

# SETTLEMENT AGREEMENT

## 1. INTRODUCTION

### 1.1 Parties

This Settlement Agreement is entered into by and between Michael DiPirro (“DiPirro”) and Argento SC by Sicura Inc. (“Argento”), with DiPirro and Argento individually referred to as a “Party” and collectively as the “Parties.” DiPirro is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Argento employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

### 1.2 General Allegations

DiPirro alleges that Argento manufactures, imports, sells, or distributes for sale, in the State of California, exercise equipment with a PVC rope component containing Di(2-ethylhexyl)phthalate (“DEHP”) without first providing the clear and reasonable exposure warning required by Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical that is known to the state of California to cause birth defects and other reproductive harm (hereinafter “Listed Chemical”).

### 1.3 Product Description

The products covered by this Settlement Agreement are exercise equipment with a PVC rope component containing the Listed Chemical that are manufactured, sold, or distributed for sale in California by Argento, including, but not limited to, *TKO Weighted Grip Jump Rope with PVC Rope (JUR014BLYE) (#8 72510 00047 0)* (“Products”).

### 1.4 Notice of Violation

On or about December 9, 2016, DiPirro served Argento and certain requisite public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients of DiPirro’s allegation that Argento violated Proposition 65 by failing to warn its

customers and consumers in California that the Products expose users to the Listed Chemical. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

### **1.5 No Admission**

Argento denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has manufactured, sold, or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Argento of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Argento of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Argento. This section shall not, however, diminish or otherwise affect Argento's obligations, responsibilities, and duties under this Settlement Agreement.

### **1.6 Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean November 1, 2017.

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

### **2.1 Reformulation Standard**

For purposes of this Settlement Agreement, "Reformulated Products" are Covered Products containing no more than 1,000 parts per million (0.1%) DEHP when analyzed pursuant to EPA testing methodologies 3580A and 8270C or, at the option of Defendant, equivalent methodologies utilized by and/or approved by State or federal agencies for the purpose of determining DEHP content in a solid substance.

### **2.2 Product Warnings**

For all Covered Products sold in California that are not Reformulated Products, each warning described in this subsection shall 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. Each warning shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion. The text of the warning shall be printed in black ink on a light background, in a font that is easy to read and legible, but in no case less than in 10 point font.

For Covered Products that are manufactured for sale in California after July 31, 2017, but prior to August 1, 2018, and do not meet the Reformulation Standard, Defendant may use one of the following warnings, at Defendant's option. For Covered Products that do not meet the Reformulation Standard, that are manufactured and shipped for sale in California by Defendant after July 31, 2018, Defendant shall use the warning language under "Option 2" or "Option 3" below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black on white if the color yellow is otherwise not used on the Product's packaging).

**OPTION 1:**

**WARNING: This product contains DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.**

**OPTION 2:**



**WARNING: This product contains, and can expose you to, DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

**OPTION 3:**



**WARNING: This product can expose you to chemicals including Di(2-ethylhexyl)phthalate, which are known to the State of California to cause birth defects or other reproductive harm. For more**

information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

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

**3.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b).** Argento shall make a civil penalty payment of \$750.00, in accordance with this section, on or before the Effective Date. The penalty payment will be allocated in accordance with California Health & Safety Code § 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 DiPirro in accordance with Section 3.2 below. The penalty payment shall be delivered to the address listed in Section 3.2 below.

**3.2 Payments Held in Trust.** Payments shall be delivered to the offices of Bush & Henry, 6761 Sebastopol Avenue, Suite 111, Sebastopol, CA 95472, and shall be in the form of three checks for the following amounts made payable to:

- (a) “Bush & Henry, Attorneys at Law” in the amount of \$562.50 for payment to OEHHA. Bush & Henry agree to forward such funds to OEHHA in a timely manner. Alternatively, at Defendant’s option, it can choose to deliver to the offices of Bush & Henry a certified or cashier’s check made payable to “Office of Environmental Health Hazard Assessment.”
- (b) “Bush & Henry, Attorneys at Law” in the amount of \$187.50 as payment to Michael DiPirro. Bush & Henry agree to forward such funds in a timely manner. Alternatively, at Defendant’s option, it can choose to deliver to the offices of Bush & Henry a certified or cashier’s check made payable to “Michael DiPirro.”
- (c) “Bush & Henry, Attorneys at Law” in the amount of \$6,750, as payment for attorneys’ fees and costs pursuant to Section 4 below.

For any payment that is returned for insufficient funds, payment must be made by a cashier’s check within ten (10) calendar days of notification of insufficient funds, plus a 10% service fee.

**3.3 Issuance of 1099 Forms.** Argento shall provide DiPirro's counsel with a separate 1099 form for each of its payments under this Agreement to:

- (a) "Office of Environmental Health Hazard Assessment", P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) for civil penalties paid;
- (b) "Michael DiPirro," whose address and tax identification number shall be furnished upon request after this Agreement has been fully executed by the Parties for his portion of the civil penalties paid; and
- (c) "Bush & Henry, Attorneys at Law, PC," for fees and costs reimbursed pursuant to Section 4.

**4. REIMBURSEMENT OF FEES AND COSTS**

The parties acknowledge that DiPirro and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Argento then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then attempted to (and did) reach an accord on the compensation due to DiPirro and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Argento shall pay \$6,750 for fees and costs incurred as a result of investigating, bringing this matter to Argento's attention, and negotiating a settlement in the public interest. Argento shall issue a separate 1099 for fees and costs (EIN: 81-1257634), shall make the check payable to "Bush & Henry, Attorneys at Law" and shall deliver payment on or before the Effective Date to the address listed in Section 3.2 above.

**5. CLAIMS COVERED AND RELEASED**

**5.1 DiPirro's Release of Argento**

This Settlement Agreement is a full, final, and binding resolution between DiPirro and Argento of any violation of Proposition 65 that was or could have been asserted by DiPirro, on

behalf of himself, or on behalf of his past and current agents, representatives, attorneys, successors, and assignees, against Argento, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Argento directly or indirectly distributes or sells the Products, including, but not limited to Ross Stores, Inc. (“Releasees”), for unwarned exposures to the Listed Chemical from the Products manufactured, distributed, sold or distributed for sale in California by Argento prior to the Effective Date.

In further consideration of the promises and agreements herein contained, DiPirro, on his own behalf and on behalf of his 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 that he may have against Argento and Releasees, including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses, including, without limitation, investigation fees, expert fees, and attorneys’ fees arising under Proposition 65 for exposures to the Listed Chemical from Products distributed, sold, or distributed for sale in California by Argento prior to the Effective Date.

## **5.2 Argento’s Release of DiPirro**

Argento, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims that it may have against DiPirro and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by DiPirro and his attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

## **6. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

**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 Argento may provide written notice to DiPirro of any asserted change in the law, and have no further obligations pursuant to this Settlement Agreement, with respect to, and to the extent that, the Products are so affected.

**8. NOTICES**

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

For Argento SC by Sicura Inc.:

Steven Scaba, Vice President  
Argento SC  
1407 Broadway, Ste 2201  
New York, NY 10018

For DiPirro:

Bush & Henry, Attorneys at Law, PC  
6761 Sebastopol Avenue, Suite 111  
Sebastopol, CA 95472

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

**9. COUNTERPARTS; FACSIMILE SIGNATURES**

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

**10. POST-EXECUTION ACTIVITIES**

DiPirro agrees to comply with the reporting form requirements referenced in Health and Safety Code section 25249.7(f).

**11. MODIFICATION**

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

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**12. AUTHORIZATION**

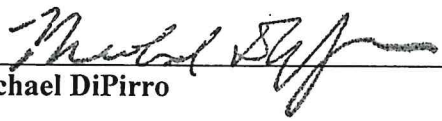
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.


**AGREED TO:**

**AGREED TO:**

Date: 10-27-17

Date: 10/27/2017

By:   
Michael DiPirro

By:   
**Argento SC by Sicura Inc.**  
Print Name: Steven Scaba  
Title: Vice President