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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (Agreement) is entered into between the California Energy Commission (CEC), with its principal office at 1516 Ninth Street, Sacramento, California 95814, and Easy Motion Bikes USA (DBA BH Bikes USA) Corporation (Easy Motion Bikes USA (DBA BH Bikes USA)), with a place of business at 620 North 2nd Street, St. Charles, Missouri 63301, collectively referred to as the Parties.

I. RECITALS

(1) CEC's Appliance Efficiency Regulations at California Code of Regulations, Title 20, Article 4, sections 1601-1609 (Appliance Efficiency Regulations),¹ set forth the requirements to sell or offer for sale regulated appliances in California. The pertinent requirements include:

- Testing: The appliance is tested as required in section 1603, using the applicable test method set forth in section 1604.
- Efficiency: The appliance meets the required efficiency standards set forth in sections 1605.2 or 1605.3.
- Marking: The appliance is correctly marked and labeled as required under section 1607.
- Certification: The appliance is certified to CEC and appears in CEC's most recent Modernized Appliance Efficiency Database System (MAEDbS) as required under section 1606.

(2) CEC's enforcement authority includes the removal of non-compliant appliances from MAEDbS, as set forth in section 1608, and the issuance of administrative civil penalties under section 1609.

(3) Easy Motion Bikes USA (DBA BH Bikes USA) manufactures several models of electric bikes that it sells or offers for sale in California, either directly or through retailers or distributors.

(4) Easy Motion Bikes USA (DBA BH Bikes USA) electric bikes contain small battery charger systems (SBCS) that are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From July 2015 to March 2019, Easy Motion Bikes USA (DBA BH Bikes USA) sold or offered for sale through retailers or distributors electric bikes in California, that were not listed in MAEDbS as required in section 1606, and were not marked as required in section 1607(d)(10).

(6) Based on the above Recitals, CEC, through adjudication, could impose penalties for each violation alleged, obtain injunctive relief to prohibit Easy Motion Bikes USA (DBA BH Bikes USA) from continuing to sell or offer for sale non-compliant SBCS in California, and take any other enforcement action as allowed by law.

¹ All references are to California Code of Regulations, Title 20, Article 4, unless otherwise specified.

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(7) Section 1609(b)(3) and California Public Resources Code section 25402.11(a)(2) identify the following factors CEC shall consider when determining the amount of an administrative civil penalty:

- The nature and seriousness of the violation.
- The persistence of the violation, meaning a responsible person's history of past violations of the Appliance Efficiency Regulations over the previous seven years.
- The number of violations arising from the course of conduct that is subject of the enforcement proceeding.
- The length of time over which the violation occurred.
- The willfulness of the persons responsible for the violation.
- The harm to consumers and to the state that resulted from the amount of energy wasted due to the violation.
- The number of persons responsible for the violation.
- The efforts of the persons responsible for the violation to correct the violation prior to initiation of an enforcement action by CEC.
- The cooperation, by the persons responsible for the violation, with CEC during its investigation.
- The assets, liabilities, and net worth of the persons responsible for the violation. This information will be considered to reduce the administrative civil penalty amount, should a responsible person or persons elect to provide asset, liability, and net worth documentation to the Executive Director to demonstrate that a reduction in a penalty amount is necessary to avoid an undue burden.

(8) Penalties must be set at levels sufficient to deter violations. In developing this Agreement, CEC considered the facts of the case and applied the above factors to determine an appropriate settlement. Further, in this case Easy Motion Bikes USA (DBA BH Bikes USA) cooperated with CEC in the investigation by notifying retailers and removing the non-compliant units from the California market; and by providing CEC sales data of non-compliant units. The efforts by Easy Motion Bikes USA (DBA BH Bikes USA) saved CEC time and resources in investigating the violations and minimized the impacts on the competitive business environment in California, from the non-compliant units. Also, Easy Motion Bikes USA (DBA BH Bikes USA) demonstrated by providing financial information, that a higher penalty would cause it financial hardship. This documentation is confidential and CEC does not retain it in the regular course of business.

(9) Easy Motion Bikes USA (DBA BH Bikes USA) is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with CEC, without admitting any liability. CEC 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 adjudication.

II. TERMS AND RELEASE

In consideration of the Recitals listed above which are incorporated into this section by reference, and the mutual agreements set forth below, CEC and Easy Motion Bikes USA (DBA BH Bikes USA) agree as follows:

(1) This Agreement covers the Easy Motion Bikes USA (DBA BH Bikes USA) electric bikes listed in Attachment A.

(2) For selling or offering for sale in California, electric bikes containing SBCS identified in paragraph I(5), whose model numbers are identified in Attachment A that were not certified to MAEDbS as required by section 1606, and were not marked per section 1607(d)(10), and, in consideration of the factors listed in paragraph I(7) and I(8) above, Easy Motion Bikes USA (DBA BH Bikes USA) shall pay as an administrative civil penalty the total sum of \$20,000.00 by check made payable to the California Energy Commission by February 1, 2020. Payment shall be made by the applicable due date, and sent with the corresponding remittance statement to the following address:

California Energy Commission
Accounting Office, MS-2
1516 Ninth Street
Sacramento, California 95814-5512

(3) Easy Motion Bikes USA (DBA BH Bikes USA) also agrees to take each of the following actions for any and all SBCS it will sell or offer for sale in California:

- a. Test all basic models, utilizing the applicable test method, to ensure conformance with the Appliance Efficiency Regulations.
- b. Certify all basic models in MAEDbS, and ensure listings are kept current and up to date.

(4) This Agreement shall apply to and be binding upon Easy Motion Bikes USA (DBA BH Bikes USA) and its principals, officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and upon CEC and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(5) In consideration of the payment specified above, CEC hereby releases Easy Motion Bikes USA (DBA BH Bikes USA) and its parent corporation, principals, directors, officers, agents, employees, shareholders, subsidiaries, predecessors and successors from any and all claims for violations of section 1608 (efficiency, marking, certification), relating to the appliances identified in paragraph I(5), whose model numbers are identified in Attachment A.

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- (6) This Agreement constitutes the entire agreement and understanding between CEC and Easy Motion Bikes USA (DBA BH Bikes USA) 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 CEC and Easy Motion Bikes USA (DBA BH Bikes USA) 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) Easy Motion Bikes USA (DBA BH Bikes USA) further agrees that if the subject matter of this Agreement comes before CEC in an administrative adjudication, neither any member of CEC, nor the Executive Director, shall be disqualified because of prior consideration of this Agreement.
- (9) Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.
- (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. Any litigation arising out of or related to this Agreement shall be filed in the Superior Court of California, County of Sacramento.
- (11) Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (12) The failure of any Party to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Agreement.
- (13) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either Party on the ground that said Party drafted it.
- (14) This Agreement is effective upon signature by a representative of Easy Motion Bikes USA (DBA BH Bikes USA) with authority to bind the company, and signature by the Executive Director of CEC. The Parties agree that fax or scanned signatures and multiple signature pages are acceptable for purposes of executing this Agreement, which may be signed in counterparts.

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California Energy Commission

By: 

Name: Drew Bohan

Title: Executive Director

Date: 2.13.20

**Easy Motion Bikes USA (DBA BH Bikes USA)
Corporation**

By: 

Name: Dan Foust, Jr.

Title: Approved Agent of Easy Motion USA
Board of Directors

Date: 2/7/2020

Attachment A

This agreement covers the following Easy Motion Bikes USA (DBA BH Bikes USA) electric bike model numbers.

| | | | |
|-----------------------------------|---------------------------------|-----------------------------------|--------------------|
| ATOM 27.5 | EVO CITY WAVE LG - 500 | EVO STREET - 500 | XENION JUMPER 27.5 |
| ATOM BIG BUD PRO | EVO CITY WAVE MD | EVO STREET + | |
| ATOM CITY WAVE MD UR419 | EVO CITY WAVE MD - 500 | EVO STREET PRO | |
| ATOM DIAMOND WAVE | EVO CITY WAVE MD + | NEO CROSS MD -T | |
| ATOM DIAMOND WAVE PRO | EVO CITY WAVE PRO MD | NEO CROSS MEN MD | |
| ATOM LYNX 4.8 27.5 PRO | EVO CROSS LG | NEO JUMPER 27.5 | |
| ATOM LYNX 4.8 27.5 PRO LRG | EVO CROSS LG - 500 | NEO JUMPER MD-T | |
| ATOM LYNX 6 27.5 PRO | EVO CROSS LG + | NEO VOLT-T | |
| ATOM LYNX 6 27.5 PRO - LG | EVO CROSS MD | NEO XTREM MD-T | |
| ATOM-X 27.5 PLUS PRO LG | EVO CROSS MD - 500 | NEO29-T | |
| ATOM-X LYNX 5 27.5 PLUS PRO MD | EVO CROSS MD + | NITRO CITY | |
| ATOM-X LYNX 6 27.5 PLUS PRO LG | EVO CROSS PRO LG | NITRO CROSS | |
| ATOM-X LYNX 6 27.5 PLUS PRO MD | EVO CROSS PRO MD | REBEL 27.5 LITE LG | |
| EASYGO RACE | EVO CROSS PRO SM | REBEL 27.5 LITE MD | |
| EASYGO STREET | EVO CROSS SM + | REBEL 27.5 PLUS PWX LG | |
| EASYGO VOLT | EVO ECO | REBEL 27.5 PLUS PWX MD | |
| EVO 29 LG | EVO ECOLITE | REBEL 29 LITE LG | |
| EVO 29 LG + | EVO ECOLITE - 500 | REBEL 29 LITE MD | |
| EVO 650B (27.5) | EVO JET LG | REBEL CROSS LITE LG | |
| EVO 650B (27.5) - 500 | EVO JET LG - 500 | REBEL CROSS LITE MD | |
| EVO 650B (27.5) PRO + | EVO JET MD | REBEL CROSS LITE SM | |
| EVO BIG BUD PRO | EVO JET MD - 500 | REBEL GRAVEL X | |
| EVO BIG BUD PRO + | EVO JUMPER 27.5 LG | REBEL LYNX 5.5 27.5 LITE LG | |
| EVO CITY LG | EVO JUMPER 27.5 MD | REBEL LYNX 5.5 27.5 LITE MD | |
| EVO CITY LG - 500 | EVO JUMPER 27.5 PRO MD - 500 | REBEL LYNX 5.5 27.5PLUS PWX LG | |
| EVO CITY LG + | EVO NITRO CITY | REBEL LYNX 5.5 27.5PLUS PWX MD | |
| EVO CITY MD + | EVO RACE | REVO LYNX 4.8 | |
| EVO CITY NITRO | EVO SNOW | REVO LYNX 6 MD | |
| EVO CITY PRO LG | EVO SNOW 29 PRO | XENION CITY WAVE | |
| EVO CITY PRO MD | EVO STREET | XENION CROSS | |