

## SETTLEMENT AGREEMENT

### 1. INTRODUCTION

#### 1.1 Parties

This Settlement Agreement is entered into by and between Paul Wozniak (“Wozniak”) and Poolmaster, Inc. (“Poolmaster”), with Wozniak and Poolmaster each individually referred to as a “Party” and collectively as the “Parties.” Wozniak is an individual residing in the State of 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. Poolmaster employs ten or more individuals and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.5 et seq. (“Proposition 65”).

#### 1.2 General Allegations

Wozniak alleges that Poolmaster manufactured, imported, distributed, and/or sold in the State of California vinyl/PVC hoses and vinyl/PVC inflatable head/footrests that contain di(2-ethylhexyl) phthalate (“DEHP”). DEHP is listed under Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm. Wozniak alleges that Poolmaster failed to provide consumers and other individuals exposed to DEHP from the vinyl/PVC hoses and vinyl/PVC inflatable head/footrests it sold in California with a clear and reasonable health hazard warning regarding the reproductive toxicity of DEHP, as required by Proposition 65.

#### 1.3 Product Description

For purposes of this Settlement Agreement “Products” are defined as vinyl/PVC hoses containing DEHP that are manufactured, sold, or distributed for sale in California by Poolmaster including, but not limited to, the *Stanley PoolTec 1 ½ in Backwash Hose, #32865, UPC #0 85334 32865 5*.

#### **1.4 Notice of Violation**

On June 29, 2017, Wozniak served Poolmaster, the California Attorney General, and all other requisite public enforcers with a document titled, “60-Day Notice of Violation” (“Notice”), alleging that Poolmaster violated Proposition 65 by failing to warn its customers and consumers in California of the health risks associated with exposures to DEHP from the Products. In addition, the Notice alleged that Poolmaster violated Proposition 65 by failing to warn its customers and consumers in California of the health risks associated with exposures to DEHP from vinyl/PVC inflatable head/footrests containing DEHP including, but not limited to, the *Water Hammock Lounge*, #70443. No public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

Poolmaster provided evidence that it did not manufacture or sell of the *Water Hammock Lounge*, #70443 purchased and investigated by Mr. Wozniak and asserts that the exemplar item was a “knock off” produced and sold fraudulently as a Poolmaster item. Accordingly, the *Water Hammock Lounge* is not covered by this settlement.

#### **1.5 No Admission**

Poolmaster denies the material, factual, and legal allegations in the Notice, and maintains that all of the products that it has manufactured, imported, stored, distributed, shipped, sold and/or offered 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 Poolmaster of any allegation, fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Poolmaster of any allegation, fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Poolmaster. This Section shall not, however, diminish or otherwise affect Poolmaster’ obligations, responsibilities, and duties under this Settlement Agreement.

## **1.6 Effective Date**

For purposes of this Settlement Agreement, the term “Effective Date” shall mean February 28, 2018.

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

### **2.1 Commitment to Reformulate or provide Warning Label**

Commencing no later than thirty (30) days after the Effective Date and continuing thereafter, Poolmaster shall only manufacture for sale, purchase for sale, or import for sale in California, Products that are Reformulated Products as defined by Section 2.2, below or offered with a clear and reasonable warning pursuant to Section 2.3, below.

### **2.2 Reformulation Standard**


For the purposes of this Settlement Agreement, “Reformulated Products” are defined as Products that contain DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining DEHP content in a solid substance.

### **2.3 Clear and Reasonable Warnings**

Commencing no later than thirty (30) days of the Effective Date and continuing thereafter, all Products Poolmaster sells and/or distributes for sale in California which do not qualify as Reformulated Products, will bear a clear and reasonable warning pursuant to this Section. Poolmaster further agrees that the warning will be prominently placed with such conspicuousness when 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 of use. For purposes of this Settlement Agreement, a clear and reasonable warning for the Products shall consist of a warning affixed to the packaging, label, tag, or directly to a Product sold in California and containing one of the following statements:

 **WARNING:** Reproductive Harm- [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)

OR

 **WARNING:** This product can expose you to chemicals including DEHP, which is 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)

Pursuant to Health and Safety Code section 25603(a)(1), warning symbol that accompanies the warning language may be printed in black and white where the sign, label, or shelf tag for the product is not printed using the color yellow.

### **3. MONETARY SETTLEMENT TERMS**

#### **3.1 Civil Penalty Payments**

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Poolmaster agrees to pay a total of \$3,000 in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by Wozniak.

Poolmaster will deliver its payment on or before March 9, 2018 in two checks for the following amounts made payable to: (a) “OEHHA” in the amount of \$2,250; and (b) “Paul Wozniak, Client Trust Account” in the amount of \$750. Wozniak’s counsel shall be responsible for delivering OEHHA’s portion of the penalties paid under this Settlement Agreement.

#### **3.2 Attorneys’ Fees and Costs**

The Parties reached an accord on the compensation due to Wozniak and his counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter.

Poolmaster agrees to pay \$22,000 to Wozniak and his counsel for all fees and costs incurred investigating, bringing this matter to the attention of Poolmaster's management, and negotiating a settlement that provides a significant public benefit. Poolmaster's payment shall be delivered in the form of a check payable to "The Chanler Group" on or before March 9, 2018.

### **3.3 Payment Address**

All payments required by this Settlement Agreement shall be delivered to:

The Chanler Group  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 Wozniak's Release of Poolmaster**

This Settlement Agreement is a full, final, and binding resolution between Wozniak, in his individual capacity and not on behalf of the public and Poolmaster, of any violation of Proposition 65 that was or could have been asserted by Wozniak, on his own behalf, or on behalf of his past and current agents, principals, employees, insurers, accountants, entities under his ownership or direction, representatives, attorneys, predecessors, successors, assignees and heirs, against Poolmaster, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, and each entity to whom Poolmaster directly or indirectly distributes, ships or sells Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees and their owners, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, and assignees (collectively, "Releasees"), for any and all claims based on the alleged or actual failure to

warn about exposures to DEHP in Products manufactured, sold, or distributed for sale before the Effective Date in California by Poolmaster, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, Wozniak, in his individual capacity and not on behalf of the public, and on behalf of his past and current agents, principals, employees, insurers, accountants, entities under his ownership or direction, representatives, attorneys, predecessors, successors, assignees and heirs hereby waives any and all rights that he may have to institute or participate in, directly or indirectly, any form of legal action, and releases all claims against Poolmaster and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigation fees, expert fees, and attorneys' fees for any and all claims arising under Proposition 65 regarding the alleged or actual failure to warn about exposures to DEHP in Products manufactured, sold, or distributed for sale before the Effective Date by Poolmaster.

The releases provided by Wozniak under this Settlement Agreement are provided solely on Wozniak's behalf and are not releases on behalf of the public in California.

#### **4.2 Poolmaster's Release of Wozniak**

Poolmaster, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Wozniak, Wozniak's attorneys, and other representatives, for any and all actions taken or statements made, whether in the course of investigating claims, seeking to enforce Proposition 65 against Poolmaster in this matter, or with respect to the Products.

#### **5. 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.

**6. 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 otherwise rendered inapplicable by reason of law generally, or as applied to the Products, then Poolmaster may provide written notice to Wozniak of the asserted change in the law, and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to the Products, to the extent that the Products are so affected.

**7. NOTICE**

Unless specified herein, all correspondence and notice required by this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Poolmaster:

Jon Clark  
Poolmaster, Inc.  
770 West Del Paso Road  
Sacramento, CA 95834  
jclark@poolmaster.com

For Wozniak:

The Chanler Group  
Attn: Prop 65 Coordinator  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710

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

**8. 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.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Wozniak and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

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

11. ENFORCEMENT OF SETTLEMENT AGREEMENT

Any party may file suit in California Superior Court to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

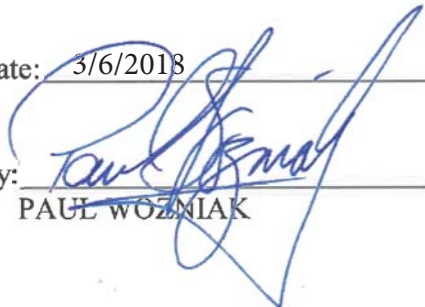
No action to enforce this Settlement Agreement may be commenced or maintained unless the party seeking enforcement notifies the other party of the specific acts alleged to breach this Settlement Agreement and, thereafter, meets and confers with the other Party for a period of not less than 30 days in an effort to resolve the alleged breach informally before serving or filing any action to enforce the terms and conditions contained in this Settlement Agreement.


12. AUTHORIZATION

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

AGREED TO:

AGREED TO:

Date: 3/6/2018  
By:   
PAUL WOZNIAK

Date: 3-5-2018  
By:   
LEON TAGER, PRESIDENT  
POOLMASTER, INC.