

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 Parties**

This settlement agreement (“Settlement Agreement”) is entered into by and between Keep America Safe and Beautiful, Inc., (“KASB”), on the one hand, and Galls, LLC, (“GALLS” or “Defendant”) on the other hand, with KASB and GALLS each individually referred to as a “Party” and collectively as the “Parties.”

#### **1.2 General Allegations**

KASB alleges in a 60-Day Notice of Violation dated January 4, 2023, that GALLS sells and/or distributes the “Galls Nylon Neck Badge and ID Holder (UPC# 000000179969)” in California that contains Di(2-ethylhexyl) Phthalate (DEHP) without a warning required by Health and Safety Code §§ 25249.5 *et seq.* (“Proposition 65”) (collectively the “Notice”). DEHP is listed pursuant to Proposition 65 as a chemical known to cause cancer and birth defects or other reproductive harm.

#### **1.3 Product Description**

The product covered by this Settlement Agreement is defined as, and expressly limited to “Galls Nylon Neck Badge and ID Holder (UPC# 000000179969)”, (hereinafter the “Product”) that contains DEHP and that is manufactured, sold or distributed for sale in California by GALLS.

#### **1.4 Notice of Violation**

On January 4, 2023, KASB asserts that it served the Notice on GALLS, the California Attorney General and the other requisite public enforcers, alleging that GALLS and others violated Proposition 65 when they failed to consumers in California of the alleged exposures to DEHP from the Product.

To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

#### **1.5 No Admission**

GALLS denies the material, factual and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including the Product, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by GALLS or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by GALLS or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by GALLS. This Section shall not, however, diminish or otherwise affect GALLS’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 date on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties’ counsel.

## 2. INJUNCTIVE RELIEF

### 2.1 Clear and Reasonable Warnings


For Product manufactured after the Effective Date, and Shipped for Sale in California, such Covered Product shall either bear a warning as set forth in Paragraphs 2.2 or have a maximum concentration of less than 0.1 (1,000.00 parts per million) DEHP when analyzed by a laboratory accredited by the State of California, a federal agency, or a nationally recognized accrediting organization. For purposes of compliance with this reformulation standard, testing samples shall be performed by using a laboratory method that is approved by the Consumer Product Safety Commission (“CPSC”), U.S. Environmental Protection Agency (“USEPA”), or other federal or state government agency approved testing method.


“Shipped for Sale in California” means the Product that GALLS either directly ships to California for sale in California, or that it sells to a distributor or retailer who GALLS knows will sell the Covered Product to consumers in California.

### 2.2 General Warning Requirements

GALLS agrees that 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.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Product shall consist of a warning affixed to the packaging, label, tag, or directly to each of the Product sold or distributed in California by GALLS that contains one of the following statements:

1)  **WARNING:** This product can expose you to chemicals including Di(2-ethylhexyl)phthalate (DEHP), which 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](http://www.P65Warnings.ca.gov).

2)  **WARNING:** Cancer and Reproductive Harm-[www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

The warning shall be offset in a box with black outline. The same warning shall be posted on any websites where the Product is sold in California. The word “**WARNING:**” shall be in all capital letters and in bold font, followed by a colon. The warning symbol to the left of the word “**WARNING:**” must be a black exclamation point in a yellow equilateral triangle with a black outline.

Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information in language(s) other than English, the warning must also be provided in the other language(s) in addition to English.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, GALLS shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations or legislation are enacted or issued providing that a Proposition 65 warning for the product is no longer required, a lack of warning

will not thereafter be a breach of this Agreement.

### **2.3 Grace Period for Existing Inventory of Products**

The injunctive requirements of Section 2 shall not apply to Product that is already in the stream of commerce as of the Effective Date, which Product is expressly subject to the releases provided in Section 4.1.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Total Settlement Payment**

In full satisfaction of all potential civil penalties, attorneys' fees, and costs, GALLS shall make a total settlement payment of Twenty Thousand Dollars (**\$20,000.00**) ("Total Settlement Amount"). The Total Settlement Amount shall be apportioned into a Civil Penalty and Attorney's Fees and Costs as set forth in Sections 3.2 and 3.3 below.

### **3.2 Civil Penalty Payment**

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, GALLS agrees to pay Two Thousand Dollars (**\$2,000.00**) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty amount retained by KASB. Within ten (10) days of the Effective Date, GALLS shall issue a check to "OEHHA" in the amount of One Thousand Five Hundred Dollars (**\$1,500.00**) and shall, pursuant to the instructions below, wire to KASB the amount of Five Hundred Dollars (**\$500.00**).

All payments owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Delivery Service:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010, MS 19B  
Sacramento, CA 95812-4010

For Non-United States Postal Delivery Service:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street MS #19B  
Sacramento, CA 95814

All penalty payments owed to KASB shall be sent via wire to:

**Wire & ACH Instructions:**

Account Name: The Law Offices of Joseph R. Manning  
Bank Name: J.P. Morgan Chase Bank, N.A.  
Bank Address: 270 Park Ave. New York, NY. 10017  
ACH Routing / ABA Number: 322271627  
Wire Routing / ABA Number: 021000021  
Account Number: 802922919

For further benefit of: Civil Penalty Payment File No. P65-02-0006

**3.3 Attorney Fees and Costs**

The Parties reached an accord on the compensation due to KASB and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, within ten (10) business days of the date this Settlement Agreement is executed by the Parties, GALLS agrees to pay Eighteen Thousand Dollars (**\$18,000.00**) to KASB and its counsel for all fees and costs incurred in investigating, bringing this matter to the attention of GALLS, and negotiating a settlement.

The payment shall be sent via wire to:

**Wire & ACH Instructions:**

Account Name: The Law Offices of Joseph R. Manning  
Bank Name: J.P. Morgan Chase Bank, N.A.  
Bank Address: 270 Park Ave. New York, NY. 10017  
ACH Routing / ABA Number: 322271627  
Wire Routing / ABA Number: 021000021  
Account Number: 802922919

For further benefit of: Attorney's Fees and Costs File No. P65-02-0006

**3.4 Tax Documentation**

GALLS agrees to provide a completed IRS 1099 form for its payments to, and KASB and Manning Law agree to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that GALLS cannot issue any settlement payments pursuant to Section 3 above until after GALLS receives the requisite W-9 forms from KASB's counsel.

**4. CLAIMS COVERED AND RELEASED**

**4.1 KASB's Release of GALLS**

KASB, acting on its own behalf and not on behalf of the public, fully releases and discharges GALLS and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors (the "Defendant Releasees") and all entities to which Defendant Releasees directly or indirectly distribute or sell the Product, and any other distributors, wholesalers, customers, retailers, franchisees, licensors, and

licensees, (collectively, the "Released Parties" and individually, a "Released Party"). KASB, on behalf of itself and its officers, directors, shareholders, employees, agents, parent companies, subsidiaries and divisions hereby fully releases and discharges the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs, and expenses asserted, or that could have been asserted based on or related to the handling, use, sale, distribution or consumption of the Product in California, as to any alleged violation of Proposition 65 or its implementing regulations, including without limitation any alleged failure to provide Proposition 65 warnings on the Product with respect to exposures to DEHP.

#### **4.2 GALLS's Release of KASB**

GALLS on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all claims against KASB and its attorneys and other representatives, for any and all actions taken, or statements made by KASB and its 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 Product.

#### **4.3 California Civil Code Section 1542**

It is possible that other claims not known to the Parties, arising out of the Notice or relating to the Products, will develop or be discovered. KASB on behalf of itself only, and GALLS on behalf of itself only, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. KASB and GALLS acknowledge that the claims released in Sections 4.1 and 4.2 above may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 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.

#### **5. SEVERABILITY**

In the event that any of the provisions of this Settlement Agreement are held by a court of competent jurisdiction to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

#### **6. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California, without regard to its conflicts of law principals.

#### **7. NOTICE**

When any Party is entitled to receive any notice under this Settlement Agreement, the notice shall be sent by first class mail or electronic mail to the address set forth in this Paragraph. Any Party may modify the person and address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested. Said change shall take effect on the date the return receipt is signed by the Party receiving the change.

Notices shall be sent to:

For KASB

Joseph R. Manning, Jr.  
26100 Towne Center Drive  
Foothill Ranch, CA 92610  
Tel: Office (949) 200-8757 Fax: (866) 843-8309  
p65@manninglawoffice.com

For GALLS, INC.

Lana K. Varney  
Zachary C. Burnett  
King & Spalding LLP  
500 W. 2nd Street, Suite 1800  
Austin, TX 78701  
T: 512/457-2013  
F: 512/457-2100

Peter Hsiao  
King & Spalding LLP  
633 West Fifth Street, Suite 1600  
Los Angeles, CA 90071  
T: 213/443-4355  
F: 213/443/4310

**8. 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. Signatures by scanned and emailed image or facsimile transmission shall have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

**9. COMPLIANCE WITH HEALTH AND SAFETY CODE §25249.7(f)**

KASB and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code §25249.7(f).

**10. MODIFICATION**

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

**11. ENTIRE AGREEMENT**

This Settlement Agreement contains the sole and entire agreement and understanding 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. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by, or relied on, any Party.

**12. INTERPRETATION**

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall


be construed against any Party, based upon the fact that one of the Parties and/or their counsel prepared or drafted any portion of this Agreement. The Parties waive the provisions of Civil Code § 1654. It is conclusively presumed that the Parties participated equally in the drafting of this Agreement.

**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: 10/04/2023

By: 

Keep America Safe and Beautiful, Inc.

AGREED TO:

Date: 10/3/2023

By: 

Galls, LLC