

EXHIBIT 1

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (“Settlement Agreement” or “Agreement”) is entered into as of the Effective Date by and between D.C. Chartered Health Plan, Inc. (in Rehabilitation) (“Chartered”) and D.C. Healthcare Systems, Inc. (“DCHSI”) and Jeffrey Thompson (“Mr. Thompson”). The Effective Date of this Settlement Agreement is the date specified in Section 1, below.

RECITALS

WHEREAS, Chartered has been in court-supervised rehabilitation since 2012 (Case No. 2012 CA 008227 2, hereafter the “Rehabilitation Proceeding”), with successive Commissioners of the District of Columbia Department of Insurance, Securities, and Banking (“DISB”) serving as Chartered’s “Rehabilitator”; and

WHEREAS, DCHSI and Mr. Thompson have asserted claims in the Rehabilitation Proceeding; and

WHEREAS, the Rehabilitator has asserted claims against DCHSI and Mr. Thompson in D.C. Superior Court (Civil Action No. 2013 CA 003752B, hereafter the “Superior Court Action”); and

WHEREAS, DCHSI has asserted claims against the Rehabilitator, the District of Columbia, and various other persons or entities in separate litigation in the U.S. District Court for the District of Columbia (Civil Case No. 16-1644, hereafter the “District Court Action”); and

WHEREAS, all pending actions have been lengthy and contentious, and in light of the uncertain prospects for a meaningfully successful outcome the parties to this Agreement would prefer to settle any and all of their disputes on the terms set forth herein;

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1. Rehabilitation Court Approval of Settlement and Effective Date. This Agreement shall not be effective until the later of (a) the thirty-first (31st) day following entry of an order approving this Agreement by the Court in the Rehabilitation Proceeding (the “Rehabilitation Court”), provided there is no timely appeal from the entry of that order, (b) the entry of a final order affirming the Rehabilitation Court’s order approving this agreement following a timely appeal from that order, or (c) unless and until Mr. Thompson and DCHSI secure a release of claims from the District of Columbia (some agencies of which are not parties to this Agreement) that matches the scope of Sections 6(a) and 6(b) (the “Effective Date”). Mr. Thompson and DCHSI shall formally request the necessary release from the Office of the Attorney General within fifteen (15) days from the date they sign this Agreement.

2. Dismissal of the Superior Court Action. Promptly following the execution and delivery of this Agreement, the Parties will cooperate to file a consent motion to stay the Superior

Court Action pending the Rehabilitation Court's approval of this Agreement and the occurrence of the Effective Date. Promptly following the Rehabilitation Court's approval of this Agreement and the occurrence of the Effective Date the Parties will cooperate to file a stipulation of dismissal with prejudice of all claims in the Superior Court Action.

3. Dismissal of the District Court Action. Promptly following the execution and delivery of this Agreement, the Parties will cooperate to file a consent motion to stay the District Court Action pending the Rehabilitation Court's approval of this Agreement and the occurrence of the Effective Date. Promptly following the Rehabilitation Court's approval of this Agreement and the occurrence of the Effective Date the Parties will cooperate to file a stipulation of dismissal with prejudice of all claims against all parties in the District Court Action. The Parties agree to seek the cooperation of any other parties to the District Court Action as necessary to procure this dismissal.

4. Rehabilitation of Chartered. Promptly following the Effective Date, the Rehabilitator will take steps to wind down the Rehabilitation Proceeding, and to distribute all remaining assets in the manner as approved by the Rehabilitation Court. Chartered will be dissolved following completion of the approved asset distribution. Following the dissolution of Chartered, the Rehabilitator shall transfer any financial records of Chartered to Mr. Thompson.

5. Thompson Financial Statement. The Rehabilitator acknowledges that Mr. Thompson has provided a Financial Statement dated _____, 20 , in the form agreed to by the Parties. The Rehabilitator further acknowledges the adequacy of the information provided, and Mr. Thompson warrants that all information contained therein is true and correct to the best of his knowledge and ability.

6. Waivers and Releases of Claims.

(a) The Parties, for themselves and all persons claiming by or through them, including their respective principals, agents, directors, officers, shareholders, affiliates, heirs, executors, and successors and assigns, hereby waive, release, and discharge one another and their respective principals, agents, directors, officers, shareholders, affiliates, heirs, executors, and successors and assigns, from and against any and all actions, claims, demands, obligations, liabilities, or causes of action of any kind or nature, whether at law or in equity, known or unknown, that any Party now has or may have had at any time from the beginning of the world up to and including the Effective Date of this Settlement Agreement, except for the obligations and agreements of the Parties created herein. The Parties' entry into this Settlement Agreement shall not be deemed a presumption, concession, or an admission by any Party of any fault, liability, or wrongdoing as to any facts, claims, counterclaims, or defenses that were or could have been alleged or asserted in any action or proceeding.

(b) Without limiting or restricting in any way the provisions of the preceding Section 6(a), and for and in consideration of Chartered's promises and undertakings set forth in this Agreement, and for other good and mutual consideration, the receipt and sufficiency of which is acknowledged, upon the Rehabilitation Court's approval of this Agreement and the occurrence of the Effective Date, DCHSI and Mr. Thompson agree: (i) to formally withdraw and to waive, release, and relinquish any and all claims against Chartered and/or the Chartered estate, whether

asserted in the Rehabilitation Proceeding or otherwise, and to file in the Rehabilitation Proceeding a notice of waiver or such other documents as are necessary to effectuate this waiver in the Rehabilitation Proceeding within five (5) calendar days of the Effective Date; (ii) to expressly and forever waive, release, and relinquish any and all claims against Chartered, the Rehabilitator, the Special Deputy to the Rehabilitator, the Government of the District of Columbia, and the Department of Health Care Finance (“DHCF”), regarding capitation rates for certain District of Columbia Medicaid patients for which Chartered was providing Medicaid-covered services pursuant to a contract with the District of Columbia, and any and all claims that DHCF and/or Chartered should revisit those rates and seek an additional contribution from the federal Centers for Medicare & Medicaid Services (“CMS”), DCHSI and Mr. Thompson expressly waiving and releasing any claim to revise or amend the July 22, 2013, settlement between the Rehabilitator on behalf of Chartered and the District of Columbia; and (iii) all claims or counterclaims filed or asserted, or which could have been filed or asserted, against any parties in the following actions: (A) *Protest of DC Healthcare Systems, Inc., Under Requests for Proposals No. DHCF-2013-R-0003*, CAB No. P-0930, District of Columbia Contract Appeals Board; (B) *D.C. Healthcare Systems, Inc., et al. v. District of Columbia, et al.*, Civil Action No. 2014 CA 0008314, Superior Court of the District of Columbia; and (C) the District Court Action.

7. Conditional Confessed Judgment in the Event of Material Misstatements or Omissions. Promptly following the execution and delivery of this Agreement, Mr. Thompson shall sign a Conditional Confessed Judgment in the amount of Six Million Five Hundred Thousand and No/100 Dollars (\$6,500,000.00), in order to provide the Rehabilitator with adequate assurance that the Financial Statement described in Section 5, above is free of any material misstatements or omissions as described in Section 14, below. The Conditional Confessed Judgment shall be in favor of the Commissioner of DISB for the benefit of the creditors of Chartered, and shall be identical (except for the signature and date) to the unsigned and undated document attached hereto as Attachment A. Prior to the filing and entry of the Conditional Confessed Judgment, the conditions for which are set forth in Section 8, below, the Conditional Confessed Judgment may not be assigned or transferred to anyone without approval of Mr. Thompson and DCHSI; PROVIDED, HOWEVER, that nothing in this Agreement shall limit or restrict the Commissioner of DISB’s right and ability to assign the Conditional Confessed Judgment to any person or entity after it has been filed and entered. Neither the Conditional Confessed Judgment nor this Settlement Agreement may be deemed a presumption, concession, or admission of any fault, liability, or wrongdoing as to any facts, claims, or defenses that were or could have been alleged or asserted in any action or proceeding; nor shall the Conditional Confessed Judgment or this Settlement Agreement be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any Party in any action or proceeding, other than in the manner set forth in this Agreement.

8. Conditions Necessary for Entry of the Conditional Confessed Judgment. The Conditional Confessed Judgment may not be filed and entered unless:

(a) Within eight (8) years after the Effective Date, the Commissioner of DISB (i) determines that there has been a material misstatement or omission in Mr. Thompson’s Financial Statement, as defined by Section 14, below, and (ii) serves notice of this determination on Mr. Thompson and the basis for the Commissioner’s determination that the assets have been misstated or omitted. Mr. Thompson shall have fifteen (15) Business Days from his receipt of

such notice to dispute the Commissioner's determination in writing. Should Mr. Thompson dispute the Commissioner's determination, then the dispute shall be resolved in the manner described in Section 11, below (unless the Parties mutually agree to binding arbitration, in which event the dispute may be resolved through arbitration in the manner described in Sections 12 and 13, below). Should Mr. Thompson fail to dispute the Commissioner's determination within the time provided by this Section 8(a), the Commissioner shall have the right to submit the Confessed Judgment to the Court for entry; and

(b) If Mr. Thompson has disputed the Commissioner's determination in writing within fifteen (15) Business Days as described in Section 8(a), above, the District of Columbia Superior Court (or the Arbitrators, but only in the event that the Parties have mutually agreed to binding arbitration) has rendered a final decision finding by a preponderance of the evidence that Mr. Thompson knowingly made material misstatements in his Financial Statement.

9. Confidentiality of Financial Statement and Conditional Confessed Judgment.

The Rehabilitator acknowledges that the Financial Statement and the Conditional Confessed Judgment are highly confidential and could be damaging to Mr. Thompson if disclosed outside of the circumstances permitted by this Agreement. The Rehabilitator and DISB Commissioner will possess only a single paper original of the Financial Statement and the Conditional Confessed Judgment, and may provide a single copy of each to the General Counsel for the Mayor of the District of Columbia, and the Rehabilitator and DISB Commissioner and the Mayor's General Counsel will keep both documents confidential to the extent permitted by law. The Rehabilitator and DISB Commissioner may disclose a copy of the Conditional Confessed Judgment only in camera and only in connection with the court filings necessary to obtain Rehabilitation Court approval of this Settlement Agreement as provided in Section 1, above. Except to the extent necessary to obtain Rehabilitation Court approval of this Settlement Agreement, the two paper copies of the Conditional Confessed Judgment and Financial Statement shall not be copied or reproduced. The Conditional Confessed Judgment and Financial Statement shall not be shared by the Rehabilitator and DISB Commissioner or by the Mayor's General Counsel with anyone other than counsel for the Rehabilitator, DISB staff, the Mayor of the District of Columbia, and the Executive Office of the Mayor ("EOM") and/or EOM principals or staff, the Office of the City Administrator, its general counsel and staff, none of whom shall retain, copy, or reproduce either the Conditional Confessed Judgment or Financial Statement. The Rehabilitator and DISB Commissioner shall not disclose or permit any disclosure of the Financial Statement or the Conditional Confessed Judgment, or the terms of either document, to any person or entity other than (a) to the Mayor's General Counsel, as described above; (b) *in camera* to the Rehabilitation Court, as part of a request to approve this Settlement Agreement as contemplated by Section 1, above; (c) to the Rehabilitator's and/or the Commissioner's attorneys and DISB staff, in accordance with the restrictions listed above; (d) to the Mayor of the District of Columbia, and the EOM and/or EOM principals or staff, in accordance with the restrictions listed above; (e) to the Office of the City Administrator, its general counsel and staff, in accordance with the restrictions listed above; (f) when required in response to official inquiries from state or federal regulatory or governmental agencies or authorities; (g) as necessary or appropriate to enforce any rights under this Settlement Agreement; or (h) as may be required by legal process or applicable law or regulation. Except in the event of disclosure pursuant to a subpoena or other judicial or administrative order restricting or prohibiting such action, the Commissioner shall notify Mr. Thompson and Chartered of any disclosure of the Financial Statement or the Conditional

Confessed Judgment. If the copies of the Financial Statement possessed by the Rehabilitator and DISB Commissioner or the Mayor's General Counsel are disclosed by the Rehabilitator and DISB Commissioner or DISB staff or the Mayor's General Counsel or the General Counsel's staff in a manner not permitted by this Settlement Agreement, the Confessed Judgment shall be null and void.

10. Agreement to Work to Resolve Disputes. The Parties shall attempt in good faith to resolve any dispute arising under or related to this Agreement. If any party has a dispute or claim, other than an alleged material misstatement or omission by Mr. Thompson (the procedures for which are detailed in Sections 11 through 13), that party shall provide all other Parties at least thirty (30) calendar days' prior written notice to attempt to resolve the disagreement. If following such notice thirty (30) calendar days elapse without resolution of the dispute, the complaining party may take any action permitted in law or equity to resolve the dispute.

11. Resolution of Disputes Regarding Financial Statement. Any dispute, claim, or controversy by Chartered concerning alleged misstatements in Mr. Thompson's Financial Statement shall be determined by litigation pursuant to Section 8 in the District of Columbia Superior Court. Notwithstanding the provisions of the immediately preceding sentence, the Parties may, by agreement, submit any such dispute to binding arbitration administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules, or to any other arbitration service provider, as agreed to by the parties, for resolution in an expedited manner. In the event (and only in the event) that the Parties agree to submit such a dispute to binding arbitration, then the arbitration shall proceed in the manner described in Sections 12 and 13, below.

12. Appointment of Arbitrators. Within fifteen (15) days after the commencement of arbitration, each party shall select one person to act as arbitrator, and the two so selected shall select a third arbitrator within five (5) days of the Parties' selection of the first two arbitrators. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator within the allotted time, the third arbitrator shall be appointed by JAMS or by the other arbitration service provider selected by the parties in accordance with its rules. All Arbitrators shall serve as neutral, independent and impartial arbitrators. Each party shall communicate its choice of a party appointed arbitrator only to the Case Manager in charge of the filing. All Arbitrators shall be either:

(a) a retired judge from the federal courts of the District of Columbia; or

(b) an attorney with an active practice involving commercial disputes and valuation of assets.

Each party shall communicate its arbitrator preferences only to the Case Manager for JAMS or the other arbitration service provider selected by the Parties in charge of the filing. No Party is to inform the Arbitrators as to which of the parties may have appointed them.

13. Scope of Arbitrator Authority. The Arbitrators shall decide whether, based on a preponderance of the evidence, Mr. Thompson knowingly made material misstatements or omissions in his Financial Statement. If (and only if) Mr. Thompson is found by a preponderance of the evidence to have knowingly made material misstatements or omissions in his Financial

Statement, the Arbitrators may order that, after fifteen (15) Business Days have elapsed for the parties to attempt to resolve the dispute amicably, the Rehabilitator may submit the Conditional Confessed Judgment for entry in D.C. Superior Court against Mr. Thompson. The Arbitrators may not decide any other claims and may not provide any other relief unless the parties mutually agree in writing to expand the authority of the Arbitrators.

14. Materiality Threshold for Alleged Misstatement or Omission. The Parties expressly acknowledge that the Financial Statement represents a contemporaneous summary of Mr. Thompson's financial condition. Accordingly, no alleged discrepancy between the information on the Financial Statement and Mr. Thompson's actual financial condition on the date of the statement will be considered material so as to provide a basis for entering the Conditional Confessed Judgment, unless (a) the omission or discrepancy has the effect of understating rather than overstating Mr. Thompson's financial condition; (b) with respect to non-real estate assets and liabilities, the net value of the omission or discrepancy is \$15,000 or more as to any single asset or liability; (c) with respect to real estate assets and liabilities, the net value of the omission or discrepancy is \$150,000 or more as to any single real estate asset or liability; and (d) the aggregate effect of all omissions or discrepancies did not result in any understatement of Mr. Thompson's overall financial condition. For the purposes of this paragraph, "net value" is the value of any asset minus any associated liabilities or costs of recovery. Furthermore, under no circumstances will any controversy or investigation about the accuracy of the Financial Statement involve any consideration of any income or assets received by Mr. Thompson after the date of the Financial Statement unless such income or assets was received or acquired pursuant to an agreement or understanding (other than an agreement for the performance of personal services by Mr. Thompson) that predated the Financial Statement. The parties acknowledge that the value of assets may change over time, and that any change in the value of an asset after Mr. Thompson signs the Financial Statement will not represent a basis for alleging a misstatement.

15. Confidential Information. The Parties acknowledge that sensitive or confidential information may be exchanged by the Parties during litigation or an Arbitration proceeding and that the court's (or in the event of consensual arbitration, the Arbitrators') final decision may contain sensitive or confidential information, including the Financial Statement. If any Party feels a protective order is necessary, the parties shall work together to reach agreement on such an order. Any disagreements regarding the scope of confidentiality protection shall be presented to the court (or in the event of consensual arbitration, to the Arbitrators) for resolution. If any Party wishes to seek confidentiality protection for all or some of the court's (or in the event of consensual arbitration, the Arbitrators') final decision, or any other material before that material is filed in the D.C. Superior Court, the parties shall work together to reach agreement on a protective order. Agreement on a protective order shall not be unreasonably withheld. No material shall be filed to the public docket of the D.C. Superior Court until the parties have reached resolution or until the Court has ordered that the material be filed to the public docket; PROVIDED, HOWEVER, that nothing shall preclude the Commissioner of DISB from filing the Conditional Confessed Judgment in the D.C. Superior Court within the time and in the manner described in Section 8(a), above, if the court (or in the event of consensual arbitration, the Arbitrators) determine that Mr. Thompson has knowingly made material misstatements or omissions in his Financial Statement.

16. Arbitration Fees. If the Parties agree to binding arbitration of any dispute regarding the Financial Statement or otherwise arising out of this Agreement, Mr. Thompson and DCHSI

shall pay any and all fees charged by JAMS or any other arbitrators for its or their services. Each Party shall bear its own attorney's fees and costs incurred in connection with any litigation and/or Arbitration.

17. Attorneys' Fees. Notwithstanding anything to the contrary in this Agreement, in the event that any of the parties hereto shall bring a lawsuit against any other party for breach of such party's obligations under this Settlement Agreement or a court proceeding to enter the Conditional Confessed Judgment, the non-prevailing party shall pay the prevailing party's costs and expenses incurred in connection with such litigation, including, without limitation, reasonable attorneys' fees. The "prevailing party" shall be determined by the court (or in the event the parties have agreed to arbitration as contemplated by Section 12, above, then by the arbitrators selected in accordance with that Section) hearing such matter.

18. Entire Agreement. This Settlement Agreement constitutes the complete, final, and exclusive agreement between the Parties with respect to the subject matter hereof and supersedes and terminates any prior or contemporaneous agreement or understanding between the Parties, whether oral or in writing, relating to such subject matter. There are no covenants, promises, agreements, warranties, representations, conditions, or understandings, either oral or written, between the Parties other than as are set forth in this Settlement Agreement. No subsequent alteration, amendment, change, waiver, or addition to this Settlement Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party. Each Party in deciding to execute this Settlement Agreement has retained and been advised by counsel of its own choosing and has not relied on any understanding, agreement, representation, or promise by the other Party that is not explicitly set forth herein.

19. Governing Law. This Settlement Agreement shall be governed, interpreted, and construed in accordance with the laws of the District of Columbia, without giving effect to its choice of law principles.

20. Notice. Unless otherwise provided herein, any notice, request, instruction or other document to be given hereunder by any Party to any other Party shall be conveyed in writing to all other Parties by email and in hard copy. Any such document shall be deemed to have been given (a) upon personal delivery, if delivered by hand, (b) three days after the date of deposit in the mails, postage prepaid, if mailed by certified or registered mail, or (c) the day received if sent by a prepaid overnight courier service, and in each case at the respective addresses set forth below or such other address as such Party may have fixed by notice:

To Chartered:

Commissioner of the District of Columbia
Department of Insurance, Securities & Banking
1050 First Street, NE, 801
Washington, DC 20002

To DCHSI and Mr. Thompson: Jeffrey Thompson
322 Peabody Street NW
Washington, DC 20011
geoffaries@gmail.com

With copies to: Mark Grannis
Harris, Wiltshire & Grannis LLP
1919 M St. NW
Eighth Floor
Washington, DC 20036-1300
mgrannis@hwglaw.com

21. Waiver. Other than as specified in Section 8(a), above, any delay or failure in enforcing a Party's rights under this Settlement Agreement, or any acquiescence as to a particular default or other matter, shall not constitute a waiver of such Party's rights to the enforcement of such rights, nor operate to bar the exercise or enforcement thereof at any time or times thereafter, except as to an express written and signed waiver as to a particular matter for a particular period of time.

22. Counterparts. Subject to the requirements of Section 1, above, this Settlement Agreement shall become binding when any one or more counterparts hereof, individually or taken together, bears the signatures of each of the Parties hereto. This Settlement Agreement may be executed in any number of counterparts (including facsimile, PDF, or e-mail counterparts), each of which shall be an original as against a Party whose signature appears thereon, but all of which taken together shall constitute one and the same.

23. Costs. Each Party shall bear its own costs and expenses, including attorneys' fees, incurred in connection with this dispute, the Superior Court Action, the District Court Action, the Rehabilitation Proceeding, and in connection with the preparation and execution of this Settlement Agreement.

24. Construction. This Settlement Agreement has been jointly negotiated and drafted by the Parties through their respective counsel and no provision shall be construed or interpreted for or against any Party on the basis that such provision, or any other provision, or the Settlement Agreement as a whole, was purportedly drafted by the particular Party or its agent. No Party may offer in evidence or otherwise use, for purposes of suggesting any interpretation of this Settlement Agreement, any prior drafts of this Settlement Agreement or any related settlement points.

25. Settlement Is Not an Admission. The Parties' entry into this Settlement Agreement shall not be deemed a presumption, concession, or an admission by either Party of any fault, liability, or wrongdoing as to any facts, claims, counterclaims, or defenses that were or could have been alleged or asserted in any action or proceeding; nor shall the Settlement Agreement be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any Party in any action or proceeding, other than in an action to enforce the terms of this Settlement Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this Settlement Agreement has been executed by the duly authorized representatives of the Parties.

D.C. CHARTERED HEALTH PLAN, INC.
(IN REHABILITATION)
By its authorized agent,

D.C. HEALTHCARE SYSTEMS, INC.
By its authorized agent,

By: _____
Name: _____
Title: _____
Date: _____, 2020

By: _____
Name: _____
Title: _____
Date: _____, 2020

JEFFREY THOMPSON

By: _____
Name: _____
Title: _____
Date: _____, 2020

IN WITNESS WHEREOF, this Settlement Agreement has been executed by the duly authorized representatives of the Parties.

D.C. CHARTERED HEALTH PLAN, INC.
(IN REHABILITATION)

By its authorized agent,

By: Karima Woods Digitally signed by Karima Woods
Date: 2020.11.23 13:21:12 -0500

Name: Karima Woods

Title: Commissioner

Date: November 23, 2020

D.C. HEALTHCARE SYSTEMS, INC.

By its authorized agent,

By: 

Name: Jeffrey Thompson

Title: Chairman

Date: 23 Sept, 2020

JEFFREY THOMPSON

By: 

Name: Jeffrey Thompson

Title: _____

Date: 23 Sept, 2020