

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Consumer Protection Group, LLC and CLC Liquid Co. LLC

This Settlement Agreement is entered into by and between Consumer Protection Group, LLC ("CPG"), on the one hand, and CLC Liquid Co. LLC, formerly Commando Lock Company, LLC (hereinafter collectively "CLC"), on the other hand, with CPG and CLC collectively referred to as "Parties."

1.2 General Allegations

CPG alleges that CLC manufactured and distributed and offered for sale a - Padlock and Key in the State of California containing Lead, that such products did not include warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). Lead has been listed by the State of California as a chemical known to cause cancer, developmental toxicity, male and female reproductive toxicity.

1.3 Products Description

The products that are covered by this Settlement Agreement is defined as a - Padlock and Key (the "Subject Products") that CLC sold, offered for sale, or distributed in California and that contains Lead.

1.4 Notice of Violation

CPG served CLC, Home Depot U.S.A., Inc. ("Home Depot"), and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California, with a document entitled "60-Day Notice of Violation"

(the "Notice") that provided Home Depot and such public enforcers with notice that CLC was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Subject Products exposed users in California to Lead. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.5 **No Admission**

By execution of this Settlement Agreement, CLC, and each of their respective affiliates and subsidiaries, parents, directors, officers, agents, employees, attorneys, representatives, shareholders, predecessors, successors, and assigns and each entity to whom CLC directly or indirectly distributes or sells the Subject Products, including but not limited to downstream distributors, wholesalers, customers, retailers, marketplace retailers, franchisees, cooperative members and licensees (collectively, the "Releasees"), do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Releasees of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by the Releasees in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CPG or CLC, may have against one another in any other pending legal proceeding as to allegations unrelated

to the dispute or claims released herein. Notwithstanding the allegations in the Notices, Releasees maintain that they have not knowingly manufactured or distributed, or caused to be manufactured or distributed, the Subject 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: WARNING**

2.1 **Reformulation Standards**

“Reformulated Products” are defined as those Products containing Lead in concentrations less than 100ppb (100 parts per billion).

2.2 **Commitment to Reformulate or Warn**

As of the Effective Date, CLC shall not sell or offer the Subject Products for sale in the State of California unless they are Reformulated Products as outlined in Section 2.1 or CLC provides warnings that comply with Proposition 65 law as outlined in section 2.4 of this agreement.


2.3 **Warning**

The Subject Products shall be accompanied by a warning as described in Section 2.4 below as of the Effective Date. The warning requirements set forth in Section 2.4 below shall apply only to the Subject Products that are distributed, marketed, sold, or shipped for sale in the State of California. CLC further agrees, promises, and represents that, as of the Effective Date, to the extent it ships or sells any of the Subject Products in existing inventory that have not been reformulated, it will provide warnings


that comply with Proposition 65 law. The warning requirement shall not apply to any of the Subject Products that is already in the stream of commerce as of the Effective Date.

2.4 **Warning Language**

The warnings shall be provided in such a conspicuous and prominent manner that will ensure the message is made available and likely to be read, seen, or heard by the consumer prior to, or at the time of, the sale or purchase. Where required, CLC shall have an option to provide the following Proposition 65 warnings:

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

Or

 **WARNING:** Cancer www.P65Warnings.ca.gov

This shall constitute compliance with Proposition 65 with respect to the chemical in the Subject Products for any Subject Products in existing inventory.

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

In settlement of all the claims referred to in this Settlement Agreement, CLC shall pay a total of three thousand dollars (\$3,000.00) 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 CPG. CPG's counsel shall be responsible for delivering OEHHA's portion of any penalty payment made under this Settlement Agreement, and shall provide counsel for CLC with proof of payment and an executed IRS Form W-9 from OEHHA, within seven (7) days of receipt of funds pursuant to section 5 hereto.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to CPG and its counsel under the Private Attorney General doctrine and principles of contract law. Under these legal principles, CLC shall reimburse CPG's counsel for fees and costs, incurred as a result of investigating and bringing this matter to CLC's attention. CLC shall pay Consumer Protection's counsel thirty thousand dollars (\$30,000.00) for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

5. PAYMENT INFORMATION

Within seven (7) business days of the Effective Date, CPG shall provide counsel for CLC with an executed IRS W-9 Form for CPG and Blackstone Law APC. Within twenty (20) business days of the Effective Date, and assuming CPG is otherwise in compliance with this section, CLC shall make a total payment of thirty-three thousand dollars (\$33,000.00) for the civil penalties and attorney's fees/costs by wire transfer to Plaintiff's counsel, Blackstone Law APC:

Bank: First Republic Bank
Routing No.: 321081669
Account No.: 80006597266
SWIFT Code: FRBBUS6S
Beneficiary: Blackstone Law APC IOLTA

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

6. RELEASE OF ALL CLAIMS

6.1 Release of CLC, Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the obligations and payments to be made pursuant to Sections 3, 4 and 5 above, CPG, in its individual capacity, and on behalf of itself, its past and current agents, attorneys, successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Subject 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) CLC (b) each of CLC' downstream distributors (including, but not limited to, Home Depot, U.S.A.), wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, and (c) CLC' parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities.

CPG also, in its individual capacity, on behalf of itself, its past and current agents, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all 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 CLC and the Releasees with regards to the

Subject Products. CPG acknowledges that it is familiar with California Civil Code section 1542, which provides 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 RELEASING PARTY.

CPG in its individual capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees 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. The release in this section shall have no force or effect until the full amount of payments set forth in above Sections 3, 4 and 5 are paid in full by CLC.

6.2 **CLC Release of Consumer Protection Group, LLC.**

CLC waives any and all claims against CPG, its attorneys and other representatives, for any and all actions taken, or statements made (or those that could have been taken or made) by CPG 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, and/or with respect to the Subject Products. CLC represents that its

signatory to this Settlement Agreement has full authority to enter into and legally bind CLC to this Settlement Agreement.

7. 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 Subject Products, then CLC shall have no further obligations pursuant to this Settlement Agreement, but also shall have no recourse to claw back payments already made in accordance with Section 3, 4 and 5 of this Settlement Agreement.

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; (ii) overnight courier; or (iii) email on any party by the other party at the following addresses:

For CLC: Michael J. Stump, Esq.
Borton Petrini LLP
5060 California Avenue, Suite 700
Bakersfield, CA 93309
mstump@bortonpetrini.com

For CPG: Jonathan M. Genish, Esq.
Blackstone Law APC
8383 Wilshire Blvd., Suite 745
Beverly Hills, CA 90211
jgenish@blackstonepc.com

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.

9. 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.

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

CPG agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f), and shall timely provide counsel for CLC copies or notice of the same.

11. 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.

12. MODIFICATION

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

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 Settlement Agreement.

AGREED TO:

Date: February 7, 2022



By: _____
On Behalf of Consumer Protection Group, LLC

AGREED TO:

Date: February 9, 2022



By: _____
Matthew Damman, CEO
On Behalf of CLC Liquid Co. LLC