

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by the Attorney General of the State of California (“Attorney General”), on behalf of the People of the State of California, the California Air Resources Board (“CARB”) and Complete Logistics Company (“CLC”). The persons and entities entering into this Agreement are at times referred to individually as a “party” and/or collectively as the “parties.”

WHEREAS, the Attorney General and CARB assert that CLC did not comply with its obligations under California Code of Regulations, title 13, including but not limited to sections 2025, 2190 *et seq.* and 2449, and falsely certified compliance with these regulations in its applications for funding under the Proposition 1B Goods Movement Emission Reduction Program (“Prop 1B Program”), codified in Health and Safety Code section 39625 *et seq.*, hereinafter specifically defined below as the “Covered Conduct”;

WHEREAS, the Attorney General, as head of the California Department of Justice, conducted an investigation pursuant to the powers conferred by Article 2 of Chapter 2 of Division 3 of Title 2 of the Government Code of California (Cal. Gov. Code § 11180 *et seq.*) into the Covered Conduct;

WHEREAS, the Attorney General asserts that there is an evidentiary basis for potential legal claims against CLC under the California False Claims Act (“CFCA”) (California Government Code Section 12650 *et seq.*) resulting from the Covered Conduct;

WHEREAS, CARB asserts that there is an evidentiary basis for potential legal claims against CLC resulting from the Covered Conduct for breach of contract, fraudulent inducement to enter into a contract, and negligent misrepresentation of compliance with laws and guidelines;

WHEREAS, CLC denies that it has violated any California statute, law, rule, or regulation with respect to the Covered Conduct, and denies that its conduct in any way caused or contributed to the damages claimed by the Attorney General and CARB;

WHEREAS, the Attorney General, CARB and CLC have reached a mutually satisfactory resolution of the Attorney General's and CARB's potential claims against CLC for the alleged Covered Conduct;

WHEREAS, the Attorney General, CARB and CLC seek to avoid delay and the continued uncertainty and cost of litigation;

NOW THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the parties agree as follows:

1. **Covered Conduct.** "Covered Conduct" as used herein is defined as any conduct, representations, disclosures, or omissions, whatsoever, prior to the effective date of this Agreement, relating to or concerning statements, representations, claims, or records made or submitted in connection with CLC's applications for and receipt of funding under the Prop 1B Program pursuant to the contract between CLC and the South Coast Air Quality Management District dated April 17, 2014 and the contract between CLC and the County of San Diego Air Pollution Control District dated April 8, 2014, including any and all modifications to such contracts. "Covered Conduct" includes the claims that are the subject of the tolling agreement dated August 20, 2019, entered into between CLC and CARB.
2. **Payment.** As discussed herein, CLC's payment to the Attorney General and CARB will be an exchange of value in full and final satisfaction of all claims that could be brought by the Attorney General or CARB against CLC with respect to the Covered Conduct, and shall be full and adequate consideration for the Releases (set forth in Paragraphs 5 and 7).

- a. **Payment to Attorney General.** CLC agrees to pay a total sum of \$2,377,775 (“Settlement Amount”) pursuant to the payment schedule attached as Exhibit A, in settlement of all potential claims to be released under this Agreement by the Attorney General and CARB. Payments shall be made by CLC to the Attorney General by electronic funds transfer pursuant to written instructions to be provided by the State of California, Office of the Attorney General.
- b. **Restitution.** The parties hereby acknowledge and agree that \$2,377,775 of the Settlement Amount shall constitute restitution for harm asserted by the Attorney General and CARB to have been caused by the Covered Conduct. For purposes of the identification requirement of Section 162(f)(2)(A)(ii) of the Internal Revenue Code of 1986, 26 U.S.C. §162(f)(2)(a)(ii), performance of Paragraph 2(a) of this Agreement (Payment to Attorney General) is, and shall for all purposes be deemed to be, restitution.

3. **Compromise of Disputed Claims.** The parties acknowledge and agree that this Agreement is not, and shall not in any way be construed as, a presumption, concession, or admission by any of the parties of any fault, liability, wrongdoing, damages, or any unlawful or wrongful conduct as to any facts or claims that have been or might have been alleged in any action or proceeding whatsoever relating to the Covered Conduct. The parties acknowledge and agree that this Agreement is the compromise of disputed claims and has been entered into to avoid the time, burden, expense, distraction, uncertainty, and inconvenience of litigation. The provisions of this Settlement Agreement shall not be invoked, offered, or received in evidence, or otherwise used by any person in any action or

proceeding, whether civil, criminal, or administrative, except in connection with a proceeding to enforce the terms of this Agreement.

4. **Tax Consequences.** The parties acknowledge and agree that no opinion concerning the tax consequences of the proposed settlement is given or will be given by the parties, nor are any representations or warranties in this regard made by virtue of this Agreement; provided, however, that neither party shall take any position in respect of taxes contrary to the express terms of this Agreement. CLC's tax obligations, and the determination thereof, are the sole responsibility of CLC.

5. **Releases by the Attorney General of CLC.**

a. **Release.** Subject to the exceptions in Paragraph 5(b) (Claims Excluded from Release), and conditioned solely upon CLC's compliance with the terms of this Agreement including full payment under paragraph 2(a), to remediate harms to the People of the State of California, pursuant to California Government Code §§ 12650-12656, allegedly resulting from unlawful conduct of CLC the Attorney General (on behalf of the People of the State of California) fully and finally releases CLC, as well as its current and former partners, subsidiaries (whether or not wholly owned), parent companies, joint ventures, partnerships, trusts, predecessors, successors in interests, assigns, affiliates, associations, unincorporated associations, partners, officers (including, without limitation, Robert Rains and Renee Rains), directors, principals, members, employees, administrators, contractors, shareholders, insurers, attorneys, accountants, financial advisors, agents, and representatives, and each of them (collectively referred to as "CLC Released Persons") from any and all claims, demands,

and/or causes of action, known or unknown, suspected or unsuspected, relating to, concerning, or arising from the Covered Conduct that the Attorney General has against the CLC Released Persons. The Attorney General executes this release in his official capacity and releases only claims that the Attorney General has the authority to release for the Covered Conduct.

- b. **Claims Excluded from Release.** The following claims are specifically reserved and not released by the Attorney General in this Agreement: (i) any liability of CLC based upon obligations created by this Agreement; (ii) any liability of any person or entity other than the CLC Released Persons. and (iii) any liability to the State of California (or its departments or agencies) for any claims not released above.

6. **Release by CLC of the Attorney General and the State of California.**

- a. **Release.** CLC hereby fully and finally releases the Attorney General and the State of California and all their directors, officers, employees, servants and agents, from any claims, including attorney's fees, costs, and expenses of every kind and however denominated, that CLC has asserted, could have asserted, or may assert in the future against them related to the Covered Conduct, to the extent released hereunder, and the Attorney General's investigation thereof.

7. **Release by CARB of CLC.**

- a. **Release.** Subject to the exceptions in Paragraph 7(b) (Claims Excluded from Release), and conditioned solely upon CLC's compliance with the terms of this Agreement including full payment under paragraph 2(a),

CARB fully and finally releases the CLC Released Persons from any and all claims, demands, and/or causes of action, known or unknown, suspected or unsuspected, relating to, concerning, or arising from the Covered Conduct that CARB has against the CLC Released Persons.

- b. **Claims Excluded from Release.** The following claims are specifically reserved and not released by CARB in this Agreement: (i) any liability based upon obligations of CLC created by this Agreement; (ii) any liability of any person or entity other than the CLC Released Persons; and (iii) any liability to CARB for any claims not released above.

8. **Release by CLC of CARB.**

- a. **Release.** CLC fully and finally releases CARB from any claims, including attorney's fees, costs, and expenses of every kind and however denominated, that CLC has asserted, could have asserted, or may assert in the future against CARB related to the Covered Conduct, to the extent released hereunder, and CARB's investigation thereof.

9. **Representation by Counsel.** Each party acknowledges that it has been represented by counsel or has had the opportunity to consult with counsel, that it has read this entire Agreement, that this Agreement has been explained to it by its counsel, and that it agrees to the terms contained in this Agreement.

10. **Representations and Warranties.**

Each party expressly warrants and represents to the other parties the following:

- a. That each party believes it to be in its best interests to settle the matters encompassed by this Agreement on the terms provided in this Agreement;

- b. That the making of this Agreement is reasonable under the circumstances;
- c. That no promise or inducement has been offered except as expressly provided in this Agreement;
- d. That each party executes this Agreement as its own free and voluntary act;
- e. That each party acknowledges that it intends to grant the releases and CLC intends to pay in full as described herein;
- f. That each party has not previously assigned any of the claims hereby released by it, and that there is no impediment, legal, contractual or otherwise, that may impair the waiver and release of claims given by it hereunder; and
- g. That each party has knowingly and voluntarily entered into the Agreement without any duress or coercion from anyone.

11. Agreement's Effect on CLC Eligibility for CARB Incentive Funds. CLC's compliance with the terms of the Agreement, including timely payments under paragraph 2(a), provides a full resolution of all released claims and CARB's claims against CLC arising from the Covered Conduct, being fully resolved under this Agreement, shall not preclude CLC from applying for and obtaining incentive funds through CARB programs in the future, where CLC is otherwise qualified.

12. Effects of Agreement. This Agreement is intended to be for the benefit of the parties only. This Agreement is not intended for use by any other third party in any other proceeding. Nothing contained herein shall be construed so as to create any other third-party rights or private rights of action or to deprive any person of any private right under the law.

13. Understanding of Terms. The terms of this Agreement were negotiated in good faith by the parties and reflect a settlement that was reached voluntarily after full investigation, consultation with experienced legal counsel and arms-length negotiation.

14. No Adjudication on the Merits. This Agreement is made without any trial or adjudication or court finding on any issue of fact or law, and it is not a final order of any court or governmental authority.

15. Authority. Each signatory to this Agreement represents that he or she is fully authorized by the party he or she represents to enter into this Agreement to execute it on behalf of the party represented and to legally bind that party.

16. Modification. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties.

17. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original. Said counterparts shall constitute but one and the same document. Electronic copies of signatures shall have the same force and effect as originals.

18. Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be an estoppel against the enforcement of any provision of this Agreement, except by written instrument signed by the party charged with the waiver or estoppel. No written waiver shall be deemed a continuing waiver unless specifically stated therein, and the written waiver of a term or condition as to a specific act or occurrence shall not operate as a waiver of any other term or condition or for any other or future act or occurrence.

19. Interpretation. This Agreement shall be deemed to have been drafted equally by the parties and any rules of construction to the effect that ambiguity is construed against the

drafting party shall be inapplicable in any dispute concerning the terms, meaning, or interpretation of this Agreement.

20. Severability. If any provision of this Agreement shall for any reason or to any extent be construed by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall remain in effect and be interpreted so as best reasonably to effect the parties' intent.

21. Notices. All notices, reports, requests, and other communications to any party pursuant to this Agreement shall be in writing, delivered by e-mail and confirmed by overnight mail, and shall be directed as follows:

If to CLC, to:

Mary Carter Andruess
Andruess/Podberesky
818 West 7th Street, Suite 960
Los Angeles, CA 90017

If to the Attorney General, to:

Rick Acker
Supervising Deputy Attorney General
Department of Justice
Office of the Attorney General
State of California
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102-7004

If to CARB:

Aron Livingston
Assistant Chief Counsel
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Exhibit A
Payment Schedule

Payments by CLC to the Attorney General pursuant to paragraph 2.a. of the Agreement shall be made in accordance with the following schedule. CLC shall make its first payment on the first day of the month following the Effective Date, and CLC shall continue payments thereafter on the first day of each month.

Month	Amount
1	\$23,750.76
2	\$23,750.76
3	\$23,750.76
4	\$23,750.76
5	\$23,750.76
6	\$23,750.76
7	\$23,750.76
8	\$23,750.76
9	\$23,750.76
10	\$23,750.76
11	\$23,750.76
12	\$23,750.76
13	\$43,599.29
14	\$43,599.29
15	\$43,599.29
16	\$43,599.29
17	\$43,599.29
18	\$43,599.29
19	\$43,599.29
20	\$43,599.29
21	\$43,599.29
22	\$43,599.29
23	\$43,599.29
24	\$43,599.29
25	\$43,599.29
26	\$43,599.29
27	\$43,599.29
28	\$43,599.29
29	\$43,599.29
30	\$43,599.29
31	\$43,599.29
32	\$43,599.29

Month	Amount
33	\$43,599.29
34	\$43,599.29
35	\$43,599.29
36	\$43,599.29
37	\$43,599.29
38	\$43,599.29
39	\$43,599.29
40	\$43,599.29
41	\$43,599.29
42	\$43,599.29
43	\$43,599.29
44	\$43,599.29
45	\$43,599.29
46	\$43,599.29
47	\$43,599.29
48	\$43,599.29
49	\$43,599.29
50	\$43,599.29
51	\$43,599.29
52	\$43,599.29
53	\$43,599.29
54	\$43,599.29
55	\$43,599.29
56	\$43,599.29
57	\$43,599.29
58	\$43,599.29
59	\$43,599.29
60	\$43,599.25