

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 The Parties**

This Settlement Agreement is hereby entered into by and between Evelyn Wimberley ("Wimberley") and Wagner Spraytech Corporation ("Wagner"). Wimberley and Wagner are collectively referred to as the "Parties" and each of them as a "Party." Wimberley represents she is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

#### **1.2 Allegations and Representations**

(a) Wimberley alleges that Wagner is a person in the course of doing business for purposes of Proposition 65, Cal. Health & Safety Code § 25249.6 et seq., and has offered for sale in the State of California and sold in California "Electro Torch" that when used as intended produces combustion byproducts carbon monoxide and soot, and that such sales have not been accompanied by Proposition 65 warnings. Carbon Monoxide and Soot are listed under Proposition 65 as chemicals known to the State of California to cause cancer and reproductive harm. Wimberley has cited the "Electro Torch" product as a specific example of a product that is the subject of her allegations.

(b) Wagner does not admit and denies the material, factual, and legal allegations contained in the Notices, and maintains that all products sold, distributed, or offered for sale in California have been and are in compliance with all laws, including, without limitation, Proposition 65.

(c) The Parties enter into this Settlement Agreement to resolve all Proposition 65 claims concerning the Covered Products (defined below) set forth in Wimberley's Proposition 65 Notice, including claims against manufacturers, distributors, customers, retailers, and affiliates, who allegedly violated Proposition 65 by distributing or selling the Covered Products in California.

### **1.3 Covered Products**

The product that is covered by this Settlement Agreement is defined as “Electro Torch” manufactured, distributed, sold, or offered for sale by Wagner in the State of California (“Covered Products”).

### **1.4 Notice of Violation**

On or about May 21, 2020, Wimberley served Wagner, and all public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled “Supplemental 60-Day Notice of Violation” (the “Notice”) that provided Wagner and such public enforcers with notice that alleged that Wagner was in alleged violation of Proposition 65 for failing to warn consumers and customers that the Covered Products exposed users in California to carbon monoxide and soot. No public enforcer diligently prosecuted the claims alleged in the Notice within sixty days plus service time relative to the provision of the Notice to them by Wimberley. Thereafter Wimberley filed a complaint against Wagner in the San Diego Superior Court. The complaint will be dismissed with prejudice within 5 days of Wimberley’s receipt of this executed settlement and payments under the terms herein.

### **1.5 No Admission**

Wagner denies the material allegations contained in Wimberley’s Notice and maintains that it has not violated Proposition 65. Nothing in this Settlement Agreement shall be construed as an admission by Wagner of any fact, finding, issue of law, or violation of law, or any other statutory, regulatory, common law, or equitable doctrine; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Wagner of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Wagner. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of Wagner under this Settlement Agreement.

### **1.6 Execution/Effective Date**

1.6.1 For purposes of this Settlement Agreement, the term “Execution Date” shall mean the date this Settlement Agreement is fully executed.

1.6.2 For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date that the Parties agreed in writing to the injunctive relief measures of this Settlement Agreement ("Injunctive Relief"). Such Injunctive Relief shall be implemented pursuant to Article 2.

**2. INJUNCTIVE RELIEF: WARNINGS**

2.1 Commencing sixty (60) days after the Execution Date, Wagner shall not sell, offer for sale, ship for sale or otherwise distribute or allow to be distributed in California any Covered Product, unless the sales and distribution of the Covered Products are in full compliance with California Code of Regulations, Title 27, Article 6, Clear and Reasonable Warning Requirements § 25601-25603 (see also: "www.P65Warnings.ca.gov."). Covered Products that were manufactured, packed, or labeled prior to the Execution Date shall be permitted to be sold as previously manufactured, packed or labeled.

**3. CIVIL PENALTY & REIMBURSEMENT OF FEES AND COSTS**

3.1 Payment pursuant to Health & Safety Code Section 25249.7(b). Wagner shall pay a Civil Penalty of \$100.00 to be apportioned in accordance with California Health & Safety Code Section 25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment (CCR Title 11 Div 4-Proposition 65 Private Enforcement) and the remaining 25% of the penalty remitted to Wimberley, as provided by California Health & Safety Code Section 25249.7.

3.2 Wagner shall pay Wimberley's counsel \$6,900.00 for attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice and incurred as a result of investigating, bringing this matter to Wagner's attention, and negotiating a settlement. Payment of said monies shall be made via bank wire to the "Law Offices of Stephen Ure, PC" (tax identification number 42-1641673) no later than Three (3) days following the Execution Date.

3.3. The Law Offices of Stephen Ure, PC agrees to provide Wagner with tax identification information within one (1) day following the Execution Date.

3.4 Other than the payment specified herein, each side is to bear its own attorneys' fees and costs.

4. **CLAIMS COVERED AND RELEASED**

4.1 **Release of Downstream Customers**

Wimberley, on behalf of herself, releases Wagner and all entities and persons from whom they obtain and to whom they directly or indirectly distribute or sell the Products, including but not limited to each of its manufacturers, distributors, marketplace hosts, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, and users, and their respective parent companies, corporate affiliates, subsidiaries, officers, directors, attorneys, representatives, shareholders, agents, successors, and employees, and sister entities (collectively "Releasees") from all claims for violations of Proposition 65 through the Effective Date based on alleged exposure to any carcinogen or reproductive toxin from the Covered Products.

In addition to the foregoing, Wimberley, on behalf of herself, her past and current agents, representatives, attorneys, and successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases any other claims, actions, causes of action, demands, rights, suits, liabilities, damages, losses, costs, expenses, and attorney's fees, of any nature whatsoever, known or unknown, in law or equity, fixed or contingent, now or in the future that she could make against Wagner or the other Releasees relating to or arising from the Covered Products. With respect to the foregoing waiver and release in this paragraph, Wimberley hereby specifically waives any and all rights and benefits which she now has, or in the future may have, conferred by virtue of Section 1542 of the California Civil Code, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

**4.2 Wagner's Release of Wimberley**

Aside from any potential dispute relating to this Settlement Agreement, Wagner waives any and all claims against Wimberley, her attorneys and other representatives, for any and all actions taken or statements made by Wimberley and her attorneys and other representatives in the course of investigating the claims or otherwise seeking enforcement of Proposition 65 against it in this matter with respect to the Products.

**5. SEVERABILITY AND MERGER**

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

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.

**6. GOVERNING LAW**

6.1 This Settlement Agreement shall be interpreted in accordance with the plain English meaning of its terms and the construction thereof shall be governed by the laws in force in the State of California, USA without regard to conflicts of law principles. This Settlement Agreement resolves any issue, now or in the future, with the requirements of Proposition 65 with respect to alleged exposures to carcinogens or reproductive toxins arising from the Covered Products. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then Wagner shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.

6.2 This Settlement Agreement shall apply to and be binding upon Wimberley and Wagner, its divisions, subdivisions, and subsidiaries, if any, and the Parties' successors and assigns.

6.3 The Parties, including their counsel, have participated in the preparation of this Settlement Agreement and this Settlement Agreement is the result of the joint efforts of the Parties. This Settlement Agreement was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Settlement Agreement shall not be interpreted against any Party as a result of the manner of the preparation of this Settlement Agreement.

7. **NOTICES**

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

For Wagner:

Brian M. Ledger, Esq.  
Gordon Rees Scully Mansukhani, LLP  
101 W. Broadway, Suite 2000  
San Diego, CA 92101

For Wimberley:

Stephen Ure, Esq.  
Law Offices of Stephen Ure, PC.  
11622 El Camino Real, Suite 100  
San Diego, California 92130

Any 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.

8. **COUNTERPARTS; FACSIMILE SIGNATURES**

The stipulations to this Settlement Agreement may be executed in counterparts and by means of facsimile and/or portable document format (pdf), which taken together shall be deemed to constitute one document.

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

Wimberley agrees to promptly comply with the requirements set forth in California Health & Safety Code §25249.7(f).

**10. MODIFICATION**

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

**11. ENFORCEMENT OF SETTLEMENT AGREEMENT**

Either Party may bring an action to enforce the terms of this Settlement Agreement. A Party who unsuccessfully brings or contests an action arising out of this Settlement Agreement may be ordered by the court to pay the prevailing Party's reasonable attorney's fees and costs.

**12. ENTIRE AGREEMENT**


This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Settlement Agreement have been made by any Party hereto. No supplementation, modification, waiver, or termination of this Settlement Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Settlement Agreement shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

**13. 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 document.

AGREED TO:

WIMBERLEY:

  
\_\_\_\_\_  
EVELYN WIMBERLEY, an individual

WAGNER SPRAYTECH  
CORPORATION:

By:   
\_\_\_\_\_  
Name: Mike Baird  
Its: VP Finance