

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

v.

CVS PHARMACY, INC.,

Defendant.

18 Civ. 3047 (JGK)
19 Civ. 1550 (JGK)
19 Civ. 8454 (JGK)
19 Civ. 11244 (JGK)
20 Civ. 2173 (JGK)

UNITED STATES OF AMERICA *et al.*
ex rel. RAHIMI,

Plaintiffs,

v.

CVS PHARMACY, INC.,

Defendant.

18 Civ. 3047 (JGK)

UNITED STATES OF AMERICA *et al. ex rel.*
ZIMNISKI,

Plaintiffs,

v.

CVS HEALTH CORPORATION *et al.*,

Defendants.

19 Civ. 1550 (JGK)

UNITED STATES OF AMERICA *et al.*
ex rel. STRANGO,

Plaintiffs,

v.

CVS HEALTH CORPORATION *et al.*,

Defendants.

19 Civ. 8454 (JGK)

UNITED STATES OF AMERICA *et al. ex rel.* WU,

Plaintiffs,

v.

CVS HEALTH CORPORATION *et al.*

Defendants.

19 Civ. 11244 (JGK)

UNITED STATES OF AMERICA *et al.*
ex rel. RJA, LLP,

Plaintiffs,

v.

CVS PHARMACY, INC.,

Defendant.

20 Civ. 2173 (JGK)

STIPULATION AND ORDER OF SETTLEMENT AND DISMISSAL

WHEREAS, this Stipulation and Order of Settlement and Dismissal (“Stipulation”) is entered into by and among (i) plaintiff the United States of America (the “United States” or the “Government”), by its attorney, Jay Clayton, United States Attorney for the Southern District of New York, and on behalf of the Department of Health and Human Services’ Office of the Inspector General (“HHS-OIG”), the Defense Health Agency (“DHA”), acting on behalf of the TRICARE program (“TRICARE”), and the Office of Personnel Management (“OPM”), which administers the Federal Employees Health Benefit Programs (“FEHBP”); (ii) relators Adam Rahimi, Sergiu Strango, Wayne Wu, Nicholas Zimmiski, and RJA, LLP (as well as its principals Jeffrey Lentowski and Harvey Rosenberg) (collectively, “Relators”), by their authorized representatives; and (iii) defendant CVS Pharmacy, Inc. (“Defendant”, and together with the Government and Relators, the “Parties”), by its authorized representatives;

WHEREAS, CVS Pharmacy, Inc., a Rhode Island corporation, and its subsidiaries (collectively “CVS”), operate a chain of retail pharmacies throughout the United States;

WHEREAS, Relators filed the above-captioned actions against Defendant and other entities on behalf of the United States under the *qui tam* provisions of the False Claims Act (“FCA”), 31 U.S.C. § 3729 *et seq.*, on behalf of 30 states, the District of Columbia, Puerto Rico, and the Virgin Islands (the “Plaintiff States”) under comparable state false claims and insurance fraud laws, and on behalf of six municipalities (the “Plaintiff Municipalities”) under comparable municipal false claims laws, which were designated as “related” pursuant to the Local Rules of this Court, alleging that CVS engaged in a pattern of submitting false claims in connection with dispensing insulin pens (collectively, the “Relator Actions”);

WHEREAS, on May 5, 2025, the Government filed a Notice of Election to Partially Intervene in the Relator Actions;

WHEREAS, the Government alleges that from January 2010 through December 2020 (the “Covered Period”), CVS violated the FCA by knowingly submitting, or causing to be submitted, false claims to the Government healthcare programs Medicare, Medicaid, TRICARE, and the FEHBP (collectively, “GHPs”), for reimbursement for insulin pens¹ where CVS: (i) dispensed more insulin to GHP beneficiaries than was specified by their prescriptions and refilled GHP beneficiary prescriptions substantially before GHP beneficiaries needed the refills; (ii) falsely under-reported the days-of-supply for the insulin refills (*i.e.*, the number of days that the dispensed quantity of insulin should last if used according to the prescriber’s directions for use), which often prevented Pharmacy Benefit Managers (“PBMs”) from detecting that the refills were premature;

¹ A list of the types of insulin pens relevant to this Stipulation, by brand names and by national drug codes, is attached as Exhibit A hereto.

and (iii) failed to comply with applicable rules when refilling insulin prescriptions requiring pharmacies to calculate refill dates using the actual days-of-supply dispensed. As a result of these false claims, GHPs reimbursed CVS for more insulin than CVS was authorized to dispense and for more insulin than GHP beneficiaries needed pursuant to their prescriptions. The conduct described in this Paragraph is the “Covered Conduct” for purposes of this Stipulation;

WHEREAS, contemporaneous with the filing of this Stipulation, the Government is filing a Complaint-In-Intervention in the Relator Actions (the “Government Complaint”) in which it asserts claims against Defendant under the FCA and common law for the Covered Conduct;

WHEREAS, Defendant intends to enter into separate settlement agreements with certain States and the District of Columbia (collectively, the “Medicaid Participating States”) to resolve claims asserted by the Medicaid Participating States under state false claims laws for the Covered Conduct (the “State Settlements”), and has agreed to pay a total of up to \$12,053,760 plus accrued interest to the Medicaid Participating States pursuant to the State Settlements;

WHEREAS, Defendant intends to enter into a separate settlement agreement with the California Department of Insurance (“CDI”) to resolve claims asserted by CDI under California Insurance Code section 1871.7, *et seq.*, related to the Covered Conduct (the “CDI Settlement”), and has agreed to pay a total of \$1,260,000 to CDI pursuant to the CDI Settlement;

WHEREAS, the Relators’ claim to a share of the proceeds from the settlement of claims arising from the Relator Actions will be the subject of a separate agreement between the Relators and the United States; and

WHEREAS, the Parties have, through this Stipulation, reached a mutually agreeable resolution addressing the claims the United States asserts against Defendant in the Government Complaint and the Relator Actions, for the Covered Conduct;

NOW, THEREFORE, upon the Parties' agreement, IT IS HEREBY ORDERED that:

TERMS AND CONDITIONS

1. The Parties agree that this Court has subject matter jurisdiction over this action and consent to this Court's exercise of personal jurisdiction over each of them.
2. Defendant admits, acknowledges, and accepts responsibility for the following conduct (the "Admitted Conduct"):
 - a. Insulin "pens" are a common way for diabetic patients to self-administer insulin. Manufacturers have offered insulin pens in tamper-evident cartons containing between two and five pens and with labeling approved by the U.S. Food and Drug Administration (the "FDA"). Insulin pens frequently have been marketed in carton sizes containing five 300 unit/ 3 mL pens. In the five-pen boxes, each pen typically consists of a syringe, which contains 300 units (3 mL) of insulin solution, inside a hard plastic case. A box of five pens typically contains 1500 units (15 mL) of insulin solution.
 - b. The FDA classifies the insulin pens relevant here as prescription drug products. Pharmacies can dispense such pens to patients only with valid prescriptions from licensed prescribers. Valid insulin prescriptions must set forth the "directions for use," which typically designate both how much insulin to administer (*e.g.*, 10 units) and the frequency and/or timing of when to administer it (*e.g.*, once a day at bedtime).
 - c. When CVS sought reimbursement for insulin pens from GHP health plans, it was required to report, among other data fields, the quantity dispensed and the days-of-supply. In pharmacy billing, "quantity dispensed" refers to the amount of medication dispensed to a patient when they fill their prescription, and "days-of-supply" refers to the total number of days a dispensed quantity of medication is expected to last if taken as directed by the prescriber. Typically, to calculate days-of-supply, a pharmacist divides the total quantity of medication being dispensed to a particular patient by that patient's "daily dose," *i.e.*, the quantity of medication that the prescriber directs the patient to use each day.
 - d. GHP plans, or pharmacy benefit managers ("PBMs") working on their behalf, typically set limits on the days-of-supply that a pharmacy can dispense when filling prescriptions. For insulin pens, a 30-day or 90-day supply is a common limit. In addition, GHPs and PBMs typically deny reimbursement for prematurely refilled prescriptions—refills dispensed before the beneficiary would have consumed a substantial portion of the previously-dispensed quantity of medication if they had followed the prescriber's directions for use. To prevent premature refills of medication, GHPs and PBMs generally have required pharmacies to report accurate

days-of-supply data.

- e. PBMs have established varying rules to address reimbursement when dispensing medications in the smallest commercially-available container exceeds days-of-supply limitations. During the Covered Period, some PBMs required the pharmacy to reach out and obtain an override permitting the pharmacy to dispense and seek reimbursement for a quantity of medication that exceeded the applicable days-of-supply limit. For those PBMs, the pharmacy was required to re-submit the claim and report the accurate total days-of-supply dispensed if an override was approved. Other PBMs permitted a pharmacy to report the GHP's maximum allowed days-of-supply even though a quantity amounting to a higher days-of-supply was actually dispensed, but these PBMs generally still required the pharmacy to adhere to appropriate refill intervals for patients that were to be based on the actual days-of-supply dispensed.
- f. Because insulin pens generally have been marketed in cartons containing five pens, dispensing a full carton of insulin pens to a GHP beneficiary may exceed applicable days-of-supply limits.²
- g. During much of the Covered Period, many CVS pharmacies did not break open insulin pen cartons when dispensing insulin pens. As a result, at times, CVS pharmacies dispensed amounts of insulin that exceeded applicable days-of-supply limits. When a claim for reimbursement was rejected for exceeding the limit, some CVS pharmacies did not obtain overrides and re-submit the claim listing the actual days-of-supply dispensed as required by some PBMs. Instead, CVS pharmacies often reported the maximum days-of-supply allowed under the beneficiary's insurance plan for insulin pens when re-submitting the claim, which was lower than the actual days-of-supply dispensed. While certain PBMs allowed this practice because the carton was the smallest commercially-available container for the medication, many of these CVS pharmacies at times did not adhere to the appropriate refill intervals for patients that were to be based on the actual days-of-supply dispensed.
- h. During much of the Covered Period, CVS customers with insulin-pen prescriptions who enrolled in CVS' optional auto-refill program received automatic prompts notifying them that their refilled prescriptions were available to be picked up. CVS' auto-refill logic calculated prescription refill dates based on the days-of-supply data recorded by pharmacy staff and sent customers refill notifications based on those dates. When pharmacy staff recorded days-of-supply numbers that were lower than the actual days-of-supply dispensed, the system would at times calculate refill dates

² In November 2019, the FDA approved revisions to the labeling for insulin pens to emphasize the agency's recommendation for dispensing insulin pens to a single patient in their original sealed carton. The FDA strongly encouraged the manufacturers of insulin pens to consider developing smaller carton sizes to better accommodate variable insulin doses and needs. The FDA approved the first single-pen carton size for an insulin product on June 11, 2020.

for patients that were premature. As a result, some CVS pharmacies dispensed insulin pen refills to GHP beneficiaries before the beneficiaries needed more insulin and before the GHP plan or PBM would have approved such refills for reimbursement.

- i. At times during the Covered Period, GHPs and the payors working on their behalf paid CVS substantial amounts for insulin pen refills that were ineligible for reimbursement, and CVS pharmacies dispensed more insulin to GHP beneficiaries than they needed.
3. Defendant shall pay to the Government within fourteen (14) business days of the Effective Date (defined below in Paragraph 29) the sum of \$24,446,240 plus interest which shall be compounded annually at a rate of 4.25% accruing from June 11, 2025, to the date of the payment (the “Settlement Amount”) in accordance with instructions to be provided by the Financial Litigation Unit of the United States Attorney’s Office for the Southern District of New York. Of the Settlement Amount, \$12,223,120 constitutes restitution to the United States.
4. Defendant agrees to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Stipulation. Upon reasonable notice, Defendant 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. Defendant further agrees to furnish to the United States, upon request, complete and unredacted copies of all non- privileged documents, 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.
5. Subject to the exceptions in Paragraph 9 (concerning reserved claims), Paragraph 10

(concerning default), and Paragraph 15 (concerning bankruptcy proceedings) below, and conditioned on Defendant's full compliance with the terms of this Stipulation, including full payment of the Settlement Amount to the United States pursuant to Paragraph 3 above, the United States releases Defendant, including its parents, subsidiaries and corporate predecessors, successors and assigns, from any civil or administrative monetary claim that the United States has for the Covered Conduct under the FCA, the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801-3812, and the common law theories of fraud, payment by mistake, and unjust enrichment. For avoidance of doubt, this Stipulation does not release any current or former officer, director, employee, or agent of Defendant from liability of any kind.

6. Defendant fully and finally releases the United States, its agencies, officers, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendant has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, employees, servants, or agents related to the Covered Conduct or the United States' investigation, prosecution and settlement thereof.
7. Subject to the exceptions in Paragraph 9 (concerning reserved claims), Paragraph 10 (concerning default), and Paragraph 15 (concerning bankruptcy proceedings) below, and conditioned on Defendant's full compliance with the terms of this Stipulation, including full payment of the Settlement Amount to the United States pursuant to Paragraph 3 above, Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, release Defendant, including its parents, subsidiaries and corporate predecessors, successors and assigns, as well as all of its current and former officers, directors, employees, attorneys,

and other agents, from any and all manner of claims, proceedings, liens, and causes of action of any kind or description that Relators have against Defendant related to or arising from the Relator Actions; provided, however, that the following claims against Defendant or any related entities are specifically reserved and not released: (i) Relators' claims for their reasonable attorneys' fees, expenses, and costs pursuant to 31 U.S.C. § 3730(d), comparable provisions of state false claims laws, municipal false claims laws, and state insurance fraud laws, including California Insurance Code section 1871.7, et seq.; (ii) Relators' claims on behalf of the Plaintiff States and the Plaintiff Municipalities in the Relator Actions; (iii) any claims of any Relator on behalf of the State of California pursuant to California Insurance Code section 1871.7, et seq.; (iv) any claims of any Relator related to drugs other than insulin pens. Defendant and Relators agree that the United States District Court for the Southern District of New York shall have continuing jurisdiction to issue orders with regard to any disputes over the amounts for expenses, attorneys' fees and costs, and Relators will have a period of 120 days from the entry of final judgment on all claims in the Relator Actions, to file a motion under 31 U.S.C. § 3730(d) or under state false claims laws, municipal false claims laws, or state insurance fraud laws seeking expenses, attorneys' fees and costs from Defendant.

8. In consideration of the execution of this Stipulation by Relators and the Relators' release as set forth in Paragraph 7 above, Defendant, including its subsidiaries, predecessors, and corporate successors and assigns, as well as all of its current and former officers, directors, employees, attorneys, and other agents, release Relators and their heirs, successors, attorneys, agents, and assigns, from any and all manner of claims, proceedings, liens, and causes of action of any kind or description that Defendant has against Relators or their

counsel related to or arising from the Relator Actions; provided, however, that Defendants specifically reserve and do not release Relators or their counsel from any claims that specifically arise from or relate to any claim or category of claims subject to Relator's express reservation of rights set forth in Paragraph 7 above.

9. Notwithstanding the releases given in Paragraph 5 above, or any other term of this Stipulation, the following claims of the Government are specifically reserved and are not released by this Stipulation:
 - a. any liability arising under Title 26, United States Code (Internal Revenue Code);
 - b. any criminal liability;
 - c. except as explicitly stated in this Stipulation, any administrative liability or enforcement right, including but not limited to the mandatory or permissive exclusion from Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) or 42 U.S.C. § 1320a-7(b) (permissive exclusion);
 - d. any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
 - e. any liability based upon obligations created by this Stipulation; and
 - f. any liability of individuals.
10. Defendant shall be in default of this Stipulation if Defendant fails to make the required payment set forth in Paragraph 3 above on or before the due date for such payment, or if it fails to comply materially with any other term of this Stipulation that applies to it ("Default"). The Government will provide a written Notice of Default to Defendant of any Default in the manner set forth in Paragraph 28 below. Defendant shall then have an

opportunity to cure the Default within seven (7) calendar days from the date of receipt of the Notice of Default by making the payment due and paying any additional interest accruing under the Stipulation up to the date of payment. If Defendant fails to cure the Default within seven (7) calendar days of receiving the Notice of Default (“Uncured Default”), interest on the remaining unpaid balance shall thereafter accrue at the rate of 12% per annum, compounded daily from the date of Default, on the remaining unpaid total (principal and interest balance). In the event of an Uncured Default, Defendant shall agree to the entry of a consent judgment in favor of the United States against Defendant in the amount of the Settlement Amount as attached hereto as Exhibit B. Defendant also agrees that the United States, at its sole discretion, may (i) retain any payments previously made, rescind this Stipulation, and reinstate the claims asserted against Defendant in the Government Complaint, or bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in Paragraph 5 above with any recovery reduced by the amount of any payments previously made by Defendant to the United States under this Stipulation; (ii) take any action to enforce this Stipulation in a new action or by reinstating the Government Complaint; (iii) offset the remaining unpaid balance from any amounts due and owing to Defendant and/or affiliated companies by any department, agency, or agent of the United States at the time of Default or subsequently; and/or (iv) exercise any other right granted by law, or under the terms of this Stipulation, or recognizable at common law or in equity. The United States shall be entitled to any other rights granted by law or in equity by reason of Default, including referral of this matter for private collection. In the event the United States pursues a collection action, Defendant agrees immediately to pay the United States

the greater of (i) a ten-percent (10%) surcharge of the amount collected, as allowed by 28 U.S.C. § 3011(a), or (ii) the United States' reasonable attorneys' fees and expenses incurred in such an action. In the event that the United States opts to rescind this Stipulation pursuant to this paragraph, Defendant waives and agrees not to plead, argue, or otherwise raise any defenses of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims that (i) are filed by the United States against Defendant within 120 days of written notification that this Stipulation has been rescinded, and (ii) relate to the Covered Conduct, except to the extent these defenses were available on April 6, 2018. Defendant agrees not to contest any offset, recoupment, and/or collection action undertaken by the United States pursuant to this paragraph, either administratively or in any state or federal court, except on the grounds of actual payment to the United States. In the event of an Uncured Default, OIG-HHS may exclude Defendant from participating in all Federal health care programs until Defendant pays the Settlement Amount, with interest, as set forth above ("Exclusion for Default"). OIG-HHS will provide written notice of any such exclusion to Defendant. Defendant waives any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7), and agrees 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, Defendant wishes to apply for reinstatement, it must submit a written request for reinstatement to OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005. Defendant will not be reinstated unless and until OIG-HHS approves such request for reinstatement. The option for Exclusion for Default is in addition to, and not in lieu of, the options identified in this Stipulation or otherwise available.

11. Defendant, having truthfully admitted to the Admitted Conduct set forth in Paragraph 2 hereof, agrees it shall not, through its attorneys, agents, officers, or employees, make any public statement, including but not limited to, any statement in a press release, social media forum, or website, that contradicts or is inconsistent with the Admitted Conduct or suggests that the Admitted Conduct is not wrongful (a “Contradictory Statement”). Any Contradictory Statement by Defendant, its attorneys, agents, officers, or employees, shall constitute a violation of this Stipulation, thereby authorizing the Government to pursue any of the remedies set forth in Paragraph 10 hereof, or seek other appropriate relief from the Court. Before pursuing any remedy, the Government shall notify Defendant that it has determined that Defendant has made a Contradictory Statement. Upon receiving notice from the Government, Defendant may cure the violation by repudiating the Contradictory Statement in a press release or other public statement within four business days. If Defendant learns of a potential Contradictory Statement by its attorneys, agents, officers, or employees, Defendant must notify the Government of the statement within 24 hours. The decision as to whether any statement constitutes a Contradictory Statement or will be imputed to Defendant for the purpose of this Stipulation, or whether Defendant adequately repudiated a Contradictory Statement to cure a violation of this Stipulation, shall be within the sole discretion of the Government. Consistent with this provision, Defendant may raise defenses and/or assert affirmative claims or defenses in any proceeding brought by private and/or public parties, so long as doing so would not contradict or be inconsistent with the Admitted Conduct.
12. Relators and their heirs, successors, attorneys, agents, and assigns shall not object to this Stipulation; Relators agree and confirm that the terms of this Stipulation are fair, adequate,

and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

13. Defendant agrees that it waives and shall not seek payment for any of the health care billings covered by this Stipulation from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors based upon the claims defined as Covered Conduct.
14. Defendant waives and shall not assert any defenses Defendant may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Stipulation bars a remedy sought in such criminal prosecution or administrative action.
15. In exchange for valuable consideration provided in this Stipulation, Defendant acknowledges the following:
 - a. Defendant has reviewed its financial situation and warrants that it is 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 United States of the Settlement Amount.
 - b. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Defendant, within the meaning of 11 U.S.C. § 547(c)(1), and the Parties 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 Defendant was or became indebted on or after the date of any transfer contemplated in this Stipulation, within the meaning of 11 U.S.C. § 548(a)(1).
- e. If Defendant's obligations under this Stipulation 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 Settlement Amount is paid in full, Defendant or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of Defendant's debts, or to adjudicate Defendant as bankrupt or insolvent, or seeking appointment of a receiver, trustee, custodian, or other similar official for Defendant or for all or any substantial part of Defendant's assets:
 - (1) the United States may rescind the releases in this Stipulation and bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in Paragraph 5 above;
 - (2) the United States has an undisputed, noncontingent, and liquidated allowed claim against Defendant in the amount of \$24,446,240 less any payments received pursuant to the Stipulation, provided, however, that such payments are not otherwise avoided and recovered from the United States by Defendant, a receiver, trustee, custodian, or other similar official for Defendant; and
 - (3) if any payments are avoided and recovered by Defendant, a receiver, trustee,

custodian, or similar official for Defendant, Relators shall, within thirty days of written notice from the United States to the undersigned Relators' counsel, return any portions of such payments already paid by the United States to Relators.

- f. Defendant agrees that any civil and/or administrative claim, action, or proceeding brought by the United States under Paragraph 15(e) above is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States' police and regulatory power. Defendant shall not argue or otherwise contend that the United States' claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consents to relief from the Automatic stay for cause under 11 U.S.C. § 362(d)(1). Defendant waives 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 United States within 120 days of written notification to Defendant that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on April 6, 2018.

16. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare, Medicaid, TRICARE, or FEHBP carrier or contractor (*e.g.*, Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payor related to the Covered Conduct; and Defendant agrees not to resubmit to any Medicare, Medicaid, TRICARE, or FEHBP carrier or contractor or any state payor any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending

appeals.

17. Defendant agrees 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. §§ 1395-1395lll and 1396-1396w-6; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Defendant, including its present or former officers, directors, employees, and agents in connection with:
- (1) the matters covered by this Stipulation;
 - (2) the United States' and States' audit(s) and civil investigation(s) of matters covered by this Stipulation;
 - (3) Defendant's investigation, defense, and corrective actions undertaken in response to the United States' and States' audit(s) and civil investigation(s) in connection with matters covered by this Stipulation and the State Settlement (including attorneys' fees);
 - (4) the negotiation and performance of this Stipulation and the State Settlement; and
 - (5) any payment Defendant makes to the United States pursuant to this Stipulation, any payment Defendant makes to the States pursuant to the State Settlement, and any payment Defendant may make to Relators, including expenses, costs and attorneys' fees; are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and FEHBP (hereinafter referred

to as “Unallowable Costs”).

- b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Defendant, and Defendant 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 cost report, cost statement, information statement, or payment request submitted by Defendant or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.
- c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Stipulation, Defendant shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this paragraph) included in payments previously sought from the United States, or 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 Defendant or any of its subsidiaries or 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. Defendant agrees that the United States, at a minimum, shall be entitled to recoup from Defendant 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, or requests for payment. Any payments due after the adjustments have been made shall be paid to

the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States, including the Department of Justice and/or the affected agencies, reserves their rights to disagree with any calculation submitted by Defendant or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Defendant or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

- d. Nothing in this Stipulation shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Defendant's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

- 18. This Stipulation is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity except as otherwise provided herein.
- 19. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Stipulation; provided, however, nothing in this Stipulation shall preclude Relators from seeking to recover their reasonable attorneys' fees, expenses, and costs from Defendant or related entities pursuant to 31 U.S.C. § 3730(d), comparable provisions of state false claims laws, municipal false claims laws, and state insurance fraud laws, including California Insurance Code section 1871.7, et seq.
- 20. Any failure by the Government to insist upon the full or material performance of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and the Government, notwithstanding that failure, shall have the right thereafter to insist upon the full or material performance of any and all of the provisions of this Stipulation.

21. This Stipulation is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Stipulation is the United States District Court for the Southern District of New York.
22. For purposes of construing this Stipulation, this Stipulation shall be deemed to have been drafted by all Parties to this Stipulation and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.
23. This Stipulation constitutes the complete agreement between the Parties with respect to the subject matter hereof. This Stipulation may not be amended except by written consent of the Parties. No prior agreements, oral representations or statements shall be considered part of this Stipulation.
24. The undersigned counsel and other signatories represent and warrant that they are fully authorized to execute this Stipulation on behalf of the persons and the entities indicated below.
25. This Stipulation is binding on Defendant's successors, transferees, heirs, and assigns.
26. This Stipulation is binding on Relators' successors, transferees, heirs, and assigns.
27. This Stipulation may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Stipulation. E-mails that attach signatures in PDF form or facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Stipulation.
28. Any notice pursuant to this Stipulation shall be in writing and shall, unless expressly provided otherwise herein, be delivered by hand, express courier, or e-mail transmission followed by postage-prepaid mail, and shall be addressed as follows:

TO THE UNITED STATES:

Pierre G. Armand
Assistant United States Attorney
United States Attorney's Office
Southern District of New York
86 Chambers Street, Third Floor
New York, New York 10007
Tel: (212) 637-2724
Email: pierre.armand@usdoj.gov

TO DEFENDANT:

Enu Mainigi
Williams & Connolly LLP
680 Maine Avenue SW
Washington, DC 20024
Tel: 202-434-5420
Email: emainigi@wc.com

TO RELATORS:

ROBERT L. VOGEL (RV 1527)
Vogel, Slade & Goldstein, LLP
1828 L Street, NW, Suite 270
Washington, DC 20036
Email: rvogel@vsg-law.com
Attorney for Relator Adam Rahimi

PAUL D. SCOTT
Law Offices of Paul D. Scott, P.C.
640 Washington Street
San Francisco, CA 94111
Email: pdscott@lopds.com
Attorney for Relator Wayne Wu

TIMOTHY J. MCINNIS (TM 7151)
Law Office of Timothy J. McInnis
521 Fifth Ave., Suite 1700
New York, NY 10175-0038
Email: tmcinnis@mcinnis-law.com
Attorney for Relator Nicholas Zimmiski

CHARLES H. RABON, JR.
Rabon Law Firm, PLLC
413 S. Sharon Amity Rd., Suite C
Charlotte, NC 28211
Email: crabon@usfraudattorneys.com
Attorney for Relator Sergiu Strango

GERALD C. ROBINSON
Nichols Kaster, PLLP
IDS Center, Suite 4700
80 South Eighth Street
Minneapolis, MN 55402
Email: grobinson@nka.com
Attorney for Relators RJA, LLP, Jeffrey A. Lentowski, and Harvey D. Rosenberg

29. The effective date of this Stipulation is the date upon which the Stipulation is approved by the Court (the "Effective Date").


Agreed to by:

THE UNITED STATES OF AMERICA

Dated: New York, New York
11.26, 2025

JAY CLAYTON
United States Attorney for the
Southern District of New York

By: _____


Pierre G. Armand
Assistant United States Attorney
86 Chambers Street, Third Floor
New York, New York 10007
Tel.: (212) 637-2724
Email: pierre.armand@usdoj.gov
Attorney for the United States of America

RELATORS

Dated: November 25, 2025

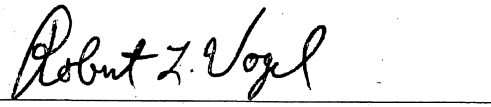
RELATOR ADAM RAHIMI

By:



Adam Rahimi

By:



ROBERT L. VOGEL (RV 1527)

Vogel, Slade & Goldstein, LLP

1828 L Street, NW, Suite 270

Washington, DC 20036

Email: rvogel@vsg-law.com

Attorney for Relator Adam Rahimi

Dated: November 25, 2025

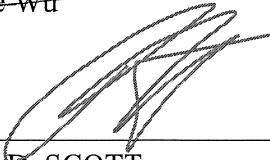
RELATOR WAYNE WU

By:



Wayne Wu


By:

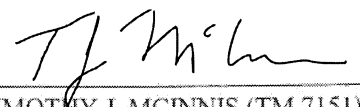


PAUL D. SCOTT
Law Offices of Paul D. Scott, P.C.
640 Washington Street
San Francisco, CA 94111
Email: pdscott@lopds.com
Attorney for Relator Wayne Wu

Dated: 11/25/, 2025

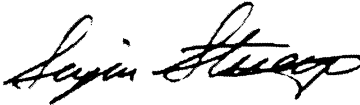
RELATOR NICHOLAS ZIMNISKI


By: 
Nicholas Zimmiski

By: 
TIMOTHY J. MCINNIS (TM 7151)
Law Office of Timothy J. McInnis
521 Fifth Ave., Suite 1700
New York, NY 10175-0038
Email: tmcinnis@mcinnis-law.com
Attorney for Relator Nicholas Zimmiski

Dated: November 25, 2025

RELATOR SERGIU STRANGO

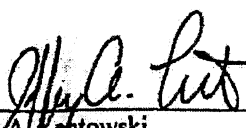
By: 
Sergiu Strango

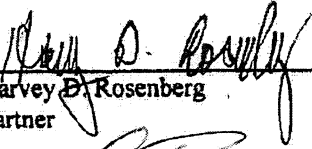
By: 
CHARLES H. RABON, JR.
Rabon Law Firm, PLLC
413 S. Sharon Amity Rd., Suite C
Charlotte, NC 28211
Email: crabon@usfraudattorneys.com
Attorney for Relator Sergiu Strango

Dated: 11/25, 2025


RELATOR RJA, LLP

By:


Jeffrey A. Lentowski
Partner


Harvey D. Rosenberg
Partner


By:


GERALD C. ROBINSON
Nichols Kaster, PLLP
IDS Center, Suite 4700
80 South Eighth Street
Minneapolis, MN 55402
Email: grobinson@nka.com
Attorney for Relator RJA, LLP


Dated: Nov. 25, 2025

RELATOR JEFFREY A. LENTOWSKI

By:


Jeffrey A. Lentowski

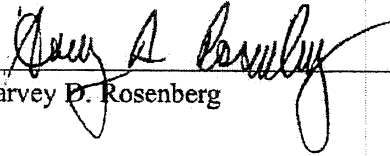
By:


GERALD C. ROBINSON
Nichols Kaster, PLLP
IDS Center, Suite 4700
80 South Eighth Street
Minneapolis, MN 55402
Email: grobinson@nka.com
Attorney for Relator Jeffrey A. Lentowski


Dated: Nov 25, 2025

RELATOR HARVEY D. ROSENBERG

By:


Harvey D. Rosenberg

By:


GERALD C. ROBINSON
Nichols Kaster, PLLP
IDS Center, Suite 4700
80 South Eighth Street
Minneapolis, MN 55402
Email: grobinson@nka.com
Attorney for Relator Harvey D. Rosenberg

DEFENDANT

Dated: _____, 2025

CVS PHARMACY, INC.

By: Andrea K. Zollett

Andrea Zollett
Senior Vice President and
Chief Litigation Counsel

WILLIAMS & CONNOLLY LLP

By: Enu Mainigi

Enu Mainigi
680 Maine Avenue SW
Washington, DC 20024
Tel: 202-434-5420
Email: mainigi@wc.com

Attorneys for CVS Pharmacy, Inc.

SO ORDERED:

John G. Koeltl

HON. JOHN G. KOELTL
UNITED STATES DISTRICT JUDGE

Dated: 12/1, 2025