

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Gabriel Espinoza (“Espinoza”) and Tempo Leisure Inc. (“Tempo Leisure”). Individually, Espinoza and Tempo Leisure are each referred to as a “Party”, and collectively they are referred to as the “Parties.” Espinoza is an individual who resides in the State of California, and seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Espinoza alleges that Tempo Leisure is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

1.2 General Allegations. Espinoza alleges that Tempo Leisure has exposed individuals to Di(2-ethylhexyl) phthalate (DEHP) from its sales of Threshold bags, UPC # 810110231863 without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.3 Product Description. The products covered by this Settlement Agreement are Threshold bags, including but not limited to UPC # 810110231863 (the “Products”) that have been imported, distributed, offered for sale and/or sold in California by Tempo Leisure.

1.4 Notice of Violation. On May 30, 2024, Espinoza served Target Corporation, Target Brands, Inc., Target Stores, Inc. (collectively, “Target”), Tempo Leisure, and various public enforcement agencies with a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “Notice”). The Notice provided Tempo Leisure and such others, including public enforcers, with notice that alleged that Tempo Leisure was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers and customers that use of the Products will expose them to DEHP. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission. Tempo Leisure denies the material, factual and legal allegations in the Notice and maintains that all of the products it manufactured, distributed, sold and/or offered for sale in California, including the Product, have been, and are, in compliance with all laws, including Proposition 65. By executing this Agreement, Tempo Leisure and its affiliates and subsidiaries, parents, directors, officers, agents, employees, attorneys, representatives, shareholders, successors, and assigns and each entity to whom Tempo Leisure directly or indirectly distributes or sells the Product, including, but not limited to, downstream distributors, wholesalers, customers, retailers, marketplace retailers, franchisees, cooperative members and licensees, including, but not limited to, Target, 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 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 Tempo Leisure in any administrative or judicial proceeding or litigation in any court, agency, or forum. Notwithstanding the allegations in the Notice, Tempo Leisure maintains that it has not knowingly manufactured or distributed, or caused to be manufactured or distributed, the Product for sale in California in violation of Proposition 65. This Section shall not, however, diminish or otherwise affect Tempo Leisure's obligations, responsibilities, and duties under this Agreement.

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: REFORMULATION AND/OR WARNINGS

2.1 Reformulation of Products. Commencing within sixty (60) days after the Effective Date, and continuing thereafter, Products that Tempo Leisure directly manufactures, imports, distributes, sells, or offers for sale in California shall either be: (a) reformulated Products pursuant to § 2.2, below; or (b) labeled with a clear and reasonable exposure warning pursuant to §§ 2.3 and 2.4, below. For purposes of this Settlement Agreement, a "Reformulated Product" is a Product that is in

compliance with the standard set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 and 2.4 shall not apply to any Reformulated Product.

2.2 Reformulation Standard. “Reformulated Products” shall mean Products that contain concentrations less than or equal to 0.1% (1,000 parts per million (ppm)) of DEHP when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining the phthalate content in a solid substance.

2.3 Clear and Reasonable Warning. Commencing within 60 days after the Effective Date, and continuing thereafter, a clear and reasonable exposure warning as set forth in this §§ 2.3 and 2.4 must be provided for all Products that Tempo Leisure manufacturers, imports, distributes, sells, or offers for sale in California that is not a Reformulated Product. There shall be no obligation for Tempo Leisure to provide an exposure warning for Products that entered the stream of commerce within 60 days after the Effective Date. The warning shall consist of either the **Warning** or **Alternative Warning** described in §§ 2.3(a) or (b), respectively:

(a) **Warning.** The “Warning” shall consist of the statement:

 **WARNING:** This product can expose you to chemicals including 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.

(b) **Alternative Warning:** Tempo Leisure may, but is not required to, use the alternative short-form warning as set forth in this § 2.3(b) (“**Alternative Warning**”) as follows:

 **WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov.¹

Or

Tempo Leisure may, at its option, use the words “**CA WARNING:**” or “**CALIFORNIA WARNING:**” instead of only the word “**WARNING:**” for the following warnings.

 **WARNING:** Risk of cancer and reproductive harm from exposure to Di(2-ethylhexyl) phthalate (DEHP). See www.P65Warnings.ca.gov.

Or

¹ An **Alternative Warning** on a Product manufactured and labeled after January 1, 2028 shall be provided in accordance with Title 27, California Code of Regulations, § 25603(b).

⚠ **WARNING:** Can expose you to Di(2-ethylhexyl) phthalate (DEHP), a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov.

2.4 A Warning or Alternative Warning provided pursuant to § 2.3 must print the word “**WARNING:**” 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, except that if the sign or label for the Products does not use the color yellow, the symbol may be in black and white. The symbol must be in a size no smaller than the height of the word “**WARNING:**”. The **Warning or Alternative Warning** shall be affixed to or printed on the Products’ packaging or labeling. The **Warning or Alternative Warning** may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Product and shall be at least the same size as those other safety warnings. If “consumer information,” as that term is defined in Title 27, California Code of Regulations, Section 25600.1(c) as it may be amended from time to time, is provided in a foreign language, Tempo Leisure shall provide the **Warning or Alternative Warning** in the foreign language in accordance with applicable warning regulations adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”).

In addition to affixing the **Warning or Alternative Warning** to the Product’s packaging or labeling, the **Warning or Alternative Warning** shall be posted on websites where Tempo Leisure offers Products for sale to consumers in California. The requirements of this Section shall be satisfied if the **Warning or Alternative Warning**, or a clearly marked hyperlink using the word “**WARNING,**” appears on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. To comply with this Section, Tempo Leisure shall (a) post the **Warning or Alternative Warning** on its own website and, if it has the ability to do so, on the websites of its third-party internet sellers; and (b) if it does not have the ability to post the **Warning or Alternative Warning** on the websites of its third-party internet sellers to whom Tempo Leisure directly provides the Product, Tempo Leisure will provide such sellers with written notice in accordance with Title 27, California Code of Regulations, Section 25600.2. Third-party internet sellers of the Product that have been provided with written notice in accordance with

Title 27, California Code of Regulations, Section 25600.2 are not released in Section 5 of this Agreement if they fail to meet the warning requirements of this Section.

2.5 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 5.

2.6 Compliance with Warning Regulations. The Parties agree that Tempo Leisure shall be deemed to be in compliance with this Settlement Agreement by either adhering to § 2 of this Settlement Agreement or by complying with warning regulations adopted by the State of California's OEHHA applicable to the Product and the exposures at issue.

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

In settlement of all the claims referred to in this Settlement Agreement, Tempo Leisure shall pay \$2,000.00 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to Espinoza. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.1 Civil Penalty. Within twenty (20) days of the Effective Date, Tempo Leisure shall issue two (2) separate checks for the Civil Penalty payment to (a) "OEHHA" in the amount of \$1,500.00; and to (b) "Gabriel Espinoza" in the amount of \$500.00. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.2 Payment Procedures.

(a) **Issuance of Payments.** Payments shall be delivered as follows:

(i) All payments owed to Espinoza, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esquire
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

(ii) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following addresses:

For United States Postal Service Delivery:

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

For Non-United States Postal Service Delivery:

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

(b) **Copy of Payments to OEHHA.** Tempo Leisure agrees to provide Espinoza’s counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payments to Espinoza, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

(c) **Tax Documentation.** Tempo Leisure agrees to provide a completed IRS 1099 for its payments to, and Espinoza agrees to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) “Gabriel Espinoza” whose address and tax identification number shall be provided within five (5) days after this Settlement Agreement is fully executed by the Parties;

(ii) “Brodsky Smith” (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

(iii) “Office of Environmental Health Hazard Assessment” 1001 I Street, Sacramento, CA 95814.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Espinoza and his counsel offered to reach preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed to them. The Parties thereafter reached an accord on the compensation due to Espinoza and his counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, Tempo Leisure shall reimburse Espinoza's counsel for fees and costs incurred as a result of investigating and bringing this matter to the attention of Tempo Leisure, and negotiating a settlement in the public interest. Within twenty (20) days of the Effective Date, Tempo Leisure shall issue a check payable to "Brotsky Smith" in the amount of \$20,000.00 for delivery to the address identified in § 3.2(a)(i), above.

5. RELEASE OF ALL CLAIMS

5.1 Release of Tempo Leisure and Downstream and Upstream Entities.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Espinoza, in his individual capacity, and on behalf of his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to failing to provide warnings for the alleged exposure of DEHP for the use of the 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 attorney's fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) Tempo Leisure; (b) each of Tempo Leisures's upstream and downstream distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, and users, including, but not limited to, Target; and (c) Tempo Leisure's parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent

entities, based on the alleged failure to warn about exposures under Proposition 65 in the Product manufactured, distributed, sold or offered for sale in California by Tempo Leisure before the Effective Date, as alleged in the Notice, or for any other reason. Espinoza also, in his individual capacity, on behalf of himself, his past and current agents, attorneys, successors, and/or assignees and *not* in his representative capacity, hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and 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, attorney's fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Tempo Leisure with regards to the Product.

5.2 Tempo Leisure's Release of Espinoza. Tempo Leisure, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Espinoza, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Espinoza and/or his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to exposure to DEHP from use of the Products.

5.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. Espinoza on behalf of himself only, on one hand, and Tempo Leisure, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through 60 days after the Effective Date, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 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 HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HIS, WOULD HAVE MATERIALLY AFFECTED HIS OR HIS SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Espinoza and Tempo Leisure each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by Tempo Leisure with this Settlement Agreement constitutes compliance by Tempo Leisure with Proposition 65 with respect to exposure to DEHP from use of the Products.

5.5 Public Benefit. It is Tempo Leisure's understanding that the commitments it has agreed to herein, and actions to be taken by Tempo Leisure under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Tempo Leisure that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Tempo Leisure's failure to provide a warning concerning exposure to DEHP prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that Tempo Leisure is in material compliance with this Settlement Agreement.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected but only to the extent the deletion of the provision deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the law of the State of California and apply within the State of California.

8. ENFORCEMENT OF SETTLEMENT AGREEMENT

8.1 A Party may enforce any of the terms and conditions of this Settlement Agreement only after that Party first provides sixty (60) days notice to the Party allegedly failing to comply with the terms and conditions of this Settlement Agreement and attempts to resolve such Party's failure to comply in an open and good faith manner.

8.2 Notice of Violation. Prior to bringing any proceeding to enforce the terms of this Settlement Agreement, Espinoza shall provide a written notice of violation ("NOV") to Tempo Leisure that includes information sufficient for them to be able to understand and correct the violation, including but not limited to: (a) the name of the product, (b) specific dates when the product was sold in California, (c) the store, website, or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the NOV, including all test data obtained by Espinoza regarding the Product.

8.3 Notice of Election Response. Within thirty (30) days of receiving an NOV, Tempo Leisure shall serve a Notice of Election ("NOE") either contesting or not contesting the NOV.

8.3.1 Non-Contested NOV. Espinoza shall take no further action regarding the alleged violation against Tempo Leisure if Tempo Leisure serves a NOE that elects not to contest the NOV and meets one of the following conditions: (a) the Product was shipped by Tempo Leisure for sale in California before the Effective Date, or (b) since receiving the NOV, Tempo Leisure has taken corrective action by either taking all steps necessary to bring the sale of the Product into compliance under the terms of this Settlement Agreement, or requesting that its customers in California remove the Products identified in the NOV from sale in California and destroy or return the Products to Tempo Leisure.

8.3.2 Contested NOV. If Tempo Leisure serves a NOE electing to contest the NOV, the provisions of this Section 8.3.2 shall apply.

(a) Tempo Leisure may request that the sample(s) of the Product tested by Espinoza by subject to confirmatory testing at an EPA or California accredited laboratory.

(b) If the confirmatory testing establishes that the Product does not contain DEHP in excess of the levels allowed by this Settlement Agreement, Espinoza shall take no further action regarding the alleged violation. If the testing does not establish compliance as Reformulated Products, Tempo Leisure may withdraw its NOE to contest the violation and may serve a new NOE pursuant to Section 8.3.1.

(c) If Tempo Leisure does not withdraw an NOE to contest the NOV to take action under 8.3.1 above, the Parties shall meet and confer for a period of no less than thirty (30) days before Espinoza may take action seeking to enforce the terms of this Settlement Agreement.

8.4 In any proceeding brought by either Party to enforce this Settlement Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs

9. 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; or (ii) overnight or two-day courier on any party by the other party to the following addresses:

For Tempo Leisure:

Malcolm Weiss
Jennifer MikoLevine
Hunton Andrews Kurth LLP
550 S. Hope St., Ste. 2000
Los Angeles, CA 90071

For Espinoza:

Evan J. Smith
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

Either 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.

10. COUNTERPARTS: SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or .pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Espinoza agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

12. MODIFICATION

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

13. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement 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.

14. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: _____

Date: 04/28/2025

By: _____

Gabriel Espinoza

By:  _____

Tempo Leisure Inc.

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AGREED TO:

AGREED TO:

Date:

4 / 29 / 25

Date:

By:

Gabriel Espinoza

By:

Tempo Leisure Inc.