

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Air Resources Board (CARB), with its principal location at 1001 I Street, Sacramento, California 95814; and Milton Greens Stars Inc. (Milton Greens), with its principal location at 3375 De Forest Circle, Jurupa Valley, California 91752 (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) Purpose. The California Health and Safety Code mandates the reduction of the emission of toxic air contaminants (TAC). CARB has determined that formaldehyde emissions from composite wood products is a TAC. (Health & Saf. Code §§ 39650, et seq.)
- (2) Regulation. CARB adopted the *Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products* (Composite Wood Regulation) to reduce formaldehyde emissions from composite wood in the State of California. (Cal. Code Regs., tit. 17, § 93120-93120.12.)
- (3) Regulatory Provisions. All manufacturers, distributors, importers, fabricators, third-party certifiers, and retailers of composite wood products (hardwood plywood, particleboard, and medium density fiberboard) and finished goods, who sell, offer for sale, supply, use, or manufacture for sale in California must comply with and take reasonably prudent precautions to ensure composite wood products and finished products comply with formaldehyde emissions limits set out in the Composite Wood Regulation. (Cal. Code Regs., tit. 17, § 93120, et seq.)
- (4) Penalty Provisions. Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to eleven thousand seven hundred ten dollars (\$11,710.00 USD) for strict liability violations; respectively, for each day in which the violation occurs. (Cal. Code Regs., tit. 17, § 93120, et seq.; Health & Saf. Code §§ 39674, 39675, 42400, et seq., 42402, et seq., and 42410.)

CASE BACKGROUND

- (5) Corporate Entity. At all relevant times, Milton Greens was organized under the laws of California as a corporation and conducted business in the State of California.
- (6) Allegations. CARB alleges that Milton Greens violated the Composite Wood Regulation by distributing, importing, selling, or offering for sale for 11 individual days of sale between May 4, 2021, through September 1, 2021, Twin Wooden Platform Bed: Cappuccino: Product #7662 (Cappuccino Bed) made of hardwood plywood (HWPW) veneer core. Cappuccino Bed exceeded the maximum formaldehyde emission standards of 0.05 parts per million (ppm), as outlined in

Notice of Violation CW21-11-02. Milton Greens also purchased composite wood products without taking reasonable prudent precautions, and did not put a statement of compliance on the customer invoices or bills of lading, and did not put a compliant label on the Cappuccino Bed, as outlined in Notice of Violation CW21-11-02. CARB alleges that if paragraphs 1 through 6 were proven, civil penalties could be imposed against Milton Greens for each and every product involved in the violations and each day.

- (7) Acknowledgment. Milton Greens admits to the facts in paragraphs 1 through 6, but denies any liability resulting from said allegations.
- (8) Consideration. 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 violations and voluntarily agree to resolve this matter by means of this Settlement Agreement. In order to resolve the violations described herein, Milton Greens has taken, or agrees to take, the actions enumerated below within the Terms and Conditions. Further, CARB accepts this Settlement Agreement in termination and full settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against Milton Greens for the alleged violations referred to above in the Legal Background and Case Background, and Milton Greens' agreement to complete all terms and conditions set forth below, CARB and Milton Greens agree as follows:

- (9) Settlement Amount. Milton Greens shall pay a civil penalty of forty thousand dollars (\$40,000.00 USD). Milton Greens shall make all payments in accordance with the payment schedule in Paragraph 10 (Payment Plan and Schedule)].
- (10) Payment Plan and Schedule. Pursuant to this Settlement Agreement, Milton Greens shall make all payments listed below. First payment shall be due within thirty (30) calendar days from the date CARB notifies Milton Greens of full execution.

Payment Due Date:	In the Amount of and Payable To:
30 Days	\$1,667.67 California Air Resources Board
60 Days	\$1,667.67 California Air Resources Board
90 Days	\$1,667.67 California Air Resources Board
120 Days	\$1,667.67 California Air Resources Board
150 Days	\$1,667.67 California Air Resources Board
180 Days	\$1,667.67 California Air Resources Board

210 Days	\$1,667.67 California Air Resources Board
240 Days	\$1,667.67 California Air Resources Board
270 Days	\$1,667.67 California Air Resources Board
300 Days	\$1,667.67 California Air Resources Board
330 Days	\$1,667.67 California Air Resources Board
360 Days	\$1,667.67 California Air Resources Board
390 Days	\$1,667.67 California Air Resources Board
420 Days	\$1,667.67 California Air Resources Board
450 Days	\$1,667.67 California Air Resources Board
480 Days	\$1,667.67 California Air Resources Board
510 Days	\$1,667.67 California Air Resources Board
540 Days	\$1,667.67 California Air Resources Board
570 Days	\$1,667.67 California Air Resources Board
600 Days	\$1,667.67 California Air Resources Board
630 Days	\$1,667.67 California Air Resources Board
660 Days	\$1,667.67 California Air Resources Board
690 Days	\$1,667.67 California Air Resources Board
720 Days	\$1,643.59 California Air Resources Board

- (11) Civil Penalty Payment Method. Milton Greens shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to the "California Air Resources Board," using instructions provided separately by CARB in a Payment Transmittal Form. Milton Greens is responsible for all payment processing fees. Payments shall be accompanied by the Payment Transmittal Form to ensure proper application. At the time each payment is made, Milton Greens shall also provide confirmation of payment being made with a copy of the Payment Transmittal Form to the email address in Paragraph 14 (Notices). CARB shall deposit the civil penalty amount into its Air Pollution Control Fund for the purpose of carrying out CARB's duties and functions to ensure the integrity of its air pollution control programs. Should payment instructions change, CARB will provide notice to Milton Greens in accordance with Paragraph 14 (Notices).
- (12) Acceleration. If any payment is more than thirty (30) calendar days late from the payment schedule deadline, the entire remaining balance is accelerated to become due and payable immediately without notice or demand.
- (13) Documents. Milton Greens shall promptly email the signed and dated Settlement Agreement directly to the CARB Enforcement Investigator managing the settlement, or may email the signed and dated Settlement Agreement to the

CARB email address listed in Paragraph 14 (Notices). Alternatively, Milton Greens may mail a copy of the signed and dated Settlement Agreement to the address listed in Paragraph 14 (Notices).

- (14) Notices. Unless otherwise specified in this Settlement Agreement, whenever notifications, submissions, or communications are required by this Settlement Agreement, they shall be submitted in writing to the address or email below:

As to CARB:

California Air Resources Board
Enforcement Division / Settlement Agreements
Vehicle, Parts, and Consumer Products Enforcement Branch/
Consumer Products Enforcement Section
P.O. Box 2815
Sacramento, California 95812-2815
Settlement_Agreement@arb.ca.gov (Confirmation of Payment)

As to Milton Greens Stars Inc.:

Milton Greens Stars Inc.
3375 De Forest Circle
Jurupa Valley, California 91752
miltongren@aol.com

Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above. Notices submitted pursuant to this section shall be deemed submitted upon emailing or mailing.

- (15) Repeat Violations. Milton Greens agrees to comply with all regulatory requirements and acknowledges that repeat violations could result in increased penalties in the future.
- (16) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning the Case Background and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning the Case Background hereof. This Settlement Agreement consists of 8 pages and 34 paragraphs.
- (17) Binding Effect. This Settlement Agreement binds Milton Greens, and any principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations and CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.

- (18) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (19) Modification and Termination. No agreement to modify, amend, extend, supersede, terminate, or discharge this Settlement Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all Parties to this Settlement Agreement.
- (20) Severability. Each provision of this Settlement Agreement is severable, and in the event that any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable in any jurisdiction, the remainder of this Settlement Agreement remains in full force and effect.
- (21) Choice of Law. This Settlement 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.
- (22) Non-Discharge. It is further agreed that the penalties described in this Settlement Agreement are non-dischargeable under United States Code, title 11, section 523(a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit.
- (23) Rules of Construction. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Settlement Agreement.
- (24) Non-Waiver. The failure to enforce any provision of this Settlement Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Settlement Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Settlement Agreement or otherwise provided by law.
- (25) Intent to be Bound. The Parties represent that: They have participated fully in the review and drafting of this Settlement Agreement; understand and accept all terms; enter into this Settlement Agreement freely and voluntarily; have had an opportunity to consult with legal counsel; are fully informed of the terms and effect of this Settlement Agreement; have agreed to this Settlement Agreement after independent investigation and agree it was not arrived at through fraud, duress, or undue influence; and knowingly and voluntarily intend to be legally bound by this Settlement Agreement.

- (26) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (27) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.
- (28) Release. In consideration of full payment of the civil penalty, and all other undertakings above, CARB hereby releases Milton Greens and its principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations, from any claims CARB may have based on the circumstances described in all paragraphs contained in Paragraph 6 (Allegations) above.
- (29) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (30) Per Unit Penalty. The per unit penalty in this case is a maximum of eleven thousand seven hundred ten dollars (\$11,710.00 USD) per unit per day under Health and Safety Code section 39674, for violations of the Composite Wood Regulation. The penalty of \$40,000.00 USD in this case is for 36 days of violation. The penalty per day is approximately \$1,111.11 USD.
- (31) Emissions. The provisions cited in Paragraph 6 (Allegations) above do prohibit emissions above a specified level. The emission standard for Cappuccino Bed is 0.05 ppm. Since CARB has alleged that the product did not meet the regulatory requirements, all of the emissions from it were excess and illegal.
- (32) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as described in CARB's Enforcement Policy. CARB considered whether the violator came into compliance quickly and cooperated with the investigation; the extent of harm to public health, safety and welfare; nature and persistence of the violation, including the magnitude of the excess emissions; compliance history; preventative efforts taken; innovative nature and the magnitude of the effort required to comply, and the accuracy, reproducibility, and repeatability of the available test methods; efforts to attain, or provide for, compliance prior to violation; action taken to mitigate the violation; financial burden to the violator; and voluntary disclosure. The penalties are set at levels sufficient to deter violations, to remove any economic benefit or unfair advantage from noncompliance, to obtain swift compliance, and the potential costs, risks, and uncertainty associated with litigation. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case.

(33) Confidential Business Information. CARB may have based this penalty in part on confidential business information provided by Milton Greens or confidential settlement communications.

(34) Effect of Settlement/Reservation of Rights. The following shall apply:

- (a) This Settlement Agreement resolves the civil claims of CARB for the violations alleged in this Settlement Agreement.
- (b) CARB reserves, and this Settlement Agreement is without prejudice to, all claims, rights, and remedies against Milton Greens with respect to all matters not expressly resolved in this Settlement Agreement. Notwithstanding any other provision of the Settlement Agreement, CARB reserves all claims, rights, and remedies, whether in law or equity, against Milton Greens with respect to:
 - (i) Noncompliance with or enforcement of any provision of this Settlement Agreement.
 - (ii) Facts that were not disclosed by Milton Greens to CARB.
 - (iii) Violation of the California Health and Safety Code and its implementing regulations, or other State laws, regulations, or permit condition(s) not expressly resolved in this Settlement Agreement.
 - (iv) Any imminent and substantial endangerment to the public health, welfare, or the environment in California, whether related to the violations addressed in this Settlement Agreement or otherwise.
 - (v) Any criminal liability.
 - (vi) Any claim(s) of any officer or agency of the United States or California, other than CARB.
- (c) In any subsequent administrative or judicial proceeding initiated by CARB for injunctive relief, civil penalties, or other appropriate relief relating to enforcement of the Settlement Agreement, Milton Greens shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by CARB in the subsequent proceeding were or should have been brought in the instant case.
- (d) This Settlement Agreement does not limit or affect the rights of Milton Greens or of CARB against any third parties not covered by this Settlement

Agreement, nor does it limit the rights of third parties not covered by this Settlement Agreement against Milton Greens, except as otherwise provided by law. This Settlement Agreement shall not be construed to create rights in, or grant any cause of action to, any third party not covered by this Settlement Agreement.

- (e) This Settlement Agreement is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Milton Greens is responsible for achieving and maintaining compliance with all applicable federal, State, and local laws, regulations, and permits; Milton Greens' compliance with this Settlement Agreement shall not be a defense to any action commenced pursuant to any such laws, regulations, or permits. CARB does not, by its execution of this Settlement Agreement, warrant or aver in any manner that Milton Greens' compliance with any aspect of this Settlement Agreement will result in compliance with any provisions of federal, State, or local laws, regulations, or permits.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

Signature: /S/

Name: Ellen M. Peter

Title: Chief Counsel

Date: August 24, 2023

Milton Greens Stars Inc.

Signature: /S/

Name: Teddy Sutanto

Title: President

Date: August 17, 2023