

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Consumer Protection Group, LLC and Kiko Leather, Inc.

This Settlement Agreement is entered into by and between Consumer Protection Group, LLC ("CPG"), on the one hand, and Kiko Leather, Inc. ("Kiko"), on the other hand, with CPG and Kiko collectively referred to as "Parties".

1.2 General Allegations

CPG alleges that Kiko manufactured, distributed, and offered consumer products for sale namely – Fionte Wallet in the State of California containing Di(2-ethylhexyl) phthalate ("DEHP") and 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"). On October January 1, 1988, the Governor of California added DEHP to the list of chemicals known to the State to cause cancer and on October 24, 2003, DEHP was further listed to cause developmental toxicity and male reproductive toxicity.

1.3 Product Descriptions

The products that are covered by this Settlement Agreement is defined as Fionte Wallet ("Subject Products") that Kiko sold, offered for sale and/or distributed in California containing DEHP.

1.4 Notice of Violations

On February 12, 2021 (AG No. 2022-02374), CPG served Kiko, Ross 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" (the "Notice") that provided Kiko, Ross, and such public enforcers with notice that Kiko 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 DEHP. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notices.

1.5 **No Admission**

By execution of this Settlement Agreement, Kiko and its affiliates and subsidiaries, parents, directors, officers, agents, employees, attorneys, representatives, shareholders, successors, and assigns and each entity to whom Kiko 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 Kiko, 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 fully executed by the parties.

2. **INJUNCTIVE RELIEF: WARNING**

2.1 **Commitment to Reformulate or Warn**

As of 30 days after the Effective Date, Kiko shall not sell or offer the Subject Products for sale in the State of California unless they are Reformulated Products as outlined in Section 2.2 or Kiko provides warnings as outlined in Section 2.3.

2.2 **Reformulation Standards**

“Reformulated Products” are defined as those Products containing DEHP in concentration no more than 0.1 percent (1,000 parts per million).

2.3 **Warning**

The warning requirements set forth in this Section 2 shall apply only to Subject Products that Kiko distributes, markets, sells, or ships for sale in the State of California after the Effective Date that have not been reformulated as set forth in Section 2.2.

2.4 **Warning Language**

Any warnings provided pursuant to this Section 2 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, Kiko shall have an option to provide any one of the following Proposition 65 warnings:

- ▲ **WARNING:** This product can expose you to Di(2-ethylhexyl) phthalate (DEHP), 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 and Reproductive Harm www.P65Warnings.ca.gov

This shall constitute compliance with Proposition 65 with respect to the chemical in the Subject Product.

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

In settlement of all the claims referred to in this Settlement Agreement, Kiko shall pay a total of two thousand dollars (\$2,000.00) 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 and CPG'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 CPG and its counsel under the Private Attorney General doctrine and principles of contract law. Under these legal principles, Kiko shall reimburse CPG's counsel for fees and costs, incurred as a result of investigating and bringing this matter to Kiko attention. Kiko shall pay Consumer Protection's counsel thirty-one thousand dollars (\$31,000.00) for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notices.

5. PAYMENT INFORMATION

Within thirty (30) days of the Effective Date, Kiko shall make a total payment of thirty-three thousand dollars (\$31,000.00) for the civil penalties and attorney's fees/costs to Plaintiff's counsel, Blackstone Law APC by wire transfer. Other than this payment, each side is to bear its own attorneys' fees and costs.

6. RELEASE OF ALL CLAIMS

6.1 Release of Kiko, Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the 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, 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 relating to the Subject Product, 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) Kiko (b) each of Kiko downstream distributors (including, Ross), wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, and (c) Kiko 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 Kiko 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 payments for the full amount set forth in above Sections 3, 4 and 5 are paid in full to Blackstone Law, APC by Kiko.

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

Kiko 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. Kiko represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Kiko 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 Kiko shall have no further obligations pursuant to this Settlement Agreement, but shall have no recourse to claw back payments already made in accordance with Section 3, 4 and 5 of this Settlement Agreement.



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:	AGREED TO:
Date: March 20, 2023	Date: March 20, 2023
	
By: _____ On Behalf of Consumer Protection Group, LLC	By: _____ On Behalf of Kiko Leather Inc.