

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between:

Michael DiPirro

(referred to herein as “DiPirro”) represented by his attorneys,

Law Office of David R. Bush and Jeremy Fietz, Attorney-at-Law; and,

XS Scuba, Inc.

(referred to herein as “Noticed Party”) represented by its attorneys

Gordon, Rees, Scully Mansukhani.

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. Noticed Party 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 the Noticed Party manufactures, imports, sells, or distributes for sale, in the State of California products containing lead and lead compounds without first providing the clear and reasonable exposure warning required by Proposition 65. Lead and lead compounds is listed pursuant to Proposition 65 as a chemical that is known to the State of California to cause cancer and birth defects or other reproductive harm (hereinafter the “Listed Chemical”).

1.3 Product Description

The products covered by this Settlement Agreement are Uncoated Lead Weights containing the Listed Chemical that are manufactured, sold, or distributed for sale in California by the Noticed Party, including, but not limited to the:
Sea Pearls Lace - Through Dive Weights (the “Products”).

1.4 Notice of Violation

On or about May 28, 2024, DiPirro served Noticed Party 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 Noticed Party violated Proposition 65 by failing to warn its customers and consumers in California that the Products expose users to the Listed Chemical by virtue of a product purchased through a Spear America website. To the best of the DiPirro’s knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Noticed Party denies the material, factual, and legal allegations contained in the Notice and maintain that all of the products they have 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 the Noticed Party 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 the Noticed Party of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by the Noticed Party. This section shall not, however, diminish or otherwise affect the Noticed Party’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 A. Product Warnings. Commencing within thirty (30) days of the Effective Date for any of the Noticed Party’s Products that contain a detectible amount of the Listed Chemical in the event that Product at Issue is offered for sale via the internet on third-party websites, Noticed Party may comply with this paragraph by providing written notice of the warning requirement

in this Section to the third-party seller and providing proper warnings to attach to the Product, or by providing a compliant warning on the label of the Product. If the warning is provided using the “short-form” warning label set forth in Section 2.3, the internet warning may use the same content.

2.1 B. 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. In addition to the warning specified in Section 2.1 above, for all Products that Noticed Party offers for sale directly to consumers in California via the internet, Noticed Party 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 same web page on which a Covered Product is displayed; (b) on the same web page as the order form for a Covered Product; (c) on the same web page as the price for any Covered Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The internet warning described above can also be delivered through a hyperlink using the word “[California Prop 65] WARNING” (language in brackets optional) which then takes the user to a display of the warning set out in Paragraph 2.3.

2.3 Text of the Warning. The Noticed Party shall use one of the warning options 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: This product can expose you to lead 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.

Foreign Language Requirement. Where a product sign, label or shelf tag used to provide a warning includes consumer information in a language other than English, the Warning must also be provided in that language in addition to English.

In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting Proposition 65 warning text and/or methods of transmission applicable to the Covered Products and the chemical at issue, which are different than those set forth above, XS Scuba and any Releasees 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, legislation, or judicial rulings 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.

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

3.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b). The Noticed Party shall make a civil penalty payment of \$500.00 as a component of this settlement. The penalty payment will be allocated by DiPirro's counsel in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the penalty funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to DiPirro.

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. The Noticed Party 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, for all reimbursement of fees and costs. The Noticed Party shall pay a total of \$31,000 for fees and costs incurred as a result of investigating, working with toxicology experts, bringing

this matter to the Noticed Party's attention, document preparation, post-settlement compliance audit, and negotiating a settlement in the public interest.

5. PAYMENT AND FORM 1099

5.1 Payment. The complete settlement payment in the amount of \$31,500 shall be made in two separate payments. The first payment delivered within three business days of the Effective Date in the amount of \$500 (civil penalty) plus \$15,500 (half the fees and costs), for a total first payment of \$16,000. The second payment shall be due no later than 35 days after the due date for the first payment and shall be in the amount of \$15,500 (half the fees and costs). The payments shall be delivered to the bank account of Jeremy Fietz, Attorney at Law (via wire transfer, or ACH payment; number provided upon request) or by physical check to the office of Jeremy Fietz, Attorney at Law, 4241 Montgomery Drive, #123, Santa Rosa CA 95405, and for the latter option shall be in the form of a check made payable to: "Jeremy Fietz, Attorney at Law." For any payment that is returned for any reason, including insufficient funds, a payment must be made by Noticed Party 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.

5.2 Issuance of 1099 Form. The Noticed Party shall provide DiPirro's counsel, Jeremy Fietz, Attorney-at-Law, with one 1099 form for the entire settlement amount. Such 1099 shall be made on the Form 1099 MISC with the amount reported in box 10 ("Gross proceeds paid to an attorney"). The Noticed Party acknowledges that 1099 shall NOT be issued under form 1099 NEC. A W9 shall be provided by Jeremy Fietz, Attorney-at-Law after this Agreement has been fully executed by the Parties to this agreement.

6. CLAIMS COVERED AND RELEASED

6.1 DiPirro's Release of Noticed and Related Parties

This Settlement Agreement is a full, final, and binding resolution between DiPirro and the Noticed Party 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 any of the Noticed Party, its parents, subsidiaries,

affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom either Noticed Party directly or indirectly distributes or sells the Products (“Releasees”), including its downstream distributors and retailers including, but not limited to Amazon.com and Spear America, 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 the Noticed Party 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 the Noticed Party 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 the Noticed Party prior to the Effective Date.

6.2 Noticed Party’s Release of DiPirro

Each Noticed Party, 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.

7. 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.

8. 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 Noticed Party 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. 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 XS Scuba, Inc.:

Ryan S. Landis
Gordon, Rees, Scully Mansukhani
5 Park Plaza, Suite 1100
Irvine, CA, 92614

AND

For Michael DiPirro:

Jeremy Fietz, Attorney-at-Law
4241 Montgomery Drive, #123
Santa Rosa CA 95405

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.

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.

11. POST-EXECUTION ACTIVITIES

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

12. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the parties to 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: 11/15/2024

By: 
Michael DiPirro

AGREED TO:

Date: Dec. 6, 2024

By: 
XS Scuba, Inc.
Print Name: Mark Gibello
Title: President

AMENDMENT TO SETTLEMENT AGREEMENT

WHEREAS, Michael DiPirro (referred to herein as “DiPirro”) represented by his attorneys, Law Office of David R. Bush and Jeremy Fietz, Attorney-at-Law, on the one hand; and XS Scuba, Inc. (referred to herein as “Noticed Party”) represented by its attorneys, Gordon, Rees, Scully Mansukhani, on the other hand, entered into a Settlement Agreement with an effective date of December 6, 2024 (the “Settlement Agreement”), a copy of which is attached hereto as Exhibit “A”; and

WHEREAS, DiPirro notified the California Attorney General’s office of the Settlement Agreement and by and through his attorneys, Law Office of David R. Bush and Jeremy Fietz, Attorney -at-Law, represents that the California Attorney General’s office has requested certain modifications to Section 2.1 of the Settlement Agreement; and

WHEREAS, DiPirro and the Noticed Party (the “Parties”) desire to amend the Settlement Agreement and do hereby amend the Settlement Agreement by and through this Amendment to Settlement Agreement (“Amendment”) to reflect the modifications to Section 2.1 that the California Attorney General’s office has requested;

NOW THEREFORE, the Parties agree via this Amendment to amend and modify the Settlement Agreement to reflect the modifications to Section 2.1 that the California Attorney General’s office has requested, as follows:

- A. Section 2.1 of the Settlement Agreement shall be of no further force and effect and shall be and hereby is replaced with the following:

2.1 A. Product Warnings. Commencing within thirty (30) days of the Effective Date for any of the Noticed Party’s Products that contain a detectible amount (defined as more than 90 parts per million, or .009%) of the Listed Chemical in the event that Product at Issue is offered for sale via the internet on third-party websites, Noticed Party may comply with this paragraph by providing written notice of the warning requirement in this Section to the third-party seller and providing proper warnings to attach to the Product, or by providing a

compliant warning on the label of the Product. If the warning is provided using the “short-form” warning label set forth in Section 2.3, the internet warning may use the same content.

- B. Except as hereby specifically amended and modified in this Amendment, the Settlement Agreement remains in full force and effect.


IN WITNESS WHEREOF, the Parties have duly executed this Amendment as of the date the final requisite signature is applied to this Amendment.

AGREED TO:

AGREED TO:

Date: Dec. 6, 2024

Date: Dec. 11, 2024

By: 
Michael DiPirro

By: 
Mark Gibello, President
XS Scuba, Inc.