

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

Hannibal-LaGrange University,

Plaintiff,

v.

United States Department of Education,

Defendant.

Case No. 2:25-cv-00042-JSD

SETTLEMENT AGREEMENT

The plaintiff, Hannibal-LaGrange University, a Missouri nonprofit corporation (“HLGU,” “Plaintiff, or “University”) and the defendants, United States Department of Education (the “Department”) and Linda McMahon, Secretary of the Department of Education, in her official capacity, hereby enter into this Settlement Agreement. HLGU and the Department are referred to individually as a “Party” and collectively as the “Parties.”

Plaintiffs’ Release and Dismissal of Claims

1. Upon the execution of this Settlement Agreement, Plaintiff hereby releases and forever discharges Defendants, their successors, the United States of America, and any department, agency, or establishment of the United States, and any officers, employees, agents, successors, or assigns of such department, agency, or establishment, from any and all claims and causes of action that Plaintiff asserts or could have asserted in this litigation (including monetary damages), or which hereinafter could be asserted by reason of, or with respect to, or in connection with, or which arise out of, the causes of action alleged in the Complaint, unless the conditions of the revival provision of Paragraph 10 are satisfied.

2. Upon the execution of this Settlement Agreement, Plaintiff hereby releases and forever discharges Defendants, their successors, the United States of America, and any department, agency, or establishment of the United States, and any officers, employees, agents, successors, or assigns of such department, agency, or establishment, from any and all past, present, or future claims for attorneys' fees, costs, or litigation expenses in connection with the above-captioned litigation, except as set forth herein or in the *Addendum to Settlement Agreement Regarding Attorneys' Fees and Costs* identified in Paragraph 13

Plaintiffs' Duties and Obligations

3. Concurrent with the execution of this Settlement Agreement, Plaintiffs' counsel shall file the Joint Motion for Entry of Final Judgment that is attached to this Settlement Agreement. Plaintiffs shall not include this Settlement Agreement as an attachment to that filing.

Defendants' Duties and Obligations

4. Upon Hannibal-LaGrange University's ("University") submission of a substantial change application, Defendant Department will promptly process and approve such application (so long as it is consistent with this settlement agreement), without conditioning approval on any signature by the Missouri Baptist Convention or its representatives on University's program participation agreement ("PPA") or any other Department forms, and to further enable University to add additional programs, including, but not limited to, the prison education program at the Jefferson City Correctional Center and Master of Arts in Counseling program. Because the Department has determined that requiring Missouri Baptist Convention ("MBC") to sign University's PPA is not necessary to protect the financial interest of the United States due to MBC's lack of assets, no signature will be required on any PPA issued to University as a result of such application.

5. For all students who are currently enrolled in the prison education program offered by University at the Jefferson City Correctional Center, and any subsequent payment periods during which those students remain continuously enrolled in that program, unless otherwise prohibited by law, the Department will allow for disbursements of any Federal Pell Grant funds for any open or current payment period for students who have:

- a. completed and submitted the Free Application for Federal Student Aid (“FAFSA”), and
- b. are determined to be eligible to receive a Federal Pell Grant.

6. Beginning on the date this agreement is signed, the Department will not enforce the PPA owner-entity signature requirement set forth in 34 C.F.R. § 668.14(a)(3)(ii) but nothing in this agreement shall be construed to limit the Department’s authority to enforce 20 U.S.C. § 1099c(e)(1) in accordance with the limitations set forth in 20 U.S.C. § 1099c(e)(4).

7. The Department will not determine that requiring financial guarantees is in the financial interest of the United States if an owner of an institution of higher education has no assets, or *de minimis* assets, because requiring guarantees from such owners does not advance the financial interest of the United States. Pursuant to this provision, the Department will not require financial guarantees from MBC regarding other institutions for which the MBC are owned by entities for which MBC elects all trustees, including HLGU, Missouri Baptist University and Southwest Baptist University.

8. The Department will publish guidance consistent with paragraphs (6) - (8), which will remain in place unless superseded by statute, regulation, or court order. The Department may undertake rulemaking to make changes to 34 C.F.R. § 668.14(a)(3)(ii), consistent with this agreement. The Defendants have not prejudged the outcome of that negotiated rulemaking process, to the extent that the Department of Education retains any policy discretion on these subjects.

9. Nothing in this Agreement shall be construed as a concession that (a) MBC is an “owner” of HLGU or other entities by virtue of its legal rights as a member of a nonprofit corporation which owns an institution of higher education, or (b) that 34 C.F.R. § 668.14(a)(3)(ii) applies to non-individual owners such as MBC or to nonprofit membership (or ownership) structures like HLGU’s, which may be asserted as defenses in any subsequent proceeding by the Department or in litigation.

10. If the Department materially breaches this Agreement, or seeks to enforce 34 C.F.R. § 668.14(a)(3)(ii) against the Plaintiffs (or MBC, or any entity for which the MBC appoints all of the Trustees) in a manner that is inconsistent with the provisions in this agreement, or otherwise amends 34 C.F.R. § 668.14(a)(3)(ii) in a manner that is inconsistent with this agreement, the Release in Paragraph 1 is null and void, and the Department agrees to toll any applicable statute of limitation (or statute of repose, or any other time-based limitation) for a period up to ten years from the effective date of the Agreement. Any enforcement action inconsistent with ¶¶6–8, or the requirement of a signature by MBC related to University’s PPA constitutes a material breach *per se*.

Miscellaneous Provisions

11. Each undersigned representative certifies that he or she is fully authorized to enter into the terms and conditions of this Settlement Agreement and to execute and legally bind the Parties he or she represents to this document.

12. The parties acknowledge that this Settlement Agreement is entered into solely for the purpose of settling and compromising the claims in this action without further litigation, and that it shall not be construed as evidence or as an admission regarding any issues of law or fact, or regarding the truth or validity of any allegation or claim raised in this action, or as evidence or as an admission by the Defendants regarding the Plaintiffs’ entitlement to any relief, including attorneys’ fees (except as set forth in Paragraph 3, below) or other litigation costs, or regarding the propriety of venue in this district.

13. In consideration for the Plaintiff’s agreement to accept the terms and conditions of this settlement, the United States agrees to pay Plaintiff counsel’s attorney’s fees in the amount of

██████, such amount being confidential, and for the additional reasons reflected in the *Addendum to Settlement Agreement Regarding Attorneys' Fees and Costs* that is signed by the same persons, and which is incorporated here by reference as if fully laid out at this point.

14. This Settlement Agreement is not intended to create, and does not create, any third-party beneficiary rights or any other kind of right or privilege for any person, group, or entity, except for MBC, Missouri Baptist University, a Missouri nonprofit organization, and Southwest Baptist University, a Missouri benevolent corporation.

15. Nothing contained in this Settlement Agreement shall impose on Defendants any duty, obligation, or requirement, the performance of which would be inconsistent with federal law in effect at the time of such performance.

16. This Settlement Agreement constitutes the entire agreement among the Parties and supersedes all prior representations, agreements, and understandings, whether oral or written, concerning the subject matter of the Settlement Agreement.

17. This Settlement Agreement may be executed in counterparts and is effective on the date by which all parties have executed this Agreement. Facsimiles and PDF versions of signatures (including electronic signatures or “/s/” signatures) shall constitute acceptable, binding signatures for purposes of this Agreement.

18. This Settlement Agreement is binding on the Parties, their successors in office, employees, representatives, delegates, agents, and assigns, and all persons acting on their behalf, to the extent permitted by law or required by this Settlement Agreement.

19. Failure by any party to enforce this entire Settlement Agreement or any provision thereof shall not be construed as a waiver, including of its right to enforce other provisions of this Settlement Agreement.

* * *

SO STIPULATED AND AGREED this 15th day of January 2026.

Nicholas P. Llewellyn

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