

<b>DOCKETED</b>	
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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 715 P Street, Sacramento, California 95814, and Spring Rain Global Inc. dba Cranach Hardware (Cranach), with a place of business at 1345 Diamond Bar Boulevard, Suite Z, Diamond Bar, California, 91765, 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),<sup>1</sup> 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-complying appliances from MAEDbS, as set forth in section 1608, and the issuance of administrative civil penalties under section 1609.

(3) Cranach manufactures several models of Cranach brand plumbing fittings that it sells or offers for sale in California, either directly or through retailers or distributors.

(4) Cranach plumbing fittings are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From April 2023 to October 2023, Cranach sold or offered for sale in California through retailers or distributors lavatory faucets, showerheads, and showerhead-tub spout diverter combinations, that were not listed in MAEDbS as required in section 1606; did not meet the efficiency standards set forth in sections 1605.3(h)(1), 1605.3(h)(2), and 1605.3(h)(5) when tested using the appropriate test method as described in section 1604(h); and were not marked as required in section 1607.

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

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

(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 Cranach cooperated with CEC in the investigation by redesigning their products; promptly testing, certifying, and marking the units. The efforts by Cranach saved CEC time and resources in investigating the violations and minimized the impacts on the competitive business environment, energy consumption, and the environment in California, from the non-compliant units.

(9) Cranach is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with CEC. 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 administrative 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 Cranach agree as follows:

- (1) This Agreement covers the Cranach plumbing fittings models listed in the attachment.
- (2) For selling or offering for sale in California, plumbing fittings identified in paragraph I(5), whose model numbers are identified in the attachment, that did not meet the energy efficiency standards prescribed by section 1605.3, were not certified to MAEDbS as required by section 1606, and were not marked per section 1607, and, in consideration of the factors listed in paragraph I(7) and I(8) above, Cranach shall pay as an administrative civil penalty the total sum of \$13,500.00. Payment shall be made by electronic transfer to the CEC, in three monthly payments, as shown below:

<b>Payment Number</b>	<b>Due Date</b>	<b>Amount</b>
1	July 1, 2024	\$4,500.00
2	August 1, 2024	\$4,500.00
3	September 1, 2024	\$4,500.00

Banking information and instructions necessary to complete the electronic transfer shall be provided by CEC.

Effect of untimely payment: If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if CEC takes action to enforce this Agreement, Cranach shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

It is agreed that if Cranach, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving Cranach, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against Cranach, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of Cranach's, its subsidiary's, or parent company's properties, or if any deposit account or other property of Cranach's, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or Cranach, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(3) Cranach also agrees to take each of the following actions for any and all regulated appliances 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. In addition to complying with all other applicable testing requirements Cranach will not package, mark, or provide products with instructions directing the user to an alternative water-use setting that would exceed the applicable efficiency standards. Instructions related to the maintenance of the product, including changing or cleaning showerhead components, shall direct the user on how to return the device to the flow rate provided by the applicable efficiency standard.
- b. Certify all basic models in MAEDbS, and ensure listings are kept current and up to date.
- c. Use a new model number for any of the basic models described in II(1) that have been redesigned to meet energy efficiency standards.
- d. Add the required marking to the unit.

(4) This Agreement shall apply to and be binding upon Cranach 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 Cranach 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 time frame and appliances identified in paragraph I(5), whose model numbers are identified in paragraph II(1).

(6) This Agreement constitutes the entire agreement and understanding between CEC and Cranach 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 Cranach 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) Cranach 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 Cranach 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.

**California Energy Commission**

By:   
Name: Drew Bohan  
Title: Executive Director  
Date: 7/3/2024

**Spring Rain Global Inc. dba Cranach Hardware**

By:   
Name: Bright Zhang  
Title: Director  
Date: 6/25/24

Attachment

Showerheads:

SRSFS1009-BK-1	SRSFS-1017-GD12	SRSFS-1037-NK8	SRSFS-1015-BK12
SRSFS1009-NK	SRSFS1006-BK12	SRSFS1005-BK	SRSFS1006-GD12
SRSFS1009-GD-1	SRSFS1007-BK12	SRSFS1005-BK-1	SRSFS1006-NK12
SRSFS1007-NK12	SRSFS1002-NK12	SRSFS1005-GD	SRSFS1003-BK12
SRSFS-1016-BK12	SRSFS1002-NK12-1	SRSFS1005-GD-1	SRSFS1003-GD12
SRSFS-1036-BK10	SRSFS1002-GD12	SRSFS-1017-BK12	SRSFS1003-GD12-1
SRM6379BI-12BL	SRSFS1003-NK12	SRSFS-1016-GD12	SRSFS1004-NK12
SRM6379BI-12BL-1	SRSFS1002-BK12	SRSFS-1036-NK10	SRSFS1004-NK12-1
SRM6379BI-12BL	SRM6066BI-10BL	SRSFS-1036-GD10	SRSFS1004-GD12
SRM6379NI-12BL	M6066BI-10BL-1	SRSFS-1037-BK8	SRM6379GNI-12BL
SRM6379NI-12BL	SRSFS1004-BK12	SRSFS-1037-GD8	M6379GNI-12BL-1
SRM6066GNI-10BL	SRM6646NI-10BL	SRSFS-1015-GD12	SRM6646GNI-10BL
M6066GNI-10BL-1	M6646NI-10BL-1	SRSFS-1015-NK12	M6646GNI-10BL-1
SRM6610NI-10BL	SRSFS-1017-NK12	SRSFS-1032-BK12	SRSFS-1032-NK12
SRSFS1001-BK10	SRSFS-1016-NK12	SRSFS-1032-GD12	SRSFS-1031-BK16
SRSFS1001-GD10	SRM6610GNI-10BL	M6066NI-10BL-1	M6603GNI-B10BL-1
SRM6610BI-10BL	SRM6612BI-10BL	SRM6603CI-B10BL	SRSFS-1031-NK16
SRSFS-1031-GD16	SRM6066NI-10BL	SRM6603GNI-B10BL	

Showerhead-Tub Spout Diverter Combinations:

SRM6612NI-10BL-1	SRM6603NI-B10BL	SRSFS-1021-BK5	SRSFS-1020-NK5
SRM6612NI-10BL	M6603NI-B10BL-1	SRSFS-1021-GD5	SRSFS-1020-BK5
SRM6612GNI-10BL	SRSFS1009-CH	SRSFS-1023-GD5	SRSFS-1018-BK5
SRM6612GNI-10BL-1	SRSFS1009-CH-1	SRSFS-1023-BK5	SRSFS-1020-GD5
SRM6603BI-B10BL	SRSFS1005-NK	SRSFS-1023-NK5	SRSFS-1018-NK5
M6603BI-B10BL-1	SRSFS-1018-GD5	SRSFS-1014-NK12	

Lavatory Faucets:

SRSFS1008-NK	SRSFS1009-NK	SRSFS1008-BK-1
SRSFS1008-NK-1	SRSFS1009-GD	SRSFS1008-GD
SRSFS1009-BK	SRSFS1008-BK	SRSFS1008-GD-1
SRSFS1008-CH-1	SRSFS1008-CH	