

## **SETTLEMENT AGREEMENT**

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between EnviroProtect, LLC (“EP”) on the one hand and Fresh American, LLC. (“FRESH AMERICAN”) on the other hand, with FRESH AMERICAN and EP each individually referred to as a “Party” and collectively as the “Parties.”

#### **1.2 Introduction and General Allegations.**

1.2.1 EP is a limited liability company duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 EP alleges that FRESH AMERICAN and/or Home Goods, LLC. (“Home Goods”) employs ten or more persons, and EP alleges that FRESH AMERICAN is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

1.2.3 EP alleges that FRESH AMERICAN imported, sold, and/or distributed for sale in California Covered Products, as defined below, that contain Di-(2-ethylhexyl) phthalate (“DEHP”), a chemical pursuant to Proposition 65 listed by the State of California to cause cancer and reproductive toxicity. EP further alleges that FRESH AMERICAN failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP from the Covered Products.

#### **1.3 Product Description.**

The products covered by this Settlement Agreement are the Pine Cone Hill Pillowshams and bags, which were imported, sold and/or distributed for sale in California by FRESH AMERICAN (“Covered Products”).

**1.4 60 Day Notice of Violation and Exchange of Information.**

On October 14, 2024, EP served FRESH AMERICAN, Home Goods, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), related to the Covered Products, alleging that FRESH AMERICAN and Home Goods violated Proposition 65. The Notice alleged that FRESH AMERICAN and Home Goods had failed to warn their customers and consumers in California of the health hazards associated with exposures to DEHP from the import, sale and/or distribution of the Covered Products.

EP subsequently provided FRESH AMERICAN with test results in EP’s possession concerning its allegations. FRESH AMERICAN provided EP with sales data related to the Covered Products. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

**1.5 No Admission.**

The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65. Specifically, EP alleges that FRESH AMERICAN imported, manufactured, sold or distributed for sale in the state of California, Covered Products which contained DEHP without first providing the clear and reasonable exposure warning required by Proposition 65. FRESH AMERICAN denies that such a warning is required under Proposition 65 or any otherwise applicable law.

FRESH AMERICAN further denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has imported, manufactured and/or sold and distributed in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by FRESH AMERICAN 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 FRESH AMERICAN of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by FRESH AMERICAN. This Section shall not, however, diminish or

otherwise affect FRESH AMERICAN'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 the Agreement is fully executed by the Parties.

**2. INJUNCTIVE RELIEF: REFORMULATED PRODUCTS**

**2.1 Reformulation Standard.** FRESH AMERICAN has represented that it has discontinued the manufacturing and distribution of the Covered Products. Nevertheless, if FRESH AMERICAN decides to recommence the manufacturing, distribution, and/or sale of the Covered Products in California in the future, any such Covered Products that FRESH AMERICAN imports, manufactures, ships to be sold or offers for sale or purchase in or into California, or sells in California shall be deemed to comply with Proposition 65, and be exempt from any Proposition 65 warning requirements with respect to DEHP if the Products meet the standard of "Reformulated Products." "Reformulated Products" shall mean Covered Products containing less than or equal to 1,000 parts per million (0.1%) DEHP in each Accessible Component when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C, CPSC-CH-C1001-09.3 or equivalent methodologies utilized by federal or state agencies for the purpose of determining DEHP content in a solid substance ("Reformulation Standard"). Covered Products currently in the channels of distribution with distributors and retailers may continue to be sold-through without any liability under Proposition 65 claimed by EP.

**2.2 Warning Option.** Covered Products that are not reformulated or do not meet the Reformulation Standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 as of the Effective Date. This warning shall only be required as to Covered Products that are sold or shipped out to consumers, retailers, or distributors in California

after the Effective Date. No Proposition 65 warning for DEHP shall be required as to any Covered Products that are already in the stream of commerce as of the Effective Date.

**2.3 Warning Language.** As of the Effective Date, FRESH AMERICAN shall ensure that any unreformulated Covered Products that it ships to California retailers or for sale in California include a clear and reasonable warning. The warning shall be affixed to the packaging or labeling using the warnings below:

⚠ **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).

OR

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

Effective as of January 1, 2028, if FRESH AMERICAN elects to use the short form warning, it shall be required to use the following language:

⚠ **WARNING:** Risk of Cancer and risk of Reproductive Harm from exposure to Di-(2-ethylhexyl) phthalate (DEHP) - [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

The warning shall be prominently displayed 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 is reasonably likely to understand to which specific Product the warning applies, so as to minimize the risk of consumer confusion. If the product contains consumer information in a language other than English, the company must provide the warning in the other language(s). 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, FRESH AMERICAN shall be entitled to use, at its discretion, such other warning text and/or methods of transmission without being deemed in breach of this Agreement.

2.4 **Internet Warnings.** For any Covered Products sold by FRESH AMERICAN through the internet, the relevant warnings shall comply with the requirements of 27 Cal. Code Regs. § 25602(b), effective August 30, 2018.

2.5 **Accessible Component.** The term “Accessible Component” shall mean any component of the Covered Product that could be touched by a person during reasonably foreseeable use.

### 3. **CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

FRESH AMERICAN shall pay a civil penalty of \$500 to be apportioned in accordance with California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to EP. FRESH AMERICAN shall issue two separate checks for the penalty payment: (a) one check made payable to the AXS Law Group LA LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment (“in Trust for OEHHA”) in the amount of \$375 representing 75% of the initial civil penalty and (b) one check to “AXS Law Group LA LLP in Trust for EnviroProtect” in the amount of \$125, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to AXS Law Group LA LLP, who shall furnish a W9 at least five calendar days before payment is due. The payment shall be made within five (5) business days of the Effective Date of this Agreement to the following address:

James Kawahito, Esq.  
AXS Law Group LA LLP  
6080 Center Dr. Suite 210  
Los Angeles, CA 90045

Payment may also be made by wire or ACH or wire transfer. Instructions will be provided separately upon request.

### 4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that EP and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee

reimbursement issue to be resolved after the material terms of the agreement had been settled. The parties reached an accord on the compensation due to EP and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement. More specifically, FRESH AMERICAN shall pay the total amount of \$16,500 for fees and costs incurred by EP as a result of investigating, bringing this matter to the attention of FRESH AMERICAN, and negotiating a settlement. FRESH AMERICAN shall wire the funds (instructions will be provided upon request) or make payment by check payable to "AXS Law Group LA LLP." The payment shall be made within five (5) business days of the Effective Date of this Agreement. AXS Law Group LA LLP shall furnish a W9 at least five calendar days before payment is due.

James Kawahito, Esq.  
AXS Law Group LA LLP  
6080 Center Dr. Suite 210  
Los Angeles, CA 90045

## **5. RELEASE OF ALL CLAIMS**

### **5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.**

EP, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, releases FRESH AMERICAN of any violation of Proposition 65 that was or could have been asserted by EP against FRESH AMERICAN, Home Goods, and their parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, licensors, each manufacturer or other entity supplying FRESH AMERICAN with the Covered Products, and each entity to which FRESH AMERICAN directly or indirectly distributes, ships or sells the Covered Products, including, but not limited to Home Goods, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees and their owners, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, and assignees (collectively "Releasees") for any and all claims based on their alleged or actual failure to warn about alleged exposures to DEHP contained in the Covered Products that were allegedly manufactured, imported, distributed, sold and/or offered for sale by FRESH AMERICAN and Home Goods.

either directly or through the Releasees) in California before the Effective Date. The Release shall also cover any Covered Products that were in the stream of commerce prior to the Effective Date. However, as of the Effective Date, no new Products shall be shipped to or distributed in California that are not Reformulated Products or contain the warnings set forth in Sections 2.2 and 2.3. This release is provided in EP's individual capacity and is not a release on behalf of the public.

In further consideration of the promises and agreements herein contained, EP on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, also hereby waives all of its rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims against FRESH AMERICAN and Releasees including, but not limited to Home Goods, that it or they may have including, without limitation, all actions, and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigative fees, expert fees, and attorneys' fees for any and all claims arising under Proposition 65 regarding the alleged or actual failure to warn about exposures to DEHP in the Covered Products allegedly manufactured, sold, or distributed for sale before the Effective Date by FRESH AMERICAN or Releasees.

## **5.2 FRESH AMERICAN'S Release of EP.**

FRESH AMERICAN on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against EP, its attorneys and other representatives, for any and all actions taken or statements made by EP 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 Covered Products.

## **5.3 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. EP on behalf of itself only, on one hand, and FRESH AMERICAN, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Effective Date, 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 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.

EP and FRESH AMERICAN each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

#### **5.4 Public Benefit.**

It is FRESH AMERICAN's contention that the commitments it has agreed to herein, and actions to be taken by FRESH AMERICAN 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 FRESH AMERICAN that to the extent any other private party initiates any action alleging a violation of Proposition 65 with respect to FRESH AMERICAN and/or the Releasees relating to the Covered Products they have manufactured, distributed, sold, or offered for sale in California and that are subject to this Settlement, such private party action would not confer a significant benefit on the general public provided that FRESH AMERICAN is in material compliance with this Settlement Agreement.

#### **5.5 Enforcement of Settlement Agreement.**

Any party may file suit before the Superior Court of the County of Los Angeles to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

### **6. SEVERABILITY**

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



**7. 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.

**8. NOTICE**

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier with a courtesy copy by email to designated agent of Party indicated below, to the other Party at the following addresses:

Notices to FRESH AMERICAN: FRESH AMERICAN Ltd.  
C/O John Martin  
286 Prospect Plains Rd.  
Cranbury, NJ 08512

With a copy to: Adam S. Hamburg, Esq.  
Vorys, Sater, Seymour and Pease LLP  
2211 Michelson Drive Suite 500  
Irvine, CA 92612  
Email: ashamburg@vorys.com

Notices to EP: EnviroProtect, LLC.  
3142 W. 59<sup>th</sup> Pl.  
Los Angeles, CA 90043  
Email: enviroprotectca@gmail.com

with a copy to: James K. Kawahito, Esq.  
AXS Law Group LA LLP  
Attn. EP v. FRESH AMERICAN  
6080 Center Dr. Ste 210  
Los Angeles, CA 90045  
james@axslawgroup.com

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

**9. 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.

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

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

**11. MODIFICATION**

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

**12. AUTHORIZATION**

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

**AGREED TO:**

**AGREED TO:**

Date: March 28, 2025

Date: March \_\_, 2025

By:   
EnviroProtect, LLC

By: \_\_\_\_\_  
Fresh American, LLC

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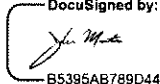
**AGREED TO:**

Date: March \_\_, 2025

By: \_\_\_\_\_  
EnviroProtect, LLC

**AGREED TO:**

Date: March 31, 2025

By:  \_\_\_\_\_  
Fresh American, LLC