (including, but not limited to, promises by insurers or other third parties to satisfy Settling Parties' obligations under this Agreement) that were not disclosed in the Financial Disclosures, or if the State learns of any false statement or misrepresentation by Settling Parties on, or in connection with, the Financial Disclosures, and if such nondisclosure, false statement, or misrepresentation changes the estimated net worth set forth in the Financial Disclosures by \$2,000,000.00 or more, the State may at its

option: (a) rescind this State Settlement Agreement and reinstate its suit or file suit based on the Covered Conduct, with any recovery reduced by the amount of any payments previously made by Settling Parties to the State under this Agreement or (b) commence an action to collect the full State Amount in accordance with the Agreement plus one hundred percent (100%) of the net value of Settling Parties' previously undisclosed assets. Settling Parties agree not to contest any collection action undertaken by the State pursuant to this provision and agree that they will immediately pay to the State the greater of (i) a ten-percent (10%) surcharge of the amount collected in the collection action, or (ii) the State's reasonable attorneys' fees and expenses incurred in such a collection action, to the extent allowed under applicable law.

6. The State Amount represents the amount the State is willing to accept in compromise of its civil claims arising from the Covered Conduct due solely to Settling Parties' financial condition as reflected in the Financial Disclosures referenced in Paragraph 5.

(a) In the event that Settling Parties fail to pay any portion of the Medicaid State Settlement Amount as provided in Paragraph 1 above and Exhibit B incorporated therein, or fail to obtain a substitute Letter of Credit of like terms and conditions as specified in Paragraph (1)(c) within 30 days of the Medicaid Participating States providing notice that Letter of Credit No. [pending] (Exhibit C) will not be automatically extended without amendment at any point prior to the Final Expiration Date of the Letter of Credit, Settling Parties shall be in default of Settling Parties' payment obligations ("Payment Default") under this Agreement. In such event, the State will provide Settling Parties with a written "Notice of Payment Default," and Settling Parties shall have an opportunity to cure such Payment Default (the "Cure Payment") within seven (7) calendar days from the date of receipt of the Notice of Payment Default by making all Installment Payments due through the date of the Notice of Payment Default together with all interest accrued and

accruing under this Agreement up to the date of the Cure Payment. Any such Cure Payment shall be paid in accordance with Exhibit B. The Notice of Payment Default will be delivered to Settling Parties in accordance with Paragraph 26 of this Agreement. If Settling Parties fail to cure the Payment Default within seven (7) business days of receiving the Notice of Payment Default and in the absence of an agreement with the State to a modified payment schedule, then without further notice, the unpaid balance of the State Amount shall become immediately due and payable, and interest on such unpaid balance shall thereafter accrue at the rate of 12% per annum (“Default Interest”), compounded daily from the date of the Payment Default, on the remaining unpaid total (principal and interest balance).

(b) In the event of an uncured Payment Default, Settling Parties agree that the State, at its sole discretion, may: (i) retain any payments previously made, rescind this Agreement (in which event, automatically from and after the date of such rescission, and without further action or notice by any party, Settling Parties’ obligation pursuant to Paragraph 1 above to pay any remaining balance of the State Amount shall be deemed null and void) and pursue the Civil Actions, file suit based on the Settling Parties’ Covered Conduct or bring any civil and/or administrative claim, action, or proceeding against Settling Parties for the claims that would otherwise be covered by the release provided in Paragraph 3 above, with any recovery reduced by the amount of any payments previously made by Settling Parties to the State under this Agreement; (ii) take any action to enforce this Agreement; (iii) offset the unpaid balance of the State Amount from any amounts due and owing to Settling Parties and/or affiliated companies by any department, agency, or agent of the State at the time of Payment Default or subsequently; and/or (iv) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. The State shall be entitled to any other rights granted by law or in equity by reason of

Payment Default, including referral of this matter for private collection. In the event the State pursues a collection action, Settling Parties agree immediately to pay the State the greater of (I) a ten-percent (10%) surcharge of the amount to be collected, or (II) the State's reasonable attorneys' fees and expenses incurred in such an action, in each case, to the extent allowed under applicable law. In the event that, pursuant to this Paragraph 6, the State opts to rescind this Agreement, Settling Parties waive, and agree not to plead, argue, or otherwise raise, the defenses of res judicata and collateral estoppel or any defenses under the theories of statute of limitations, laches, waiver, discharge, estoppel, release, accord and satisfaction or similar theories in response to any claims that relate to the Settling Parties' Covered Conduct asserted by the State in the Civil Actions, or in any other action with respect to any civil or administrative claims that are filed by the State within one hundred and twenty (120) calendar days of written notification by the State to Settling Parties that this Agreement has been rescinded. Settling Parties agree not to contest any offset, recoupment, and/or collection action undertaken by the State pursuant to this Paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the State.

(c) In the event of an uncured Payment Default, the State may exclude Settling Parties from participating in the State Medicaid Program until Settling Parties pay the State Amount, with interest and reasonable costs as set forth above ("Exclusion for Default"). The State will provide written notice of any such Exclusion for Default to Settling Parties. Settling Parties waive any further notice of the Exclusion for Default under state law 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, Settling Parties wish to apply for reinstatement, they must submit a written request for reinstatement to the State in accordance with

the provisions of state law. Settling Parties will not be reinstated unless and until the State approves such request for reinstatement. The remedy of Exclusion for Default is in addition to, and not in lieu of, any other remedies identified in this Agreement or otherwise available.

7. Settling Parties waive and shall not assert any defenses it may have to criminal prosecution or administrative action for the Covered Conduct, which defenses may be based in whole or in part on a contention, under the Double Jeopardy Clause of the Fifth Amendment of the U.S. Constitution or the Excessive Fines Clause of the Eighth Amendment of the U.S. Constitution, that this Agreement bars a remedy sought in such criminal prosecution or administrative action.

8. In consideration of the obligations of the State set forth in this Agreement, Settling Parties waive and discharge the State and any of its agencies, departments, and personnel including, but not limited to, officials, employees, and agents, whether current or former in their official and individual capacities from any causes of action (including attorneys' fees, costs, and expenses of every kind and however denominated) which the Settling Parties have against the State and any of its agencies, departments, and personnel as previously referenced arising from the State's investigation and prosecution of the Covered Conduct.

9. The amount that Settling Parties must pay to the State pursuant to Paragraph 1 above will not be decreased as a result of the denial of any claims for payment now being withheld from payment by the State's Medicaid Program, or any other state program payor, for the Covered Conduct; and Settling Parties agree not to resubmit to the State's Medicaid Program or any other state program payor, any previously denied claims, which denials were based on the Covered Conduct, and agrees to withdraw the appeal of, or not to appeal or cause the appeal of, any such denials of claims.

10. Settling Parties shall not seek payment for any claims for reimbursement to the State's Medicaid Program covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors.

11. The Parties each represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

12. Settling Parties agree to cooperate fully and truthfully with any State investigation of individuals or entities not released in this Agreement. Upon reasonable notice of such an investigation, Settling Parties 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 and of Settling Parties. Upon request, Settling Parties agree to furnish to the State complete and unredacted copies of all non-privileged documents including, but not limited to, 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, as well as complete and unredacted copies of any other non-privileged documents in its possession, custody, or control relating to the Covered Conduct. Settling Parties shall be responsible for all costs it may incur in complying with this paragraph.

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

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

15. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of the State's revenue code.

16. The State Amount represents the amount the State is willing to accept in compromise of its civil claims arising from the Covered Conduct due to Settling Parties' financial condition as reflected in the Financial Disclosures referenced in Paragraph 5 above.

17. In exchange for valuable consideration provided in this State Settlement Agreement, Settling Parties acknowledge the following:

(a) Settling Parties have reviewed their financial situation and are currently 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 State of the State Amount.

(b) In evaluating whether to execute this State Settlement Agreement, the Parties (i) intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Settling Parties, within the meaning of 11 U.S.C. §547(c)(1), and (ii) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.

(c) The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do, in fact, constitute a reasonably equivalent exchange of value.

(d) The Parties do not intend to hinder, delay, or defraud any entity to which Settling Parties were or became indebted to on or after the date of any transfer contemplated in this State Settlement Agreement, within the meaning of 11 U.S.C. § 548(a)(1).

(e) If Settling Parties' obligations under this State Settlement Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, or if, before the State Amount is paid in full, Settling Parties or a third party commence a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (i) seeking to have any order for relief of Settling Parties' debts, or to adjudicate Settling Parties as bankrupt or insolvent; or (ii) seeking appointment of a receiver, trustee, custodian, or other similar official for Settling Parties or for all or any substantial part of Settling Parties' assets:

(A) the State may rescind the releases in this State Settlement Agreement and bring any civil and/or administrative claim, action, or proceeding against Settling Parties for the claims that would otherwise be covered by the releases provided in Paragraph 3 above; and

(B) the State has an undisputed, noncontingent, and liquidated claim against Settling Parties in the amount of \$304,248.48, less any payments received pursuant to this State Settlement Agreement, provided, however, that such payments are not otherwise avoided and recovered from the State by Settling Parties, a receiver, trustee or custodian, or similar official for Settling Parties.

(f) Settling Parties agree that any civil and/or administrative claim, action, or proceeding brought by the State under Paragraph 17(e) is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the State's police and regulatory power. Settling Parties shall not argue or otherwise contend that the State's claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consent to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Settling Parties waive and 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 claim, action, or proceeding brought by the State within 120 days of written notification to Settling Parties 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.

18. In addition to all other payments and responsibilities under this Agreement, Settling Parties agree to pay the State Team's reasonable expenses and fees, including travel costs, consultant expenses, and administrative fees. Settling Parties will pay this amount by separate check made payable to the National Association of Medicaid Fraud Control Units, after the Medicaid Participating States execute their respective Agreements, or as otherwise agreed by the Parties.

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

20. The undersigned Settling Parties' signatories represent and warrant that they are authorized as a result of appropriate corporate action to execute this Agreement. The undersigned State signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement on behalf of the State through their respective agencies and departments.

21. The Effective Date of this Agreement shall be the date of signature of the last signatory to this Agreement. The facsimile, email or other electronically delivered signatures of the parties shall be deemed to constitute acceptable binding signatures for purposes of this Agreement, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

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

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


24. This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same Agreement. Forbearance by the State from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement.

25. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by the Parties to this Agreement and shall not, therefore, be construed against any of the Parties for that reason. The recitals in Section I (Parties) and Section II (Preamble) are agreed to by the Parties. The headings of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

26. All notices or other writings required by this Agreement shall be given via overnight mail service, and/or email to the State as indicated in Exhibit D and to Settling Parties at the following address(es):

Miguel Gallego
Precision Diagnostics
4215 Sorrento Valley Blvd Ste. 100
San Diego, CA 92121

STATE OF HAWAII

By:  Dated: Sep 4, 2024

Landon M.M. Murata

Name

Director, Medicaid Fraud Control Unit

Title

Department of the Attorney General

Organization

By:  Dated: Sep 4, 2024

Judy Mohr Peterson, PhD.

Name

Med-QUEST Division Administrator

Title

Department of Human Services

Organization

**PRECISION TOXICOLOGY, LLC d/b/a PRECISION DIAGNOSTICS, INC.,
PRECISION TOXICOLOGY HOLDINGS, INC., PT INTERMEDIATE HOLDINGS,
INC.**

By:  Dated: 9/25/24

Miguel Gallego

Name

CEO

Title

Precision Toxicology

Organization

By:  Dated: 9/25/24

Settling Parties

Counsel to

(May need multiple blocks)

EXHIBIT A

PRESUMPTIVE BILLING CODES

80304
80307
G0479

DEFINITIVE BILLING CODES

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EXHIBIT B

Settling Parties will pay the Settlement Amount to the United States and the Medicaid Participating States in five installment payments as follows:

- 1) \$7,800,000.00 (“First Installment Payment”), with \$5,282,818.84 plus accrued interest paid to the United States within 1 day of the Effective Date of the Federal Settlement Agreement and \$2,517,181.16 plus accrued interest paid to the Medicaid Participating States, according to their respective State Amount, within 1 day of the Effective Date of each Medicaid Participating State’s Agreement;
- 2) \$4,800,000.00 on July 1, 2025 (“Second Installment Payment”), with \$3,250,965.44 plus accrued interest paid to the United States and \$1,549,034.56 plus accrued interest paid to the Medicaid Participating States;
- 3) \$4,800,000.00 on July 1, 2026 (“Third Installment Payment”), with \$3,250,965.44 plus accrued interest paid to the United States and \$1,549,034.56 plus accrued interest paid to the Medicaid Participating States;
- 4) \$4,800,000.00 on July 1, 2027 (“Fourth Installment Payment”), with \$3,250,965.44 plus accrued interest paid to the United States and \$1,549,034.56 plus accrued interest paid to the Medicaid Participating States; and
- 5) \$4,800,000.00 on July 1, 2028 (“Fifth Installment Payment”), with \$3,250,965.43 plus accrued interest paid to the United States \$1,549,034.57 plus accrued interest paid to the Medicaid Participating States.

EXHIBIT C

FIRST-CITIZENS BANK & TRUST COMPANY

THIS IS A DRAFT FOR DISCUSSION PURPOSES ONLY. IT DOES NOT REPRESENT A LIABILITY OF FIRST CITIZENS BANK AND TRUST CO, AS ISSUER, AT THIS TIME. ANY LETTER OF CREDIT ISSUED WILL BE PRINTED ON BANK LETTERHEAD WITH ISSUED LC NUMBER.

(D R A F T)

IRREVOCABLE STANDBY LETTER OF CREDIT NO. S9XXXXX

DRAFT DATE: [DATE], 2024

APPLICANT:
PRECISION TOXICOLOGY, LLC
4215 SORRENTO VALLEY BLVD., SUITE 100
SAN DIEGO, CA 92121

BENEFICIARY:
MEDICAID PARTICIPATING STATES
C/O DIRECTOR
MEDICAID FRAUD AND VUNERABLE VICTIMS UNIT
MARYLAND OFFICE OF THE ATTORNEY GENERAL
200 ST. PAUL PLACE, 18TH FLOOR
BALTIMORE, MD 21202

EXPIRATION DATE: [DATE], 2025
LETTER OF CREDIT AMOUNT: \$6,196,138.25

WE HEREBY OPEN OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. S9XXXXX IN FAVOR OF THE BENEFICIARY (“YOU” OR “YOUR”) FOR THE ACCOUNT OF PRECISION TOXICOLOGY, LLC, AND AUTHORIZE YOU TO DRAW ON US AT SIGHT TO THE EXTENT OF USD6,196,138.25 (SIX MILLION ONE HUNDRED NINETY-SIX THOUSAND ONE HUNDRED THIRTY-EIGHT AND 25/100 U.S. DOLLARS). THIS LETTER OF CREDIT IS AVAILABLE FOR PAYMENT UPON PRESENTATION AT OUR COUNTERS OF YOUR DRAFT(S) ON US WHEN ACCOMPANIED BY:

- 1. THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S) IF APPLICABLE.
- 2. BENEFICIARY’S STATEMENT ON ITS LETTERHEAD DATED AND SIGNED BY THE ABOVE STATED BENEFICIARY, INDICATING NAME AND TITLE OF THE SIGNER USING THE WORDING AS FOLLOWS:

THE UNDERSIGNED HEREBY CERTIFIES THAT THE AMOUNT OF USD (INSERT AMOUNT) IS BEING DRAWN UNDER FIRST-CITIZENS BANK & TRUST COMPANY STANDBY LETTER OF CREDIT NO. S9XXXXX AS A PAYMENT DUE TO MEDICAID PARTICIPATING STATES PURSUANT TO SUBPARAGRAPH 1(b), (c), AND (d), OF THE MEDICAID STATE SETTLEMENT AGREEMENTS BETWEEN MEDICAID PARTICIPATING STATES AND PRECISION TOXICOLOGY, LLC BECAUSE SAID AMOUNT HAS NOT BEEN PAID AS OF THE DATE OF THIS DEMAND.

SPECIAL CONDITIONS:
ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINAL.
ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING.

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

ALL DRAFT(S) MUST BE MARKED: "DRAWN UNDER FIRST-CITIZENS BANK & TRUST COMPANY IRREVOCABLE STANDBY LETTER OF CREDIT NO 9XXXXX."

IN THE CASE OF CANCELLATION, THE ORIGINAL STANDBY LETTER OF CREDIT AND ALL AMENDMENTS THERETO MUST BE RETURNED TO US TOGETHER WITH A WRITTEN REQUEST FROM BENEFICIARY STATED ABOVE REFERENCING THIS STANDBY LETTER OF CREDIT NUMBER AND AUTHORIZING ITS CANCELLATION. THIS LETTER OF CREDIT SHALL NOT BE CANCELLED WITHOUT THE AUTHORIZATION OF THE BENEFICIARY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, UNLESS WE HAVE SENT NOTICE TO YOU IN WRITING AT THE ABOVE ADDRESS BY CERTIFIED MAIL OR COURIER SIXTY (60) DAYS PRIOR TO ANY EXPIRATION DATE, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. IN ANY EVENT THIS LETTER OF CREDIT WILL NOT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRATION DATE OF [DATE], 2028.

WE HEREBY ENGAGE WITH YOU THAT DRAWING(S) MADE UNDER AND IN COMPLIANCE WITH THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED UPON PRESENTATION TO US VIA COURIER NOT LATER THAN THE CURRENT EXPIRATION DATE TO THE FOLLOWING ADDRESS: FIRST-CITIZENS BANK & TRUST COMPANY, 201 SOUTH TRYON STREET, 3RD FLOOR, CHARLOTTE, NC 28202, ATTN: STANDBY LC TEAM, PHONE: 704-339-2295/3072.

ALL BANKING CHARGES FOR THIS LETTER OF CREDIT IS FOR THE ACCOUNT OF APPLICANT.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998 ("ISP98"), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NUMBER 590.

FIRST-CITIZENS BANK & TRUST COMPANY

APPLICANT DRAFT ACCEPTANCE SIGNATURE & DATE

DRAFT

AUTHORIZED SIGNATURE

EXHIBIT D

STATE OF HAWAII

State Representative's Contact Information for Notices and Communications by Settling Parties

Landon M.M. Murata
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Director
Title

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Organization

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