

## SETTLEMENT AGREEMENT

### 1. INTRODUCTION

#### 1.1 Parties

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E. (“Dr. Held”) and Woodstock International, Inc. (“Woodstock”), with Dr. Held and Woodstock each individually referred to as a “Party” and collectively as the “Parties.” Dr. Held 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 used in consumer products. Dr. Held alleges that Woodstock 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 & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

#### 1.2 General Allegations

Dr. Held alleges that Woodstock manufactures, sells, and/or distributes for sale in California, quick couplers containing lead. Lead is listed pursuant to Proposition 65 as a chemical known to cause birth defects and other reproductive harm. Dr. Held alleges that Woodstock failed to provide the health hazard warning allegedly required by Proposition 65 for exposures to lead from its quick couplers.

#### 1.3 Product Description

The product that is covered by this Settlement Agreement is the *Shop Fox Male Quick Coupler – ¼” NPT, D4150, #12704, UPC #7 69433 49909 5*, manufactured, sold or distributed for sale in California by Woodstock (“Products”).

#### 1.4 Notice of Violation

On or about October 24, 2017, Dr. Held served Woodstock and certain requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that Woodstock violated Proposition 65 when it failed to warn its customers and consumers in California that its Products expose users to lead. To the best of the Parties’ knowledge,

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no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

### **1.5 No Admission**

Woodstock denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has sold and distributed 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 Woodstock 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 Woodstock of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Woodstock. However, this Section shall not diminish or otherwise affect Woodstock'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 March 30, 2018.

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

### **2.1 Reformulation Standards**

"Reformulated Products" are defined as those Products that: (a) contain no more than 90 parts per million ("ppm") of lead when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3050B and 6010B or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content in a solid substance (e.g., ASTM C738-94 (2016)); and (b) yield no more than 1.0 microgram (" $\mu\text{g}$ ") of lead when analyzed pursuant to NIOSH Test Method No. 9100.

### **2.2 Reformulation Commitment**

As of the Effective Date, Woodstock shall not manufacture, import, distribute, sell or offer the Products for sale in the State of California unless they are

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Reformulated Products pursuant to Section 2.1 above or carry the Proposition 65 warnings specified in Section 2.3 below.

### **2.3 Product Warnings**

Woodstock represents that it began implementation of a warning program upon receipt of the Notice. In addition, commencing on the Effective Date, Woodstock shall provide clear and reasonable warnings for all Products as set forth in subsections 2.3(a) and (b) for all Products that do not qualify as Reformulated Products. Each warning 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.

#### **(a) Retail Store Sales.**

**(i) Product Labeling.** Woodstock shall affix a warning to the packaging, labeling, or directly on each Product provided for sale in retail outlets in California that states:

**⚠ WARNING:** This product can expose you to lead, which is 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](http://www.P65Warnings.ca.gov).

Alternatively, Woodstock may provide an on-product warning on each Product provided for sale in retail outlets in California that states:

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

**(b) Mail Order Catalog and Internet Sales.** In the event that Woodstock sells Products via mail order catalog and/or the internet, to customers located in California, after the Effective Date, that are not Reformulated Products, Woodstock shall provide warnings for such Products sold via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall

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identify the *specific* Product to which the warning applies as further specified in Sections 2.3(b)(i) and (ii).

(i) **Mail Order Catalog Warning.** Any warning provided in a mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

**⚠ WARNING:** This product can expose you to lead, which is 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](http://www.P65Warnings.ca.gov).

Alternatively, if Woodstock elects to provide an on-product warning pursuant to Section 2.3(a)(i), the following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

**⚠ WARNING:** Cancer and Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, Woodstock may utilize a designated symbol to cross reference the applicable warning and shall define the term “designated symbol” with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

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**⚠ WARNING:** Certain products identified with this symbol **⚠** and offered for sale in this catalog can expose you to lead, which is 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](http://www.P65Warnings.ca.gov).

Alternatively, if Woodstock elects to provide an on-product warning pursuant to Section 2.3(a)(i), the following warning language may be used in the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

For certain products identified with this symbol **⚠** and offered for sale in this catalog:

**⚠ WARNING:** Cancer and Reproductive Harm –  
[www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, Woodstock must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(ii) **Internet Website Warning.** A warning shall be given in conjunction with the sale of the Products via the internet, which warning shall appear either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

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**⚠ WARNING:** This product can expose you to lead, which is 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](http://www.P65Warnings.ca.gov).

Alternatively, if Woodstock elects to provide an on-product warning pursuant to Section 2.3(a)(i), the following warning shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

**⚠ WARNING:** Cancer and Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

The designated symbol may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

**⚠ WARNING:** Certain products identified with this symbol **⚠** and offered for sale in this website can expose you to lead, which is 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](http://www.P65Warnings.ca.gov).

Alternatively, if Woodstock elects to provide an on-product warning pursuant to Section 2.3(a)(i), the following warning statement may appear elsewhere on the same web page as follows:

For certain products identified with this symbol **⚠** and offered for sale in this website:

**⚠ WARNING:** Cancer and Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

### **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, Woodstock

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agrees to pay a total of \$1,250 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 Dr. Held.

Woodstock will deliver its civil penalty payment on or before the Effective Date, in two checks for the following amounts made payable to: (i) “OEHHA” in the amount of \$937.50; and (ii) “Anthony E. Held, Client Trust Account” in the amount of \$312.50. Dr. Held’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 acknowledge that Dr. Held 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 the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, Woodstock expressed a desire to resolve Dr. Held’s fees and costs. The Parties then negotiated a resolution of the compensation due to Dr. Held 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, Woodstock shall reimburse Dr. Held and his counsel \$16,250. Woodstock’s payment shall be delivered to the address in Section 3.3, on or before the Effective Date, in the form of a check payable to “The Chanler Group.” The reimbursement shall cover all fees and costs incurred by Dr. Held investigating, bringing this matter to Woodstock’s attention and negotiating a settlement of the matter.

### **3.3 Payment Address**

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



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following address:

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

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

##### **4.1 Dr. Held's Release of Proposition 65 Claims**

Dr. Held, acting on his own behalf, and *not* on behalf of the public, releases Woodstock, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Woodstock directly or indirectly distribute or sell Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to lead in the Products, as set forth in the Notice. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposures to lead from the Products, as set forth in the Notice. The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities, other than Woodstock, that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Woodstock.

##### **4.2 Dr. Held's Individual Releases of Claims**

Dr. Held, in his individual capacity only and *not* in his representative capacity, provides a 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 Dr. Held of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to lead in the Products



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manufactured, imported, distributed, or sold by Woodstock prior to the Effective Date. The Parties further understand and agree that this Section 4.2 release shall not extend upstream to any entities that manufactured the Products, or any component parts thereof, or any distributors or suppliers who sold the Products, or any component parts thereof to Woodstock. Nothing in this Section affects Dr. Held's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Woodstock's Products.

### **4.3 Woodstock's Release of Dr. Held**

Woodstock, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Dr. Held 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 Dr. Held and his 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 Products.

### **5. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining 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, as to Woodstock specifically as a result of a statutory exemption, or as to the Products, then Woodstock may provide written notice to Dr. Held of any asserted change in the law, or its applicability to Woodstock or the Products, and shall have no further obligations pursuant

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to this Settlement Agreement with respect to, and to the extent that, Woodstock or the Products are so affected.

### 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 Woodstock:

Shiraz Balolia, President  
Woodstock International, Inc.  
1821 Valencia Street  
Bellingham, WA 98229

For Dr. Held:

Proposition 65 Coordinator  
The Chanler Group  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565

with copy to Woodstock's counsel:

Todd O. Maiden, Esq.  
Reed Smith, LLP  
101 Second Street, Suite 1800  
San Francisco, CA 94105

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)

Dr. Held 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.

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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: 3/23/2018 \_\_\_\_\_

By: Anthony E. Held  
ANTHONY E. HELD, PH.D., P.E.

AGREED TO:

Date: 3/23/18 \_\_\_\_\_

By: Don Osterloh  
Don Osterloh  
Vice President and Chief Financial Officer  
WOODSTOCK INTERNATIONAL, INC.