

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,

Selecta Products, Inc.

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

Dennis Raglin and Steptoe LLP.

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. Selecta 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 Selecta 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 Lead Machine Screw Anchors containing the Listed Chemical that are manufactured, sold, or distributed for sale in California by Selecta, including, but not limited to the:
Acorn MSA14J 1/4-20 Lead Machine Screw Anchors In Jar (the “Products”).

1.4 Notice of Violation

On or about October 30, 2024, DiPirro served Selecta 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 Selecta violated Proposition 65 by failing to warn its customers and consumers in California that the Products expose users to the Listed Chemical. 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

Selecta denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has 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 Selecta 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 Selecta of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by the Selecta. This section shall not, however, diminish or otherwise affect the Selecta’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 General Warnings Requirements

(a) Within 30 days from the Effective Date, and continuing thereafter, Selecta agrees to provide a clear and reasonable exposure warning as set forth in Section 2.2, and it agrees that it shall not sell in California, or distribute for sale in California, the Products unless accompanied by warnings provided for in Section 2.2. “Distribute for sale in California” means to directly ship the Products into California or to sell the Products to a customer or distributor Selecta knows will sell the Products in California.


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 Clear and Reasonable Warnings

For purposes of this Agreement, a clear and reasonable warning for the Products shall consist of a warning within the container or affixed directly to the container or packaging, label, shelf sign, or electronic device or automatic process that contains the following statement:


 **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

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

The triangle above shall be a yellow equilateral triangle. (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging):

Beginning no later than January 1, 2028, when current changes to California law go into effect, Defendant shall use one of the following forms if using the short form warning. Defendant may use the above short form warning for Products manufactured and labeled prior to January 1, 2028:

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

 **WARNING [CA WARNING] [CALIFORNIA WARNING]:**
Can expose you to lead, a carcinogen and reproductive toxicant.
See www.P65Warnings.ca.gov

2.3 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.

2.4 Internet Warnings. In addition to the warning specified in Section 2.2 above, for all Products that Selecta offers for sale directly to consumers in California via the internet, it shall provide a warning for such Products by including the warning set forth in Section 2.2 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] [CA] [CALIFORNIA] WARNING” (language in brackets optional) which then takes the user to a display of the warning set out in Paragraph 2.1.

2.5 Catalogue Warnings. In addition to the warning specified in Section 2.1 above, for all Products Selecta offers for sale in California through a catalogue and for which warnings are to be provided, Selecta shall provide a warning in a manner that clearly associates it with the item being purchased. If a short-form warning is being provided on the label the warning provided in the catalog may use the same content.

2.6 Grace Period for Existing Inventory of Covered Product

The injunctive requirements of Section 2 shall not apply to Products that have already been placed in the stream of commerce, or were ordered, purchased or manufactured prior to the Effective Date, and such Products are expressly subject to the releases provided in Section 6.

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

3.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b). The Selecta shall make a civil penalty payment of \$2000.00 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. Selecta 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 on the compensation due to DiPirro and his 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 of this agreement. Selecta shall pay a total of \$36,000.00 for fees and costs incurred as a result of investigating, working with toxicology experts, bringing this matter to Selecta'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 \$38,000.00 shall be delivered within fourteen (14) business days of the Effective Date, 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 Selecta 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. Selecta 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"). Selecta 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 Selecta 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 Selecta, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom either Selecta directly or indirectly distributes or sells the Products ("Releasees"), including its downstream distributors and retailers but not including its upstream suppliers and manufacturers, for unwarned exposures to the Listed Chemicals from the Products manufactured, distributed, sold or distributed for sale in California by Selecta 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 Selecta 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 Selecta prior to the Effective Date.

6.2 Selecta's Release of DiPirro

Selecta, 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.

6.3 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. DiPirro on behalf of himself only, on one hand, and Selecta, 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 Section 6, 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.

The Parties each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

6.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by Selecta with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to lead and lead compounds from use of 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 Selecta 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. Nothing in this Settlement Agreement shall be interpreted to relieve Selecta from any obligation to comply with any pertinent state or federal toxics control laws.

9. **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 Selecta Products, Inc.:

Dennis Raglin

draglin@steptoe.com

Steptoe LLP
633 West Fifth Street, Suite 1900
Los Angeles, CA, 90071

Craig Gossage
craigg@selectainc.com
Selecta Products, Inc.
1200 E Tehachapi Blvd.
Tehachapi, CA 93561

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.

10. 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.

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14. 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.

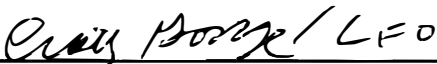
AGREED TO:

Date: 4/8/25

By: 
Michael DiPirro

AGREED TO:

Date: 4-8-2025

By:  / CFO

Selecta Products, Inc.

Print Name: CRAG KOSSAGE / CFO

Title: CHIEF FINANCIAL OFFICER