

STATE OF NEW YORK

OFFICE OF THE ATTORNEY GENERAL LETITIA JAMES

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IN THE MATTER OF:

CHAIM SCHEINBAUM, ALLIANCE NJ CARE LLC, AND
ALLIANCE HC II LLC.

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SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “Agreement”) reached the 20th day of December, 2023, is by and among the State of New York (the “State”) by the Office of the Attorney General, through the Medicaid Fraud Control Unit (“MFCU”), and Chaim “Muttu” Scheinbaum, both individually and as an owner of Alliance NJ Care LLC and Alliance HC II LLC. The State, Scheinbaum, Alliance NJ Care LLC, and Alliance HC II LLC shall be collectively referred to as the “Parties.”

WHEREAS, Scheinbaum resides in Lakewood, New Jersey. Scheinbaum owns and operates nursing homes.

WHEREAS, Alliance NJ Care LLC is a New Jersey limited liability company wholly owned, and created in May 2018, by Scheinbaum.

WHEREAS, Alliance HC II LLC is a New Jersey limited liability company created in December 2016 by Scheinbaum.

WHEREAS, as of April 2018, Scheinbaum had become Member/Manager for Saratoga Care and Rehabilitation Center, LLC (“SCRC”), a company that had signed a consulting agreement with Saratoga Center for Rehabilitation and Skilled Nursing Care (“Saratoga Center”), a 257-bed nursing facility located at 149 Ballston Ave, Ballston Spa, New York. As the

Member/Manager for SCRC, Scheinbaum, with his entities, Alliance NJ Care LLC, and Alliance HC II LLC (the “Alliance Entities”), consulted and executed the operations at Saratoga Center from approximately April 2018 until its closure in February 2021.

WHEREAS, at all relevant times, Alan “Ari” Schwartz (“Ari Schwartz”) and Jeffrey Vegh were the licensed operators of Saratoga Center, and held the license to operate Saratoga Center from the New York State Public Health and Health Planning Council (“PHHPC”);

WHEREAS, at all relevant times, Saratoga Center was enrolled as a healthcare provider in New York State’s Medical Assistance Program (“Medicaid Program” or “Medicaid”) under MMIS No. 00473809;

WHEREAS, the Medicaid Program reimburses enrolled healthcare providers for services rendered to beneficiaries of the program, including healthcare services reimbursed directly by the New York State Department of Health (“NYSDOH”) on a fee-for-service basis, and healthcare services reimbursed through Medicaid Managed Care Organizations (“MCOs”);

WHEREAS, during all times relevant to this Agreement, Saratoga Center executed annual Certification Statements For Provider Billing Medicaid through the State’s Medicaid Fiscal Agent (“Certification Statements”), pursuant to 18 NYCRR §§ 504.1 (b)(l), 504.9, certifying that all claims that Saratoga Center submitted for reimbursement to Medicaid were made in full compliance with applicable federal and state laws and regulations and pertinent provisions of the eMedNY Provider Manual and all revisions thereto, and that Saratoga Center understood and agreed that it would be subject to and bound by all rules, regulations, policies, standards, fee codes, and procedures of NYSDOH and the Office of the Medicaid Inspector General (“OMIG”) as set forth in statute or title 18 of the Official Compilation of Codes, Rules and Regulations of New York State and other publications of NYSDOH, including eMedNY Provider Manuals and other official bulletins of NYSDOH;

WHEREAS, MFCU and the United States of America (the “United States”) conducted an investigation (the “Investigation”) of Scheinbaum, Saratoga Center, and others, and determined that from 2018 through February 2021, Scheinbaum and Saratoga Center submitted or caused to be submitted claims for payment for worthless services to the State’s Medicaid Program;

WHEREAS, MFCU’s investigation also determined that Scheinbaum and the Alliance Entities engaged in the following conduct (which is referred to in this Agreement as the “Covered Conduct”) during the Relevant Period:

A. Prior to Scheinbaum becoming involved in Saratoga Center, two individuals, Ari Schwartz and Jeffrey Vegh, received a license from the New York State PHHPC to operate Saratoga Center. *See* New York Public Health Law § 2801-a(1)&(4). In February 2017, following a dispute with Saratoga Center’s landlord, Ari Schwartz and Vegh relinquished control of the Nursing Home to Jack Jaffa (“Jaffa”) and his company, SCRC. Jaffa and SCRC then controlled the Nursing Home’s operations, along with Joseph Schwartz and his companies, Skyline Health Care LLC and Skyline Management Group LLC (collectively “Skyline”), until approximately March 2018, when Skyline ceased operating and left numerous vendor bills unpaid. Neither Jaffa nor Joseph Schwartz ever obtained a license to operate Saratoga Center, as is required by the State of New York.

B. Beginning in or around February 2018, Scheinbaum became the Member/Manager of SCRC. In approximately April 2018, Scheinbaum agreed to assist Jaffa in executing the operations at Saratoga Center.

C. At various times from 2018 through 2020, both Jaffa and Scheinbaum applied for a license to operate Saratoga Center, but NYSDOH never granted a license to either of them.

D. Yet, despite never having obtained a license, Scheinbaum, acting on behalf of, and as SCRC’s Member/Manager, controlled Saratoga Center’s finances, including the money it

received from Medicaid Program reimbursements, and determined which vendor bills would be paid. Because Saratoga Center's bank account was subject to frequent levies, garnishments, and attachments from prior unpaid bills, Scheinbaum moved Saratoga Center's money into other bank accounts that Scheinbaum controlled, including numerous accounts that the Alliance Entities owned, for use in Saratoga Center's operations.

E. Scheinbaum also maintained Saratoga Center's financial books and records and had authority to hire and fire high level employees, such as the Director of Nursing. Saratoga Center's administrator, Danielle Zastawny reported to Scheinbaum on all aspects of the day-to-day operations of Saratoga Center.

F. As the licensed operator, Ari Schwartz and Vegh had the non-delegable authority to: (1) hire and fire key management employees; (2) maintain books and records, (3) dispose of the Nursing Home's assets and incur liabilities on its behalf, and (4) adopt and enforce policies regarding the Nursing Home's operations. 10 NYCRR § 600.9. Yet, Scheinbaum performed these responsibilities, which were vested exclusively in the licensed operators and should not have been delegated.

G. Even though SCRC's consulting agreement expired in February 2020, Scheinbaum executed the operations of Saratoga Center from approximately April 2018 until it closed in February 2021.

H. At various times while Scheinbaum executed the operations of Saratoga Center, the care provided to certain Saratoga Center residents failed to meet federal and state standards of care, as reflected in certain NYSDOH surveys. Such surveys cited Saratoga Center for failing to: ensure resident safety and attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident; ensure that residents were free of any significant medication errors; prevent residents from unnecessarily falling and injuring themselves; prevent

residents from developing avoidable pressure ulcers and then not adequately treating them; and regularly toilet and bathe residents.

I. Based on NYSDOH survey findings from 2017 that pre-dated Scheinbaum and the Alliance Entities' involvement in the facility, Saratoga Center was placed on the Center for Medicare & Medicaid Services' Special Focus Facilities ("SFF") list in March 2019, where it remained until its closure. This is a list of facilities that have a history of serious quality deficiencies and failed to substantially comply with the required standard of care to which residents are entitled. CMS established the SFF program to improve care in the poorest performing nursing homes in the United States.

J. While Scheinbaum executed the operations of Saratoga Center, certain vendor bills went unpaid. At times, vendors refused to deliver goods and/or services, including making necessary repairs, and the physical condition of Saratoga Center declined. At times, Saratoga Center did not ensure that: residents had access at all times to hot water, the fire alarm system was properly maintained, the kitchen was clean and its staff was able to serve hot food, there was a supply of linens to bathe and care for residents, garbage was collected, there was effective pest control, and that water leaks were timely repaired.

K. **WHEREAS**, as a result of the Covered Conduct, Scheinbaum and the Alliance Entities caused Saratoga Center to submit claims for reimbursement to the Medicaid Program for services rendered to Saratoga Center's residents.

WHEREAS, the State contends the claims were for substandard and worthless care;

WHEREAS, as a result of the Covered Conduct, Scheinbaum and the Alliance Entities caused the State to suffer damages of at least the amount to be repaid under this Agreement;

WHEREAS, Scheinbaum and the Alliance Entities wish to resolve their civil liability for the Covered Conduct;

WHEREAS, Scheinbaum and the Alliance Entities are contemporaneously herewith entering into an agreement with the United States (the “United States Agreement”) to resolve the United States’ claims arising from the Covered Conduct.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, the Parties agree as follows:

1. Scheinbaum and the Alliance Entities admit, acknowledge, and accept responsibility for the Covered Conduct.

2. As payment to the State and the United States for the Covered Conduct, Scheinbaum and the Alliance Entities shall pay a total of Six Hundred and Fifty Six Thousand Dollars (\$656,000.00) (the “Total Settlement Amount”).

3. Of the Total Settlement Amount, Scheinbaum and the Alliance Entities shall pay to the State a total of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00) (“State Settlement Amount”), plus interest at a rate of 3% per annum from the Effective Date of this Agreement (as defined in Paragraph 33 below) to the date of the final payment by electronic funds transfer pursuant to written instructions to be provided by MFCU, pursuant to the conditions set forth below.

a. *Initial Payments*

- i. On or before February 1, 2024, Scheinbaum and the Alliance Entities shall pay to the State a sum of Ten Thousand dollars (\$10,000.00);
- ii. On or before March 1, 2024, Scheinbaum and the Alliance Entities shall pay to the State a sum of Ten Thousand dollars (\$10,000.00);

b. *Monthly Payments*

- i. Scheinbaum and the Alliance Entities shall pay to the State eighteen (18) monthly installments of Twenty Thousand Seven Hundred and

Fifty Five dollars and Fifty Six cents (\$20,755.56) (“Monthly Payments”). Scheinbaum and the Alliance Entities shall make the first of the Monthly Payments by April 1, 2024, and make each of the subsequent Monthly Payments every thirty (30) days thereafter by the 1st day of each month.

4. Of the State Settlement Amount, One Hundred and Ninety Six Thousand and Eight Hundred dollars (\$196,800.00) is restitution.

5. In consideration for the State’s agreement to accept Monthly Payments as delineated in Paragraph 3(b), Scheinbaum and the Alliance Entities will each execute an Affidavit of Confession of Judgment in the amount of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00), in the form annexed as Exhibit A, simultaneously with the execution of this Agreement. Upon default, should default occur, Scheinbaum and the Alliance Entities consent to the filing of said Confession of Judgment and entry of judgment thereon (the “Judgment”) without further notice, less any monies received, plus all costs of collection, excluding attorney’s fees and other proper relief, without further notice to Scheinbaum and the Alliance Entities. The State shall forbear from filing and executing upon said Judgment as long as Scheinbaum and the Alliance Entities are current on all payments due under this Agreement. Scheinbaum and the Alliance Entities consent to execute subsequent Affidavits of Confession of Judgment, upon request by MFCU, within 7 days of such request.

6. In the event that Scheinbaum and the Alliance Entities fail to comply with the terms and conditions as set forth herein, in whole or in part, Scheinbaum and the Alliance Entities shall be in default of this Agreement (“Default”). The State will provide written notice of the Default, to be sent by first-class mail to the undersigned attorney for Scheinbaum and the Alliance Entities. Scheinbaum and the Alliance Entities shall have the opportunity to cure such Default within five (5)

business days from the date of receipt of such notice (the “Cure Period”). If Scheinbaum and the Alliance Entities fail to cure the Default within the Cure Period (“Uncured Default”), the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest shall accrue at the rate of nine percent (9%) per annum compounded daily from the date of Default on the remaining unpaid total balance. In the event of an Uncured Default, the State, at its sole option, may:

- a. Execute upon the Confession of Judgment provided under Paragraph 5, above;
- b. Retain any payments previously made, rescind this Agreement, and bring any civil and/or administrative claim, action, or proceeding against Scheinbaum and the Alliance Entities for the claims that would be otherwise covered by the release in Paragraph 10, with any new recovery reduced by the amount of any payments previously made to the State by Scheinbaum and/or the Alliance Entities;
- c. Offset the remaining unpaid balance from any amounts due and owing to Scheinbaum and/or the Alliance Entities by any department, agency, or agent of the State at the time of Default;
- d. Seek specific performance of the Agreement by Scheinbaum and the Alliance Entities; and
- e. Exercise any other rights granted by law, or under the terms of this Agreement, or recognizable at common law or in equity, including referral of this matter for private collection.

7. Acceptance by the State of late payment with interest shall not cure any other Default hereunder. Scheinbaum and the Alliance Entities agree not to contest any consent judgment, offset, recoupment, and/or collection action undertaken by the State pursuant to this paragraph, either administratively or in any state or federal court.

8. In the event that the State seeks remedies for collection or enforcement of Scheinbaum and the Alliance Entities' obligations hereunder, and the State substantially prevails in its collection or enforcement action, Scheinbaum and the Alliance Entities shall be responsible for all costs and expenses incurred by the State in connection with that action.

9. In the event the State opts to rescind this Agreement pursuant to Paragraph 6(b) above, Scheinbaum and the Alliance Entities expressly agree not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, res judicata, or similar theories to any civil or administrative claims that relate to the Covered Conduct, except to the extent such defenses were available to Scheinbaum and the Alliance Entities on the Effective Date of this Agreement, as defined in Paragraph 33, below.

RELEASES

10. Subject to the provisions of Paragraph 11 below (concerning reserved claims) and conditioned upon the State's receipt of the State Settlement Amount, the State releases Scheinbaum, together with all of his trustees, servants, employees, and assigns, and the Alliance Entities, including all of their predecessors, successors, assigns, and corporations under the Alliance Entities, from any civil monetary causes of action that the State has for the Covered Conduct under the New York State False Claims Act, N.Y. State Fin. Law §§ 187 *et seq.*, Social Services Law § 145-b(2), Executive Law §§ 63-c(1) and 63(12), and the common law theories of fraud in inducement, payment by mistake, unjust enrichment, fraud, and breach of contract.

11. Notwithstanding the release given in Paragraph 10 of this Agreement, or any other term of this Agreement, the State specifically does not release any person or entity from any of the following liabilities:

- (a) Any civil, criminal or administrative liability arising under state revenue codes;
- (b) Any criminal liability;

- (c) Any liability of individuals other than Scheinbaum;
- (d) Any administrative liability, including mandatory or permissive exclusion from the State's Medicaid Program;
- (e) Any civil or administrative liability that Scheinbaum or the Alliance Entities have 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 claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;
- (f) Any liability to the State (or its agencies) for any conduct other than the Covered Conduct;
- (g) Any liability for personal injury, patient abuse or neglect arising from the Covered Conduct;
- (h) Any liability that may be asserted by or on behalf of any payor or insurer paid by the State's Medicaid program on a capitated basis, other than liability of Scheinbaum and the Alliance Entities to the State for the Covered Conduct; and
- (i) Any liability based upon obligations created by this Agreement.

12. Scheinbaum, including any and all of his trustees, servants, employees and assigns, fully and finally releases the State, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however, denominated) that he has asserted, could have asserted, or may assert in the future against the State, its agencies, officers, agents, employees, and servants, related to the Covered Conduct, and the State's investigation and prosecution thereof.

13. The Alliance Entities, including any and all predecessors, successors, members, and corporations under the Alliance Entities, together with current and former officers, directors,

trustees, servants, employees, and assigns fully and finally release the State, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that they have asserted, could have asserted, or may assert in the future against the State, its agencies, officers, agents, employees, and servants, related to the Covered Conduct, and the State's investigation and prosecution thereof.

14. This Agreement is intended for the benefit of the Parties only, and, by this instrument, except as provided in Paragraphs 10, 12, 13, and 23 through 26, the Parties do not release any claims against any other person or entity. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of any of the relevant statutes or regulations, and the Agreement shall not be construed as an admission by the State as to any contested issue encompassed by the State's investigation.

15. This Agreement relates solely to Medicaid compensation paid to, claimed, or received by Scheinbaum pursuant to any statutes, rules, regulations, and official directives governing Medicaid payments with respect to the Covered Conduct, and not to any other relationship between Scheinbaum and the Alliance Entities and the State or Scheinbaum and the Alliance Entities and any other government-funded healthcare program.

16. If within ninety-one (91) days of the date of this Agreement or any payment made under this Agreement, Scheinbaum or the Alliance Entities commence any case, action, or other proceeding under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or a third party commences any case, action, or other proceeding under any law related to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking an order for relief of Scheinbaum's debts, or seeking to adjudicate the Alliance Entities as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for the Alliance Entities or for all or part of any of Scheinbaum's, or the Alliance Entities', assets, Scheinbaum and the Alliance Entities agree as

follows:

(a) Scheinbaum's and the Alliance Entities' obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and they shall not argue or otherwise take the position in any such case, action, or proceeding that (i) their obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) they were insolvent at the time this Agreement was entered into; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Scheinbaum.

(b) If Scheinbaum's and the Alliance Entities' obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the State, at its option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Scheinbaum and/or the Alliance Entities for the claims that would otherwise be covered by the releases in Paragraph 10 above. Scheinbaum and the Alliance Entities agree that (i) any such claim, action, or proceeding brought by the State would not be subject to an "automatic stay" pursuant to 11 U.S.C. § 362 (a) as a result of the case, action, or proceeding described in the first sentence of this Paragraph, and Scheinbaum and the Alliance Entities shall not argue or otherwise contend that the State's claim, action, or proceeding is subject to an automatic stay; (ii) Scheinbaum and the Alliance Entities shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any claim, action, or proceeding that is brought by the State within 60 calendar days of written notification to Scheinbaum and the Alliance Entities that the releases have been rescinded pursuant to this Paragraph; and (iii) the State has a valid claim against Scheinbaum and the Alliance Entities in the amount of the

Settlement Amount and the State may pursue its claim in the case, action, or proceeding described in the first sentence of this Paragraph, as well as in any other case, action, or proceeding.

(c) Scheinbaum and the Alliance Entities acknowledge that the agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

17. Scheinbaum and the Alliance Entities agree to the following:

(a) Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Scheinbaum and the Alliance Entities in connection with:

- i. the matters covered by this Agreement;
- ii. the State's audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- iii. Scheinbaum's and the Alliance Entities' investigation, defense, and corrective actions undertaken in response to the State's audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- iv. the negotiation and performance of this Agreement; and
- v. the payments Scheinbaum and the Alliance Entities make relating to this Agreement, including costs and attorney's fees, are unallowable costs for government contracting purposes and under the Medicaid Program (hereinafter referred to as "Unallowable Costs").

(b) Future Treatment of Unallowable Costs: Unallowable Costs shall be separately

determined and accounted for in non-reimbursable cost centers by Scheinbaum and the Alliance Entities; and Scheinbaum and the Alliance Entities shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any Consolidated Fiscal Report (“CFR”), cost report, cost statement, information statement, or payment request submitted by Scheinbaum and the Alliance Entities or any of his affiliates to the Medicaid Program.

(c) Treatment of Unallowable Costs Previously Submitted for Payment: Scheinbaum and the Alliance Entities further agree that within ninety (90) days of the Effective Date (as defined in Paragraph 33) of this Agreement they shall endeavor in good faith to identify to applicable Medicaid fiscal agents, any Unallowable Costs (as defined in Paragraph 17(a)) included in payments previously sought from any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Scheinbaum and the Alliance Entities or any of their affiliates and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the Unallowable Costs. Scheinbaum and the Alliance Entities agree that the State, at a minimum, shall be entitled to recoup from Scheinbaum and the Alliance Entities any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, appeals, or requests for payment. Any payments due after the adjustments have been made shall be paid to the State. The State reserves its rights to disagree with any calculations submitted by Scheinbaum and the Alliance Entities or any of their affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Scheinbaum’s and the

Alliance Entities' or any of their affiliates' CFRs, cost reports, cost statements, or information reports, appeals, or other payment requests. If the State does disagree with any calculations submitted by Scheinbaum and the Alliance Entities or by any of their affiliates as outlined above, then the State and Scheinbaum and the Alliance Entities shall confer in good faith in an effort to come to a resolution regarding such calculations. In the event that a resolution cannot be reached, the State reserves its rights to take any action it deems appropriate.

(d) Nothing in this Agreement shall constitute a waiver of the rights of the State to audit, examine, or re-examine the books and records of Scheinbaum and the Alliance Entities to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

18. All payments due to the State hereunder shall be made by certified check, bank check, money order, or wire transfer payable to the "New York State Medicaid Fraud Control Restitution Fund." All non-electronic payments shall be delivered to the Medicaid Fraud Control Unit, Finance Department, 13th Floor, 28 Liberty Street, New York, New York 10005. Any other notices pursuant to this Agreement shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery, express courier and/or email followed by postage prepaid first-class mail, and addressed as follows:

TO THE STATE:

Chief, Civil Enforcement Division
Medicaid Fraud Control Unit
New York State Office of the Attorney General
28 Liberty Street, 13th Floor
New York, NY 10005
Telephone: (212) 417-5300
MFCUNotices@ag.ny.gov

TO SCHEINBAUM AND THE ALLIANCE ENTITIES:

1382 Lanes Mill Road
Lakewood, NJ 08071

With a copy to:

Sarah M. Hall, Esq.
Epstein Becker & Green. P.C.
1227 25th Street, NW
Suite 700
Washington, D.C. 20037

19. This Agreement is binding upon all Parties and upon the assigns, transferees, purchasers, and any successors-in-interest of Scheinbaum and of the Alliance Entities.

20. Scheinbaum and the Alliance Entities waive and shall not assert any defenses they may have to any criminal prosecution or administrative action relating to the Covered Conduct, 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.

21. This Agreement constitutes the complete and full agreement reached by the Parties relating to the Covered Conduct, and it may not be changed in any respect, except by a writing duly executed by the Parties or their authorized representatives.

22. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

23. Scheinbaum and the Alliance Entities agree that they waive and shall not seek payment for any health care billings based upon claims defined as Covered Conduct from any individual health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors.

24. Scheinbaum and the Alliance Entities agree not to submit any further claims or to resubmit to any state payor any previously denied claims, or cause any further claims or adjustments

to be submitted or resubmitted, related to the Covered Conduct, and agree not to appeal any such denials of claims.

25. Scheinbaum and the Alliance Entities will not submit any insurance claims for the Covered Conduct.

26. Scheinbaum and the Alliance Entities waive any claim for any tax rebate or refund, or other governmental payment, from the State, until the Settlement Amount is satisfied. In the State's sole discretion, the State may recoup or offset any such payment without further notice to Scheinbaum and the Alliance Entities for credit toward the Settlement Amount.

27. Scheinbaum and the Alliance Entities agree not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in this Agreement or creating the impression that this Agreement is without factual basis. Nothing in this Paragraph affects Scheinbaum's and the Alliance Entities' (a) testimonial obligations or (b) right to take contrary legal or factual positions in defense of litigation or other proceedings to which the Attorney General is not a party.

28. This Agreement shall be deemed to have been mutually prepared by the Parties hereto and shall not be construed against any of them solely by reason of authorship.

29. Scheinbaum and the Alliance Entities acknowledge that they have entered this Agreement freely, voluntarily, and upon due deliberation, with the advice of counsel and without coercion or duress.

30. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to choice of law or conflict of laws principles. The Parties consent to the jurisdiction of the Supreme Court of the State of New York, Saratoga County, and any other county in which Scheinbaum and the Alliance Entities conduct business, in any action brought by the State to enforce or interpret this Agreement.

31. Any failure by the State to insist upon the strict performance of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and the State, notwithstanding that failure, shall have the right thereafter to insist upon strict performance of any and all of the provisions of this Agreement. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and Entities indicated below.

32. 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.

33. This Agreement is effective on the date of the last signatory to the Agreement (“Effective Date of this Agreement”). Electronic transmissions of signatures shall constitute acceptable, binding signatures for the purpose of this Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

WHEREFORE, the Parties have read the foregoing Agreement and accept and agree to the provisions contained herein and hereby have caused this Agreement to be signed as of the day and date adjacent to their signature.

THE STATE OF NEW YORK

LETITIA JAMES
Attorney General of the State of New York

By: Emily Auletta Dated: December 20, 2023
Emily L. Auletta
Special Assistant Attorney General
Medicaid Fraud Control Unit
The Capitol
Albany, New York 12224
Tel: (518) 776-2342
E: emily.auletta@ag.ny.gov

CHAIM "MUTTY" SCHEINBAUM, individually

By: Chaim Scheinbaum Dated: 12/20/2023
Chaim "Mutty" Scheinbaum

ALLIANCE NJ CARE LLC

By: Chaim Scheinbaum Dated: 12/20/2023
Chaim "Mutty" Scheinbaum, Owner
Alliance NJ Care LLC

ALLIANCE HC II LLC

By: Chaim Scheinbaum Dated: 12/20/2023
Chaim "Mutty" Scheinbaum, Owner
Alliance HC II LLC

Approved as to Form Sarah M. Hall

Digitally signed by: Sarah M. Hall
DN: CN = Sarah M. Hall OU =
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DC
Date: 2023.12.19 14:26:27 -05'00'

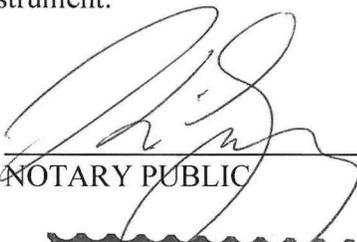
By: _____

Dated: _____

Sarah Hall, Esq.
Epstein Becker & Green, P.C.
1227 25th Street, N.W.
Suite 700
Washington, D.C. 20037
Counsel for Chaim "Muttu" Scheinbaum, Alliance NJ Care LLC, and Alliance HC II LLC

State of New York)
)ss:
County of Kings)

On this 10th day of December 2023, before me, the undersigned, a Notary Public in and for said State, personally appeared Chaim Scheinbaum, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and Scheinbaum executed the instrument.



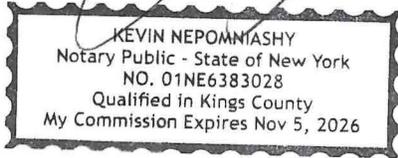
NOTARY PUBLIC


EXHIBIT A

SUPREME COURT OF THE STATE OF NEW YORK

COUNTY OF ALBANY

THE PEOPLE OF THE STATE OF NEW YORK, by
LETITIA JAMES, Attorney General of the State of
New York,

Plaintiff,

- against -

CHAIM SCHEINBAUM, ALLIANCE NJ CARE LLC,
AND ALLIANCE HC II LLC.

Defendants.

**AFFIDAVIT OF CONFESSION
OF JUDGMENT**

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

CHAIM SCHEINBAUM, being duly sworn, deposes and says:

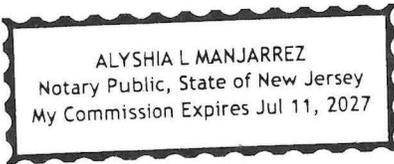
1. I am the individual named above and I reside in OCEAN County, New Jersey.
2. I am the owner of Alliance NJ Care LLC and Alliance HC II LLC (“the Alliance Entities”) and as such, I am authorized to execute this Affidavit of Confession of Judgment on behalf of the Alliance Entities.
3. I hereby confess judgment, pursuant to CPLR Sect. 3218, in favor of Plaintiff, the People of the State of New York, against myself and authorize entry thereof in Albany County, and in any county in which I own property, in the sum of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00).
4. I hereby confess judgment against the Alliance Entities, and authorize entry thereof in favor of Plaintiff, the People of the State of New York, in the sum of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00), in Albany County, and in any county in which the Alliance entities own property.
5. This confession of judgment is for a debt justly due to Plaintiff, the State of New York, arising out of the acts set forth in the attached Settlement Agreement, which I executed on 12 30, 2023 in my individual capacity, and as an owner of the Alliance Entities. As a result of the conduct described in the Settlement Agreement, I caused claims to be submitted to the New York State Medicaid Program for which I received, or caused others to receive, amounts that were not legally due. As a result, the New York State Medicaid Program was harmed by at least the amount confessed herein of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00).

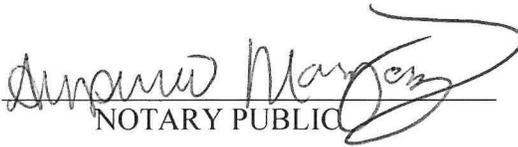
6. I authorize entry of judgment against me and against the Alliance Entities, jointly and severally, in Albany County, in the State of New York, and in any county in which the Alliance Entities or I own property, in the amount of Three Hundred and Ninety Three and Six Hundred Dollars (\$393,600.00), less any payments paid pursuant to the Settlement Agreement, at any time without further notice.


CHAIM SCHEINBAUM

STATE OF ~~NEW YORK~~^{NEW JERSEY}, COUNTY OF Ocean ss.:

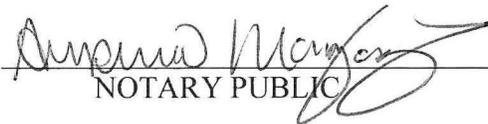
On Dec 20, 2023, before me personally came Chaim Scheinbaum, to me known, and known to me to be the individual described in, and who executed the above instrument, and acknowledged to me that he executed same.




NOTARY PUBLIC

STATE OF ~~NEW YORK~~^{NEW JERSEY}, COUNTY OF Ocean ss.:

On Dec 20, 2023, before me personally came Chaim Scheinbaum, to me known, who being by me duly sworn, did depose and say that he resides in _____ County, New Jersey; that he is the owner of the Alliance NJ Care LLC and Alliance HC II LLC, the companies that are described in and that executed the above instrument; and that he is duly authorized to sign his name thereto and did so in such capacity.


NOTARY PUBLIC