

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between EnviroProtect, LLC (“EnviroProtect”) and The Hampton Lifestyle, LLC (“Hampton”), with Hampton and EnviroProtect each individually referred to as a “Party” and collectively as the “Parties.”

1.2 Introduction and General Allegations.

1.2.1 EnviroProtect is a company duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 EnviroProtect alleges that Hampton 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, California Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

1.2.3 EnviroProtect alleges that Hampton imported, sold, and/or distributed for sale in California, the flawless mug, UPC No. 80282800418651FLC43, SKU No. SKU# 070265356 containing lead, a listed chemical pursuant to Proposition 65 listed by the State of California to cause cancer and reproductive toxicity, and failed to provide the health hazard warning required by Proposition 65.

1.3 Product Description.

The product covered by this Settlement Agreement is the Flawless Mug, which was imported, sold and/or distributed for sale in California by Hampton with UPC No. 80282800418651FLC43 and SKU No. SKU# 070265356 (“Covered Products”).

1.4 60 Day Notices of Violation and Exchange of Information.

On September 29, 2017, EnviroProtect served Hampton, The TJX Companies, Inc. (“TJX”), and the requisite public enforcement agencies with a 60-Day Notices of Violation (“Notice”), alleging that Hampton and TJX had violated Proposition 65. The Notices alleged that Hampton and TJX had failed to warn consumers in California of the health hazards associated with exposures to lead from the import, sale and/or distribution of the Covered Products.

EnviroProtect subsequently provided Hampton with test results in EnviroProtect’s possession concerning its allegations. Hampton provided EnviroProtect with sales data related to the Covered Products. 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.

The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”). Specifically, EnviroProtect alleges that Hampton imported, sold or distributed for sale in the state of California the Covered Products, which contained and leached lead from the lip and rim area without first providing the clear and reasonable exposure warning required by Proposition 65. Hampton denies that such a warning is required under Proposition 65 or any otherwise applicable law.

Hampton further denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has imported, sold and/or distributed in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Hampton of any 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 Hampton of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Hampton. However, this section shall not diminish or otherwise affect Hampton’s obligations, responsibilities, and duties hereunder.

1.6 **Effective Date.**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean

2. **the date this Settlement Agreement is fully executed by the Parties. INJUNCTIVE RELIEF: REFORMULATED PRODUCTS AND WARNINGS**

2.1 **Reformulation Standard.** Commencing on the Effective Date, and continuing thereafter, Covered Products that Hampton imports, manufactures and/or sells or offers for sale or purchases for sale in or into California, shall be deemed to comply with Proposition 65, and be exempt from any Proposition 65 warning requirements with respect to lead if they meet the standard of "Reformulated Products." "Reformulated Products" shall mean Covered Products that meet the requirements of either 2.1.1 or 2.1.2, and, if the Covered Products contain external decorations within the top 20 millimeters of the exterior surface, meet the requirements of 2.1.3:

2.1.1 uses decorating materials containing less than 0.06% lead by weight as measured at Hampton's option either before or after the material is fired onto (or otherwise affixed to) the Covered Product, using a sample size of the materials in question measuring approximately 50-100 mg and a test method of sufficient sensitivity to establish a limit of quantitation of less than 600 ppm, or

2.1.2 achieves a result of 0.99 ppm or less for lead when tested under the ASTM C 738-81 test method, modified for total immersion and comparison to internal volume.

2.1.3 decorations within the top 20 millimeters of the exterior surface shall not contain more than 0.02% lead by weight using a sample size of materials in question measuring approximately 50-100 mg and a test method of sufficient sensitivity to establish a limit of quantitation of less than 200 ppm.

2.2 **Warning Option.** Covered Products that do not meet the standard of Reformulated Products set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. This warning shall only be required as to Covered Products that Hampton sells or ships to consumers, retailers, or distributors located in California after the

Effective Date. No Proposition 65 warning for lead shall be required as to any Covered Products that are already in the stream of commerce as of the Effective Date.

2.3 **Warning Language.** Where required to meet the criteria set forth in Section 2.2, Hampton shall provide the following warning statement for Covered Products conspicuously on the package.

⚠WARNING: This product can expose you to chemicals including lead, which are 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.

- The warning shall be preceded by a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline.

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

Hampton shall pay a civil penalty of \$1,000, to be apportioned in accordance with California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to EnviroProtect. Hampton shall issue two separate checks for the penalty payment: (a) one check made payable to the Kawahito Law Group in Trust for the State of California's Office of Environmental Health Hazard Assessment ("in Trust for OEHHA") in the amount of \$750, representing 75% of the initial civil penalty and (b) one check to "Kawahito Law Group in Trust for EnviroProtect, LLC.," in the amount of \$250, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to EnviroProtect, who shall furnish a W-9 at least five days prior to the due date for payment. These payments shall be delivered within 10 days of the Effective Date to the following address:

James Kawahito, Esq.
Kawahito Law Group APC
222 N. Sepulveda, Blvd. Suite 2222
El Segundo, CA 90245

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that EnviroProtect and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee reimbursement issue to be resolved after the material terms of the agreement had been settled. The parties reached an accord on the compensation due to EnviroProtect and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement. More specifically, Hampton shall pay the total amount of \$11,500 for fees and costs incurred by EnviroProtect as a result of investigating, bringing this matter to the attention of Hampton, and negotiating a settlement. Hampton shall make the check payable to “Kawahito Law Group APC” and shall deliver payment within 10 days of the Effective Date. All payments shall be made to the following address:

James Kawahito, Esq.
Kawahito Law Group APC
Attn. EnviroProtect v. Hampton
222 North Sepulveda Blvd., Suite 2222
El Segundo, CA 90245

Or by wire transfer to the following account:

Kawahito Law Group APC
Client Trust Account
Account Number: 3250 8882 4857
Routing Number: 122000661/121000358 (paper/electronic transfer); 026009593 (wire)
Bank of America
4754 Admiralty Way
Marina Del Rey, CA 90292

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.

This Settlement Agreement is a full, final and binding resolution between EnviroProtect, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees (“Releasors”), on the one hand, and Hampton, their respective parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, licensors, and each entity to whom Hampton directly or indirectly distributes or sells the Covered Products, including but not limited distributors, wholesalers, retailers, customers, marketplace hosts, and

the successors and assigns of any of them ("Releasees"), on the other hand, of any violation of Proposition 65 that was or could have been asserted by EnviroProtect based on the alleged failure to warn about alleged exposures to lead contained in the Covered Products that were manufactured, imported, distributed, sold and/or offered for sale by Hampton (either directly or through any of the Releasees) in California before the Effective Date. This release is provided in EnviroProtect's individual capacity and is not a release on behalf of the public.

In further consideration of the promises and agreements herein contained, EnviroProtect on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, also hereby waives all of its rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that it or they may have against Releasees 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 -- arising with respect to Hampton's compliance with Proposition 65 with respect to the Covered Products before the Effective Date.

5.2 Hampton's Release of EnviroProtect.

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

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.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to 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 Hampton:

Morton A Cordell
The Hampton Lifestyle LLC
4848 San Felipe Road
Ste 150-209
San Jose CA 95135, USA

For EnviroProtect:

James K. Kawahito
Kawahito Law Group APC
Attn. EnviroProtect v. Hampton, Inc.
222 North Sepulveda Blvd., Suite 2222
El Segundo, CA 90245

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)

EnviroProtect 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. AUTHORIZATION

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

AGREED TO:

Date: 3/1/18

By: Emilio Zelaya
EnviroProtect, LLC

AGREED TO:

Date: 3/1/2018

By: [Signature]
Hampton Lifestyle