

**SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND VALUE
SOURCE, INC. DBA COASTLINE IMPORTS**

1. RECITALS

1.1 The Parties

1.1.1 This Settlement Agreement (“Agreement”) is entered into by and between APS&EE, LLC (“APS&EE”) and Value Source, Inc., dba Coastline Imports (“Coastline”). APS&EE and Coastline shall hereinafter collectively be referred to as the “Parties.”

1.1.2 APS&EE is an organization based in California with an interest in protecting the environment, improving human health and the health of ecosystems, and supporting environmentally sound practices, which includes promoting awareness of exposure to toxic chemicals and reducing exposure to hazardous substances found in consumer products.

1.1.3 APS&EE alleges that Coastline is a person in the course of doing business as the term is defined in California *Health & Safety Code* section 25249.6 et seq. (“Proposition 65”).

1.2 Allegations

1.2.1 APS&EE alleges that Coastline sold “Coastline Imports” pitcher with blue decorations (abstract design with trees/branches), HomeGoods style #588019, and the “Grace Fine Porcelain” pitcher with exterior decorations (of leaves/flowers/strawberries), HomeGoods style #592497 (hereinafter collectively, the “Products”) in the State of California causing users in California to be exposed to hazardous levels of Lead without providing “clear and reasonable warnings”, in violation of Proposition 65. Lead is listed as known to cause cancer and birth defects or other reproductive harm.

1.2.2 On August 30, 2021, APS&EE sent a Sixty-Day Notice of Violation, along with a Certificate of Merit, to Coastline, The TJX Companies, Inc. dba

HomeGoods, and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the “Coastline Imports” pitcher with blue decorations (abstract design with trees/branches), HomeGoods style #588019. On August 30, 2021, APS&EE also sent a Sixty-Day Notice of Violation, along with a Certificate of Merit, to The TJX Companies, Inc. dba HomeGoods, and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the “Grace Fine Porcelain” pitcher with exterior decorations (of leaves/flowers/strawberries), HomeGoods style #592497. The two Notices of Violation described in this section shall hereinafter be referred to as the “Notices”.

1.3 No Admissions

Coastline denies all allegations in APS&EE’s Notices and maintains that the Products have been, and are, in compliance with all laws, and that Coastline has not violated Proposition 65. This Agreement shall not be construed as an admission of liability by Coastline but to the contrary as a compromise of claims that are expressly contested and denied. However, nothing in this section shall affect the Parties’ obligations, duties, and responsibilities under this Agreement.

1.4 Compromise

The Parties enter into this Agreement in order to resolve the controversy described above in a manner consistent with prior Proposition 65 settlements and consent judgments that were entered in the public interest and to avoid prolonged and costly litigation between them.

1.5 Effective Date

The “Effective Date” shall be the date upon which a complete and fully executed copy of the Agreement is delivered to each Party or its counsel.

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2. **INJUNCTIVE RELIEF**

2.1 **Reformulation Standard**

As of the Effective Date, Coastline shall not manufacture, distribute, supply, sell or offer for sale in California Products that contain more than 1.0 microgram of lead based on a wipe sample collected using NIOSH Method 9100 from the part of the Product that contains the Exterior Decorations, unless the Product is accompanied by a clear and reasonable warning as described below in Section 2.2. “Exterior Decorations” is defined as all colored artwork, designs and/or markings on the exterior surface of the Products.

2.2 **Proposition 65 Warnings**

2.2.1 When a warning is required for Products under Section 2.1, Coastline shall provide a warning substantially similar the following:

 **WARNING:** This product can expose you to [*chemicals including*] lead, which is[*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.

Coastline may use “chemicals including lead” in place of “lead” in the warning. The warning shall be accompanied by a symbol consisting of a black exclamation point in a yellow equilateral triangle with a black outline. Where the label or package for the Products 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.**”

The Products shall carry said warning directly on each unit, label, or package, with such conspicuousness as compared with other words, statements or designs as to render it likely to be read and understood by an ordinary consumer prior to sale. A Product that is sold by Coastline on the internet to persons located in California shall also provide the warning message by a clearly marked hyperlink on the product display page, or otherwise prominently displayed to the purchaser before the purchaser completes his or her purchase of the Product. For Products that Coastline provides for a downstream

entity to sell on the internet, Coastline shall include an instruction that the entity comply with the warning requirements of this section.

2.3 Sell-through For Existing Inventory

The injunctive requirements of Section 2 shall not apply to Products that Coastline distributed or sold prior to the Effective Date, which Products are subject to the releases provided in Section 4.1.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, Coastline shall pay a total civil penalty of one thousand dollars (\$1,000.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75% (\$750.00) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining 25% (\$250.00) for APS&EE.

Coastline shall issue two (2) checks for the civil penalty: (1) a check or money order made payable to “OEHHA” in the amount of \$750.00; and (2) a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of \$250.00.

Coastline shall remit the payments within five (5) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

3.2 Reimbursement Of APS&EE’s Fees And Costs

Coastline shall reimburse APS&EE’s reasonable experts’ and attorney’s fees and costs incurred in prosecuting the instant action, for all work performed through execution of this Agreement, in the amount of twenty-two thousand dollars (\$22,000.00). Coastline shall issue this payment in two installments, as follows:

For the first installment, Coastline shall issue a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of sixteen thousand five

hundred dollars (\$16,500.00). Coastline shall remit the payment within five (5) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

For the second installment, Coastline shall issue a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of five thousand five hundred dollars (\$5,500.00). Coastline shall remit the payment within sixty (60) calendar days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

4. RELEASES

4.1 APS&EE’s Release of Proposition 65 Claims

APS&EE, in consideration of the promises and monetary payments contained herein, hereby releases Coastline, its parents, subsidiaries, affiliates, divisions, shareholders, directors, members, officers, employees, representatives, agents, attorneys, and their predecessors, successors and assignees, franchisees, cooperative members and licensees, as well as each entity to whom Coastline directly or indirectly distributes or sells the Products, including but not limited to suppliers, distributors, wholesalers, customers, licensors, licensees, franchisees, cooperative members, and retailers, including without limitation The TJX Companies, Inc. (all collectively, “Released Parties”), from any claims or allegations of violation arising under Proposition 65 pertaining to the failure to warn about exposures to lead from the Products that Coastline has distributed or sold prior to the Effective Date.

4.2 Coastline’s Release of APS&EE

Coastline, on its own behalf, by this Agreement, waives all rights to institute any

form of legal action against APS&EE, its shareholders, directors, members, officers, employees, attorneys, experts, successors and assignees for reasonable actions or statements made or undertaken in the course of investigating claims or seeking enforcement of Proposition 65 against Coastline in this matter. If any Released Party should institute any such action, then APS&EE's release of said Released Party in this Agreement shall be rendered null and void.

4.3 Waiver of Unknown Claims

Each of the Parties acknowledges that it is familiar with California Civil Code Section 1542 which provides:

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.

Each of the Parties waives and relinquishes any right or benefit it has or may have under California Civil Code Section 1542 or any similar provision under the statutory or non-statutory law of any other jurisdiction to the full extent that it may lawfully waive all such rights and benefits. The Parties acknowledge that each may subsequently discover facts in addition to, or different from, those that it believes to be true with respect to the claims released herein. The Parties agree that this Consent Judgment and the releases contained herein shall be and remain effective in all respects notwithstanding the discovery of such additional or different facts.

5. SEVERABILITY

Should any part or provision of this Agreement for any reason be declared by a Court to be invalid, void or unenforceable, the remaining portions and provisions shall continue in full force and effect.


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9. **AUTHORIZATION**

The undersigned are authorized to execute this Agreement on behalf of their respective Parties. Each Party has read, understood, and agrees to all of the terms and conditions of this Agreement. Each Party warrants to the other that it is free to enter into this Agreement and is not subject to any conflicting obligation that will or might prevent or interfere with the execution or performance of this Agreement by said Party.


AGREED TO:

Date: 11/16/21

By: 
Authorized Representative of APS&EE, LLC

AGREED TO:

Date: 11/16/2021

By: 
Authorized Representative of Value Source, Inc. dba
Coastline Imports