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("Proposition 65").

1.2.2 CAG alleges that Defendant manufactures, sells, and/or distributes consumer products in California.

and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq.

1.3 Listed Chemicals

1.3.1 Di (2-ethylhexyl) Phthalate ("DEHP"), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) Phthalate, has been listed by the State of California as a chemical known to cause cancer and birth defects or other reproductive harm.

1.4 Notices of Violation

- 1.4.1 On or about December 21, 2017, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("AG# 2017-02708") ("December 21, 2017 Notice") that provided Defendant with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in certain Bicycle Seat Covers sold, manufacturer, and/or distributed by Defendant in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the December 21, 2017 Notice.
- 1.4.2 On or about February 20, 2018, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("AG# 2018-00253") ("February 20, 2018 Notice") that provided Defendant with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in certain Plastic Armbands sold, manufacturer, and/or distributed by Defendant in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the February 20, 2018 Notice.
- 1.4.3 On or about March 16, 2018, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("AG# 2018-00420") ("March 16, 2018 Notice") that provided Defendant with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP

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contained in certain Mountable Compasses with Suction Cup sold, manufacturer, and/or distributed by Defendant in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the March 16, 2018 Notice.

1.5 Complaint

1.5.1 On July 18, 2018 CAG filed a Complaint for civil penalties and injunctive relief ("Complaint") in Los Angeles County Superior Court, Case No. BC714678. The Complaint alleges, among other things, that Proposition 65 was violated for failure to allegedly give clear and reasonable warnings of alleged exposure to DEHP in certain consumer products Defendant distributed and/or sold in California.

1.6 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Los Angeles, and that this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations against Defendant contained in the Complaint, and of all claims which were or could have been raised by any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or related thereto.

1.7 No Admission

This Consent Judgment resolves claims that are denied and disputed. The Parties enter into this Consent Judgment pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Nothing in this Consent Judgment shall be construed as an admission by the Parties of any material allegation in the Notice or the Complaint, or of any fact, conclusion of law, issue of law or violation of law of any kind, including without limitation, any admission concerning any alleged or actual violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine, including but not limited to the meaning of the terms "knowingly and intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section 25249.6. Nothing in this Consent Judgment, nor

compliance with its terms, shall constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by Defendant, its officers, directors, employees, or parent, subsidiary or affiliated corporations, or be offered or admitted as evidence in any administrative or judicial proceeding or litigation in any court, agency, or forum. Furthermore, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument, or defense the Parties may have in any other or future legal proceeding, except as expressly provided in this Consent Judgment.

2. **DEFINITIONS**

- 2.1 "Covered Products" means: (1) **Bicycle Seat Covers**, which includes but is not limited to: "New Bicycle seat cover"; "Black Textured Leather Looking Cover," "54-686713"; "DISTRIBUTED BY: Momentum Brands"; "COMMERCE, CA 90023"; "Made in China"; "1608"; "ITEM#29149"; "UPC: 643117291499" (2) **Plastic Armbands**, which includes but is not limited to: "reflective armband"; "Ideal accessory for improved visibility"; "2 COUNT"; "54-629963"; "REFLECTIVE SAFETY BAND"; "Add instant high visibility and safety when walking, running and biking after dark"; "1512"; "DISTRIBUTED BY: Momentum Brands"; "COMMERCE, CA 90023"; "MADE IN CHINA"; "UPC:643117502205"; and (3) **Mountable Compasses with Suction Cup**, which includes but is not limited to: "Compass Windshield & Dashboard Mounted"; "56-658707"; "Suction Cup Included"; "38637"; "Item #29338"; "Distributed by: Tru Forge Maywood, CA 90270"; "Made in China"; "643117293882". The Covered Products are limited to those sold by or supplied by Defendant.
- 2.2 "Effective Date" means the date that this Consent Judgment is approved by the Court.
- 2.3 "DEHP" means Di (2-ethylhexyl) Phthalate, also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) Phthalate
 - 2.4 "Listed Chemicals" means DEHP.
- 2.5 "Notices" means the December 21, 2017 Notice, the February 20, 2018 Notice and the March 16, 2018 Notice.

3. INJUNCTIVE RELIEF/REFORMULATION

3.1 After the Effective Date, Defendant shall not distribute for sale in California, manufacture for sale in California, or offer for sale in California any Covered Products unless the levels of DEHP in the Covered Products do not exceed more than 0.1% (1,000 parts per million) by weight.

3.2 For any Covered Products still existing in Defendant's inventory, Defendant shall place a Proposition 65 compliant warning on them. Any warning provided pursuant to this section shall be affixed to the packaging of, or directly on, the Covered Products, and be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. The equilateral triangle pictogram shall be in yellow with a black exclamation mark; provided however, the pictogram may be in white instead of yellow if the Covered Product label does not contain the color yellow. The warning shall state:

WARNING: This product can expose you to chemicals including Di(2-ethylhexyl) phthalate (DEHP), which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov

4. SETTLEMENT PAYMENT

- 4.1 **Payment and Due Date**: Within ten (10) days of the Effective Date, Defendant shall pay a total of \$86,500 in full and complete settlement of any and all claims for civil penalties, damages, attorney's fees, expert fees or any other claim for costs, expenses or monetary relief of any kind for claims that were or could have been asserted in the Notices or Complaint, as follows:
- 4.1.1 **Civil Penalty**: Defendant shall issue two separate checks totaling \$9,500.00 as follows for alleged civil penalties pursuant to Health & Safety Code § 25249.12:

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- (a) Defendant will issue one check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of \$7,125.00 representing 75% of the total civil penalty and Defendant will issue a second check to CAG in the amount of \$2,375.00 representing 25% of the total civil penalty;
- (b) Separate 1099s shall be issued for each of the above payments: Defendant will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$7,125.00. Defendant will also issue a 1099 to CAG in the amount of \$2,375.00 and deliver it to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.
- 4.1.2 Additional Settlement Payments: Defendant shall issue one check for \$7,000.00 to "Consumer Advocacy Group, Inc." pursuant to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d). CAG will use this portion of the Total Settlement Payment as follows, eighty five percent (85%) for fees of investigation, purchasing and testing for the Proposition 65 Listed Chemical in various products, and for expert fees for evaluating exposures through various mediums, including but not limited to consumer product, occupational, and environmental exposures to the Proposition 65 Listed Chemical, and the cost of hiring consulting and retaining experts who assist with the extensive scientific analysis necessary for those files in litigation and to offset the costs of future litigation enforcing Proposition 65 but excluding attorney fees; fifteen percent (15%) for administrative costs incurred during investigation and litigation to reduce the public's exposure to the Proposition 65 Listed Chemicals by notifying those persons and/or entities believed to be responsible for such exposures and attempting to persuade those persons and/or entities to reformulate their products or the source of exposure to completely eliminate or lower the level of the Proposition 65 Listed Chemicals including but not limited to costs of documentation and tracking of products investigated, storage of products, website enhancement and maintenance, computer and software maintenance, investigative equipment, CAG's member's time for work done on investigations, office supplies, mailing supplies and postage Within 30 days of a request from the Attorney

General, CAG shall provide to the Attorney General copies of documentation demonstrating how the above funds have been spent. CAG shall be solely responsible for ensuring the proper expenditure of such additional settlement payment. Defendant will also issue a 1099 to CAG in the amount of \$7,000.00 and deliver this payment to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

- 4.1.3 Reimbursement of Attorney Fees and Costs: Defendant shall issue a check in the amount of \$70,000.00 payable to "Yeroushalmi & Yeroushalmi" as complete reimbursement for any and all reasonable investigation fees and costs, attorneys' fees, expert fees, and any and all other costs and expenses incurred as a result of investigating, bringing this matter to the Defendant's attention, litigating, negotiating a settlement in the public interest, and seeking and obtaining court approval of this Consent Judgment.
- 4.2 Other than the payment to OEHHA described above, all payments referenced in paragraphs 4.1.1, 4.1.2, and 4.1.3 above, shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212. The payment to OEHHA shall be delivered directly to Office of Environmental Health Hazard Assessment, OEHHA, 1001 I Street, Mail Stop 12-B Sacramento, California 95812, Attn: Mike Gyurics. Defendant shall provide written confirmation to CAG concurrently with payment to OEHHA.

5. MATTERS COVERED BY THIS CONSENT JUDGMENT

5.1 This Consent Judgment is a full, final, and binding resolution between CAG, on behalf of itself and in the public interest, and Defendant and their owners, officers, directors, insurers, employees, parents, shareholders, divisions, subdivisions, subsidiaries, partners, affiliates, sister companies, predecessors, and their successors and assigns ("Defendant Releasees"), and all entities to whom Defendant directly or indirectly distribute or sell Covered Products, including, but not limited to, downstream distributors, downstream wholesalers, customers, retailers, marketplace hosts, franchisees, cooperative members, licensees, and the successors and assigns of any of them, who may use, maintain, distribute or sell Covered

Products ("Downstream Defendant Releasees"), of all claims for alleged or actual violations of Proposition 65 for alleged exposures to the Listed Chemicals from the Covered Products manufactured, distributed or sold by Defendant up through the Effective Date as set forth in the Notices and Complaint. Defendant's compliance with this Consent Judgment shall constitute compliance with Proposition 65 with respect to alleged exposures to the Listed Chemicals from the Covered Products sold by Defendant Releasees after the Effective Date. Nothing in this Section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than Defendant, Defendant Releasees, or Downstream Defendant Releasees.

5.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against the Released Parties arising from any actual or alleged violation of Proposition 65 or any other statutory or common law claim regarding the Covered Products manufactured, distributed or sold by the Released Parties through the Effective Date regarding any actual or alleged failure to warn about exposure to the Listed Chemicals from the Covered Products. In furtherance of the foregoing, CAG on behalf of itself only, hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it with respect to Claims regarding the Covered Products manufactured, distributed or sold by the Released Parties through the Effective Date arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemicals from the Covered Products by virtue of the provisions of section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE

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RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the Covered Products manufactured, distributed or sold by the Released Parties through the Effective Date regarding the failure to warn about actual or alleged exposure to the Listed Chemicals from the Covered Products, CAG will not be able to make any claim for those damages, penalties or other relief against the Released Parties. Furthermore, CAG acknowledges that it intends these consequences for any such Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemicals from the Covered Products as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Consent Judgment, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

6. ENTRY OF CONSENT JUDGMENT

- 6.1 CAG shall file a motion seeking approval of this Consent Judgment pursuant to California Health & Safety Code § 25249.7(f). The Parties agree to act in good faith to obtain Court approval of the Consent Judgment. Upon entry of the Consent Judgment, CAG and Defendant waive their respective rights to a hearing and trial on the allegations in the Notices and Complaint.
- 6.2 If this Consent Judgment is not approved in full by the Court: (a) this Consent Judgment and any and all prior agreements between the Parties merged herein shall terminate and become null and void, and the actions shall revert to the status that existed prior to the execution date of this Consent Judgment; (b) no term of this Consent Judgment or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement

discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in this Action, or in any other proceeding; and (c) the Parties agree to meet and confer to determine whether to modify the terms of the Consent Judgment and to resubmit it for approval.

6.3 Upon entry of an order approving this Consent Judgment, the Complaint in this action shall be deemed amended to include the claims raised in the Notices as detailed in Section 1.5.

7. MODIFICATION OF JUDGMENT

- 7.1 This Consent Judgment may be modified only upon written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any Party as provided by law and upon entry of a modified Consent Judgment by the Court.
- 7.2 Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment.

8. RETENTION OF JURISDICTION

- 8.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment under Code of Civil Procedure section 664.6.
- 8.2 CAG may bring an action to enforce any breach of the monetary settlement terms in Section 4.0, above, upon five (5) days written notice by CAG to Settling Defendant of the alleged breach in accordance with the notification requirements set forth in Section 14.0, below.
- 8.3 In any proceeding brought by either Party to enforce this Consent Judgment, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

9. SERVICE ON THE ATTORNEY GENERAL

9.1 CAG shall serve a copy of this Consent Judgment, signed by both parties, on the California Attorney General so that the Attorney General may review this Consent Judgment prior to its submittal to the Court for approval. No sooner than forty-five (45) days after the Attorney General has received the aforementioned copy of this Consent Judgment, CAG may then submit it to the Court for approval.

10. ENTIRE AGREEMENT

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10.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof and any and all prior discussions, negotiations, commitments and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

ATTORNEY FEES 11.

Except as specifically provided in Sections 4.1.3 and 8.2, each Party shall bear its own attorneys' fees and costs in connection with the claims resolved in this Consent Judgment.

12. GOVERNING LAW

- The validity, construction, terms, and performance of this Consent Judgment shall 12.1 be governed by the laws of the State of California, without reference to any conflicts of law provisions of California law.
- In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Covered Products, then Defendant may provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Covered Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve Defendant from any obligation to comply with any other pertinent state or federal law or regulation.
- The Parties, including their counsel, have participated in the preparation of this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This Consent Judgment was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result

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3	Date: 6/22/2021, 2020	Date: 6/22/2021, 2020
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5	Mice Marcus	
6 7	Name: Michael Marcus	Name: Weiming Li
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9	Title: Director	Title: President
10	CONSUMER ADVOCACY GROUP, INC.	HENAN AMERICAN MACHINERY, INC.
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13	IT IS SO ORDERED.	
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15	Date: 08/26/2021	UDGE OF THE SUPERIOR COURT
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