

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 DaveXLabs, LLC (DaveXLabs) with its principal place of business at 429 Santa Monica Boulevard, Suite 510, Santa Monica, California.

RECITALS

1. ARB alleges that between March 2010 and March 2013, DaveXLabs sold, supplied, and offered for sale in California "*Lanza Healing Volume*" subject to the volatile organic compound (VOC) limit for Hair Styling Products: Aerosol and Pump Spray category, title 17, California Code of Regulations (CCR), section 94509(a).
2. ARB alleges that the product referenced in recital paragraph 1 contained concentrations of VOCs exceeding the 6 percent VOC limit for the Hair Styling Products: Aerosol and Pump Spray category specified in title 17, CCR, section 94509(a).
3. ARB alleges that if the allegations described in recital paragraphs 1 and 2 were proven, civil penalties could be imposed against DaveXLabs as provided in Health and Safety Code sections 42402 et seq. for each and every unit involved in the violations.
4. DaveXLabs 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

1. DaveXLabs 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 title 17, CCR, section 94500 et seq., however, the terms and conditions set forth in this agreement will remain valid and enforceable notwithstanding any future violations that may occur.
2. DaveXLabs in settlement of the above-described violations of title 17, CCR, section 94509(a) agrees to pay a penalty to ARB in the amount of \$3,750.00 payable to the Air Resources Board, concurrent with the execution of this Agreement.

3. This settlement shall apply to and be binding upon DaveXLabs 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.
4. 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 DaveXLabs, 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 Health and Safety Code section 42400.7(a).
5. 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.
6. This Agreement constitutes the entire agreement and understanding between ARB and DaveXLabs 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 DaveXLabs concerning these claims.
7. 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.
8. Each of the undersigned represents and warrants that he or she has full power and authority to enter into this Agreement.
9. **SB 1402 Statement.** California Health and Safety Code (HSC) section 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 Settlement Agreement includes this information, which is 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 section 42402, et seq. because DaveXLabs sold, supplied, offered for sale, or manufactured for sale consumer products for commerce in California in violation of the Consumer Products Regulations (title 17 California Code of Regulations (CCR) section 94507, et seq.). The penalty provisions of HSC section 42402, et seq. apply to violations of the Consumer Products Regulations because these

regulations were adopted under authority of HSC section 41712 which is in Part 4 of Division 26 of the Health and Safety Code.

The manner in which the penalty amount was determined, including 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 8 factors specified in HSC section 42403.

HSC section 42402, et seq. provides strict liability penalties of \$1,000 per day for violations of the Consumer Product Regulations.

In this case, this violation is being treated as a concurrent penalty with a previous enforcement action instead of a second violation due to the sample's date of manufacture. Typically, ARB has sought and obtained penalties of approximately \$17,000 per ton of excess emissions of VOCs attributable to the violation, but in similar cases with extremely low excess emissions, ARB has historically obtained penalties that reflect that the violations occurred on at least 3 days (the day the product was purchased by ARB, the day it was supplied to the retailer, and the day it was manufactured for sale) and that the penalty exceeds the cost of investigating the violation. In this case the total penalty is \$3,750, which includes investigative costs.

Penalties in future cases might be higher or lower on a per ton or per unit 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 DaveXLabs made the product formulation and sales data necessary to make this quantification available to ARB. Based upon this information (which the DaveXLabs has designated as confidential), the violations were calculated to have caused 0.113 tons of excess emissions of VOCs to be emitted to the atmosphere in California.

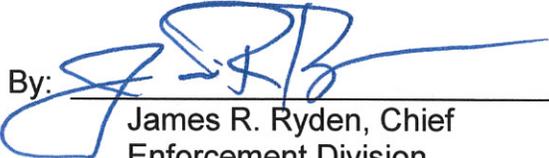
10. DaveXLabs acknowledges that ARB has complied with SB1402 in investigating, prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC sections 42403,

has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that while this penalty is not being assessed under a provision of law that prohibits the emission of pollutants at a specified level, it is practicable for ARB to quantify the excess emissions from the alleged violations, has done so and has included this information in this Settlement Agreement.

11. 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 or per unit basis.
12. The final penalty in this case was based in part on confidential financial information or confidential business information provided by DaveXLabs 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 DaveXLabs 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 DaveXLabs, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that DaveXLabs may have secured from its actions.

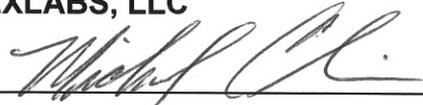
CALIFORNIA AIR RESOURCES BOARD

Dated: 8/6/17

By: 
James R. Ryden, Chief
Enforcement Division

DAVEXLABS, LLC

Dated: 7/23/13

By: 

Name: MICHAEL CLINE
Title: V.P. OPERATIONS

DAVEXLABS, LLC

VENDOR NO: 82338

NAME: Air Resources Board

CHECK DATE: 7/22/2013 Check #: 17214

REFERENCE	INVOICE DATE	GROSS AMOUNT	DISCOUNT TAKEN	NET AMOUNT PAID
2013 VOCSETTLEMENT	7/11/2013	3,750.00	0.00	3,750.00
TOTAL >		3,750.00	0.00	3,750.00

DO NOT CASH IF THIS DOCUMENT DOES NOT HAVE A LARGE FAINT IMAGE OF THE "SECURE DOCUMENT" SHIELD OVER A FADING PATTERN OF THE WORDS "SECURE DOCUMENT"

DAVEXLABS, LLC
429 SANTA MONICA BLVD
SUITE 510
SANTA MONICA, CA 90401
(310) 393-5227



Wells Fargo Bank, N.A.
56-382/412

017214

DATE	7/22/2013
AMOUNT	***3,750.00

PAY Three Thousand Seven Hundred Fifty and 00/100*****

TO THE ORDER OF Air Resources Board
1001 I Street 5th Floor
Sacramento, Ca 95814

[Handwritten Signature]

⑈017214⑈ ⑆041203824⑆ 9600098673⑈