

# SETTLEMENT AND RELEASE AGREEMENT

## 1. INTRODUCTION

### 1.1 Ecological Alliance, LLC and Arrow Industries

This Settlement Agreement is entered into by and between Ecological Alliance, LLC (“Ecological”), on the one hand, and Arrow Industries (“Arrow”), with Ecological and Arrow collectively referred to as the “Parties.” Ecological is a California limited liability company seeking to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Ecological contends that Arrow is a company in the course of doing business for purposes of Proposition 65.

### 1.2 General Allegations

Ecological alleges that Arrow distributed and/or sold in the State of California Brass Couplings containing lead and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* (“Proposition 65”). Lead is listed under Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

### 1.3 Product Description

The products that are covered by this Settlement Agreement are defined as Brass Couplings manufactured by Arrow containing lead. All such items shall be referred to herein as the “Products.”

### 1.4 Notice of Violation

On April 11, 2016 Ecological served Arrow and all public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a

document entitled “60-Day Notice of Violation” (“Notice”) that provided Arrow and such public enforcers with notice that alleged that Arrow was in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to lead. No public enforcer has diligently prosecuted the allegations set forth in the Notices.

### **1.5 No Admission**

Arrow denies the material factual and legal allegations contained in Ecological’s Notice and maintains that all products that it has sold and distributed in California, including the Products, have been and are in compliance with Proposition 65 and all other applicable laws. Nothing in this Settlement Agreement shall be construed as an admission by Arrow of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Arrow of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Arrow. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of Arrow under this Settlement Agreement.

### **1.6 Effective Date**

For purposes of this Settlement Agreement, the term “Effective Date” shall mean 90 days after the date this Settlement Agreement is fully executed.

## **2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION**

### **2.1 Reformulation Option**

Products manufactured or acquired by Arrow after the Effective Date shall not need a warning label if the Products do not exceed the following limits for lead: 100 ppm by weight for any accessible component part. For purposes of this Settlement Agreement, accessible

component part shall mean components of the Product to which a person would be exposed to lead by direct contact during normal use of the Product.

## **2.2 Warning Alternative**

Products that do not meet the warning exemption standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. The warning requirements set forth in Section 2.3 below shall apply only to Products that Arrow manufactures or acquires after the Effective Date that are distributed, marketed, sold or shipped for sale in the State of California. The warning requirement shall not apply to Products that are already in the stream of commerce as of the Effective Date.

## **2.3 Warning Language**

Where required under Sections 2.1 and 2.2 above, Arrow shall provide Proposition 65 warnings as follows:

- (a) Arrow may use the following warning statement:
  - (1) **WARNING:** This product contains a chemical known to the State of California to cause birth defects and other reproductive harm.
- (b) The requirements for warnings, set forth in subsection (a) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations.
- (c) If Proposition 65 warnings for lead should no longer be required, Arrow shall have no further obligations pursuant to this Settlement Agreement.

## **3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)**

In settlement of all the claims referred to in this Settlement Agreement, Arrow shall pay a total of One Thousand Dollars (\$1,000) in civil penalties in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental

Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to Ecological.

**4. REIMBURSEMENT OF FEES AND COSTS**

The Parties reached an accord on the compensation due to Ecological and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Arrow shall reimburse Ecological’s counsel for fees and costs, incurred as a result of investigating and bringing this matter to Arrow’s attention. Arrow shall pay Ecological’s counsel Fourteen Thousand Dollars (\$14,000) for all attorneys’ fees, expert and investigation fees, and related costs associated with this matter and the Notice.

**5. PAYMENT INFORMATION**

By July 11, 2016, Arrow shall make a total payment of Fifteen Thousand Dollars (\$15,000) for the civil penalties and attorney’s fees / costs by wire transfer to Plaintiff’s counsel Custodio & Dubey LLP:

Bank: Bank of America, N.A.

Routing No.: 026009593

Account No.: 325054144600

Beneficiary: Custodio & Dubey LLP

Other than this payment, each side is to bear its own attorneys’ fees and costs.

**6. RELEASE OF ALL CLAIMS**

**6.1 Release of Arrow and Downstream Customers**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Ecological, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, and acting in the

public interest hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Products, 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 Arrow and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Releasees").

Ecological also, in its capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Arrow and the Releasees. Ecological acknowledges that it is familiar with California Civil Code section 1542, which provides as follows:

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.

Ecological, in its capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any

and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

**6.2 Arrow's Release of Ecological**

Arrow waives any and all claims against Ecological, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Ecological and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

**7. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Arrow shall have no further obligations pursuant to this Settlement Agreement.

**8. NOTICES**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For Arrow:

Bruce Nye  
adams | nye | becht LLP  
222 Kearny Street, 7th Floor  
San Francisco, CA 94108-4521

For Ecological:

Vineet Dubey  
Custodio & Dubey LLP  
448 S. Hill St., Suite 612  
Los Angeles, CA 90013

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

**9. COUNTERPARTS; FACSIMILE/E-SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

**10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**



Ecological agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

**11. MODIFICATION**

This Settlement Agreement may be modified only by a written agreement signed by the Parties.

**12. AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

<b>AGREED TO:</b>	<b>AGREED TO:</b>
Date: June <u>23</u> 2016	Date: June <u>29</u> 2016
By: 	By: 
On Behalf of Ecological Alliance, LLC	On Behalf of Arrow Industries