

## 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 Antica Farmacista (Antica) with its principal place of business at 119 Pine Street, Seattle, Washington.

### 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 Air Freshener: liquid/pump spray category sold after January 1, 1993. Air Freshener: liquid/pump sprays must meet the 18 percent standard for volatile organic compounds (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 Antica sold, supplied, and offered for sale in California, Antica Farmacista Room Fragrance: Reed Diffusers and Room Sprays that are subject to the VOC limit for the Air Freshener: liquid/pump spray category specified in 17 CCR section 94509(a).
5. CARB alleges that the Antica Farmacista Room Fragrance products referenced in Recitals paragraph 4 contained concentrations of VOCs exceeding the 18 percent VOC limit for the Air Freshener: liquid/pump spray 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 Antica as provided in H&SC section 42402 et seq. for each and every unit involved in the violations.
7. Antica 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. Antica 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 Antica for the violations referred to above, CARB and Antica agree as follows:

9. Antica shall not manufacture, sell, supply, or offer for sale for use 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.
10. In settlement of the above-described violations of 17 CCR§ 94509(a), Antica agrees to pay a penalty to CARB in the amount of One hundred fifty-four thousand, eight hundred dollars (\$154,800) concurrent with execution of this Agreement. Payment shall be divided in two parts:

\$119,800 to the California Air Pollution Control Fund; and  
\$35,000 to the Central California Asthma Collaborative for the Health Air Neighborhoods Supplemental Environmental Project (SEP).

Payment and the signed Agreement shall be mailed to the address specified on the Payment Transmittal Form enclosed with this Agreement.

11. Antica has agreed to undertake a SEP as described in the "*SUPPLEMENTAL ENVIRONMENTAL PROJECT AGREEMENT – Health Air Neighborhoods SEP,*" (SEP Agreement), enclosed with this Agreement, to offset a portion of the penalty, consistent with CARB's SEP Policy. Pursuant to this Agreement, Antica shall make payments according to the schedule located on the payment transmittal form.
12. Antica has agreed that by funding the Health Air Neighborhoods 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 an enforcement action.
13. Upon agreeing to the terms set forth in the SEP Agreement, and funding the Health Air Neighborhoods SEP, Antica is released of all liabilities as they relate to the Health Air Neighborhoods SEP as reflected in this underlying Agreement.

14. 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), to be deposited into Air Pollution Control Fund. Accordingly, Antica shall assign any and all rights against the SEP implementer to CARB.
15. 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 Agreement, Antica shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.
16. This Agreement shall apply to and be binding upon Antica 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.
17. 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 Antica, 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).
18. 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.
19. This Agreement constitutes the entire agreement and understanding between CARB and Antica 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 Antica concerning these claims.
20. The Effective Date of this Agreement shall be the date upon which it is fully executed.
21. This Agreement is deemed to have been drafted equally by CARB and Antica; it will not be interpreted for or against either Party on the ground that said Party drafted it.
22. 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.

23. This Agreement shall further serve to toll any statute of limitation until all terms and conditions of this Agreement have been fulfilled.

24. 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).

25. **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 Antica 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 \$154,800 for emission violations. The per-unit penalty was based on 7.74 tons of excess VOC emissions. The penalty in this case was reduced because Antica made diligent efforts to comply, including reformulating their room fragrance products, and cooperated 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 Antica 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 Antica 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 Antica, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that Antica may have secured from its actions.

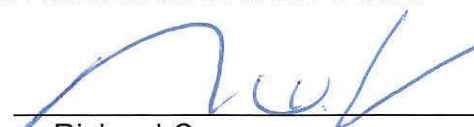
**Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.**

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 Antica made the product formulation and sales data necessary to make this quantification available to CARB. Based upon this information (which Antica has designated as confidential), the violations were calculated to have 7.74 tons of excess VOC emissions emitted in California.

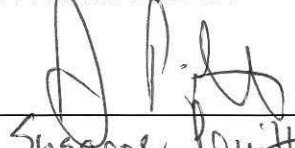
- 26. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be illegal, invalid, or unenforceable in any jurisdiction, the remainder of this Agreement remains in full force and effect.
- 27. The undersigned represent that they have full power and authority to enter into this Agreement.

**ACKNOWLEDGED AND ACCEPTED BY:**

**California Air Resources Board**

By:   
Name: Richard Corey  
Title: Executive Officer  
Date: 12/28/2017

**ANTICA FARMACISTA**

By:   
Name: Susanne Pruitt  
Title: Co-owner  
Date: 11/27/17