

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Keep America Safe and Beautiful (“**KASB**”) and C&A IP Holdings, LLC (“**C&A IP**”), with KASB and C&A IP each individually referred to as a “**Party**” and, collectively, the “**Parties.**” KASB is a California-based non-profit organization proceeding in the public interest pursuant to California Health & Safety Code § 25249.7(d) to ensure that chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are disclosed in or eliminated from consumer products sold in California. C&A IP is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Consumer Product Description

KASB alleges that C&A IP manufactures, imports, sells, and distributes for sale in California vinyl storage bags containing di(2ethylhexyl) phthalate (“**DEHP**”) including, but not limited to, *LyxPro Professional Headphones, Model# LYXHAS-15, UPC 8 40102 18725 0*, and amplifiers with vinyl exterior containing DEHP including, but not limited to, *LyxPro 20 Watt Electric Guitar Amplifier, Model: AGL-20, S/N: G1022102WH00259, ASIN: B09KY9XPLY*, without providing the health hazard warning that KASB alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). *LyxPro Professional Headphones, Model# LYXHAS-15, UPC 8 40102 18725 0*, and *LyxPro Amplifiers* are referred to hereinafter as the “**Products.**” DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

1.3 Notices of Violation

On November 20, 2023, KASB served C & A IP, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging C & A IP violated Proposition 65 by failing to warn its customers and consumers in California that its vinyl storage bags can expose users to DEHP. On September 23, 2024, KASB served C & A IP, the California Attorney General, and the requisite public enforcement agencies with a Supplemental 60-Day Notice of Violation (“**Supplemental Notice**”), alleging C&A IP

violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DEHP. The Notice and Supplemental Notice are collectively referred to herein as the “Notices.” No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notices.

1.4 No Admission

C &A IP denies the factual and legal allegations contained in the Notices and maintains that all products it has sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Agreement shall constitute or be construed as, nor shall compliance with this Agreement constitute or be construed as, an admission by C&A IP of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect C&A IP’s obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, “**Effective Date**” shall mean November 23, 2024.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Commitment

Commencing on the Effective Date and continuing thereafter, all Products C&A IP manufactures, imports, sells, ships, or distributes for sale in or into California, directly or through one or more third party retailers or e-commerce marketplaces, shall meet the Reformulation Standard for Reformulated Products, as defined by Section 2.2.

2.2 Reformulation Standard

For purposes of this Agreement, “Reformulated Products” are defined as Products which, if they contain di(2-ethylhexyl) phthalate (“DEHP”), di-n-butyl phthalate (“DBP”), diisononyl phthalate (“DINP”), butyl benzyl phthalate (“BBP”), di-isodecyl phthalate (“DIDP”) or di-n-hexyl phthalate (“DnHP”), contain any or all such chemicals each in a maximum concentration of less than 0.1 percent (1,000 parts per million) when analyzed by a laboratory certified or accredited by the State of California, the United States Food and Drug Administration/Environmental Protection Agency, the National Environmental Laboratory

Accreditation Program, or a member accreditation body of the International Laboratory Accreditation Cooperation (“ILAC”). For purposes of compliance with this reformulation standard, testing samples shall be prepared and extracted using Consumer Product Safety Commission (“CPSC”) methodology CPSC-CH-C1001.09.3 and analyzed using U.S. Environmental Protection Agency methodology 8270D, or other methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.

2.3 Certification to Compliance with Reformulation Standard

On or before thirty [30] days after the Effective Date, an officer of C&A IP shall provide Seven Hills LLP with a written attested declaration stating, as of the Effective Date, and continuing thereafter, any and all Products manufactured or imported by C&A IP for sale to (a) consumers in California directly including through its own website, affiliated websites or a third party website, and (b) customers with retail locations in California, nationwide distribution, or e-commerce websites, are Reformulated Products as defined by Section 2.2. Along with its attested declaration, C&A IP shall provide a recent test result performed after the date of the respective Notices, evincing the Products were tested and analyzed according to the parameters set forth in the preceding Section 2.2 and are Reformulated Products. Failure to comply with this section shall render this agreement null and void.

2.3 Interim Clear and Reasonable Warnings

Commencing on or before the Effective Date, C&A IP shall provide clear and reasonable warnings for all remaining inventory of Products that are not Reformulated Products provided for sale to customers in California in accordance with this Section pursuant to Title 27 California Code of Regulations§ 25600, et seq. 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 and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

(a) **Warning.** The following warnings for Products containing one or more chemical(s) in excess of the Reformulation Standard shall be deemed in compliance with Title 27 California Code of Regulations § 25600, *et seq.*:

⚠️ **WARNING:** This product can expose you to [chemicals including] [di(2-ethylhexyl) phthalate (DEHP)], 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.

- or -

⚠️ **WARNING:** This product can expose you to [chemicals including] [di(2-ethylhexyl) phthalate (DEHP)], which [is][are] known to the State of California to cause [cancer] [and] [birth defects or other reproductive harm] and [chemicals including] [diisononyl phthalate (DINP)], which [is][are] are known to the State of California to cause [cancer]. For more information go to www.P65Warnings.ca.gov.

- or -

⚠️ **WARNING:** [Cancer] [and] [Reproductive Harm] - www.P65Warnings.ca.gov.

The bracketed language in the proceeding warnings must be changed according to the listed phthalate chemical(s) in the product and the harms associated with exposure to the listed phthalate chemical(s). The term “di(2-ethylhexyl) phthalate (DEHP)” may be replaced with any relevant term as follows: “diisononyl phthalate (DINP), di-n-butyl phthalate (DBP),” “butyl benzyl phthalate (BBP),” “di-isodecyl phthalate (DIDP),” or “di-n-hexyl phthalate (DnHP).”

(b) **Foreign Language Requirement.** Where a consumer product sign, label or tag used to provide a warning includes “consumer information,” as the term is defined in Title 27 California Code of Regulations § 25600.1(c) (“**Consumer Information**”), in languages other than English, then the accompanying warnings must also be provided in those languages, in addition to English.

(c) **On-Product Warning Requirements.** C&A IP shall affix a warning to the Product label or otherwise directly on each Product provided for sale to consumers located in California and to customers with retail outlets in California or nationwide distribution. For purposes of this Agreement, “**Product label**” means a display of written, printed, or graphic

material that is printed on or affixed to each of a Product or its immediate wrapper. A warning provided pursuant to Section 2.3(a) must print the word “**WARNING:**” in all capital letters and in bold font. 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, except that if the labeling does not use the color yellow, then the symbol may be in black and white. The entire warning shall appear in a type size of at least 6-point type and no smaller than the largest type size used for other Consumer Information on the Products.

(d) Internet Product Warning Requirements. For all Products sold in or into California through third-party websites over which C&A IP has the ability to control the application of warnings, C&A IP shall provide warnings for each Product, both on the Product label, in accordance with Section 2.4, and by prominently displaying the warning to customers prior to purchase or during the checkout process such that the consumer does not have to seek out the information being provided. The warning or a clearly marked hyperlink to the warning, using the word “**WARNING**” and given in conjunction with the sale of Products via the internet, shall appear on: (a) the same web page on which the Product is displayed; (b) the same web page as the order form for the Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The warning shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than other consumer information provided for the Product. For third-party websites, over which C&A IP has not control, as a condition of sale, C&A IP shall notify its downstream customers the Products must be accompanied by a warning, prior to and as a condition of sale, in or into California, and shall supply the warning requirements, pursuant to Section 2.3.

2.4 Customer Notification

No later than the Effective Date, C&A IP shall send a letter, electronic or otherwise (“**Notification Letter**”) to: (1) each consumer in California to which it supplied Products between November 20, 2022, and the Effective Date; and (2) any other customer that is a retailer or distributor that has any inventory of Products, which C&A IP supplied between November 20,

2020, and the Effective Date, for sale to consumers in California. The Notification Letter shall advise the recipient that the Products contain DEHP, a chemical known to the State of California to cause birth defects or other reproductive harm. The Notification letter shall inform the recipient that all Products must either (1) be returned to C&A IP for a full refund or (2) have a label, attached to the packaging of each Product before it is sold in the California market or to a customer in California, expressly referring to the Product with the following warning statement:

⚠WARNING: This product can expose you to DEHP, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

The foregoing warning must print the word “**WARNING:**” in all capital letters and in bold font. 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. The entire warning shall appear in at least 6-point type and no smaller than the largest type size used for other consumer information on the Products. The Notification Letter shall enclose a shipping label with the return address and postage paid by C&A IP. If the customer is a retailer or distributor of the Products, the Notification Letter shall include a sheet of white background, adhesive stickers with the forgoing warning statements.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), C&A IP agrees to pay a civil penalty of \$7,500 within five (5) business days of the Effective Date. C&A IP’s civil penalty payment will be allocated according to Health and Safety Code §§ 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty paid to the California Office of Environmental Health Hazard Assessment (“**OEHHA**”), and the remaining twenty-five percent (25%) retained by KASB. C&A IP shall issue its payment in two checks made payable to: (a) “**OEHHA**” in the amount of \$5,625; and (b) “Seven Hills in trust for Keep America Safe and Beautiful” in the amount of \$1,875. KASB’s counsel shall deliver to OEHHA and KASB their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys' Fees and Costs

KASB and its counsel offered to resolve the allegations in the Notices without reaching terms on the amount of reimbursement of attorneys' fees and costs. Shortly after the Parties finalized the other material settlement terms, they negotiated and reached an accord on the amount of reimbursement to be paid to KASB's 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 and reporting of this Agreement to the Office of the California Attorney General. Within five (5) days of the Effective Date, C&A IP agrees to issue a check in the amount of \$28,250 payable to "Seven Hills LLP" for all fees and costs incurred investigating, bringing this matter to C&A IP's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9.

3.3 Payments

All payments payable and due under this Agreement shall be delivered to KASB's counsel at following address:

Seven Hills LLP
Attn: Laralei Paras
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 KASB's Release of C&A IP

This Agreement is a full, final and binding resolution between KASB, as an individual and *not* on behalf of the public, and C&A IP, of any violation of Proposition 65 that was or could have been asserted by KASB on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against C&A IP, its directors, officers, employees, attorneys, and each entity to whom C&A IP directly or indirectly distributes or sells Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "**Releasees**") from all claims for violations of Proposition 65 based on their failure to warn about alleged exposures to DEHP

contained in the Products that were manufactured, distributed, sold by C&A IP and/or offered for sale in California before the Effective Date, as alleged in the Notices.

In further consideration of the promises and agreements herein contained, KASB as an individual and *not* on behalf of the public, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of KASB's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that KASB may have, 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 exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to DEHP in the Products manufactured, distributed, sold by C&A IP and/or offered for sale before the Effective Date (collectively, "**Claims**"), against C&A IP and Releasees.

The Parties further understand and agree that this Section 4.1 release shall neither extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to C&A IP nor downstream to any Releasee who has been instructed by C&A IP pursuant to Section 2.4 to provide a warning and fails to do. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve C&A IP's Products.

4.2 C&A IP's Release of KASB

C&A IP, on behalf of itself, 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 (or those that could have been taken or made) by KASB and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

5. SEVERABILITY

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

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California and apply within California. Nothing in this Agreement shall be interpreted to relieve C&A IP from its obligation to comply with any pertinent state or federal law or regulation.

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7. NOTICE

Unless specified herein, all correspondence and notice required by this Agreement shall be in writing and sent by: (i) first-class registered or certified mail, return receipt requested; or (ii) a recognized overnight courier to any Party by the other at the following addresses:

For C&A IP:

Chaim Piekarski, CEO
C &A IP Holdings, LLC
114 Tived Lane East
Edison, NJ 08837

For KASB:

Laralei Paras, Esq.
Seven Hills LLP
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

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.

8. COUNTERPARTS AND PDF SIGNATURES

This Agreement may be executed in counterparts and by 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.

9. COMPLIANCE WITH REPORTING REQUIREMENTS

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

10. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

11. MODIFICATION

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

12. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agreed to all of the terms and conditions of this Agreement.

AGREED TO:

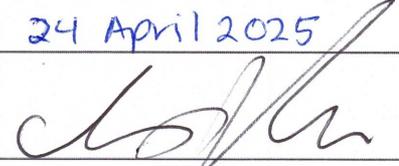
Date: _____

By: _____

Lance Nguyen, CEO
Keep America Safe and Beautiful

AGREED TO:

Date: 24 April 2025

By: 

Chaim Piekarski, CEO
C&A IP Holdings, LLC

10. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

11. MODIFICATION

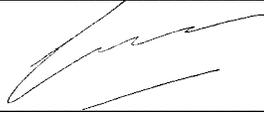
This Agreement may be modified only by a written agreement of the Parties.

12. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agreed to all of the terms and conditions of this Agreement.

AGREED TO:

Date: 4/11/2025

By:  _____

Lance Nguyen, CEO
Keep America Safe and Beautiful

AGREED TO:

Date: _____

By: _____

Chaim Piekarski, CEO
C&A IP Holdings, LLC