SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (hereinafter "Agreement") is entered into by and between the State of California Air Resources Board (hereinafter "ARB") with its principal office at 1001 "I" Street, Sacramento, California, and The Plastics Group, with its principal place of business at 7409 S. Quincy Street, Willowbrook, Illinois 60527-5590.

RECITALS

1. WHEREAS, ARB alleges that on and after February 23, 2010, The Plastics Group sold, supplied, offered for sale, advertised, or manufactured for sale in California 1,007 Kolpin Fuel Pack Jr. products which, at the time of sale or manufacture, did not comply with the requirements for portable fuel containers and spouts specified in title 13, California Code of Regulations section 2467 *et seq.*;

2. WHEREAS, ARB alleges The Plastics Group's actions described in recital paragraph 1 were unlawful and in violation of the Portable Fuel Containers and Spouts requirements of title 13, California Code of Regulations, section 2467 et seq.;

3. WHEREAS, ARB further alleges that if the allegations described in recital paragraph 1 hereinabove were proven, civil penalties could be imposed against The Plastics Group pursuant to Health and Safety Code section 43016 for each and every portable fuel container involved in said violations;

4. WHEREAS, The Plastics Group admits that it sold, supplied, offered for sale, advertised, or manufactured the Kolpin Fuel Pack Jr. products referenced in recital paragraph 1, but denies any liability arising therefrom;

5. WHEREAS, The Plastics Group promptly and fully cooperated with ARB throughout its investigation;

6. WHEREAS, ARB alleges that the facts described in recital paragraph 1, if proven, would result in liability resulting from said allegations;

7. WHEREAS, The Plastics Group is willing to enter into this Agreement solely for the purpose of the settlement and resolution of this matter with ARB. ARB accepts this Agreement in termination of this matter. Accordingly, the parties agree to resolve this matter completely by means of this Agreement, without the need for formal litigation;

8. NOW THEREFORE, in settlement of any and all claims that the ARB has against The Plastics Group arising from the sale, supply, offer for sale, advertisement or manufacture for sale in California of the above-described portable fuel containers in violation of title 13, California Code of Regulations section 2467.7, ARB and The

Plastics Group agree as follows:

TERMS AND CONDITIONS

1. The Plastics Group will pay the sum of $13,091 dollars. This payment is due on the date this Agreement is fully executed and shall be payable to the California Air Pollution Control Fund. The check for this amount shall be addressed to:

   Lisa Yacoubian
   Manager, Engine & Parts Enforcement Section
   Air Resources Board
   9460 Telstar Avenue
   El Monte, CA 91731

2. In consideration of the payment pursuant to paragraph 1 above, ARB releases The Plastics Group and its principals, officers, directors, agents, trustees, employees, successors and assignees, subsidiary and parent corporations, and predecesors, distributors, dealers and customers from any and all claims that ARB may have based on the facts and allegations described in recital paragraph 1 above.

3. ARB and The Plastics Group stipulate that this Agreement shall be the final resolution by ARB of any claims it has or may have against The Plastics Group, and its distributors, dealers, and customers, including Kolpin, based on or arising from the events described in recital paragraph 1 hereinabove, and that this Agreement shall bar relitigation of these claims by ARB against The Plastics Group and its current and former (a) officers, (b) employees, (c) parents, (d) subsidiaries, (e) affiliated companies, (f) shareholders and owners, and (g) successors and assigns. ARB covenants not to sue or prosecute such parties with respect to such claims.

4. 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.

5. This Agreement constitutes the entire agreement and understanding between ARB and The Plastics Group concerning the subject matter hereof, and fully supersedes and replaces any and all prior negotiations and agreements of any kind or nature, whether written or oral, between ARB and The Plastics Group concerning the subject matter hereof.

6. 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 hereto.

7. **SB1402 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 (see Health and Safety Code section 399619.7). This information, which is provided throughout this settlement agreement, is summarized here.

The provision of law under which 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 43016 because The Plastics Group is alleged to have manufactured and introduced portable fuel containers or spouts, or both portable fuel containers and spouts into commerce in California after July 1, 2007, in violation of title 13, California Code of Regulations section 2467 *et seq.* Those regulations establish certification requirements, performance standards and administrative requirements applicable to portable fuel containers or spouts, or both portable fuel containers and spouts that are manufactured for sale, advertised for sale, sold, or offered for sale in California or that are otherwise introduced into commerce in California.

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty:

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in Health and Safety Code section 43024. Under H&S Section 43016, the penalties for violations for portable fuel containers are a maximum of $500 per unit. The penalty obtained in this case is approximately $13 per unit for 1007 units. The penalty was reduced because The Plastics Group is a first time violator, was fully cooperative with the investigation, and timely implemented measures to cease manufacture and distribution of the portable fuel containers and spouts and to notify retailers that the affected portable fuel containers and spouts should not be sold in California.

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 provisions cited above require portable fuel containers or spouts or both portable fuel containers and spouts to demonstrate compliance with specified performance criteria in order to obtain Executive Orders. However, it is not practicable to quantify the emissions attributable to the affected portable fuel containers or spouts, or both portable fuel containers and spouts, because the

information necessary to do so, such as emission rates and time of use, is not available.

8. The Plastics Group acknowledges that ARB has complied with SB 1402 in prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC section 43024, 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 this penalty is not being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

9. 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 cases, and the potential costs and risk associated with litigating these particular violations. The penalty was reduced in this matter based on the factors listed above. Penalties in future cases might be smaller or larger on a per unit basis.

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

11. The undersigned represent that they are authorized to enter this Agreement.

CALIFORNIA AIR RESOURCES BOARD

Dated: 2/3/14

By: _____
James R. Ryden, Chief
Enforcement Division

The Plastics Group

Date: 1-20-14

By: _____

Name: RICHARD A. ELLIS

Title: V.P. CUSTOM BUSINESS