SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Agreement") is made as of December 5, 2007 (the "Effective Date"), by and between RELIABLE HEALTH CARE SERVICES, INC. ("Reliable") and the COUNTY OF LOS ANGELES (the "County"). Reliable and the County may hereafter be referred to individually as a "Party" to the Agreement, or collectively as the "Parties" to the Agreement.

<u>RECITALS</u>

WHEREAS, Reliable was awarded three separate County contracts, Contract Nos. H-211863, H-701360, and H-701773, with Reliable to provide temporary healthcare staff to the County (the Contracts").

WHEREAS, on or about January 23, 2007, the Department of Health Services recommended to the County Board of Supervisors that the contracts be terminated for convenience. The Board subsequently approved such termination, and the contracts were terminated effective midnight February 22, 2007.

WHEREAS, on or about March 5, 2007, the County initiated Debarment Proceedings against Reliable pursuant to Chapter 2.202, et seq., of the Los Angeles County Code (the "Debarment Proceeding").

WHEREAS, on or about July 9, 2007, Reliable filed a claim for damages against the County pursuant to Cal. Government Code section 910, et seq., alleging, among others, breach of contract, breach of the covenant of good faith and fair dealing, and trade libel (the "Reliable Claims") (together, with the Debarment Proceedings, the "Dispute").

WHEREAS, notwithstanding the Parties' respective positions, and in an effort to avoid any future litigation, on September 19, 2007, the parties agreed to the terms of a resolution of the Dispute, which terms are reflected in Exhibit "A", consisting of two pages, attached hereto and incorporated herein by reference.

WHEREAS, the Parties now wish to formally memorialize their compromise and settlement by entering into this Agreement, doing so freely and voluntarily, after having received the benefit of independent counsel and with full knowledge of the binding and conclusive nature thereof.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the mutual promises contained in this Agreement, and subject to approval by the Los Angeles County board of supervisors, it is agreed between Reliable and the County that:

TERMS OF THE AGREEMENT

1. Settlement Obligations.

- 1.1 On or before December 28, 2007, the County shall pay to Reliable the balance of all outstanding invoices representing services rendered by Reliable, which balance the Parties agree is \$709,134.57, less the sum of \$250,000.
- 1.2 In accordance with the terms set forth in Exhibit "A", Reliable shall cease doing business with the County for a period of ten (10) years, commencing on the Effective Date of this Agreement.

2. Dismissal of Actions and Proceedings.

- 2.1 Within (5) business days from the Effective Date of this Agreement, the County shall confirm in writing that the Debarment Proceedings have been withdrawn and fully dismissed with prejudice.
- 2.2 Within (5) business days from the receipt of payment by the County pursuant to Paragraph 1.1 of this Agreement, Reliable shall withdraw and fully dismiss, with prejudice, the Reliable Claims.

3. Mutual General Release.

- 3.1 The Parties hereby release and forever discharge each other, and each of their past and present predecessors, successors, affiliates, subsidiaries, parents, insurers, officers, directors, employees, heirs, assigns, agents, and attorneys from any and all known and unknown claims, disputes, demands, debts, liabilities, obligations, contracts, agreements, causes of action, suits, attorneys' fees and/or costs, of whatever nature, character or description, which the Parties had, now have, or may have related to the Dispute and/or any of the matters which arise out of, from, asserted in, or which could have been asserted in connection with the dispute.
- 4. Waiver of Claims. Except as otherwise provided in this Agreement, the Parties agree that this Agreement shall act as a release of any and all claims that may arise from conduct prior to the date of this Agreement in connection with the Dispute whether such claims are known, unknown, foreseen, or unforeseen, liquidated or unliquidated, choate or inchoate, notwithstanding Section 1542 of the California Civil Code which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties understand and acknowledge the significance and consequence of such specific waiver of Section 1542 and hereby assume full responsibility for any injuries, damages, losses, or liability that they may hereafter incur from the Dispute.

- 5. No Admission. The Parties' execution of this Agreement is not an admission of any liability, fault or responsibility on the part of any released party. Any settlement made pursuant to this Agreement is regarded by the Parties hereto as payment to avoid the expense, inconvenience and uncertainty of litigation.
- 6. Consultation with Counsel. The Parties acknowledge that they have been represented by counsel of their own choice in the negotiations leading to their execution of this Agreement, and that they have read this Agreement and have had it fully explained to them by their counsel.
- 7. No Reliance. The Parties represent and warrant that, in executing and entering into this Agreement, they are not relying and have not relied upon any representation, promise or statement made by anyone which is not recited, contained or embodied in this Agreement. Furthermore, each of the parties to this Agreement has received independent legal advice, or has had the opportunity to receive independent legal advice, from such Party's respective attorneys with respect to the advisability of executing this Agreement. The Parties are entering into this Agreement wholly of their own free will and volition.
- 8. Entire Agreement. This Agreement comprises and contains the entire agreement between the Parties respecting the matters set forth in this Agreement, and supersedes and replaces all prior negotiations, understandings, proposed agreements and agreements between the Parties, written or oral. Neither Party has made any statement, representation or promise, other than as expressly set forth herein, to any other party in entering into this Agreement, which has been relied upon by any other party entering into this Agreement.
- 9. Construction of this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party hereto. Both Parties have participated in drafting this Agreement. The Parties understand and expressly assume the risk that any fact not recited, contained or embodied herein may turn out hereafter to be other than, different from, or contrary to the facts now known to them or believed by them to be true. Nevertheless, the Parties intend by this Agreement, and with the advice of their own, independently selected counsel, to release finally, fully and forever, all matters released hereunder and agree that this Agreement shall be effective in all respects notwithstanding any such difference in facts, and shall not be subject to termination, modification or rescission by reason of any such difference in facts.
- 10. Severability. The provisions of this Agreement are severable, and if any part of it is found to be unenforceable, the other paragraphs shall remain in full force and effect. This Agreement shall survive the termination of any arrangements contained herein.
- 11. No Waiver of Terms or Conditions. Failure to insist on compliance with any term or condition contained in this Agreement shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power contained in this

Agreement at any one or more times be deemed a waiver or relinquishment of any right or power at any other time or times.

- 12. Authority of Signatories. Each of the persons executing this Agreement is empowered and authorized to do so on his, her, or its own or principal's behalf, and no further consents or approvals are required
- 13. **Further Assurances.** Each Party agrees to take such further actions and to execute such further documents, instruments and agreements as may be reasonably requested by the other Party to further confirm and effect the consummation of the transactions contemplated by this Agreement.
- 14. Choice of Law/Venue. This Agreement is executed and delivered within the State of California, and the rights and obligations of the Parties hereunder shall be construed and enforced in accordance with and governed by the laws of the State of California. In the event of any dispute in connection with this Agreement, the Parties hereto agree that the State Courts of Los Angeles County shall constitute the most appropriate venue for any such lawsuit or dispute due to the convenience of likely witnesses.
- 15. Costs. In entering into this Agreement, the Parties acknowledge that each side is to bear their own attorneys' fees and costs connected with and/or arising from the Dispute and that no claim for such may be made at any subsequent time.
- 16. **Modification and Amendment.** This Agreement may not be modified or amended in any way, except by a writing signed by the party to be charged therewith.
- 17. Counterparts. This Agreement may be signed in counterparts, and each counterpart so signed shall constitute a part of one valid original document.
- 18. Facsimile or PDF Transmission. This document may be signed by facsimile or as a PDF document. A photocopy of this Agreement may be used as the original.
- 19. Section Descriptions. The use of headings in this Agreement is only for ease of reference and the headings have no effect and are not to be considered part or terms of this Agreement.

PLEASE READ CAREFULLY. THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

EXECUTED THE DAY AND YEAR FIRST ABOVE WRITTEN.

	RELIABLE HEALTH CAINC.	RE SERVICES,		LOS ANGELES, HEALTH SERVICES
	By: William Benbassat		Ву:	
APPR	OVED AS TO FORM AND	CONTENT:	.*	
Dated:	December, 2007		OFFICE OF THE COUNTY COUNSEL	
Dated:	December <u>5</u> , 2007	Attorne LOEB & L By: Mark D	E. Ross by for County of Los A OEB LLP OCAMPORISE Campbell bys for Reliable Health	hees

Reliable Health Care Services, Inc., including its owners, officers, principals, partners and major shareholders, in any form whatsoever, including but not limited to any successor companies, change of ownership of Reliable, assignment of Reliable, Reliable doing business under any fictitious names, and any company in which any Reliable owner, principal, partner and/or shareholder has an interest of ten percent or more or is employed in an executive capacity whereby that person has administrative or managerial authority in that company, with respect to the day to day operations of such company (collectively and individually referred to hereafter as "Reliable"), shall voluntarily cease from doing business with the County of Los Angeles, including all of its departments, Commissions, Special Districts, or any other components for a period of 10 years, commencing on the date of execution of this Agreement and ending on the date ten years thereafter. For purposes of this provision, "doing business with the County of Los Angeles" shall mean that "Reliable" shall not respond to any solicitations for any and all contracts of any kind with the County of Los Angeles, including all of its departments, including the County's Purchasing Agent, Special Districts, Commissions, or any other component of the County, and shall not enter into sole source (i.e., unsolicited) contracts, or any Purchase Order contracts, whether those Purchase Order contracts are competitively solicited or issued as sole source contracts.

Reliable is a corporation and William Benbassat is its sole shareholder.

A change of ownership of Reliable within the ten year period does not serve to terminate this Agreement.

It is the intent of this agreement to effectuate the complete termination of all contractual relationships between Reliable and Los Angeles County in their entirety effective as of January 11, 2007, and this agreement shall be liberally and broadly construed to effectuate said purposes.

The County shall have the absolute discretion to communicate, as reasonably necessary in the ordinary course of the County's operations, Reliable's voluntary exclusion from County business to any and all of its departments, Commissions, Special Districts, and any other components, through whatever means and how often it deems necessary. The parties expressly agree that Reliable has not been debarred, and in no event, however, shall the County communicate, state or otherwise suggest, directly or indirectly, that Reliable has been debarred, nor shall the County include Reliable's name on any list of debarred County contractors.

During the pendency of Reliable's voluntary ceasing of business with the County, should Reliable bid on any contract, RFP, Purchase Order, or any other matter or project, the parties agree that the County may reject said bid, without any right of appeal by Reliable, administratively or judicially.

Reliable understands and agrees that this Provision is a material part of the overall Agreement to resolve its dispute with the County and that the County relies upon such in agreeing to this resolution.

This Agreement is the compromise of disputed claims, and nothing contained herein is to be construed as an admission of any factual conclusion, status, or liability on the part of any party hereto regarding the subject matter of this Agreement.