

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Ecological Alliance, LLC and Marshal System Enterprises, Inc.

This Settlement Agreement is entered into by and between Ecological Alliance, LLC ("Ecological"), on the one hand, and Marshal System Enterprises, Inc. ("Marshal"), on the other hand, with Ecological and Marshal collectively referred to as the "Parties."

1.2. General Allegations

Ecological alleges that Marshal manufactured and/or imported and/or distributed and/or offered for sale in the State of California wallets and wallet inserts containing Di(2-ethylhexyl)phthalate [DEHP], and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). California has identified and listed DEHP under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as wallets and wallet inserts containing Di(2-ethylhexyl)phthalate [DEHP], that Marshal has imported, manufactured, sold, and/or offered for sale and/or distributed in California. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On July 1, 2020, Ecological served Marshal, Amazon.com, Inc., and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with documents entitled "60-Day Notice of Violation" ("Notice") that

provided Marshal and such public enforcers with notice that Marshal was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to DEHP. To the Parties' knowledge, no public enforcer has commenced or 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 them as set forth herein and in the Notice concerning Marshal's compliance with Proposition 65. Specifically, Marshal denies the material factual and legal allegations contained in Ecological's Notice and maintains that all products that it has manufactured and/or imported for sale and/or distribution in California, including the Products, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by Marshal 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 Marshal of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Marshal. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Marshal under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

2. **INJUNCTIVE RELIEF**

2.1. **Reformulation of Products.**

Commencing ninety (90) days after the Effective Date, and continuing thereafter, Products that Marshal directly manufactures, imports, distributes, sells, or offers for sale in the State of California shall either: (a) be Reformulated Products pursuant to Section 2.2 below, or (b) be labeled with a clear and reasonable exposure warning pursuant to Sections 2.3 and 2.4 below. For purposes of this Settlement Agreement, a "Reformulated Product" is a Product that is in compliance with the standard set forth in Section 2.2, below. The warning requirement set forth in Sections 2.3 and 2.4 shall not apply to any Reformulated Product.

2.2. **Reformulation Standard.**

"Reformulated Products" shall mean Products that contain concentrations less than or equal to 0.1% (1,000 parts per million (ppm)) of DEHP when analyzed pursuant to methodology utilized by the U.S. Environmental Protection Agency, or other methodology utilized by federal or state government agencies for the purposes of determining the phthalate content in a solid substance.

2.3. **Clear and Reasonable Warning**



Products shall be accompanied by a clear and reasonable warning as described in Section 2.4 below, commencing no later than ninety (90) days after the Effective Date. The warning requirements set forth in Section 2.4 below shall apply only to Products that are distributed, marketed, imported, sold or shipped for sale in the State of California. The Parties agree that the Products shall be accompanied by a warning as described in Section 2.4 below unless the Product contains concentrations less than or equal to 0.1% (1,000 parts per million (ppm)) of DEHP. Products with less than 1,000 parts per million DEHP shall be considered

compliant with Proposition 65. The warning requirement shall not apply to Products that are already in the stream of commerce as of the Effective Date or that are placed into the stream of commerce within ninety (90) days of the Effective Date.

2.4. Warning Language

Where required, Marshal shall provide Proposition 65 warnings as follows:

(a) Marshal may use any of the following warning statements in full compliance with this Section:

- (1)  **WARNING:** This product can expose you to chemicals including di(2-ethylhexyl) phthalate (DEHP), 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.
- (2)  **WARNING:** Cancer and Reproductive Harm – www.P65Warnings.ca.gov.

(b) If Marshal elects to use the warning statements identified in either 2.4(a)(1) or (2), it may also include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the sign, label or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".

(c) The requirements for warnings, set forth in subsections (a) through (b) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations.

(d) If Proposition 65 warnings for DEHP should no longer be required, Marshal shall have no further obligations pursuant to this Settlement Agreement.

(e) In the event that the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, Marshal shall be entitled to use, at their discretion, such other warning text and/or method of transmission without being deemed in breach of this Settlement Agreement.

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

In settlement of all the claims referred to in this Settlement Agreement, Marshal shall pay a total of \$200.00 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Ecological. Ecological's counsel shall be responsible for delivering OEHHA's portion of any penalty payment made under this Settlement Agreement.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to Ecological and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Marshal shall reimburse Ecological's counsel for fees and costs, incurred as a result of investigating and bringing this matter to Marshal's attention. Marshal shall pay Ecological's counsel \$9,000.00 for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

5. **PAYMENT INFORMATION**

By October 31, 2020, Marshal shall make a total payment of Nine Thousand Two Hundred Dollars (\$9,200.00) for the civil penalties and attorney's fees / costs by wire transfer to Plaintiff's counsel, Custodio & Dubey LLP:

Bank: Bank of America, N.A.
Routing No.: 026009593
Account No.: 325104702031
Beneficiary: Custodio & Dubey LLP

Other than this payment, each side is to bear its own attorneys' fees and costs.

6. **RELEASE OF ALL CLAIMS**

6.1. **Release of Marshal, Downstream Distributors and Upstream Vendors**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Ecological, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees ("Releasers"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Products, 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) Marshal, (b) each of Marshal's downstream distributors, marketplace hosts, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, including but not limited to Amazon.com, Inc., and (c) Marshal's parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders,

agents, and employees, and sister and parent entities ((a) through (c) are referred to collectively as "Releasees").

Ecological also, in its capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full, final and binding resolution and satisfaction, as a bar to all legal actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Marshal and the Releasees. Ecological acknowledges that it is familiar with the significance and consequence of California Civil Code section 1542, which provides as follows:

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.

Ecological, in its capacity only, and on behalf of itself and Releasors expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

6.2. Marshal's Release of Ecological

Marshal waives any and all claims against Ecological, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Ecological and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter..

7. 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.

8. 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 is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Marshal shall have no further obligations pursuant to this Settlement Agreement.

9. 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 courier on any party by the other party at the following addresses:

For Marshal: Mr. Piyush Goyal
 Marshal System Enterprises, Inc.
 10002 NW 50th Street
 Sunrise, FL 33351

With copy to:

Ann Grimaldi, Esq.
Jennifer K. Singh, Esq.
Grimaldi Law Offices
75 Broadway Street, Suite 202
San Francisco, CA 94111

For Ecological: Vineet Dubey, Esq.
Custodio & Dubey LLP
448 S. Hill St., Suite 615
Los Angeles, CA 90013

Any of the Parties to this Settlement Agreement, 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.

10. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

11. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)

Ecological agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

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 all related prior discussions, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

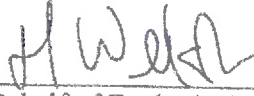
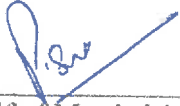
13. MODIFICATION

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

14. 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.

<p style="text-align: center;">AGREED TO:</p> <p>Date: September <u>18</u> 2020</p> <p>By: <u></u> On Behalf of Ecological Alliance, LLC</p>	<p style="text-align: center;">AGREED TO:</p> <p>Date: September <u>19</u> 2020</p> <p>By: <u></u> On Behalf of Marshal System Enterprises, Inc.</p>
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