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SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the California Air Resources Board (ARB), with its principal office at 1001 I Street, Sacramento, California, and Shye Worldwide (Shye) with its former principal place of business at 25731 Commercentre Drive, Lake Forest Drive, California, and current contact address at 22961 Oakstone, Mission Viejo, CA.

RECITALS

1. ARB alleges that between January 2012 and April 2013, Shye sold, supplied, and offered for sale in California, Qwik & Eazy Glass Wipes which is subject to the volatile organic compound (VOC) limit for Glass Cleaners: Non-aerosol category, California Code of Regulations (CCR), title 17, section 94509 (17 CCR § 94509(a)).
2. ARB alleges that the Qwik & Eazy Glass Wipes referenced in recital paragraph 1 contained concentrations of VOCs exceeding the 4 percent VOC limit for Glass Cleaners: Non-aerosol category specified in 17 CCR § 94509(a).
3. ARB alleges that if the allegations described in recital paragraphs 1 and 2 were proven, civil penalties could be imposed against Shye as provided in Health and Safety Code (HSC) §§ 42402, et seq. for each and every unit involved in the violations.
4. Shye admits the allegations described in recital paragraphs 1 and 2, but denies any liability resulting from said allegations.
5. The parties agree to resolve this matter completely by means of this Agreement, without the need for formal litigation.

Therefore, the parties agree as follows:

TERMS AND CONDITIONS

6. Shye shall not sell, supply or offer for sale for use in California any consumer products in violation of ARB consumer products regulations set forth in CCR, title 17, §§ 94500 et seq., the terms and conditions set forth in this agreement will remain valid and enforceable notwithstanding any future violations that may occur.
7. Shye in settlement of the above-described violation of CCR, title 17, § 94509(a) agrees to pay a penalty to ARB in the amount of three thousand dollars (\$3000.00) payable to the California Air Pollution Control Fund, concurrent with the execution of this Agreement.

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8. This Agreement shall apply to and be binding upon Shye and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this settlement.
9. The parties stipulate that this Agreement shall be the final resolution of ARB claims regarding the above-described violations and shall have the same res judicata effect as a judgment in terms of acting as bar to any civil action by ARB against Company, 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 HSC § § 42400.7(a).
10. 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.
11. This Agreement constitutes the entire agreement and understanding between ARB and Shye concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between ARB and Shye concerning these claims.
12. 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.
13. **SB 1402 Statement.** HSC § 39619.7 (Senate Bill 1402 - Dutton, Chapter 413, statutes of 2010) requires ARB 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 HSC §§ 42402, et seq. because Shye sold, supplied, offered for sale, or manufactured for sale consumer products for commerce in California in violation of the Consumer Products Regulations (CCR, title 17, § 94507, et seq.). The penalty provisions of HSC § 42402, et seq. apply to violations of the Consumer Products Regulations because the regulations were adopted under authority of HSC § 41712 which is in Part 4 of Division 26 of the HSC.

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The manner in which the penalty amount was determined, including ^{16A03083} aggravating and mitigating factors and per unit or per vehicle basis for the penalty.

Penalties must be set at levels sufficient to discourage violations. ARB considered all relevant circumstances in determining the penalty in this case, including the eight factors specified in HSC § 42403.

HSC § 42402, et seq. provides \$1,000 per day penalties for strict liability violations of the Consumer Products Regulations, with each day being a separate violation. In cases like this, involving unintentional violations of the Consumer Products Regulations where there are low VOC emissions and the violator cooperates with the investigation, the ARB has obtained penalties based on at least three days of violations (the day the product was purchased by ARB, the day it was supplied to the retailer, and the day it was manufactured for sale).

In this case the total penalty is \$3000.00. The penalty in this case was reduced because this was a strict liability first time violation and Shye made diligent efforts to comply and to cooperate with the investigation. Penalties in future cases might be higher or lower on a per ton or per day basis.

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 Shye made the product formulation and sales data necessary to make this quantification available to the ARB. Based upon this information (which the Shye has designated as confidential), the violation was calculated to have resulted in 0.01 tons of excess VOC emissions emitted in California.

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 costs 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.


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

14. The undersigned represent that they have full power and authority to enter into this Agreement.


CALIFORNIA AIR RESOURCES BOARD

Dated: 11/22/16

By: 
Dr. Todd P. Sax, Chief
Enforcement Division

SHYE WORLDWIDE

Dated: 11.7.16

By: 
Brian Sykes
Owner