

STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL LETITIA JAMES

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IN THE MATTER OF:

LAK SAM, INC. and SAMANTH PATHTHAGE

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**SETTLEMENT AGREEMENT**

**THIS SETTLEMENT AGREEMENT** (the “Agreement”) is entered into among the State of New York (the “State”), by the Office of the Attorney General, through the Medicaid Fraud Control Unit (“MFCU”), and Lak Sam, Inc. (“Lak Sam”) and Samantha Paththage (“Paththage”). The State, Lak Sam, and Paththage shall be collectively referred to as the “Parties.”

**WHEREAS**, Lak Sam, which has its principal place of business located at 19B Hartman Road, Glenmont, New York, 12077, at all relevant times, was and is enrolled as a provider of transportation services in New York State’s Medical Assistance Program (“Medicaid Program” or “Medicaid”), 42 U.S.C. §§ 1396 *et seq.*, with a provider identification number of 04572414, and as such, provides transportation services for Medicaid recipients traveling to or from providers furnishing medical services paid for by Medicaid;

**WHEREAS**, Paththage is the sole owner and operator of Lak Sam;

**WHEREAS**, Lak Sam and Paththage submitted and caused to be submitted claims for reimbursement to Medicaid, and Medicaid relied on such claims to pay Lak Sam for transportation services;

**WHEREAS**, pursuant to 18 NYCRR § 505.10 and the New York State Medicaid Program Transportation Manual Policy Guidelines (Version 2019-1), Lak Sam and Paththage were only entitled to submit claims for reimbursement for: trips actually conducted; the actual amount of mileage traveled while transporting a Medicaid recipient; the longest mileage traveled when

transporting more than one Medicaid recipient; trips supported by contemporaneous and detailed documentation; and for tolls actually incurred in the course of providing transportation service to Medicaid recipients;

**WHEREAS**, MFCU conducted an investigation of Lak Sam and Paththage and determined that between January 1, 2017 and February 1, 2020 (the “Relevant Period”), Lak Sam and Paththage presented or caused to be presented to the State’s Medicaid Program false claims for payment for transportation services to which Lak Sam was not entitled, and Medicaid relied upon such claims to pay Lak Sam;

**WHEREAS**, the State has determined that Lak Sam and Paththage engaged in the following conduct (the “Covered Conduct”) during the Relevant Period:

- A. Lak Sam and Paththage submitted claims for transportation services that did not in fact occur; and
- B. Lak Sam and Paththage submitted claims to reimburse toll payments for tolls that Lak Sam did not in fact incur; and
- C. As a result of the foregoing, Lak Sam and Paththage received payments to which they were not entitled.

**WHEREAS**, as a result of the Covered Conduct, Lak Sam and Paththage caused the State to suffer damages of at least the amount to be repaid under this Agreement;

**WHEREAS**, in connection with the above-described investigation, and under existing administrative claims withholding procedures, the New York State Department of Health (“DOH”) instituted a withhold of 10% of Medicaid payments to Lak Sam, pursuant to 18 NYCRR §§ 504.8(d), 518.7; 42 C.F.R. § 455.23; NY Public Health Law §§ 31, 32; and NY Soc. Serv. Law § 363-a (“Withhold”), and the amount under Withhold (“Withhold Amount”) is being held in escrow by the New York State Office of the State Comptroller and DOH; and

**WHEREAS**, Lak Sam and Paththage wish to resolve their civil liability for the Covered Conduct.

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

1. Lak Sam and Paththage admit, acknowledge, and accept responsibility for the Covered Conduct.

2. As repayment to the State for the Covered Conduct and to resolve any claims related to the Covered Conduct, Lak Sam and Paththage shall pay to the State a total of One Hundred Nineteen Thousand Seven Hundred and Eight Dollars and Eighty Eight Cents (\$119,708.88) (the “Settlement Amount”), in the manner described below.

(a) *Withhold Payment*

- i. Lak Sam and Paththage consent to the transfer and payment to the State of the total Withhold Amount, which as of February 5, 2025, totaled One Hundred Nineteen Thousand Seven Hundred and Eight Dollars and Eighty Eight Cents (\$119,708.88), in total satisfaction of the Settlement Amount, and further waive any and all right, title, or interest that they have to the Withhold Amount;
- ii. MFCU will request that DOH transfer the Withhold Amount to MFCU as soon as practicable pursuant to this Agreement, and Lak Sam and Paththage agree to cooperate with MFCU, the Office of the Medicaid Inspector General (“OMIG”), and DOH and other representatives of the State in effectuating the transfer of the Withhold Amount to the State, including but not limited to, executing any documents necessary to effectuate the transfer;
- iii. All Withhold funds transferred and paid to the State shall be applied and credited toward Lak Sam’s payment of the total Settlement Amount;

- iv. If any Withhold funds are transferred or paid by DOH directly to Lak Sam and/or Paththage before Lak Sam's and/or Paththage's full payment of the total Settlement Amount, Lak Sam and Paththage agree to notify the State immediately and to remit all Withhold funds received by Lak Sam and/or Paththage to MFCU by wire transfer within five (5) business days of the receipt of such funds. Once received by MFCU, these funds will be credited and applied toward payment of the total Settlement Amount;
- v. After it receives the Withhold Amount, MFCU will provide written notice (the "Written Notice") to Lak Sam and Paththage of the total Withhold Amount received by the State as of the date of the Written Notice, by sending the Written Notice via email to counsel for Lak Sam and Paththage.

3. Of the Settlement Amount, Fifty Nine Thousand Eight Fifty Four dollars and Forty Four Cents (\$59,854.44) is restitution.

4. Subject to the exceptions in Paragraph 5 below (concerning excluded claims) and conditioned upon the State's receipt of the total Settlement Amount, the State releases Lak Sam and Paththage, and all predecessors, successors, members, assigns, and corporations of Lak Sam 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, New York Executive Law § 63(12), New York Executive Law § 63-c, and the common law theories of payment by unjust enrichment, fraud, and breach of contract.

5. Notwithstanding the release given in Paragraph 4 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 tax codes;

- (b) Any criminal liability;
- (c) Any administrative liability, including mandatory or permissive exclusion from the State's Medicaid Program;
- (d) Any civil or administrative liability that Lak Sam has 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 releases given in Paragraph 4 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;
- (e) Any liability to the State (or its agencies) for any conduct other than the Covered Conduct;
- (f) Any liability for personal injury, patient abuse or neglect, arising from the Covered Conduct;
- (g) Any liability of individuals other than Paththage for the Covered Conduct;
- (h) Any liability which 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 Lak Sam and Paththage to the State for the Covered Conduct; and
- (i) Any liability based upon obligations created by this Agreement.

6. Lak Sam and Paththage waive and shall not assert any defenses that may be based, in whole or in part, upon a contention under the Double Jeopardy Clause of the Fifth Amendment of the Constitution or the Excessive Fines Clause of the Eighth Amendment of the Constitution that they may have to criminal prosecution or administrative action for the Covered Conduct, and assent that this Agreement bars a remedy sought in such criminal prosecution or administrative action.

7. Lak Sam, including any and all predecessors, successors, and members, together

with their current and former officers, directors, trustees, servants, employees, and assigns, and Paththage, 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 Lak Sam and/or Paththage 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.

8. The Parties acknowledge that a primary purpose of this Agreement is to promote compliance with the statutes, regulations, and written directives of the Medicaid Program. To further that objective, Lak Sam and Paththage acknowledge that they have reviewed, and are required to comply with, the rules and regulations of the Medicaid Program, including but not limited to, those applicable to transportation providers as set forth in 18 NYCRR § 505.10 and the New York State Medicaid Program Transportation Manual Policy Guidelines. Lak Sam and Paththage further agree that they shall not engage, or attempt to engage, in violations of any applicable law, regulation, or Medicaid guideline, including but not limited to 18 NYCRR § 515.2 and 18 NYCRR §§ 504.3, 517.3(b), 505.10(e)(4), 510.10(6)(iii), and those provisions of the Transportation Manual Policy Guidelines governing the submission of claims for reimbursement for mileage incurred, tolls incurred, and group rides.

9. Lak Sam and Paththage 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. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Lak Sam or any of its present or former officers, directors, trustees, employees, shareholders, and agents 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. Lak Sam's and Paththage's 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 attorneys' fees);
  - iv. the negotiation and performance of this Agreement; and
  - v. the payments Lak Sam and Paththage make relating to this Agreement including costs and attorney's fees, implementation of the integrity obligations, 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 Lak Sam, and Lak Sam 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 Lak Sam or affiliates to the Medicaid Program.
- (c) Treatment of Unallowable Costs Previously Submitted for Payment: Lak Sam and Paththage further agree that within ninety (90) days of the Effective Date of this Agreement it shall endeavor in good faith to identify to applicable Medicaid fiscal agents, any Unallowable Costs (as defined in Paragraph 10(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 Lak Sam or any 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. Lak Sam and Paththage agree that the State, at a minimum, shall be entitled to recoup from Lak Sam 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 Lak Sam or any of its affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Lak Sam's 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 Lak Sam or its affiliates as outlined above, then the State and Lak Sam and Paththage 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 Lak Sam to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

10. This Agreement shall be binding on all successors, transferees, heirs, and assigns of Paththage and Lak Sam.



11. This Agreement constitutes the complete and full agreement between the Parties with respect to this matter, and it may not be changed in any respect, except by a writing duly executed by the Parties or their authorized representatives.

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

13. This Agreement is intended for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 15 (waiver for beneficiaries).

14. Lak Sam agrees that it waives and shall not seek payment for any of the 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.

15. Lak Sam and Paththage agree not to submit any further claim or to resubmit to any state payor any previously denied claims, or cause any further claim or adjustment to be submitted or resubmitted, related to the Covered Conduct, and agree not to appeal any such denials of claims.

16. Lak Sam and Paththage 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 Lak Sam and/or Paththage for credit toward the Settlement Amount.

17. No provision of this Agreement constitutes an agreement by the State concerning the characterization of the Settlement Amount for purposes of New York Tax Law. Lak Sam and Paththage shall not deduct or discharge the Settlement Amount as part of their New York State tax obligations.

18. Lak Sam and Paththage will not submit any insurance claims for the Covered Conduct.

19. Lak Sam and Paththage 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 Lak Sam's and/or Paththage's (a) testimonial obligations or (b) right to take contrary legal or factual positions in defense of litigation or other proceedings to which the State is not a party.

20. All payments due to the State hereunder shall be made by wire transfer in accordance with instructions to be provided by MFCU.

21. Any 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:

New York State Office of the Attorney General  
Medicaid Fraud Control Unit  
The Capitol  
Albany, NY 12224  
Telephone: (518) 533-6011  
MFCUNotices@ag.ny.gov

TO LAK SAM and PATHTHAGE:

Dennis B. Schlenker, Esq.  
174 Washington Avenue  
Albany, NY 12210  
Telephone: (518) 463-4473  
Badger44@verizon.net

22. The effective date of this Agreement shall be the date of the signature of the last signatory to this Agreement ("Effective Date").

23. 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.

24. Lak Sam and Paththage acknowledge that they have entered this Agreement freely,

voluntarily, and upon due deliberation, with the advice of counsel and without coercion or duress.

25. 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, Albany County, and any other county in which Lak Sam conducts business, in any action by the State to enforce or interpret this Agreement.

26. 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.

27. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

28. 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.

**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: Feb. 27, 2025  
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

**SAMANTH PATHTHAGE, Individually and as owner/operator of Lak Sam, Inc.**

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
Samanth Paththage

State of New York            )  
  )ss:  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 2025, before me, the undersigned, a Notary Public in and for said State, personally appeared Samanth Paththage, 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 acknowledged to me that he executed the same both individually and in his capacity as owner of Lak Sam, Inc., and that by his signature on the instrument, both Samanth Paththage and Lak Sam, Inc., upon behalf of which Samanth Paththage acted, executed the instrument.

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NOTARY PUBLIC

*Approved as to Form*

By: \_\_\_\_\_ Dated: \_\_\_\_\_

Dennis B. Schlenker, Esq.  
174 Washington Avenue  
Albany, NY 12210  
Telephone: (518) 463-4473  
Badger44@verizon.net

*Counsel for Samanth Paththage, individually, and Lak Sam, Inc.*

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: \_\_\_\_\_ Dated: \_\_\_\_\_  
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

**SAMANTH PATHTHAGE, Individually and as owner/operator of Lak Sam, Inc.**

By: *[Signature]* Dated: 2/27/25  
Samanth Paththage

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

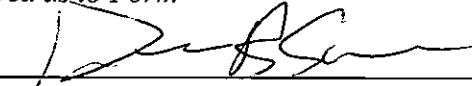
On this 27<sup>th</sup> day of February, 2025, before me, the undersigned, a Notary Public in and for said State, personally appeared Samanth Paththage, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same both individually and in his capacity as owner of Lak Sam, Inc., and that by his signature on the instrument, both Samanth Paththage and Lak Sam, Inc., upon behalf of which Samanth Paththage acted, executed the instrument.

  
NOTARY PUBLIC

MARIANNE RYCHEL  
Notary Public, State of New York  
No 4675139  
Qualified in Albany County  
Commission Expires Oct 31 2026

*Approved as to Form*

By:

  
Dennis B. Schlenker, Esq.  
174 Washington Avenue  
Albany, NY 12210  
Telephone: (518) 463-4473  
Badger44@verizon.net

Dated:

2/27/25

*Counsel for Samanth Paththage, individually, and Lak Sam, Inc.*