

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the California Air Resources Board (CARB), with its principal office at 1001 I Street, Sacramento, California, and Mothers Polishes, Waxes, Cleaners, Inc. (Mothers) with its principal place of business at 5456 Industrial Drive, Huntington Beach, California 92649.

RECITALS

1. The Consumer Product Regulation, title 17, California Code of Regulations, section 94507 et seq. (17 CCR section 94507 et seq.) applies to any person who sells, supplies, offers for sale, or manufactures consumer products for use in California.
2. 17 CCR section 94509(a) sets forth in the Table of Standards the percentage by weight of allowed volatile organic compounds (VOC) for the Metal Polish or Cleanser: Nonaerosol category sold after December 31, 2012. Metal Polish or Cleanser: Nonaerosol products must meet the three percent standard for VOC.
3. Failure to comply with the Consumer Products Regulation is a violation of state law resulting in penalties. Among other penalties, Health and Safety Code (H&SC) sections 42400-42403 authorize strict liability penalties up to \$10,000 for each day that the violation occurs.
4. CARB alleges that Mothers sold, supplied, and offered for sale in California, Mothers Mag & Aluminum Polish, Mothers Billet Metal Polish, and Mothers California Gold Metal Polish that are subject to the VOC limit for the Metal Polish or Cleanser: Nonaerosol category specified in 17 CCR section 94509(a).
5. CARB alleges that the Mothers Mag & Aluminum Polish, Mothers Billet Metal Polish, and Mothers California Gold Metal Polish products referenced in Recitals paragraph 4 contained concentrations of VOCs exceeding the three percent VOC limit for the Metal Polish or Cleanser: Nonaerosol category specified in 17 CCR section 94509(a).
6. CARB alleges that if the allegations described in Recitals paragraphs 4 and 5 were proven, civil penalties could be imposed against Mothers as provided in H&SC section 42402 et seq. for each and every unit involved in the violations.
7. Mothers admits the allegations described in Recitals paragraphs 4 and 5, but denies any liability resulting from said allegations.
8. In consideration of the foregoing, and of the promises and facts set forth herein, the Parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed alleged violation and voluntarily agree to resolve this matter by means of this Agreement, without the need for formal litigation.

Mothers has taken, or agrees to take, the actions enumerated below within the Terms and Conditions. CARB accepts this Agreement in termination and settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against Mothers for the alleged violations referred to above in Recitals 4 and 5, and Mothers' payment of the penalties and funding of the Supplemental Environmental Project (SEP) set forth below, CARB and Mothers agree as follows:

- 9. Mothers has agreed to undertake a SEP as described in Attachment B – SUPPLEMENTAL ENVIRONMENTAL PROJECT AGREEMENT – Ecosystems Exhibition Wing – Community Teen Program SEP (SEP Agreement), to offset a portion of the penalty, consistent with CARB's SEP Policy. Pursuant to this Agreement, Mothers shall make payments according to the schedule below.
- 10. Mothers has agreed that by funding the Ecosystems Exhibition Wing – Community Teen Program SEP, they will not receive any direct or indirect financial benefit, and that whenever it publicizes a SEP or the results of the SEP, it will state in a prominent manner that the project is being undertaken as part of the settlement of a CARB enforcement action.
- 11. Upon agreeing to the terms set forth in the SEP Agreement, and funding the Ecosystems Exhibition Wing – Community Teen Program SEP, Mothers is released of all liabilities as they relate to the Ecosystems Exhibition Wing – Community Teen Program SEP as reflected in this underlying Settlement Agreement.
- 12. In the event the SEP is not fully implemented in accordance with the terms of the SEP Agreement, CARB (as the third party beneficiary) shall be entitled to recover the full amount of the SEP from the SEP implementer, less any amount waived based on the timely and successful completion of any previously agreed upon interim milestone(s). CARB will deposit any such recovery into the Air Pollution Control Fund. Accordingly, Mothers assigns any and all rights against the SEP implementer to CARB.
- 13. Upon execution of this Agreement, Mothers shall pay a civil penalty and fund Ecosystems Exhibition Wing – Community Teen Program SEP in the total amount of One hundred eleven thousand, two hundred fifty-two dollars (\$111,252). Payment shall be made in two payments as described below:

Payment Due Date:	In the Amount of and Payable to:	
Upon execution of this Agreement	\$56,252	Air Pollution Control Fund
	\$55,000	California Science Center Foundation

The signed settlement agreement and any future mailings or documents per the terms of this Settlement Agreement shall be mailed to:

Ms. Stephanie Seymour
Air Pollution Specialist
California Air Resources Board
Enforcement Division
P.O. Box 2815
Sacramento, California 95812

For payments made to the Air Pollution Control Fund, please send the payment along with the attached "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

California Air Resources Board
Accounting Office
P.O. Box 1436
Sacramento, California 95812-1436

For payments made to the California Science Center Foundation, please send the payment along with the attached "Supplemental Environmental Project Payment Transmittal Form" (Attachment A - 2) to:

California Science Center Foundation
For: Ecosystems Exhibition Wing – Community Teen Program SEP
700 Exposition Park Drive
Los Angeles, California 90037

In addition, a copy of each payment check made to California Science Center Foundation shall be mailed to:

Ms. Stephanie Seymour
Air Pollution Specialist
California Air Resources Board
Enforcement Division
P.O. Box 2815
Sacramento, California 95812

14. Effect of Untimely Payment. If any payment is more than fifteen (15) days late, the entire remaining balance becomes immediately due and payable. In addition, if the Attorney General files a civil action to enforce this settlement agreement, Mothers shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.
15. Mothers shall not manufacture, sell, supply, or offer for sale in California, any consumer products in violation of CARB consumer products regulations set forth in 17 CCR section 94500 et seq.; the terms and conditions set forth in this

Agreement will remain valid and enforceable notwithstanding any future violations that may occur.

16. Mothers, in settlement of the above-described violations of 17 CCR section 94507 et seq., agrees to pay an additional penalty to ARB in the amount of \$75,748, payable to the California Air Pollution Control within six months of the Effective Date of this Agreement, if Mothers is unable to create a product that complies with the VOC limit for the Metal Polish or Cleansers: Nonaerosol category through a reformulation effort.
17. Mothers shall amend its labels for the Mothers Mag & Aluminum Polish, Mothers California Gold Metal Polish, and Mothers Billet Metal Polish to indicate clearly that they are exclusively for automotive use per the exception in Section 94508(a)(86).
18. This Agreement shall apply to and be binding upon Mothers and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this settlement.
19. The parties stipulate that this Agreement shall be the final resolution of CARB claims regarding the above-described violations and shall have the same res judicata effect as a judgment in terms of acting as a bar to any civil action by CARB against Mothers, its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations. This Agreement shall be deemed the recovery of civil penalties for purposes of precluding subsequent criminal action as provided in H&SC section 42400.7(a).
20. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules.
21. This Agreement constitutes the entire agreement and understanding between CARB and Mothers concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreements of any kind or nature, whether written or oral, between CARB and Mothers concerning these claims.
22. The Effective Date of this Agreement shall be the date upon which it is fully executed.
23. This Agreement is deemed to have been drafted equally by CARB and Mothers; it will not be interpreted for or against either Party on the ground that said Party drafted it.

24. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all parties to this Agreement.
25. This Agreement shall further serve to toll any statute of limitation until all terms and conditions of this Agreement have been fulfilled.
26. It is further agreed that the stipulated penalties described in this Agreement are non-dischargeable under United States Code, title 11, section 523(a)(7).
27. **Penalty Determination**

H&SC section 39619.7 requires CARB to provide information on the basis for the penalties it seeks. This Agreement includes this information, which is also summarized here.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

The penalty provision being applied in this case is H&SC section 42402 et seq. because Mothers sold, supplied, offered for sale, or manufactured for sale consumer products for commerce in California in violation of the Consumer Products Regulations (17 CCR section 94507 et seq.). The penalty provisions of H&SC section 42402 et seq. apply to violations of the Consumer Products Regulations because the regulations were adopted under authority of H&SC section 41712, which is in Part 4 of Division 26.

The manner in which the penalty amount was determined, including aggravating and mitigating factors and per unit or per vehicle basis for the penalty.

H&SC section 42402 et seq. provides strict liability penalties of up to \$10,000 per day for violations of the Consumer Product Regulations with each day being a separate violation. In cases like this, involving unintentional violations of the Consumer Products Regulations where the violator cooperates with the investigation, CARB has obtained penalties based on the excess emissions of VOCs. Administrative penalties are also obtained in some cases.

In this case, the total penalty is \$111,252 for emission violations. The per-unit penalty was based on 10.35 tons of excess VOC emissions. The penalty in this case was reduced because this was a strict liability first-time violation and Mothers made diligent efforts to comply and to cooperate with the investigation.

Final penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift

compliance, the consideration of past penalties in similar negotiated cases, and the potential cost and risk associated with litigating these particular violations. The penalty reflects violations extending over a number of days resulting in quantifiable harm to the environment considered together with the complete circumstances of this case. Penalties in future cases might be smaller or larger on a per ton basis.

The final penalty in this case was based in part on confidential financial information or confidential business information provided by Mothers that is not retained by CARB in the ordinary course of business. The penalty in this case was also based on confidential settlement communications between CARB and Mothers that CARB does not retain in the ordinary course of business. The penalty also reflects CARB's assessment of the relative strength of its case against Mothers, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that Mothers may have secured from its actions.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

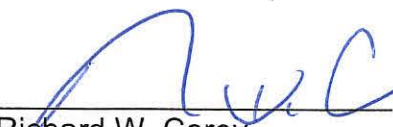
The Consumer Product Regulations do not prohibit emissions above a specified level, but they do limit the concentration of VOCs in regulated products. In this case, a quantification of the excess emissions attributable to the violations was practicable because Mothers made the product formulation and sales data necessary to make this quantification available to CARB. Based upon this information (which Mothers has designated as confidential), the violations were calculated to have 10.35 tons of excess VOC emissions emitted in California.

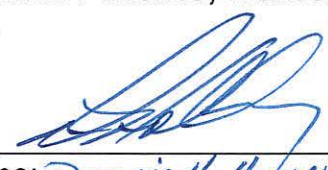
28. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be illegal, invalid, or unenforceable in any jurisdiction, the remainder of this Agreement remains in full force and effect.
29. The parties shall exchange signed copies of this Agreement. Facsimile or photocopied signatures shall be considered as valid signatures as of the date hereof, although the original signature pages shall thereafter be appended to this Agreement.
30. The undersigned represent that they have full power and authority to enter into this Agreement.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

**Mothers Polishes, Waxes, Cleaners,
Inc.**

By: 
Name: Richard W. Corey
Title: Executive Officer
Date: 7/2/2018

By: 
Name: Dennis Holloway
Title: CEO
Date: 6-12-18