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**STATE OF CALIFORNIA**

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

**IN THE MATTER OF THE ACCUSATION  
AGAINST:**

**ALEXANDER GRUNDLAND, an  
individual dba GOOD DEALS; CAFM  
Group Corp dba GOOD DEALS**

**Respondents.**

**AGENCY FILE NO.: IH21-007-MAT**

**SETTLEMENT AGREEMENT AND  
STIPULATION FOR ISSUANCE OF  
ADMINISTRATIVE DECISION**

**[PROPOSED] DECISION FOR  
ADMINISTRATIVE CIVIL PENALTIES**

**INTRODUCTION**

Through this SETTLEMENT AGREEMENT AND STIPULATION FOR ISSUANCE OF ADMINISTRATIVE DECISION (“Agreement and Stipulation”), dated as of the latest date signed below (“Effective Date”), the DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (“Department”), ALEXANDER GRUNDLAND, an individual (“Respondent Grundland”), and CAFM GROUP CORP, a Delaware corporation doing business as “Good Deals” (“Respondent Corporation” and, collectively with Respondent Grundland, “Respondents”), have agreed to resolve the above-captioned matter according to the terms and conditions stated herein. The Department and Respondents are referred to herein individually as “Party” and, collectively, as the “Parties.”

On July 6, 2021, the Department served on Respondents an administrative complaint seeking penalties for violations of the Used Mattress Recovery and Recycling Act (Pub. Resources Code sections 42985 *et seq.*) (“the Act”). Respondents appeared in this matter by submitting a Request for a

Hearing/Notice of Defense dated July 8, 2021, and the Department set a hearing for September 29, 2021. On August 30, 2021, the Department served on Respondents an amended administrative complaint (“Amended Accusation”).

The Parties submit this Agreement and Stipulation as a final resolution of this matter. In submitting this Agreement and Stipulation, the Parties understand, acknowledge, and agree to the terms set forth herein, including the stipulated factual findings, legal conclusions, and order.

## **LEGAL BACKGROUND**

1. The Act requires the Department to oversee and enforce the Act. The Act authorizes the Department to impose administrative civil penalties on any retailer that is in violation of the Act. (Pub. Resources Code section 42993.1(a).) Pursuant to the regulations implementing the Act, the Department may impose administrative civil penalties in accordance with the procedures for an informal hearing pursuant to the California Administrative Procedure Act (14 CCR section 18971(a); Gov. Code sections 11445.10 through 1145.60.)

2. The Act defines “retailer” as “a person who sells mattresses in the state or offers to a consumer a mattress in the state through any means, including, but not limited to, by remote offering, including sales outlets or catalogs, electronically through the Internet, by telephone, or through the mail.” (Pub. Resources Code section 42986(q).)

3. The Act created the framework for an “extended producer responsibility” program for the end-of-life handling of mattresses in California. (Pub. Resources Code section 42985.) The Act aims to reduce illegal dumping, increase recycling, and substantially reduce public agency costs for the end-of-life management of used mattresses, while also ensuring that consumers have convenient, no-cost options available for collection or drop-off of used mattresses. (Pub. Resources Code sections 42985(a), 42985(b), 42987.1(l), 42987.1(n), 42992.) The Act authorizes the Department to certify a mattress recycling organization (MRO) to develop, finance, and implement a convenient and cost-effective program to recover and recycle used mattresses in the state. (Pub. Resources Code sections 42985(a)(1), 42987(a)(1).) Each mattress retailer subject to the Act must register with the MRO and participate in its recycling program. (Pub. Resources Code section 42987(b)(1).)

4. The Act requires all retailers to do the following:

- a) register with the MRO (Public Res. Code section 42987(b)(1));
- b) not sell, offer for sale, or distribute a mattress in the state unless the retailer is in compliance with the Act and the manufacturer or renovator of the mattress is identified on the list of compliant entities maintained on the Department’s website (Public Res. Code sections 42987(c), 42993(a), 42993(d));
- c) add a charge (the mattress recycling charge) to the purchase price of each mattress and remit the charge to the MRO (Public Res. Code section 42989.1(a), (b));
- d) when adding the mattress recycling charge to the purchase price of each mattress, clearly display the charge as a separate line item on the invoice, receipt, or equivalent document (Public Res. Code section 42989.1(a));
- e) offer consumers the option to have their used mattress picked up, at no additional cost, when their new mattress is delivered (Public Res. Code section 42992(a));
- f) upon request by the Department, and as necessary for the Department to determine whether the retailer is in compliance with the Act, provide the Department with access to the retailer’s facilities and operations, provide relevant records, and maintain such records for at least three years (Public Res. Code section 42993.3(a), (b)); and
- g) monitor the Department’s website to determine if the manufacturers or renovators of the mattresses the retailer sells are in compliance with the Act (Public Res. Code section 42993(c)).

5. There is only one certified MRO: Mattress Recycling Council, Inc. (MRC). MRC has an approved plan and administers the only mattress recycling program under the Act.

**STIPULATED FACTUAL FINDINGS**

6. At all times relevant to these proceedings, each Respondent was the agent or employee of the other Respondent, and in doing the things herein alleged acted within the course and scope of said agency or employment.

7. Respondents are, and at all relevant times were, a retailer subject to the Act because they sell and offer for sale mattresses in California. As a retailer, Respondents are required to comply with the Act and its implementing regulations.

8. Respondents own and operate a mattress store doing business as “Good Deals Appliance

Liquidators” (or substantially similar name).

9. On or around February 25, 2020, Respondents registered as a retailer with MRC, with a business location at 6336 Pacific Avenue, Stockton, California (the “Store”).

10. On May 7, 2019, the Department’s Inspector Phyllis Gargas (Inspector Gargas) conducted an inspection of the Store. Inspector Gargas observed an area in the Store dedicated to mattress sales, with at least ten different mattress models on display. The price labels on mattress items indicated the Store’s name as “Good Deals.” Upon departing the premises, Inspector Gargas provided to Vanessa Quiroz, an employee at the Store, a “Notice of Required Actions” instructing Respondents to provide the Department certain documents, including sales receipts and records showing remittance of payments to MRC, by May 14, 2019.

11. On May 16, 2019, Nady Neri, who identified herself as the manager of the Store, provided via email some of the records the Department had requested. Included in the documents were copies of two customer sales receipts, one displaying an incorrect recycle charge of \$11.00 and the other displaying an incorrect recycle charge of \$12.00. The correct charge is \$10.50 per mattress.

12. On June 21, 2019, because Respondents had not satisfied all of the Department’s requests, the Department issued a notice of violations (“First Notice of Violation”). The First Notice of Violation stated that Respondents were in violation of the Act and must provide records demonstrating correction of such violations by July 22, 2019. The First Notice of Violation was delivered on June 24, 2019.

13. Respondents did not respond to the First Notice of Violation.

14. On October 2, 2019, the Department issued another notice of violation (“Second Notice of Violation”) to Respondents. The Second Notice of Violation was delivered to Respondents on October 4, 2019, and stated that the Respondents must provide by November 4, 2019, records demonstrating compliance with the Act’s requirements that retailers register with the MRC, collect the correct recycle charge and display the charge as a line item on receipts, and remit the collected charges to MRC.

15. Respondents did not respond to the Second Notice of Violation.

16. On December 7, 2019, Department’s Inspector Steve Rogers (Inspector Rogers) visited the Store for an inspection. The Department could not inspect or obtain records, however, because the person in charge of the Store, Emanuel Nava, refused permission for Inspector Rogers to conduct the inspection.

Inspector Rogers provided Mr. Nava with another Notice of Required Actions, requiring Respondents to provide documents by December 14, 2019, demonstrating that Respondents had corrected its violations of multiple provisions of the Act, including the requirements that retailers register with MRC, collect the correct recycle charge and display the charge as a line item on receipts, and remit the collected charges to MRC.

17. Respondents did not respond to the Notice of Required Actions.

18. On December 17, 2019, Department's Inspector Kirby Garrett (Inspector Garrett), spoke via phone with Ashley Owens, whom Ms. Neri had previously identified as Respondent Corporation's authorized contact. Inspector Garrett explained to Ms. Owens that the Department's enforcement of the Act was at the penalty phase, with additional penalties accruing. Ms. Owens confirmed that she was aware of the incomplete registration and confirmed contact information, and the Department provided Ms. Owens a courtesy copy of the Second Notice of Violation.

19. On December 20, 2019, the Department issued another notice of violation ("Third Notice of Violation"). The Third Notice of Violation was delivered on December 23, 2019, and explained that Respondents had violated requirements of the Act and that they needed to come into compliance immediately.

20. As of January 7, 2021, Respondents were not current on their reporting and remittance obligations, having not submitted a single report nor remitted any recycling charges that it has collected.

21. On July 22, 2021, after Respondents were served with the initial accusation in this proceeding, they produced, at the Department's request, sales receipts for December 2020 and June 2021. Respondents sold mattresses on 34 different dates in December 2020 and June 2021 without collecting corresponding recycle charges.

### **STIPULATED CONCLUSIONS OF LAW**

22. Respondents knowingly violated the Act as set forth in Counts I (violation of Public Resources Code section 42993.3), Count II (violation of Public Resources section 42989.1(a)), and Count III (violation of Public Resources section 42989.1(b)) of the Amended Accusation.

### **STIPULATED ORDER**

23. Effect of Settlement. The Parties stipulate to the terms and conditions stated herein as a full

and complete settlement of Respondents' liability for administrative penalties based on the violations of the Act set forth as Count I, Count II, and Count III of the Amended Accusation.

24. Settlement Amount. Respondents and the Department hereby waive their right to a hearing and stipulate to the issuance of an administrative decision requiring Respondents to pay a civil penalty of \$50,090, paid to the Department (the "Stipulated Penalty"), and to make payments totaling \$11,036 to MRC (the "MRC Payments").

25. Condition Precedent for MRC Payments. Notwithstanding the foregoing, Respondents' obligation to pay MRC shall be conditioned on MRC's written acknowledgment and agreement that (i) the MRC Payments constitute the entire amount owed to MRC in connection with all mattress sales through June 30, 2021, and (ii) all of Respondents' reporting obligations pursuant to the Act for all reporting periods up to and including June 30, 2021, shall be deemed fulfilled.

26. Payment Schedules.

a) Respondents shall pay the first \$26,464 of the Stipulated Penalty to the Department according to the following schedule:

<b>Payment Due Date</b>	<b>Payment Amount</b>
November 15, 2021	\$2,205.33
February 15, 2022	\$2,205.33
May 15, 2022	\$2,205.33
August 15, 2022	\$2,205.33
November 15, 2022	\$2,205.33
February 15, 2023	\$2,205.33
May 15, 2023	\$2,205.33
August 15, 2023	\$2,205.33
November 15, 2023	\$2,205.33
February 15, 2024	\$2,205.33
May 15, 2024	\$2,205.33
August 15, 2024	\$2,205.37

b) Respondents shall remit the MRC Payments to MRC according to the following schedule, provided that, in the event that the condition stated in Paragraph 25 is not satisfied until after one or more of the specified due dates have passed, the payment schedule shall be modified such that the affected payments become due on a quarterly basis beginning November 15, 2023, and continuing until payments totaling \$11,036 have been made:

<b>Payment Due Date</b>	<b>Payment Amount</b>
November 15, 2021	\$1,379.5
February 15, 2022	\$1,379.5
May 15, 2022	\$1,379.5
August 15, 2022	\$1,379.5
November 15, 2022	\$1,379.5
February 15, 2023	\$1,379.5
May 15, 2023	\$1,379.5
August 15, 2023	\$1,379.5

c) Time is of the essence with respect to the payment schedules set forth in subparagraphs (a) and (b). The failure to make any payment identified in the payment schedule by the applicable due date shall constitute an immediate material breach and entitle Respondents and MRC to the relief described in paragraph 30(a)

d) Notwithstanding subparagraphs (a), (b), and (c), Respondents shall have the option to make two payments (“Lump-Sum Payments”), one to the Department in the amount of \$18,964 and one to MRC in the amount of \$11,036, no later than November 15, 2021. Payment of the Lump-Sum Payments in accordance with this subparagraph shall excuse Respondents’ obligation to pay the Stipulated Penalty according to the schedule set forth in subparagraph (a) and shall fully discharge the obligation to pay the MRC Payments but shall have no effect on any other terms and conditions of this Agreement and Stipulation, including with respect to the consequences of default as set forth in paragraph 30.

27. Suspension of Penalty; Discharge. Except as provided in paragraph 26, Respondents’ obligation to pay the Stipulated Penalty shall be suspended, and such remainder shall not become due,

provided that Respondents do not commit a total breach as set forth in Paragraph 30. If, at the conclusion of the three (3)-year period beginning on the Effective Date, Respondents have not committed a total breach, the remainder of the Stipulated Penalty shall be forgiven, and all obligations pursuant to this Agreement and Stipulation shall be discharged.

28. Additional Obligations.

a) Respondent shall not in any manner whatsoever violate the Act or any regulations implementing the Act. This obligation includes, without limitation, the obligation under the Act to submit sales reports and remit recycling charges to MRC with respect to all sales on a monthly basis. Respondents specifically understand that their obligation under the Act to submit sales reports and recycling charges to MRC is in addition to, not in lieu of, their obligation to adhere to the payment schedules in Paragraph 26. Respondents acknowledge and agree that the Department may conduct repeated investigations, including through on-site inspections at Respondents' place of business and through requests for documents that Respondents are required to maintain pursuant to the Act, to verify compliance with the Act.

b) Within ninety (90) days of the Effective Date, Respondents shall submit to the Department:

i. Copies of all invoices, receipts, or functionally equivalent billing documents for mattress sales at the Store for the first whole calendar month following the calendar month of the Effective Date;

ii. Documentation that, subject to the Department's reasonable discretion, is sufficient to show that Respondents have fulfilled its obligation under the Act to submit sales reporting and remit recycling charges to MRC with respect to all sales at the Store between July 1, 2021, and September 30, 2021.

29. Third-Party Beneficiary. MRC is an intended third-party beneficiary of this Agreement and Stipulation. The only right MRC shall have as a third-party beneficiary under this Agreement and Stipulation shall be the right to enforce it directly against Respondents with respect to the MRC Payments described in Paragraphs 24 through 26. Prior to taking any action to enforce its rights under this Agreement and Stipulation, MRC shall afford Respondents notice and an opportunity to cure substantially equivalent to the notice and opportunity to cure provided under Paragraph 30(a)



29, this Agreement and Stipulation is intended solely for the benefit of the Parties and may not be enforced by any other person.

30. Default and Total Breach.

a) Breach of Payment Obligations. In the event of any breach by Respondents of their payment obligations pursuant to paragraph 26, the Department or MRC shall be entitled to immediate relief, including an award of damages for all outstanding payments toward the Stipulated Penalty or the MRC Payments, as applicable, from any court of competent jurisdiction, and Respondents hereby stipulate to a decision and order by such court adopting the Stipulated Factual Findings, Stipulated Conclusions of Law, and Stipulated Order set forth herein.

b) Notice and Cure for All Other Violations. Except as provided in subparagraph (a), if Respondents breach any term of this Agreement and Stipulation, including, but not limited to, the obligation to comply with the Act and perform all actions set forth in Paragraph 28, Respondents shall be in default, and the Department shall send a notice (“Notice of Default”) to Respondents identifying the provisions that Respondents have violated. The Notice of Default shall set forth the specific actions, including the payments required, if any, that Respondents must take to cure the default. Respondents shall have thirty (30) days (“Cure Period”) from the date of receipt of the Notice of Default to cure the default or otherwise provide evidence refuting the Department’s assertion that Respondents breached this Agreement and Stipulation. If, upon conclusion of the Cure Period, the Department determines that Respondents remain in default, Respondents shall have committed a total breach of this Agreement and Stipulation.

c) Effect of Total Breach; Supplemental Decision. In the event of a total breach, all actions of the Stipulated Penalty and MRC Payments shall become immediately due and payable to the Department and MRC, respectively. The Department shall issue a decision (“Supplemental Decision”) setting forth the basis for its determination that Respondents have committed a total breach and its calculation of the amount due. Within thirty (30) days of receipt of the issuance of the Supplemental Decision, Respondents shall have the right to request the Department to reconsider the Supplemental Decision, and any such request shall be reviewed by the Department’s director or an agent designated by the director, who shall affirm or modify the Supplemental Decision. In accordance with Department

regulations (14 CCR section 18971(a)) and the California Administrative Procedure Act (Gov. Code sections 11445.10 through 1145.60), an informal hearing may be held concerning such a request if, in the sole discretion of the Department's director or designated agent, such a hearing is necessary. Failure to exercise the right to request reconsideration of the Supplemental Decision shall constitute a waiver of any right that Respondents otherwise may have to object to, seek reconsideration of, or otherwise challenge the Supplemental Decision, including any right to seek judicial review.

d) Limitation on Breaches Related to Sales After June 30, 2021. Notwithstanding Respondents' obligations under the Act and Paragraph 28, no failure prior to the Effective Date to remit recycling charges for sales after June 30, 2021, shall constitute a breach; and no failure to remit recycling charges for sales after June 30, 2021, shall constitute a breach unless the Internet-based reporting and remittance system utilized by MRC enables Respondents to submit reports and remit payments for such sales regardless of whether Respondents provided reports and remittances for previous periods.

31. Payments

a) Payments to the Department shall be remitted by one of the following methods:

i. By check or money order issued to the Department of Resources Recycling and Recovery. Checks or money orders shall reference the case number, IH21-007-MAT, and be mailed to the following address or to such other person and/or place as the Department may from time to time designate in writing:

Department of Resources Recycling and Recovery  
EPR Compliance Unit MS10A-17  
P.O. Box 4025  
Sacramento, CA 95812

ii. By credit card using the website at [www.calrecycle.ca.gov/PayOnline](http://www.calrecycle.ca.gov/PayOnline). (click "Pay Miscellaneous Fees and Fines"). Respondents will be charged the service fee required by the Department's credit card processing vendor (currently 2.3 percent of the transaction or \$1.00, whichever is greater). The service fee is retained by the vendor and is not paid to the Department. When remitting payment, Respondent shall choose "Mattress EPR Penalty" as the "Payment Type" and enter the case number, IH21-007-MAT, as the "Invoice or Penalty Number."

b) Payments to MRC shall be remitted to Mattress Recycling Council by one of the

following methods.

- i. Check or money order, by mail to:  
Mattress Recycling Council  
P.O. Box 223594  
Chantilly, VA 20153-3594
- ii. ACH (Automated Clearing House) payment using account information as may be provided by MRC.

32. Notices. All notices and other communications pursuant to this Agreement and Stipulation (each, a “Notice”) must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Paragraph 32. All Notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail. A Notice shall be deemed effective upon delivery.

Notice to the Department: Department of Resources Recycling & Recovery  
EPR Compliance Unit  
P.O. Box 4025, MS10A-17  
Sacramento, CA 95812-4025

With copy to:  
Department of Resources Recycling & Recovery  
Attn: Daniel Zlatnik  
P.O. Box 4025, MS24B  
Sacramento, CA 95812-4025

Notice to Respondents: CAFM Group Corp.  
420 W. Locust Street  
Lodi, CA 95240

With copy to:  
Fluetsch & Fluetsch  
115 W. Walnut Street  
Lodi, CA 95240

### **ADDITIONAL TERMS AND CONDITIONS**

33. Nothing in this Agreement and Stipulation shall be construed as a waiver of, or any restriction whatsoever on, the Department’s right to enforce the Act with respect to any violation occurring on or after February 12, 2021, of the Act or its implementing regulations by Respondents.

34. No covenant, promise, term, condition, breach, or default of or under this Agreement and Stipulation shall be deemed to have been waived except as expressly stated in writing by the Department,

and no such waiver by the Department shall be deemed a waiver of any other covenant, promise, term, condition, breach, or default.

35. Respondents freely and voluntarily enter into this Agreement and Stipulation and have been afforded the opportunity to consult with counsel prior to doing so.

36. This Agreement and Stipulation may not be amended except by a writing executed by each Party. Each Party agrees to execute and deliver any and all documents and to take any and all actions as necessary to consummate this Agreement and Stipulation and carry out its terms and provisions.

37. The terms of this Agreement and Stipulation and any administrative decisions implementing it (“Administrative Decisions”) shall be binding upon the Parties and their representatives, successors, heirs, and assigns.

38. This Agreement and Stipulation and any Administrative Decision constitute the entire understanding of the Parties concerning the settlement of this proceeding and supersede any prior agreements, promises, understandings, and representations related to the subject matter hereof. Each party expressly acknowledges that it has not relied upon or been induced to enter into this Agreement and Stipulation by any such agreements, promises, understandings, or representations.

39. This Agreement and Stipulation is the product of mutual negotiation and preparation and, accordingly, shall not be deemed to have been prepared or drafted by either Party.

40. Paragraph and section headings used in this Agreement and Stipulation are for organizational purposes only and shall not be considered relevant to interpreting any provision herein.

41. This Agreement and Stipulation shall not have, or be construed to have, any precedential effect with respect to any proceeding to which Respondents are not a party.

42. This Agreement and Stipulation is subject to the California Public Records Act (Gov. Code section 6250 *et seq.*).

43. If any portion of this Agreement and Stipulation is found to be unlawful or unenforceable, the remainder shall remain in full force and effect.

44. Each Party shall bear its own attorneys’ fees, expenses, and costs in relation to this matter; provided, however, that in the event of any breach by Respondents of their obligation to make timely payments to the department under Paragraph 26(a), Respondents shall be liable for all attorney fees,

expenses, and costs incurred by the Department to obtain and enforce any judgment for such breach or otherwise to enforce such obligation under the Stipulated Order and any related Administrative Decision or Supplemental Decision.

45. This Agreement and Stipulation shall be governed by the laws of the State of California.

46. The Parties may execute this Agreement and Stipulation simultaneously or in any number of counterparts, each of which shall be deemed an original and equally admissible in evidence, but all of which together shall constitute one and the same Agreement and Stipulation. Copies of signatures have the same validity and effect as original signatures.

IT IS SO STIPULATED AND AGREED:

**DEPARTMENT OF RESOURCES  
RECYCLING AND RECOVERY  
(CALRECYCLE)**

By: \_\_\_\_\_  
Mark De Bie  
Deputy Director

Dated: \_\_\_\_\_

**ALEXANDER GRUNDLAND**

**CAFM GROUP CORP.**

By: \_\_\_\_\_  
Alexander Grundland

By: \_\_\_\_\_  
Alexander Grundland, CFO

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**[PROPOSED] DECISION FOR ADMINISTRATIVE CIVIL PENALTIES**

Department adopts the foregoing Stipulated Factual Findings, Stipulated Conclusions of Law, and Stipulated Order as a decision of the Department. The Department files this decision pursuant to its authority to impose administrative civil penalties on retailers who violate the Act (Pub. Resources Code sections 42985 *et seq.*) and its authority to issue a decision by settlement pursuant to Government Code section 11415.60. (Pub. Resources Code sections 42993.1 and 42993.2; *see also* Title 14 of the California Code of Regulations, sections 18970 and 18971.)

IT IS SO ORDERED

**DEPARTMENT OF RESOURCES  
RECYCLING AND RECOVERY  
(CALRECYCLE)**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
DOUGLAS C. JENSEN  
Attorney IV  
Hearing Officer