

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Department of the Navy (collectively the “United States”), Crane Co. (“Crane”), and Corla Jacobson (“Relator”) (hereafter collectively referred to as the “Parties”), through their authorized representatives.

### **RECITALS**

A. Crane manufactured high performance butterfly valves (“valves”) for use in ships, including valves for use in military ships that Crane represented were manufactured in accordance with certain Military Specifications, including but not limited to Mil-V 24614 (“Mil Specs”). Crane was included on the Navy’s Qualified Products List (“QPL”) as a provider of certain valves at issue herein. The QPL program prohibits changes to materials in approved parts without the approval of the authorizing agency, here the Navy. Every two years, Crane certified compliance with the QPL program.

B. From 2005 to September 2017, Crane manufactured valves that utilized valve seats made of Reinforced Tetrafluoroethylene, commonly known as Teflon. From 2007 to September 2015, Crane manufactured valves that utilized Monel bolting on the valve assembly. These valves are hereinafter referred to as “RTFE seat valves” and “Monel bolting valves,” respectively. Among the RTFE seat valves and the Monel bolting valves sold by Crane were valves that Crane represented complied with the Mil Spec requirements.

C. During the time periods identified above, Crane sold it RTFE seat valves and Monel bolting valves to Government contractors which incorporated these valves into Navy ships.

D. On May 10, 2017, Relator filed a *qui tam* action in the United States District Court for the Southern District of Texas captioned *United States ex rel. Jacobson v. Crane Co.*, No. 4:17-CV-01431 (S.D. Tex.), pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”), alleging that Crane, in violation of the False Claims Act (FCA), sold valves for Navy ships that did not comply with the applicable Mil Spec or QPL requirements. Specifically, the Relator alleged that, in violation of the Mil Spec and QPL program requirements: (1) Crane used unapproved components in the valves; (2) Crane had not retained the approved drawings for the valves; (3) Crane’s subcontractors provided out-of-tolerance component parts; (4) Crane’s valves did not meet the metallurgical requirements; (5) Crane’s manufacturing processes did not meet the quality control requirements; and (6) some of Crane’s Mil Spec valves failed testing or were defective.

E. The United States contends that it has certain civil claims against Crane arising from its sale of RTFE seat valves and Monel bolting valves to Government contractors for use in Navy ships. More specifically, the United States contends that from May 10, 2011 to September 2017, Crane supplied Navy contractors with 107 RTFE seat valves for use in Naval vessels, which valves Crane knew did not comply with Mil-V 24614 and QPL requirements and had not been approved by the Navy. In addition, the United States contend that from May 10, 2011 to September 2015, Crane sold 3,672 unapproved Monel bolting valves for use in Navy ships which Crane knew did not

comply with Mil-V 24614 and QPL requirements. The conduct identified in this paragraph is hereinafter referred to as the “Covered Conduct.” For purposes of settlement and contemporaneously with the execution of this Agreement, the United States will partially intervene in the action as to the allegations comprising the Covered Conduct.

F. This Settlement Agreement is neither an admission of liability by Crane nor a concession by the United States that its claims are not well founded.

G. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator’s reasonable expenses, attorney’s fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

#### TERMS AND CONDITIONS

1. Crane shall pay to the United States \$4,503,832 (Settlement Amount) plus interest on the Settlement Amount at 1% per annum from June 29, 2021, of which \$1,993,621 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than 10 days after the Effective Date of this Agreement.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$ to \$855,728 to Relator by electronic funds transfer (Relator’s Share).

3. Upon receipt of the payment described in Paragraph 1, and payment by Crane of Relator's agreed-upon expenses, attorney's fees, and costs of \$450,000 pursuant to a separate agreement, the United States and the Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Claims Against Crane pursuant to Rule 41(a)(1). The dismissal shall be with prejudice to the United States as to the Covered Conduct, and without prejudice to the United States as to all other claims. The dismissal shall be with prejudice to the Relator as to all claims against Crane made by Relator in her Complaint.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Crane and its subsidiary companies from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases Crane and all its subsidiary companies from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

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

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, including the suspension and debarment rights of any federal agency;
- 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 Agreement;
- f. Any liability of individuals;
- g. Any liability for failure to deliver goods or services due; and,
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

7. Relator and her 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 31 U.S.C. § 3730(c)(2)(B).

Conditioned upon Relator's receipt of the Relator's Share, Relator and her heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from

any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

8. Relator, for herself, and for her heirs, successors, attorneys, agents, and assigns, releases Crane, and its officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

9. Crane waives and shall not assert any defenses Crane 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 Agreement bars a remedy sought in such criminal prosecution or administrative action.

10. Crane fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Crane has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Civil Action, the Covered Conduct, or the United States' investigation or prosecution thereof.

11. Crane fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Crane has asserted, could have asserted, or may assert in the future against the Relator, related to the allegations in the Relator's complaint and the Relator's investigation and prosecution thereof.

12. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Crane and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Crane's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Crane makes to the United States pursuant to this Agreement and any payments that Crane may make to Relator, including costs and attorney's fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Crane, and Crane shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Crane shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable

Costs included in payments previously sought by Crane or any of its subsidiaries or affiliates from the United States. Crane agrees that the United States, at a minimum, shall be entitled to recoup from Crane any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Crane's books and records and to disagree with any calculations submitted by Crane or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Crane, or the effect of any such Unallowable Costs on the amount of such payments.

13. This Agreement is intended to be for the benefit of the Parties only.

14. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

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

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

17. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Southern District of Texas. 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.



18. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
19. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.
20. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
21. This Agreement is binding on Crane's successors, transferees, heirs, and assigns.
22. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.
23. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.
24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

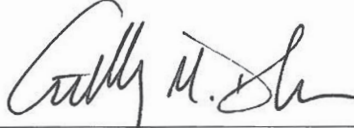
THE UNITED STATES OF AMERICA


DATED: September 21, 2021 BY: *Alicia J. Bentley*  
Alicia J. Bentley  
Senior Trial Counsel  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: \_\_\_\_\_ BY: **ANDREW BOBB**  
Digitally signed by  
ANDREW BOBB  
Date: 2021.09.21  
09:27:10 -05'00'

Andrew Bobb  
Assistant United States Attorney  
For the Southern District of Texas

CRANE CO.

DATED: 9/17/2021 BY:   
Anthony M. D'Iorio  
Senior Vice President, General Counsel & Secretary  
Crane Co.

DATED: 9/20/2021 BY:   
Mark A. Dombroff, Esq.  
Brian Stolarz, Esq.  
Fox Rothschild LLP  
Counsel for Crane Co.

CORLA JACOBSON

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Corla Jacobson  
Relator

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Geoffrey S. Binney, Esq.  
Peter Pope, Esq.  
Gauntt Koen Binney & Kidd LLP  
Counsel for Corla Jacobson

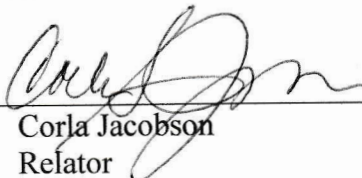
DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Andrew Bobb  
Assistant United States Attorney  
For the Southern District of Texas

CRANE COMPANY

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
[NAME]  
[POSITION]  
Crane Company

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Mark A. Dombroff, Esq.  
Brian Stolarz, Esq.  
Fox Rothschild LLP  
Counsel for Crane Company

CORLA JACOBSON

DATED: Sept 15, 2021 BY:   
Corla Jacobson  
Relator

DATED: September 16, 2021 BY: Geoffrey S. Binney  
Geoffrey S. Binney, Esq.  
Peter Pope, Esq.  
Gauntt Koen Binney & Kidd LLP  
Counsel for Corla Jacobson