

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Michael DiPirro on the one hand, (“DiPirro”) and Toklat Originals, Inc. (“Toklat”) with DiPirro and Toklat individually referred to as a “Party” and collectively as the “Parties.” Toklat is also referred to as the “Noticed Party.” DiPirro is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Toklat employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

DiPirro alleges that Toklat manufactures, imports, sells, or distributes for sale, in the State of California equine boots containing Diisonoonyl phthalate (“DINP”) without first providing the clear and reasonable exposure warning required by Proposition 65. DINP is listed pursuant to Proposition 65 as a chemical that is known to the State of California to cause cancer (hereinafter the “Listed Chemical”).

1.3 Product Description

The products covered by this Settlement Agreement are equine boots containing the Listed Chemical that are manufactured, sold, or distributed for sale in California by Toklat, including, but not limited to the Valena Front Boots Medium Black, Item # 10-0701-BK (the “Products”).

1.4 Notice of Violation

On or about June 17, 2022, DiPirro served Toklat and certain requisite public enforcement agencies with a 60-Day Notice of Violation (the “Notice”), a document that informed the recipients of DiPirro’s allegation that Toklat violated Proposition 65 by failing to

warn its customers and consumers in California that the Products expose users to the Listed Chemical. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Toklat denies the material, factual, and legal allegations contained in the Notice and maintain that all of the products it has manufactured, sold, or distributed for sale 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 Toklat of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Toklat of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Toklat. This section shall not, however, diminish or otherwise affect Toklat's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the day the final requisite signature is applied to the Settlement Agreement.

2. INJUNCTIVE RELIEF: PRODUCT WARNINGS

2.1 Product Warnings. Within sixty (60) days of the Effective Date, for all Products that contain the Listed Chemical, and are shipped to a California address for sale by Toklat, or any agent, distributor, or affiliated company working on behalf of Toklat, Toklat shall provide a clear and reasonable warning on each Product as set forth below in Section 2.3. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided

in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion.

2.2 Internet Warnings. For all Products that Toklat offers for sale directly to consumers in California via the internet, they shall provide a warning for such Products by including the warning set forth below in Section 2.3 on one or more of the following: a) on the product display page; b) on the product packaging box, or c) by including a warning in the shipment to the California consumer.

2.3 Text of the Warning. The text of the warning shall be printed in black ink on a light background, in a font that is easy to read and legible, but in no case less than a size 12 font. Toklat shall use one of the warning language options as set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging).

Warning Option 1:



WARNING: This product can expose you to DINP, a chemical known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov.

Warning Option 2:

⚠ WARNING: Cancer – www.P65Warnings.ca.gov

The warning requirements set forth herein are imposed pursuant to the terms of this Settlement Agreement and are recognized by the Parties as not being the exclusive manner of providing a warning for the Products. Warnings may be provided as specified in the Proposition 65

regulations (Title 27, California Code of Regulations, section 25601, *et seq.*) in effect as of the Effective Date or as such regulations may be amended in the future, and may include warnings for chemicals in addition to DINP where appropriate. In addition, Toklat may follow the notification procedure set out in Title 27, California Code of Regulations, section 25600.2 or a similar procedure to provide warnings for the Products consistent with this Settlement Agreement.

2.4 Sell Through Period. Notwithstanding anything else in this Settlement Agreement, the Products that are manufactured on or prior to the Effective Date shall be subject to release of liability pursuant to this Settlement Agreement, without regard to when such Products were, or are in the future, distributed or sold to customers. As a result, the obligation of Toklat, or any Releasees (if applicable), do not apply to these Products manufactured on or prior to the Effective Date.

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

3.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b). Toklat shall make a civil penalty payment of \$2000.00, in accordance with this section, on or before the Effective Date. The penalty payment will be allocated in accordance with California Health & Safety Code § 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 DiPirro in accordance with Section 3.2 below. The penalty payment shall be remitted in accordance with the procedure set out in Section 3.2.

3.2 Payments. All payments shall be delivered within five (5) business days of the Effective Date to the bank account of (via Zelle, wire transfer, or ACH payment; number provided upon settlement) or the office of Jeremy Fietz, Attorney at Law, 1510 Fourth Street, Santa Rosa CA 95404, and for the latter option shall be in the form of three checks for the following amounts made payable to:

- (a) “Jeremy Fietz, Attorney at Law” in the amount of \$1500.00 (dollars) for payment of civil penalty to OEHHA. Counsel for DiPirro agree to forward such funds to OEHHA in a timely manner. Alternatively, at Defendant’s option, it can choose to deliver a certified or cashier’s check made payable to “Office of Environmental Health Hazard Assessment.”
- (b) “Jeremy Fietz, Attorney at Law ” in the amount of \$500.00 (dollars), as payment of civil penalty to Michael DiPirro. Counsel for DiPirro agree to forward such funds in a timely manner. Alternatively, at Defendant’s option, it can choose to deliver a certified or cashier’s check made payable to “Michael DiPirro.”
- (c) “Jeremy Fietz, Attorney at Law ” in the amount of \$40,000.00 (dollars) as payment for attorneys’ fees and costs pursuant to Section 4 below.

For any payment that is returned for any reason, including insufficient funds, a payment must be made by Toklat in form of a cashier’s check within three (3) calendar days of notification of insufficient funds, plus a 10% service fee paid to DiPirro’s attorneys. Any payment that is not actually received by the due date will also be subject to a 10% late fee.

3.3 Issuance of 1099 Forms. Toklat shall provide DiPirro’s counsel with a separate 1099 form for each of its payments under this Agreement to:

- (a) “Office of Environmental Health Hazard Assessment”, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) for civil penalties paid;
- (b) “Michael DiPirro,” whose address and tax identification number shall be furnished upon request after this Agreement has been fully executed by the Parties for his portion of the civil penalties paid; and
- (c) “Jeremy Fietz, Attorney at Law” whose address and tax identification number shall be furnished upon request after this Agreement has been fully executed by the Parties, for fees and costs reimbursed pursuant to

Section 4.

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that DiPirro and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Toklat then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then attempted to (and did) reach an accord on the compensation due to DiPirro and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Toklat shall pay a total of \$40,000.00 (dollars) for fees and costs incurred as a result of investigating, bringing this matter to Toklat's attention, and negotiating a settlement in the public interest. Toklat shall issue a separate 1099 for fees and costs, shall make the check payable to "Jeremy Fietz, Attorney at Law" and shall deliver payment within five (5) business days of the Effective Date to the address listed in Section 3.2 above.

5. **CLAIMS COVERED AND RELEASED**

5.1 **DiPirro's Release of Toklat and Releasees**

This Settlement Agreement is a full, final, and binding resolution between DiPirro and Toklat of any violation of Proposition 65 that was or could have been asserted by DiPirro, on behalf of himself, or on behalf of his past and current agents, representatives, attorneys, successors, and assignees, against Toklat, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Toklat directly or indirectly distributes or sells the Products including its downstream distributors and retailers including, but not limited to TABcom, LLC ("Releasees"), but not including its upstream suppliers and manufacturers for unwarned exposures to the Listed Chemical from the Products manufactured, distributed, sold or distributed for sale in California by Toklat prior to the Effective Date.

In further consideration of the promises and agreements herein contained, DiPirro, on his own behalf and on behalf of his past and current agents, representatives, 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 that he may have against Toklat and Releasees, including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses, including, without limitation, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 for exposures to the Listed Chemical from Products distributed, sold, or distributed for sale in California by Toklat prior to the Effective Date.

5.2 Toklat's Release of DiPirro

Toklat, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims that it may have against DiPirro and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by DiPirro and his attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

6. SEVERABILITY

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

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 Products, then the Toklat may provide written notice to DiPirro of any asserted change in the law, and have no further obligations pursuant to this Settlement Agreement, with respect to, and to the extent that,

the Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve Toklat from any obligation to comply with any pertinent state or federal toxics control laws.

The Parties agree that if the Office of Environmental Health Hazard Assessment (OEHHA) changes its warning regulations, then Toklat may either conform with the revised law or continue to conform with the terms provided in this Settlement Agreement if the new implementing regulations so allow. In doing so, Toklat will be in compliance with this Settlement Agreement as long as it continues to fulfill any warning obligations unaffected by such new changes.

8. NOTICES

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

For Toklat:

Sophia Castillo, Esq.
Downey Brand LLP
455 Market Street, Suite 1500
San Francisco, CA 94105
scastillo@downeybrand.com

AND

For Michael DiPirro:

Jeremy Fietz, Attorney-at-Law
1510 Fourth Street
Santa Rosa CA 95404

Any party may, from time to time, specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts, and by facsimile or portable document format (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. POST-EXECUTION ACTIVITIES

DiPirro agrees to comply with the reporting form requirements referenced in Health and Safety Code section 25249.7(f).

11. MODIFICATION

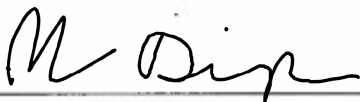
This Settlement Agreement may be modified only by a written agreement of the Parties.

12. 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.

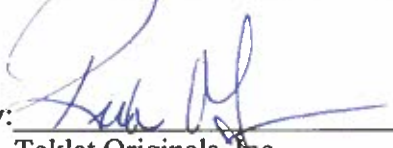
AGREED TO:

Date: 09-29-2022

By: 
Michael DiPirro

AGREED TO:

Date: 9/28/22

By: 
Toklat Originals, Inc.
Print Name: RICK MAEN
Title: PRESIDENT / CEO