

# PROPOSITION 65 SETTLEMENT AGREEMENT

## 1. INTRODUCTION

### 1.1 The Parties

This Settlement Agreement (“Agreement”) is entered into by and between Keep America Safe and Beautiful (“KASB”) and Ace Product Management Group, Inc. (“Ace”), with KASB and Ace each individually referred to as a “Party” and, collectively, the “Parties.” KASB 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 to consumers or eliminated from consumer products sold in California. Ace is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

### 1.2 Consumer Product Description

KASB alleges that Ace manufactures, imports, distributes, ships, sells or offers for sale in or into California vinyl/PVC coasters containing di(2-ethylhexyl) phthalate (“DEHP”) including, but not limited to, the *JACK DANIEL'S COASTER SET OF 4 Item: JD-38515 UPC: 6 61154 38515 5 ASIN: B00BBIYWKY*. In its Notice, KASB further alleges Ace sells or offers these products for sale in California without the clear and reasonable health hazard warning that KASB alleges is required by Health & Safety Code § 25249.5 *et seq.* (“Proposition 65”). All Ace’s vinyl/PVC coasters are referred to collectively herein as the “Products.” DEHP is listed pursuant to Proposition 65 as a chemical known to cause cancer and birth defects or other reproductive harm.

### 1.3 Notice of Violation

On July 18, 2025, KASB served Ace, the Office of the Attorney General of the State of California (“OAG”), and all requisite public enforcement agencies with a 60-Day Notice of Violation of Proposition 65 (“Notice”). In its Notice, KASB alleges Ace violated Proposition 65 by failing to warn its customers and consumers in California that the Products can expose users to DEHP. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

#### **1.4 No Admission**

Ace denies the factual and legal allegations contained in the Notice and maintains all products it has sold or distributed for sale in California, including the Products, comply with all laws. Neither any term of this Agreement nor Ace's compliance with its terms shall constitute or be construed as an admission by Ace of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Ace's 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 the Parties.

## **2. INJUNCTIVE RELIEF: REFORMULATION, WITHDRAW & DOWNSTREAM NOTIFICATION**

### **2.1 Commitment to Reformulate**

Commencing on or before the Effective Date, and continuing thereafter, all Products Ace manufactures, distributes, sells or offers for sale, in or into California, directly or to one or more third party retailers or e-commerce marketplaces, shall be in compliance with the Reformulation Standard, set forth and defined below, at Section 2.2.

### **2.2 Reformulated Products & Reformulation Standard Defined**

For purposes of this Agreement, "Reformulated Products" are defined as Products containing di(2-ethylhexyl) phthalate ("DEHP") in a maximum concentration of 0.1 percent (1,000 parts per million) when analyzed by a laboratory certified or accredited by the State of California, the United States Food and Drug Administration/Environmental Protection Agency, the National Environmental Laboratory Accreditation Program, or a member accreditation body of the International Laboratory Accreditation Cooperation (ILAC). For purposes of compliance with this reformulation standard, testing samples shall be prepared and extracted using Consumer Product Safety Commission ("CPSC") methodology CPSCCH-C1001.09.3 and analyzed using

U.S. Environmental Protection Agency methodology 8270D, or other methodologies utilized by federal or state government agencies to determine- phthalate content in a solid substance.

### **2.3 Market Withdrawal of Products**

On or before the Effective Date, for all Products that do not meet the Reformulation Standard, Ace shall: (a) cease selling, shipping, distributing or otherwise offering for sale the Products to stores and/or customers, in or into California; (b) withdraw all non-Reformulated Products from the California market; and (c) provide a Notification Letter, electronic or otherwise, to each: (i) consumer in California to which it directly supplied Products between July 18, 2024 and the Effective Date; and (ii) any other customer that is a retailer or distributor to whom Ace supplied Products, between July 18, 2022 and the Effective Date, intended for sale to consumers in California. The Notification Letter shall advise recipients that the Products contain di(2-ethylhexyl) phthalate (“DEHP”) and shall direct downstream entities to immediately cease all sales of the Products and either: (A) destroy the Products and request reimbursement from Ace; or (b) return the Products to Ace for destruction and a full refund.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Civil Penalty**

Pursuant to Health and Safety Code § 25249.7(b), Ace agrees to pay a civil penalty of \$1,000 within ten (10) business days of the Effective Date. Ace’s 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 KASB. Ace shall issue its payment in two checks made payable to: (a) “OEHHA” in the amount of \$750; and (b) “Seven Hills in trust for Keep America Safe and Beautiful” in the amount of \$250. KASB’s counsel shall remit to OEHHA and KASB their respective portions of Ace’s civil penalty payment.

### **3.2 Reimbursement of Attorneys' Fees and Costs**

After the Parties resolved all other injunctive and monetary settlement terms, they negotiated Ace's reimbursement a portion of KASB's attorneys' fees and costs of suit under general contract principles and the private attorney general doctrine, codified at California Code of Civil Procedure section 1021.5, for all work performed through the mutual execution and reporting of this Agreement to the OAG. Within ten (10) business days of the Effective Date, Ace agrees to issue a check in the amount of \$18,500 payable to "Seven Hills LLP" for all fees and costs incurred in investigating, bringing this matter to Ace's attention, negotiating a settlement in the public interest, and reporting its terms to the OAG pursuant to Section 9, below.

### **3.3 Payments**

All payments under this Agreement shall be delivered to KASB's counsel at following address:

Seven Hills LLP  
Attn: Laralei Paras  
1 Embarcadero Center, Suite 1200  
San Francisco, CA 94111

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 KASB's Release of Ace**

This Agreement is a full, final and binding resolution between KASB, as an individual and *not* on behalf of the public, and Ace, of any violation arising under Proposition 65 that was or could have been asserted by KASB on its own behalf or on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, against Ace, all entities under common ownership, and each of their respective directors, officers, employees, attorneys, and each entity to whom these entities directly or indirectly distribute or sell Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees") from all claims for violations of Proposition 65 based on the failure to warn about exposures to DEHP in Products manufactured,

distributed, sold and/or offered for sale in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, KASB 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 KASB's rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims that KASB 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 of any kind or nature whatsoever including, but not exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to the alleged or actual failure to warn about DEHP in the Products manufactured, distributed, sold and/or offered for sale before the Effective Date (collectively, "Claims").

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any individual or entity that manufactured or supplied the Products or any component part thereof to Ace. Nor shall this Section 4.1 release extend downstream to any Releasee instructed by Ace to provide a warning pursuant to Section 2.3 above and who fails to do so. Nothing in this Agreement, however, shall affect KASB's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve the Products.

#### **4.2 Ace's Release of KASB**

Ace, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against KASB and its attorneys and other representatives, for any action taken or statement made by KASB 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.

**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. Nothing in this Agreement shall be interpreted to relieve Ace from its obligation to comply with any 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 Ace:

Ace Product Management Group, Inc.  
12801 West Silver Spring Road  
Butler, WI 53007

For KASB:

Laralei Paras  
Seven Hills LLP  
1 Embarcadero Center, Suite 1200  
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 AND ELECTRONIC SIGNATURES**

This Agreement may be executed in counterparts and by facsimile or electronic signature, each of which shall be deemed an original and, all of which, when taken together, shall constitute one and the same document. Signatures by scanned and emailed image or facsimile transmission shall have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

**9. COMPLIANCE WITH REPORTING REQUIREMENTS**

KASB and its counsel agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f) and will report this Agreement to the OAG with in five (5) days of the Effective Date.

**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. No warranty, representation, or other agreement between the Parties exists except as expressly set forth herein. No representation, oral or otherwise, express or implied, other than those set forth in this Agreement shall be deemed to exist have or bind any Party hereto. No agreement or understanding 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. In the event the Parties agree to modify this Agreement, KASB and its counsel agree to comply with the reporting requirements set forth in Section 9, above, and report the modified agreement, if any, to the OAG within five (5) days of execution of such modified agreement.

**12. AUTHORIZATION**

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understand, and agree to all terms and conditions set forth herein.


**AGREED TO:**

**AGREED TO:**

Date: 4/3/2026

Date: 2.12.26

By:   
Lance Nguyen, CEO  
Keep America Save and Beautiful

By:   
Ace Product Management Group, Inc.