

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Anthony Ferreiro (“Ferreiro” or “Enforcer”) and STM Bags, LLC (“STM”). Together, Enforcer and STM are collectively referred to as the “Parties.” Enforcer is an individual who 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. Enforcer alleges that STM 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. Enforcer alleges that STM has exposed individuals to the chemical Bisphenol A (BPA) from its sales of STM iPad cases without first providing users and consumers of the products with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. BPA is listed under Proposition 65 as chemicals known to the State of California to cause reproductive toxicity.

1.3 Product Description. The products covered by this Settlement Agreement include the STM iPad Pro cases, 0640947794213, 640947795197, Stm-222-172L-33, PK 1089c and all other specific products within the type or category described that may have been manufactured, distributed, sold, shipped, stored, (or otherwise within STM’s custody or control) (collectively, the “Products”) that have been imported, distributed, offered for sale and/or sold in California by STM.

1.4 Notices of Violation. On October 19, 2020 (STM iPad Pro cases), Ferreiro served Best Buy Co., Inc., Bestbuy.com, LLC, Standard Technical Merchandise Pty, Ltd., STM Bags, LLC, and various public enforcement agencies with a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “Ferreiro Notice”) alleging that Best Buy Co., Inc., Bestbuy.com, LLC., Standard Technical Merchandise Pty, Ltd., and STM Bags, LLC were 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 BPA. STM entered into negotiations with Ferreiro as

indemnitor to Standard Technical Merchandise Pty. Ltd, Best Buy Co., Inc., and Bestbuy.com, LLC to resolve Ferreiro's claims concerning BPA exposure in the Products.

No public enforcer has diligently prosecuted the allegations set forth in the Ferreiro Notice.

1.5 No Admission. Best Buy Co., Inc., Bestbuy.com, LLC., Standard Technical Merchandise Pty, Ltd., and STM Bags, LLC deny the material, factual, and legal allegations contained in the Ferreiro Notice and maintain that, to the best of their knowledge and based upon STM's independent testing of its products, 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 Best Buy Co., Inc., Bestbuy.com, LLC., Standard Technical Merchandise Pty, Ltd., or STM Bags, LLC 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 of any fact, allegations, finding, conclusion, issue of law, or violation of law, such being specifically denied by Best Buy Co., Inc., Bestbuy.com, LLC., Standard Technical Merchandise Pty, Ltd., or STM Bags, LLC. However, this § 1.5 shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement. Notwithstanding the allegations in the Notices, STM and/or its parent, affiliates, and agents maintain that they have 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: REFORMULATION AND/OR WARNINGS

2.1 Reformulation of Products. As of the Effective Date, and continuing thereafter, Products that STM and/or its parent, affiliates, and agents directly manufacture, import, distribute, sell, or offer for sale in California shall either: (a) be Reformulated Product pursuant to § 2.2, below; or (b) be labeled with a clear and reasonable exposure warning pursuant to §§ 2.3 and 2.4, below. For purposes of this Settlement Agreement, "Reformulated Products" are Products that are in compliance

with the standard set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 and 2.4 shall not apply to any Reformulated Products.

2.2 Reformulation Standard. “Reformulated Products” shall mean any Products intended for retail sale in California that contains BPA on any component to which consumers are *not* exposed to in excess of 3 micrograms per day of dermal exposure from solid materials.

2.3 Clear and Reasonable Warning. As of the Effective Date, STM and/or its parent, affiliates, and agents agree to manufacture, import, or purchase for sale in California only (a) Reformulated Products pursuant to § 2.2, or (b) Products that are accompanied by either of the following warnings.

- (a) **⚠ WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov.
- (b) **⚠ WARNING:** This product can expose you to chemicals 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 bracketed text may, but is not required to be used. STM and/or its parent, affiliates, and agents and its downstream retailers shall have no obligation to reformulate or label Products that entered the stream of commerce prior to the Effective Date. For purposes of this Settlement Agreement, a “Reformulated Products” are Products that meet the standard set forth in Section 2.2, above.

2.4 Compliance with Warning Regulations. The warning provided pursuant to § 2.3 above shall be affixed to or printed on the Products’ packaging or labeling. The warning shall be prominently affixed to or printed on the packaging or labeling and displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. A warning may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Products and shall be at least the same size as those other safety warnings.

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

In settlement of all the claims referred to in this Settlement Agreement, STM agrees to pay \$500.00 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 Enforcer. 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, STM 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. Within ten (10) days of the Effective Date, STM shall issue two (2) separate checks for the Civil Penalty payment to: (1) "OEHHA" in the amount of \$375.00; and to (2) "Brodsky Smith in Trust for Ferreiro" in the amount of \$125.00. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.2 Payment Procedures.

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

(i) Payments owed to Enforcer, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esquire
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

(ii) Payment 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:

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.** STM agrees to provide Enforcer's counsel with a copy of the check payable to OEHHA, simultaneous with its penalty payment to Enforcer, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA. In the alternative and at STM's option, STM may provide the copy of the check payable to OEHHA electronically to esmith@brodskysmith.com.

(c) **Tax Documentation.** STM agrees to provide a completed IRS 1099 for its payments to, and Enforcer agree to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) (ii) "Anthony Ferreiro" whose address and tax identification number shall be provided concurrent with this Settlement Agreement being fully executed by the Parties;

(iii) "Brodsky Smith" (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

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

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that Enforcer and his counsel offered to reach a preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed. The Parties thereafter reached an accord on the compensation due to Enforcer and his counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, STM agrees to reimburse Enforcer's counsel for fees and costs incurred as a result of investigating and bringing this matter to STM's attention, and

negotiating a settlement. Within ten (10) days of the Effective Date, STM shall issue a check payable to “Brodsky Smith” in the amount of \$7,000.00 for delivery to the address identified in § 3.2(a)(i), above.

5. RELEASE OF ALL CLAIMS

5.1 Release of Best Buy Co., Inc., Bestbuy.com, LLC, Standard Technical Merchandise Pty, Ltd., STM Bags, LLC, and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Enforcer, acting on his own behalf and for the public’s interest on the one hand, and Best Buy Co., Inc., Bestbuy.com, LLC, Standard Technical Merchandise Pty, Ltd., and STM Bags, LLC on the other hand, of any violation of Proposition 65 that was or could have been asserted by Enforcer or on behalf of his past and current agents, representatives, attorneys, successors, and/or assigns (“Releasers”) for failure to provide warnings for alleged exposures to BPA contained in the Products, and Releasers hereby release any and all such claims against Best Buy Co., Inc., Bestbuy.com, LLC, Standard Technical Merchandise Pty, Ltd., and STM Bags, LLC and their parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees, and each entity to whom STM and Best Buy directly or indirectly distribute or sell the Products, including but not limited to, downstream distributors, wholesalers, customers, retailers, and their respective subsidiaries, affiliates and parents, franchisees, cooperative members and licensees (collectively, the “Releasees”), from any and all claims for violations of Proposition 65 through the Effective Date for the Products.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Enforcer, 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 BPA in the Products.

5.2 STM's Release of Enforcers. STM, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Enforcer, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Enforcer 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 Notices and relating to the Products will develop or be discovered. Enforcer, on behalf of himself and his agents only, on one hand, and STM on behalf of itself and its indemnitees, 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.

Enforcer and STM each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by STM and its indemnitees with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to BPA from use of the Products.

5.5 Public Benefit. It is STM's understanding that the commitments it has agreed to herein, and actions to be taken by STM 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 STM that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to STM's failure to provide a warning concerning exposure to BPA 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 STM 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.

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 STM:

Marisa Janine-Page
Caldarelli Hejmanowski Page & Leer LLP
3398 Carmel Mountain Road, Suite 250
San Diego, CA 92121

For Enforcer:

Evan J. Smith
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

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)

Enforcers agree 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.

AGREED TO:

AGREED TO:

Date: _____

Date: 4/2/2021

By: _____
Anthony Ferreiro

By: Digitally signed by:
Wayne Faulkner
_____ STM Bags, LLC

For Enforcer:

Evan J. Smith
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

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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.

AGREED TO:

AGREED TO:

Date:

4/6/2021

By:

Anthony Ferreira
Anthony Ferreira

Date:

By:

STM Bags, LLC