

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Blue Sky Forever (“**BSF**”) and Associated Electrics, Inc. (“**Associated Electrics**”), with BSF and Associated Electrics each individually referred to as a “**Party**” and, collectively, the “**Parties.**” BSF 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. Associated Electrics is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Consumer Product Description

BSF alleges that Associated Electrics manufactures, imports, sells, and distributes for sale in California brass arm mounts containing Lead (Pb) including, but not limited to, *Associated 91690 Brass Arm Mount C, 25g B6 SKU: ASC91690 UPC: 7 84695 91690 6*, without providing the warning statement that BSF alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). Brass arm mounts are referred to hereinafter as the “**Products.**” Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause developmental toxicity, male reproductive toxicity, female reproductive toxicity, and cancer.

1.3 Notice of Violation

On June 7, 2024, BSF served Associated Electrics, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging Associated Electrics violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to Lead. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.4 No Admission

Associated Electrics denies the factual and legal allegations contained in the Notice 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 Associated Electrics of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Associated Electrics' obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, "**Effective Date**" shall mean the date this Agreement is fully executed by all Parties.

2. INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS

2.1 Commitment to Reformulate or Warn

Commencing on the Effective Date and continuing thereafter, all Products Associated Electrics 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, or be accompanied by a clear and reasonable warning pursuant to Section 2.3.

2.2 Reformulation Standard

For purposes of this Agreement, "Reformulated Products" are defined as those Products:

(a) containing no more than 0.009% or 90 parts per million ("ppm") Lead in any decoration, description, artwork and/or design on the exterior surface when analyzed pursuant to U.S. Environmental Protection Agency ("EPA") testing methodologies 3050B and 6020A or equivalent methodologies utilized by federal or state agencies for the purpose of determining Lead content in a solid substance; and

(b) yielding a test result of no more than 1.0 microgram of Lead on any exterior surface when sampled pursuant to the NIOSH 9100 testing protocol and analyzed pursuant to EPA 3050B and 6020A.

2.3 Clear and Reasonable Warnings

Commencing on the Effective Date, for all Products manufactured, imported, or packaged prior to the Effective Date, that are not Reformulated Products, sold to consumers in California or offered for sale in California, Associated Electrics shall provide clear and reasonable warnings to customers in California in accordance with this Section pursuant to Title 27 California Code of Regulations § 25600, et seq. Associated Electrics shall provide one of the following warning statements, pursuant to Cal. Code Regs. tit. 27 § 25603, as it exists as of the date of execution of this Agreement, or as it may be amended in the future.

For purposes of this Agreement, the following warnings shall be deemed clear and reasonable:

(a) Warning Content:

Option 1:

⚠️WARNING [or] CA WARNING [or] CALIFORNIA 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.

OR

Option 2:


⚠️WARNING [or] CA WARNING [or] CALIFORNIA WARNING: This product can expose you to chemicals including 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.

Or, for Products manufactured and labeled prior to January 1, 2028:

⚠️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.


(b) Short-Form Warning Content: As an alternative to the warning set forth in the preceding subsection (a), Associated Electrics may, but is not required to, use one of the following short-form warnings (“Short-Form”), subject to the additional requirements set forth in the following Sections (c) through (e):

Option 1:


 **WARNING [or] CA WARNING [or] CALIFORNIA WARNING:** Can expose you to Lead, a carcinogen and reproductive toxicant. See

Or

Option 2:

 **WARNING [or] CA WARNING [or] CALIFORNIA WARNING:** Risk of cancer or reproductive harm from exposure to Lead. See www.P65Warnings.ca.gov.

Or, for Products manufactured and labeled prior to January 1, 2028,

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

The warning requirements set forth herein are recognized by the Parties as not being the exclusive manner of providing a warning for the Products. Warnings may be provided as specified in the Prop. 65 regulations, in effect as of the Effective Date and/or as amended in the future. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, or designs 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.

(c) Foreign Language Requirement.

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.

(d) On-Product Warnings.

Associated Electrics shall affix a warning to the Product label or otherwise directly on Products intended or provided for sale to consumers located in California and to customers with retail outlets in California, nationwide distribution, or e-commerce platforms. For the purposes of this Agreement, “Product label” means a display of written, printed, or graphic material printed on or affixed to each of the Products or its immediate container or wrapper. A warning provided pursuant to section 2.3(a) must print the words “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 if the labeling does not use the color yellow, the symbol may be in black and white. The entire warning shall be set off from other surrounding information, enclosed in a box and appear in at least 6-point type but no smaller than the largest type size used for other consumer information on the Products.

Warnings provided pursuant to Section 2.3 by Associated Electrics must print the words “WARNING:”, “CA WARNING:”, or “CALIFORNIA WARNING:” in all capital letters and in bold font, followed by a colon. The warning symbol to the left of the warning must be a black exclamation point in a yellow equilateral triangle with a black outline, except, if the sign or label for the Products does not use the color yellow, then the symbol may be in black and white. The symbol must be in a size no smaller than the height of the words “WARNING:”, “CA WARNING:”, or “CALIFORNIA WARNING:” The 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 Products and shall be at least the same size as those other safety warnings.

(e) Internet Warnings.

For all Products manufactured, imported, distributed, sold or offered for sale via the internet to customers located in California, or sold in or into California by Associated Electrics or its customers, directly or through third-party websites over which Associated Electrics has the

ability to control the application of warnings, Associated Electrics shall provide warnings for each Product, both on the Product label, in accordance with Section 2.4, and: (a) a warning on the Product display page; (b) a clearly marked hyperlink using the word “WARNING” or words “CA WARNING” or “CALIFORNIA WARNING” on the product display page that links to the Product warning; or (c) by an otherwise prominently displayed warning provided to the purchaser prior to completing the purchase, such that the consumer does not have to seek out the information being provided. If the warning is provided using the Short-Form content, pursuant to Section 2.3(b), then the warning provided on the website may use the same content. “Prominently displayed” is defined to mean the consumer does not have to search for it in the general content of the website. Where Associated Electrics sells, ships, or distributes Products to third-party retailers, websites, or e-commerce marketplaces, Associated Electrics will advise them of the internet warning requirements under this Agreement as a condition of sale of the Products.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), Associated Electrics agrees to pay a civil penalty of \$1,250 within ten (10) days of the Effective Date. Associated Electrics’ 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 BSF. Associated Electrics shall issue its payment in two checks made payable to: (a) “OEHHA” in the amount of \$937.50; and (b) “Seven Hills in Trust for Blue Sky Forever” in the amount of \$312.50. BSF’s counsel shall deliver to OEHHA and BSF their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys' Fees and Costs

BSF and its counsel offered to resolve the allegations in the Notice 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 BSF'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 ten (10) days of the Effective Date, Associated Electrics agrees to issue a check in the amount of \$18,750 payable to "Seven Hills LLP" for all fees and costs incurred investigating, bringing this matter to Associated Electrics' 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 BSF's counsel at following address:

Seven Hills LLP
Attn: Kimberly Gates Johnson
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 BSF's Release of Associated Electrics

This Agreement is a full, final and binding resolution between BSF, as an individual and *not* on behalf of the public, and Associated Electrics, of any violation of Proposition 65 that was or could have been asserted by BSF on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against Associated Electrics, its parents, subsidiaries, affiliated entities under common ownership including: directors, officers, members, employees, agents, representatives, attorneys, insurers, successors and assigns, and each entity to whom Associated Electrics directly or indirectly distributes or sells Products, including, but not

limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, “**Releasees**”), based on their failure to warn under Proposition 65 about alleged exposures to Lead contained in the Products that were manufactured, distributed, sold and/or offered for sale by Associated Electrics in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, BSF 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 BSF’s rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that BSF 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 Lead in the Products manufactured, distributed, sold and/or offered for sale by Associated Electrics, before the Effective Date (collectively, “**Claims**”), against Associated Electrics and Releasees.

The Parties further understand and agree that this Section 4.1 release shall neither extend (a) 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 Associated Electrics, nor (b) to Releasees who have been instructed by Associated Electrics pursuant to Section 2.3(d) to provide a warning on Products that are not Reformulated Products and have failed to do so. Nothing in this Section affects BSF’s right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Associated Electrics’ Products.

4.2 Associated Electrics’ Release of BSF

Associated Electrics, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against BSF 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 BSF 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.

4.3 Mutual Waiver of 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. BSF on behalf of itself only, on the one hand, and Associated Electrics, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 4.1 and 4.2, 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 HER OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HER OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

BSF and Associated Electrics each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

4.4 Deemed Compliance with Proposition 65

The Parties agree that compliance by Associated Electrics with this Settlement Agreement constitutes compliance by Associated Electrics with Proposition 65 with respect to exposure to Lead from the use of the Products.

4.5. Public Benefit

It is Associated Electrics' understanding that the commitments it has agreed to herein, and actions to be taken by Associated Electrics 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 Associated Electrics that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to

Associated Electrics' alleged failure to provide a warning concerning exposure to Lead 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 Associated Electrics is in material compliance with this Settlement Agreement.

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. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Associated Electrics may provide BSF with written notice of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Agreement, with respect to, and to the extent that, the Products are so affected. Nothing in this Agreement shall be interpreted to relieve Associated Electrics from its obligation to comply with any pertinent state or federal law or regulation.

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 Associated Electrics:

For BSF:

Pyng Soon
Soon & Associates, APC
17870 Castleton St., Ste. 215
City of Industry, CA 91748

Kimberly Gates Johson, Partner
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, FACSIMILE 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

BSF 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

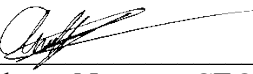
This Agreement may be modified only by a written agreement of the Parties.

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: 3/10/2025

By: 
Anthony Nguyen, CEO
Blue Sky Forever

AGREED TO:

Date: March 7, 2025

By: 
Tony Chang, CFO
Associated Electrics, Inc.