

## **Settlement Agreement**

This Settlement Agreement (“Agreement”) is entered into between and among (i) the District of Columbia (“District”), (ii) Compass/Chartwells (defined below), and (iii) Relator Jeffrey Mills (“Relator”) (all collectively the “Parties”), by and through their authorized representatives.

### **PREAMBLE**

A. The District is a municipal corporation created by an Act of Congress and is the local government for the district constituting the seat of government of the United States.

B. As used herein, the term “Compass/Chartwells” refers collectively to (i) Compass Group USA, Inc., a corporation formed under the laws of Delaware, for itself and on behalf of its direct and indirect parent, subsidiary, and affiliated companies, (ii) Chartwells, an operating business of Compass Group USA, Inc., and (iii) Thompson Hospitality Services, LLC, a corporation formed under the laws of Delaware. Thompson Hospitality Services, LLC engaged with Compass Group USA, Inc. and with Chartwells in a joint venture known as Chartwells/Thompson Hospitality.

C. In July 2008, Chartwells/Thompson Hospitality and the District of Columbia Public Schools (“DCPS”), entered into a food service contract to manage all of DCPS’ food service operations for the 2008-2009 school year, which was renewed for three additional school years (“2008 Contract”). In July 2012, DCPS executed a second food service contract with Chartwells for the 2012-2013 school year, which recently was renewed for its second additional year (“2012 Contract”). (The 2008 Contract and the 2012 Contract collectively are referred to herein as the “DCPS/Chartwells Contracts.”)

D. On or about July 8, 2013, Relator filed an action under seal against Compass/Chartwells in the Superior Court for the District of Columbia captioned *United States ex rel. Mills v. Compass Group North America et al.*, 2013 CAB SLD 004624 (D.C. Super. Ct.), pursuant to the *qui tam* provisions of the District of Columbia's False Claims Act, D.C. Code §§ 2-381.02 *et seq.* The District has intervened with respect to certain claims asserted in the action (hereinafter "Civil Action").

E. In the Civil Action, the District's Complaint in Intervention alleges that Compass/Chartwells breached the DCPS/Chartwells Contracts and violated the District's False Claims Act with respect to the DCPS/Chartwells Contracts (the "Intervened Claims").

F. In addition to the District's allegations, Relator separately alleges, in his Complaint, that Compass/Chartwells violated the District's False Claims Act with regard to the 2012 Contract in other ways (the "Non-Intervened Claims"). The conduct alleged in the District's and the Relator's complaints is collectively referred to as the "Covered Conduct."

G. Compass/Chartwells expressly denies the allegations of the District and Relator as set forth herein and in the Civil Action, and specifically denies that it has breached or engaged in any conduct constituting a false claim under the District of Columbia's False Claims Act with respect to the DCPS/Chartwells Contracts. Compass/Chartwells acknowledges that, prior to the Agreement, certain contract reconciliation issues existed between the parties and had not been resolved.

H. This Agreement is not an admission of facts or an admission of liability by Compass/Chartwells, and it is not a concession by the District or Relator that their claims are not well-founded.

I. As part of the Civil Action, Relator claims entitlement under D.C. Code §§ 2-381.03(f)(1), (2) and (4) to a share of the proceeds of this Agreement and to Relator's reasonable expenses, attorneys' fees and costs. In connection with this Agreement, Relator and Compass/Chartwells have resolved Relator's claim for reasonable expenses, attorneys' fees and costs.

J. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation in the Civil Action, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree to the following:

#### TERMS AND CONDITIONS<sup>1</sup>

1. Compass/Chartwells shall pay the District (i) \$12,000,000 (twelve million dollars) to resolve the Intervened Claims, and (ii) \$1,750,000 (one million, seven hundred and fifty thousand dollars) to resolve the Non-Intervened Claims, no later than 10 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the District of Columbia's Office for the Attorney General.

2. In addition to the aforementioned cash payment, and in recognition of Compass/Chartwells's past and continuing commitment to public education in the District of Columbia, Compass/Chartwells shall pay (i) \$4,000,000 (four million dollars) to the DC Public Education Fund (a 501(c)(3) non-profit organization) to fund innovative programs at DCPS, including the International Programs; (ii) \$500,000 (five hundred thousand dollars) to Everybody Wins!DC (a 501(c)(3) non-profit organization that promotes children's literacy) to fund DCPS elementary schools; (iii) \$250,000 (two hundred and fifty thousand dollars) to Mentors, Inc. (a 501(c)(3) non-profit organization that provides mentoring support to DCPS high school

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<sup>1</sup> The payments described in Paragraphs 1 to 4 are collectively referred to herein as the "Settlement Amount."

students); (iv) \$150,000 (one hundred and fifty thousand dollars) to the Abramson Scholarship Foundation (a 501(c)(3) non-profit organization that provides scholarships and mentoring to DCPS graduates); and (v) \$100,000 (one hundred thousand dollars) to College Bound, Inc. (a 501(c)(3) non-profit organization that provides academic resources to DCPS junior and high school students to prepare them for and succeed in college). These payments are being made to resolve the Intervened Claims and shall be made no later than October 15, 2015, by electronic funds transfer pursuant to written instructions to be provided by the District of Columbia's Office for the Attorney General.

3. No later than 10 days after the Effective Date of this Agreement, Compass/Chartwells shall either issue an invoice credit or make a payment to DCPS in the amount of \$582,789.78 (five hundred and eighty-two thousand, seven hundred and eighty-nine dollars and seventy-eight cents) to resolve the Intervened Claims as reimbursement owed for the United States Department of Agriculture donated food reconciliations for the 2012-13 and 2013-14 terms of the 2012 Contract.

4. Compass/Chartwells has already paid DCPS the amount of \$140,191.12 (one hundred and forty thousand, one hundred and ninety-one dollars and twelve cents) for previously unpaid rebates under the Fresh Fruits and Vegetables Program during the time period August 2012 through and including March 2015. This amount shall be considered part of the Settlement Amount to resolve the Intervened Claims.

5. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement, except that Compass/Chartwells and Relator have by separate agreement resolved Relator's claim for reasonable expenses, attorneys' fees and costs.

6. Subject to the exceptions in Paragraph 9 below and conditioned upon Compass/Chartwells's compliance with Paragraphs 1 - 3, the District, on behalf of itself and all of its agencies, releases Compass/Chartwells, including current and former officers, directors, and employees, from any claim (including attorneys' fees, costs, and expenses of every kind and however denominated) the District has asserted, could have asserted, or may assert in the future (whether known or unknown) against Compass/Chartwells relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action under the False Claims Act, D.C. Code §§ 2-381.02 *et seq.*, other statutes or common law, and any other claims at law or in equity (including, without limitation, any claim arising in contract, tort, or otherwise) relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action.

7. In the event that Compass/Chartwells fails to comply with Paragraph 2 above after Compass/Chartwells has received reasonably sufficient advanced notice of all necessary information to comply with its obligations (including, without limitation, correct wiring instructions for each payment specified in Paragraph 2 to be provided to Compass/Chartwells no later than October 5, 2015) and Compass/Chartwells has failed to cure any alleged breach of Paragraph 2 within five (5) business days after written notice by the District, then Compass/Chartwells concedes liability on that issue and consents to the entry of a judgment in any court of competent jurisdiction in the amount of \$5,000,000 (five million dollars), which shall become due and owing to the District.

8. Conditioned upon Compass/Chartwells's compliance with Paragraphs 1 – 3, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Compass/Chartwells, including current and former officers, directors, and employees, from any claim the Relator has asserted, could have asserted, or may assert in the future (whether known

or unknown), on behalf of Relator and/or the District of Columbia, against Compass/Chartwells relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action under the False Claims Act, D.C. Code §§ 2-381.02 *et seq.*, other statutes or common law, and any other claims at law or in equity (including, without limitation, any claim arising in contract, tort, or otherwise) relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action.

9. Notwithstanding the releases given in Paragraphs 6 and 8 of this Agreement or any term of this Agreement, the District specifically does not release Compass/Chartwells from: (1) claims or liability under criminal laws or under the District's tax laws; (2) any liability to the District or any of its agencies for any conduct other than the Covered Conduct; and (3) any claims based on obligations or rights created by this Agreement, including claims to enforce the terms and conditions of this Agreement.

10. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to D.C. Code §§ 2-381.03(d)(2)(B).

11. Subject to the dismissal of the Civil Action pursuant to Paragraph 14 below, Compass/Chartwells fully and finally releases the District and its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Compass/Chartwells has asserted, could have asserted, or may assert in the future against the District and its agencies, officers, agents, employees, and servants, relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action (including the District's investigation and prosecution thereof).

12. Nothing in any provision of this Agreement constitutes an agreement by the District concerning the characterization of the Settlement Agreement for purposes of the District's tax laws.

13. Conditioned upon the dismissal of the Civil Action as provided for in Paragraph 14 below, Compass/Chartwells fully and finally releases the Relator and his heirs, successors, attorneys, agents, and assigns from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Compass/Chartwells has asserted, could have asserted, or may assert in the future against the Relator and his heirs, successors, attorneys, agents and assigns, relating to, arising from, or otherwise concerning the Covered Conduct or the Civil Action (including the Relator's investigation and prosecution thereof).

14. Upon the District's receipt of the payment described in Paragraph 1, above, the District and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1) with prejudice to the District as to claims against Compass/Chartwells released herein and with prejudice to the Relator in all respects. The dismissals shall be without prejudice to the ability of Relator to claim a Relator's share of the Settlement Amount and to claim expenses, attorneys' fees and costs under the provisions of the District's False Claims Act. The payments and credits described in paragraphs 1, 2, 3, and 4 above shall be considered "proceeds of the action or settlement" for purposes of determining Relator's share under the District's False Claims Act; however, Relator's share shall be disbursed from the \$12,000,000 payment described in paragraph 1.

15. This Agreement 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 to the extent expressly provided for herein.

16. Each Party and signatory to this Agreement represents that it freely and voluntarily entered in to this Agreement without any degree of duress or compulsion.

17. This Agreement is governed by the laws of the District of Columbia. The exclusive jurisdiction and venue for disputes relating to this Agreement is the Superior Court for the District of Columbia and the District of Columbia Court of Appeals.

18. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

19. This Agreement constitutes the complete agreement among the Parties, except that Compass/Chartwells and Relator have resolved Relator's claim for reasonable expenses, attorneys' fees and costs by separate agreement. This Agreement may not be amended except by written consent of the Parties.

20. Undersigned signatories represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

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

22. This Agreement is binding on Compass/Chartwells's successors, transferees, heirs, and assigns.

23. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.



24. All Parties consent to the District's disclosure of this Agreement, and information about this Agreement, to the public.

25. This Agreement is effective on the date of signature of the last signatory to the Agreement (the "Effective Date" of this Agreement).

26. Facsimiles of signatures and electronic mail that attach signatures in electronic form shall constitute acceptable, binding signatures for purposes of the Agreement.

**For the District of Columbia:**

KARL A. RACINE  
Attorney General for the District of Columbia

GEORGE C. VALENTINE  
Deputy Attorney General, Civil Litigation Division

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
BENNETT RUSHKOFF  
Chief, Public Advocacy Section

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
WILLIAM F. CAUSEY  
Assistant Attorney General  
Equity Section

\_\_\_\_\_  
Date


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Attorneys for the District of Columbia

**For Compass Group USA, Inc. and its Chartwells division:**

June 3, 2015  
Date

By:

  
C. PALMER BROWN  
Chief Corporate Investment & Risk Officer

**For Relator Jeffrey Mills:**

6/3/15  
Date

6/3/15  
Date

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