

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1 Ecological Alliance, LLC and GP Companies, Inc.

This Settlement Agreement is entered into by and between Ecological Alliance, LLC (“Ecological”), on the one hand, and GP Companies, Inc. (“GP”), with Ecological and GP collectively referred to as the “Parties” and individually as a “Party”. 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 GP is a company in the course of doing business for purposes of California Health & Safety Code sections 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Ecological alleges that GP manufactured, distributed, or sold, for sale in California, quick couplers, fittings, and injectors containing lead and that such warnings for such products have not been provided 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 quick couplers, fittings, and injectors manufactured, sold, or distributed by GP that contain lead. All such items shall be referred to herein as the “Products.”

1.4 Notice of Violation

On June 30, 2016, Ecological served GP, Amazon.com, Inc., 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 GP and such

public enforcers with notice that alleged that GP 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 Notice.

1.5 No Admission

GP 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 GP 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 GP of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by GP. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of GP under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean 180 days after the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION

Any Products that GP manufactures or procures after the Effective date that GP thereafter distributes for sale in California or sells in California shall comply with either Section 2.1 or Section 2.2. The requirements of this Section 2 shall not apply to Products that are already in the stream of commerce as of the Effective Date.

2.1 Reformulation Option

The Products shall be deemed to comply with Proposition 65 with regard to lead and be exempt from any Proposition 65 warning requirements for lead 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 on the label or packaging. Where required under Sections 2.1 and 2.2 above, GP shall provide Proposition 65 warnings as follows:

(a) GP may use either of the following warning statements, with the bracketed terms optional:

WARNING: This product contains [lead,] a chemical known to the State of California to cause birth defects or other reproductive harm.

or, where GP has reason to believe that chemicals listed under Proposition 65 in addition to lead are present in a Product,

WARNING: This product contains chemicals[, including lead] known to the State of California to cause [cancer and] birth defects or [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. GP shall be entitled, at its sole option, to modify the warning required under this Section 2.2 to conform with any change in the Proposition 65 warning regulations set forth in Title 27 of the California Code of Regulations.

(c) If Proposition 65 warnings for lead should no longer be required, GP shall have no further obligations pursuant to this Settlement Agreement.

3. SETTLEMENT PAYMENT

In settlement of all the claims referred to in this Settlement Agreement, GP shall pay a total of Seventeen Thousand Dollars (\$17,000), which shall be allocated as set forth in Sections 3.1 and 3.2.

3.1 CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)

One Thousand Dollars (\$1,000) shall be a civil penalty in accordance with this Section. The civil penalty 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.

3.2 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, GP shall reimburse Ecological’s counsel for all fees and costs, incurred as a result of investigating and bringing this matter to GP’s attention and in negotiating this Settlement Agreement. Accordingly, GP shall pay Ecological’s counsel Sixteen Thousand Dollars (\$16,000) for all attorneys’ fees, expert and investigation fees, and related costs associated with this matter and the Notice.

3.3 PAYMENT INFORMATION

By September 9, 2016, GP shall make the total settlement payment of Seventeen Thousand Dollars (\$17,000) 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 the payment amount specified in Section 3, each Party shall bear its own attorneys’ fees and costs.

4. RELEASE OF ALL CLAIMS

4.1 Ecological's Release of GP and Other Releasees

This Settlement Agreement is a full, final and binding resolution between Ecological, on its own behalf and not on behalf of the public, and GP, of any violation of Proposition 65 that was or could have been asserted by Ecological, on behalf of itself, or on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees against (i) GP, its parents, subsidiaries, and affiliated entities; (ii) each entity to whom GP directly or indirectly distributes or sells Products, including but not limited to downstream distributors, wholesalers, customers, retailers (including, but not limited to Amazon.com, Inc.), franchisors, franchisees, cooperative members, licensors, licensees, and their respective parents, subsidiaries, and affiliated entities under common ownership; and (iii) the respective directors, officers, owners, attorneys, shareholders, and employees of any of the entities listed in subsections (i) and (ii), above (the entities and individuals identified in subsections (i) through (iii), above are collectively referred to as "Releasees"), based on the alleged failure to warn about potential exposures to lead and lead compounds contained in Products manufactured, distributed, or sold by GP on or before the Effective Date. The Parties agree that compliance with the terms of Section 2 shall be deemed to constitute compliance by any Releasees with respect to any lead and lead compounds in the Covered Products manufactured, distributed, or sold after the Effective Date.

In further consideration of the promises and agreements herein contained, and for the payment to be made pursuant to Section 3 above, Ecological, on behalf of itself, and on behalf of 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 relating to the Products, including, without limitation, all actions, 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), obligations or damages (collectively, "Claims") arising under Proposition 65 or any other statutory or common law with respect to lead and lead compounds in the Products manufactured, distributed, or sold by GP on or before the Effective Date.

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 Claims of any nature, whether known or unknown, suspected or unsuspected, fixed or contingent, against 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.

4.2 GP's Release of Ecological

GP 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.

5. 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 GP shall have no further obligations pursuant to this Settlement Agreement.

6. 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 GP:

Sarah Esmaili
Arnold & Porter LLP
Three Embarcadero Center, 10th Floor
San Francisco, CA 94111

For Ecological:

Vineet Dubey
Custodio & Dubey LLP
448 S. Hill St., Suite 612
Los Angeles, CA 90401

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.

7. COUNTERPARTS; FACSIMILE SIGNATURES

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

8. 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).

9. MODIFICATION

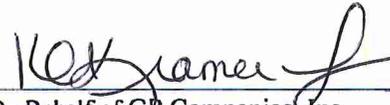
This Settlement Agreement may be modified only by a written agreement signed by the Parties.

10. ENTIRE AGREEMENT

This Settlement Agreement 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.

11. 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.

AGREED TO: Date : August <u>29</u> , 2016 By: <u></u> On Behalf of Ecological Alliance, LLC	AGREED TO: Date: August <u>31st</u> , 2016 By: <u></u> On Behalf of GP Companies, Inc.
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