

**BEFORE THE DIRECTOR
OF THE
DEPARTMENT OF PESTICIDE REGULATION
STATE OF CALIFORNIA**

In the Matter of Unlawful Sales
and Deliveries of Pesticides by

Alfwear, Inc.
1635 South 5070 West, Suite C
Salt Lake City, Utah 84104

SETTLEMENT AGREEMENT
Case No.: PQE 2015/16-54

Respondent/

This Settlement Agreement ("Agreement") is entered into by and between the California Department of Pesticide Regulation ("the Department"), and Alfwear, Inc. ("the Company"), collectively referred to as the Parties.

1. In the course of the Department's regular inspection and auditing of pesticide sales into California, the Department discovered that between the first quarter of 2012 and the third quarter of 2015, the Company sold the following twenty-eight (28) apparel products into or within California that were represented to be a pesticide, but were unregistered with the Department:

1. *KÜHL Bakbone*, No Reg. Number
2. *KÜHL Dillinger*, No Reg. Number
3. *KÜHL Feevr*, No Reg. Number
4. *KÜHL Impulse*, No Reg. Number
5. *KÜHL Infinite*, No Reg. Number
6. *KÜHL Infinite SS*, No Reg. Number
7. *KÜHL Instagatr*, No Reg. Number
8. *KÜHL Konquer*, No Reg. Number
9. *KÜHL Konquer SS*, No Reg. Number
10. *KÜHL Kosmo Hoody*, No Reg. Number
11. *KÜHL Krawler*, No Reg. Number
12. *KÜHL Krawler LS*, No Reg. Number
13. *KÜHL Persuadr*, No Reg. Number
14. *KÜHL Response*, No Reg. Number
15. *KÜHL Response LS*, No Reg. Number
16. *KÜHL Rukus*, No Reg. Number

INV1516-0027

17. *KÜHL Rumblr, No Reg. Number*
18. *KÜHL Rumblr LS, No Reg. Number*
19. *KÜHL Sarta SS, No Reg. Number*
20. *KÜHL Split, No Reg. Number*
21. *KÜHL Spyke, No Reg. Number*
22. *KÜHL Spyke SS, No Reg. Number*
23. *KÜHL Stealth, No Reg. Number*
24. *KÜHL Suono SS, No Reg. Number*
25. *KÜHL Tumblr SS Wm, No Reg. Number*
26. *KÜHL Wm Grace Dress, No Reg. Number*
27. *KÜHL Wm Infinite SS, No Reg. Number*
28. *KÜHL Wm Rumblr, No Reg. Number*
29. *KÜHL Wm Rumblr SS, No Reg. Number*

2. The Company represents, and the Department acknowledges, that sales of the products during the time period specified in paragraph 1 were not made for the purpose of gaining any unfair economic advantage.

3. The Company admits to violating California Food and Agricultural Code section 12993 which provides that it is unlawful for any person to manufacture, deliver, or sell any pesticide or any substance or mixture of substances that is represented to be a pesticide that is not registered by the Department.

4. The Parties agree by this Agreement to resolve this matter without the need for formal litigation.

THEREFORE, the Parties agree as follows:

5. The Department shall take no further civil or criminal action regarding the sale or delivery of the products during the time period specified in paragraph 1 unless it sets aside this Agreement as specified under paragraph 8.

6. The Company shall pay the Department **\$86,714.73** in one lump sum as a civil penalty, by **February 29, 2016**, payable by check made out to:

Cashier, Department of Pesticide Regulation

and mailed to:

c/o April H. Gatling, Senior Staff Attorney
Office of Legal Affairs
Department of Pesticide Regulation
1001 I Street, P.O. Box 4015
Sacramento, California 95812-4015

A copy of this agreement shall accompany the check.

7. The Company shall not sell or deliver into or within California any pesticide or any substance or mixture of substances represented to be a pesticide, unless the products are sold or delivered under the market label that has been registered with the Department. **Within 30 days of signing this agreement**, the Company shall develop, implement, and provide the Department with a written description of control measures the Company will take to ensure that the Company will not sell or deliver unregistered pesticides into California, and send it to:

Chief Counsel, Legal Office
Department of Pesticide Regulation
1001 I Street, P.O. Box 4015
Sacramento, California 95812-4015

8. The Company represents that it will not sell or deliver into or within California the products sold in paragraph 1 after the execution of this agreement, unless the product is properly registered with the Department as a pesticide, or the Company must (a) remove all pesticidal claims from the product label and associated advertising, or (b) if the pesticidal claims are not removed, the market label must be registered with the Department or properly qualify for a registration exemption. Should the Department discover further unlawful sales above and beyond those represented by the Company for purposes of this Agreement the Department may set aside this Agreement and proceed with action against the Company for any and all unlawful sales and deliveries of the products.

9. This Agreement constitutes the entire understanding between the Parties, is not intended to benefit or obligate any third party, and fully supersedes all prior written or oral negotiations between the Parties.

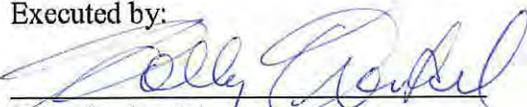
10. This Agreement binds the Company, its successors and assignees, subsidiary and parent corporations, and the Department and any successor agency that may have responsibility for and jurisdiction over the subject matter of this settlement.

11. If the Attorney General files a civil action to enforce this Agreement, the Company will pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorneys' fees, and costs.

12. This Agreement tolls the statute of limitations relative to any violation covered by this Agreement and upon breach of any terms of this Agreement, at the discretion of the Department it becomes null and void, and the Department may take action concerning that violation.

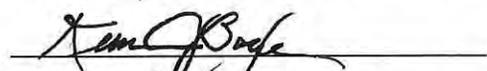
13. Each person who signs this Agreement affirms that he or she has the authority to bind that Party.

Executed by:



Brian Leahy, Director
Department of Pesticide Regulation

on February 26, 2016
at Sacramento, California



KEVIN J. BOGUE, PRESIDENT (printed name and title)
for Alfwear, Inc.

on FEBRUARY 9, 2016
at SALT LAKE CITY, UT (City and State)