

SETTLEMENT AGREEMENT

1. **INTRODUCTION**

1.1 The Parties. This Settlement Agreement is entered into by and between Brad Van Patten (“VanPatten”) and the upstream supplier Impecgear, Inc. (“Impecgear”) hereinafter “Impecgear”. Together, Van Patten and Impecgear are collectively referred to as the “Parties.” Van Patten is an individual that resides in the State of California, and seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Van Patten alleges that Impecgear is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

1.2 General Allegations. Van Patten alleges Impecgear has exposed individuals in the State of California to the chemical Diethylhexylphthalate (“DEHP”) from its sales of ProEquip Travel Bags without first providing consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer.

1.3 Product Description. The products covered by this Settlement Agreement are all ProEquip Travel Bag Clear School Security Backpack products, of any size (the “Products”) that have been imported, distributed, offered for sale and/or sold in California by Impecgear or its affiliates.

1.4 Notice of Violation. On March 10, 2020, Van Patten served Amazon.com, Inc. (“Amazon”) and various public enforcement agencies with a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “Notice”). The Notice provided Amazon and such others, including public enforcers, with notice that alleged that Amazon was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers and customers that use of the Products will expose them to DEHP. Impecgear, Inc. is the supplier of the Products. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission. Impecgear denies the material factual and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all products that are or have been 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 Impecgear 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 Impecgear of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Impecgear. However, this § 1.5 shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement. Notwithstanding the allegations in the Notice, Impecgear maintains that it has not knowingly manufactured, or caused to be manufactured, the Products for sale in California in violation of Proposition 65.

1.6 Effective Date. For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date this Agreement is last executed by the Parties.

2. INJUNCTIVE RELIEF: Clear & Reasonable Warnings

2.1 Compliance with Proposition 65 Warning Regulations. As of the Effective Date, and continuing thereafter, Impecgear, with respect to the Products as defined herein, which Impecgear directly manufacture, imports, distributes, sells, or offers for sale in California, shall take any and all necessary measures to ensure that websites and Products contain warnings in compliance with all Proposition 65 regulations, including but not limited to 27 CCR §25602 and §26503 established by the State of California. In fact, Impecgear, based upon this Settlement, have already updated their respective website, including Amazon.com, to contain a current warning in compliance with all Proposition 65 regulations.

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

In settlement of all the claims referred to in this Settlement Agreement, Impecgear shall pay \$1,500 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to Van Patten. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below. For all amounts due and owing that are not received within the payment times set forth below, Impecgear shall pay a

late civil penalty payment fee equal to \$100/day to be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d).

3.1 Civil Penalty. Impecgear shall issue two separate checks for the Civil Penalty payment to (a) “OEHHA” in the amount of \$1,125 (75%); and to (b) “Law Offices of George Rikos in Trust for Brad Van Patten” in the amount of \$375 (25%). The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below. The Civil Penatly payments herein shall be paid by July 6, 2020.

3.2 Payment Procedures.

(a) **Issuance of Payments.** Payments shall be delivered as follows:

(i) All payments owed to Van Patten, pursuant to § 3.1 shall be delivered to the following payment address:

George Rikos
Law Offices of George Rikos
555 West Beech, Suite 500
San Diego, CA 92101

(ii) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following addresses, and shall be sent no later than 15 business days following the Effective Date:

For United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

(b) **Copy of Payments to OEHHA.** Impecgear agrees to provide Van Patten's counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payments to Van Patten, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

(C) **Tax Documentation.** Van Patten agrees to provide IRS W-9 forms for each of the following payees under this Settlement Agreement along with his executed copy of the Settlement Agreement:

(i) "Law Offices of George Rikos" at the address provided in Section 3.2(a)(i); and

(ii) "Office of Environmental Health Hazard Assessment" at 1001 I Street, Sacramento, CA 95814.

4. REIMBURSEMENT OF FEES AND COSTS

Impecgear shall reimburse Van Patten's counsel \$16,000 for fees and costs incurred as a result of investigating and bringing this matter to Impecgear's attention, and negotiating a settlement in the public interest. The check for fees and costs shall be made payable by check to payable to "Law Offices of George Rikos" in the amount of for delivery to the address identified in § 3.2(a)(i), above. The reimbursement of civil penalties and costs shall be as follows.

4.1 On or before July 6, 2020, Impecgear shall deliver a check payable to "Law Offices of George Rikos" in the amount of \$10,000 for delivery to the address identified in § 3.2(a)(i), above.

4.2 Thirty (30) days after the payment made pursuant to Section 4.1 above, Impecgear shall make issue a check payable to "Law Offices of George Rikos" in the amount of \$3,000 for delivery to the same address.

4.3 Sixty (60) days after the payment made pursuant to Section 4.1 above, Impecgear shall make issue a check payable to "Law Offices of George Rikos" in the amount of \$3,000 for delivery to the same address.

5. RELEASE OF ALL CLAIMS

5.1 Release of Impecgear and Amazon Only. This Settlement Agreement is a full, final and binding resolution between Van Patten, acting on his own behalf, and Impecgear, of any violation of Proposition 65 that was or could have been asserted by Van Patten or on behalf of his past and current agents, representatives, attorneys, successors, and/or assigns (“Releasors”) for failure to provide warnings for alleged exposures to DEHP contained in the Products, and Releasors hereby release any such claims against Impecgear and Amazon, and each of their past and present parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees (collectively, the “Releasees”), from all claims for violations of Proposition 65 through the Effective Date based on their failure to warn of alleged exposure to the chemical DEHP from use of the Products. Nothing herein shall be construed as a release of any and all claims against the manufacturer/supplier, Nissun Cap, Inc., Raymond Hung, Nissan Promo or any of their successors, assigns, affiliates, agents, subsidiaries, or related entities.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Van Patten, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, hereby covenants not to sue and waives any right to institute, participate in, directly or indirectly, any form of legal action and releases all claims that he may have, including without limitation, all actions and causes of action in law and in equity, all obligations, expenses (including without limitation all attorneys’ fees, expert fees, and investigation fees, and costs), damages, losses, liabilities and demands against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of the alleged or actual exposure to the chemical DEHP in the Products. Nothing herein shall be construed as a release of any and all claims against the manufacturer/supplier, Nissun Cap, Inc., Raymond Hung, Nissan Promo or any of their successors, assigns, affiliates, agents, subsidiaries, or related entities.

5.2 Impecgear’s Release of Van Patten. Impecgear, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all

claims against Van Patten, his attorneys and other representatives, for any and all actions taken or statements made by Van Patten and/or his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to the Products.

5.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. Van Patten on behalf of himself only, on one hand, and Impecgear, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Effective Date, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Van Patten and Impecgear each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. Compliance by Impecgear with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to DEHP from use of the Products.

5.5. Public Benefit. It is Impecgear's understanding that the commitments it has agreed to herein, and actions to be taken by Impecgear under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Impecgear is that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Impecgear's failure to provide a warning concerning exposure to DEHP prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell,

or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that Impecgear' is in material compliance with this Settlement Agreement.

6. 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 but only to the extent the deletion of the provision deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the law 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 or limited by reason of law generally, or as to the Products, Impecgear shall provide written notice to Van Patten of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, a Product is 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 personally delivered or sent by: (i) first-class (registered or certified mail) return receipt requested; or (ii) overnight or two-day courier on any party by the other party to the following addresses

For Impecgear, Inc:

Venus Trunnel, Esq.
P.O. Box 4551 Rancho Cucamonga
California 91729-4551
Email: vgtrunnel@tmhelpnow.com

For Van Patten:

George Rikos
LAW OFFICES OF GEORGE RIKOS

555 West Beech, Suite 500
San Diego, CA 92101

Either 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.

9. COUNTERPARTS: SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or .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. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Van Patten agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

11. MODIFICATION

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

12. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

14. POST EXECUTION CONVERSION TO CONSENT JUDGMENT

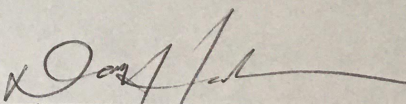
Within twelve months of the execution of this Settlement Agreement Impecgear may ask Van Patten, in writing, to file a complaint, incorporate the terms of this Settlement Agreement into a proposed consent judgment, and to seek the court's approval of the consent judgment pursuant to Health and Safety Code section 25249.7, or as may be otherwise allowed by law. If so requested, Van Patten agrees to reasonably cooperate with Impecgear and to use his best efforts, and that of his

counsel, to support the entry of a consent judgment by a superior court in California. Pursuant to Code of Civil Procedure sections 1021 and 1021.5, Impecgear will reimburse Van Patten and his counsel for their reasonable fees and costs incurred in filing the complaint, converting the Settlement Agreement into a proposed consent judgment and seeking judicial approval of the consent judgment, in an amount not to exceed \$15,000, exclusive of fees and cost that may be incurred on appeal. Impecgear will remit payment to the Law Offices of George Rikos, at the address set forth in Section 3.2(a) above. Such additional fees shall be paid by Impecgear, within ten(10) days after its receipt of any invoice from Van Patten for work performed under this paragraph. Impecgear understands no motion to approve any proposed consent judgment will be filed absent payment for the work performed under this paragraph.

AGREED TO:

Date: June 22, 2020

Print Name:



Darren Huynh
Authorized Representative of
Impecgear, Inc.

AGREED TO:

Date: June 22, 2020

Brad Van Patten

counsel, to support the entry of a consent judgment by a superior court in California. Pursuant to Code of Civil Procedure sections 1021 and 1021.5, Impecgear will reimburse Van Patten and his counsel for their reasonable fees and costs incurred in filing the complaint, converting the Settlement Agreement into a proposed consent judgment and seeking judicial approval of the consent judgment, in an amount not to exceed \$15,000, exclusive of fees and cost that may be incurred on appeal. Impecgear will remit payment to the Law Offices of George Rikos, at the address set forth in Section 3.2(a) above. Such additional fees shall be paid by Impecgear, within ten(10) days after its receipt of any invoice from Van Patten for work performed under this paragraph. Impecgear understands no motion to approve any proposed consent judgment will be filed absent payment for the work performed under this paragraph.

AGREED TO:


Date: June 22, 2020

Print Name: _____

Authorized Representative of
Impecgear, Inc.

AGREED TO:

Date: June 22, 2020


Brad Van Patten