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17 UNITED STATES OF AMERICA

18 UNITED STATES DISTRICT COURT

19 FOR THE CENTRAL DISTRICT OF CALIFORNIA

20 UNITED STATES OF AMERICA,
21 Plaintiff,
22 v.
23 GREE ELECTRIC APPLIANCES, INC.
OF ZHUHAI, and
24 HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.,
25 Defendants.
26

No. 2:21-CR-00498-MCS

DEFERRED PROSECUTION AGREEMENT FOR
DEFENDANTS GREE ELECTRIC
APPLIANCES, INC. OF ZHUHAI, AND
HONG KONG GREE ELECTRIC APPLIANCES
SALES CO., LTD.

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1 1. This constitutes the deferred prosecution agreement between
2 defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI ("Gree Zhuhai")
3 and defendant HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD.
4 ("Gree Hong Kong") and the United States Department of Justice's
5 Consumer Protection Branch ("CPB") and the United States Attorney's
6 Office for the Central District of California ("USAO" and
7 collectively with the CPB, the "government") in the above-captioned
8 case. This agreement is limited to the CPB and the USAO, on the one
9 hand, and Gree Zhuhai and Gree Hong Kong, on the other, and cannot
10 bind any other federal, state, local, or foreign prosecuting,
11 enforcement, administrative, or regulatory authorities.

12 GREE ZHUHAI'S AND GREE HONG KONG'S OBLIGATIONS

13 2. Gree Zhuhai and Gree Hong Kong agree to:

14 a. No later than ten (10) business days after the
15 Effective Date of this agreement, pay the forfeiture and monetary
16 penalty described in Paragraphs 27 and 28 of this agreement
17 respectively.

18 b. Pay restitution as set forth in Paragraphs 17-26 of
19 this agreement.

20 c. Sign, file, and enter a Stipulation Regarding Request
21 for (1) Continuance of Trial Date and (2) Findings of Excludable Time
22 Periods Pursuant to Speedy Trial Act, in the form attached to this
23 agreement as Exhibit E or a substantially similar form.

24 d. Comply with all terms in this agreement and the
25 Enhanced Compliance Measures attached hereto as Exhibit D, which is
26 incorporated herein by reference.

1 e. Admit, accept, and acknowledge responsibility for the
2 acts of their officers, employees, and agents as set forth in this
3 agreement and the Statement of Facts attached hereto as Exhibit B.

4 f. Not contest or contradict any facts or information
5 agreed to in this agreement and the Statement of Facts attached
6 hereto as Exhibit B or their admissibility in proceedings related to
7 this agreement.

8 g. Appear for all court appearances, obey all conditions
9 of any bond, and obey any other ongoing court order in this matter.

10 h. Cooperate with the government as set forth in
11 Paragraph 16 of this agreement.

12 i. Not commit any federal, state, or local crime.

13 j. Be truthful at all times with the government and the
14 Court.

15 THE GOVERNMENT'S OBLIGATIONS

16 3. The government agrees to:

17 a. Sign, file, and enter a Stipulation Regarding Request
18 for (1) Continuance of Trial Date and (2) Findings of Excludable Time
19 Periods Pursuant to Speedy Trial Act, in the form attached to this
20 agreement as Exhibit E or a substantially similar form.

21 b. If Gree Zhuhai and Gree Hong Kong are in full
22 compliance with all of their obligations under this agreement at the
23 conclusion of the deferred prosecution term described in Paragraphs
24 6-10, within 15 calendar days of the conclusion of the term, move to
25 dismiss the one-count Information.

26 c. Except for criminal tax violations (including
27 conspiracy to commit such violations chargeable under 18 U.S.C.
28 § 371), not further criminally prosecute Gree Zhuhai or Gree Hong

1 Kong for criminal and/or civil violations arising out of their
2 conduct described in this agreement and the Statement of Facts
3 attached to this agreement as Exhibit B (the "Covered Conduct").
4 Gree Zhuhai and Gree Hong Kong understand that the government is free
5 to prosecute them criminally for any other unlawful past conduct or
6 any unlawful conduct that occurs after the date of this agreement.

7 WAIVER OF INDICTMENT AND VENUE

8 4. Gree Zhuhai and Gree Hong Kong acknowledge and agree that
9 the government will file a one-count information in the United States
10 District Court for the Central District of California, in the form
11 attached to this agreement as Exhibit A or a substantially similar
12 form, that charges Gree Zhuhai and Gree Hong Kong with Failure to
13 Furnish Information Required by 15 U.S.C. § 2064(b), in violation of
14 15 U.S.C. §§ 2068(a)(4) and 2070 (the "Information").

15 5. Having been fully advised by their attorneys, Gree Zhuhai
16 and Gree Hong Kong hereby knowingly, voluntarily, and intelligently
17 waive, relinquish, and give up:

18 a. Any right to indictment on the charge in the
19 Information;

20 b. All rights to a speedy trial on the charge in the
21 Information pursuant to the Sixth Amendment to the United States
22 Constitution, Title 18, United States Code, Section 3161, and Federal
23 Rule of Criminal Procedure 48(b); and

24 c. Any objection to venue in the United States District
25 Court for the Central District of California for the charge in the
26 Information or any other charge arising out of the Covered Conduct.

TERM OF AGREEMENT

6. This agreement is effective on the date on which the Information is filed (the "Effective Date").

7. Unless voided or extended as allowed in Paragraphs 8-10 below, this agreement shall remain in effect for a period of three years after the Effective Date (the "Term").

8. If, after the filing of the Information, the Court does not continue the trial date and make findings of excludable time periods pursuant to the Speedy Trial Act, then the parties agree that, with the exception of the parties' waiver of the statute of limitations in Paragraph 36, this agreement is null and void.

9. Gree Zhuhai and Gree Hong Kong agree that, in the event the government determines, in its sole discretion, that either Gree Zhuhai or Gree Hong Kong has failed to perform or fulfill any obligation in this agreement, an extension or extensions of the Term of this agreement for both Gree Zhuhai and Gree Hong Kong may be imposed by the government, in its sole discretion, for up to a total additional time period of twelve months, without prejudice to the government's right to proceed as provided in Paragraph 38.b below. Any extension of this agreement is effective for both Gree Zhuhai and Gree Hong Kong and extends all terms of this agreement, including the terms of the Enhanced Compliance Measures in Exhibit D, for an equivalent period.

10. In the event the government determines that an extension of the Term of this agreement is or may be warranted, the government will notify Gree Zhuhai and Gree Hong Kong in writing of its determination no later than ninety (90) days prior to the expiration of the Term. Within forty-five (45) days of receipt of that notice,

1 Gree Zhuhai and/or Gree Hong Kong may respond to the government in
2 writing to explain the nature and circumstances of any alleged
3 failure to perform or fulfill any obligation in this agreement, as
4 well as the actions they have taken to address and remediate the
5 situation. The government agrees to consider such explanation in
6 determining whether to extend the Term of this agreement.

7 CIRCUMSTANCES OF THIS AGREEMENT

8 11. The government enters into this agreement based on the
9 individual facts and circumstances presented in this case, including:

10 a. The nature and seriousness of the Covered Conduct;
11 b. The changes made by Gree Zhuhai since 2013 to improve
12 the safety of its products and to prevent violations of the Consumer
13 Product Safety Act, 15 U.S.C. § 2051 *et seq.* ("CPSA"), including Gree
14 Zhuhai's investments in expanded employee training and updated
15 policies, procedures, and supervisory structures with an emphasis on
16 preventing, detecting, and remediating defective products;

17 c. Gree Zhuhai's enhancement and commitment to continuing
18 to enhance its compliance and product safety programs and internal
19 controls to ensure that they satisfy the elements set forth in the
20 Enhanced Compliance Measures in Exhibit D to this agreement, thereby
21 safeguarding the safety of their consumer products;

22 d. Based on Gree Zhuhai's remediation and the current
23 state of its product safety and compliance programs, the fact that
24 the Covered Conduct ended in 2013, and Gree Zhuhai's agreement to
25 report to the government as set forth in the Enhanced Compliance
26 Measures in Exhibit D to this agreement, the government determined
27 that an independent compliance monitor was unnecessary;
28

1 e. the acknowledgment by Gree Zhuhai and Gree Hong Kong
2 of their conduct and their acceptance of responsibility for that
3 conduct;

4 f. the cooperation by Gree Zhuhai and Gree Hong Kong in
5 the investigation of this matter and their commitment to continue
6 that cooperation as provided in Paragraph 16 below; and

7 g. the commitment by Gree Zhuhai and Gree Hong Kong to
8 fulfill all of their obligations in this agreement.

9 CORPORATE AUTHORIZATION

10 12. Gree Zhuhai and Gree Hong Kong represent that they are
11 authorized to enter into this agreement. Within five (5) business
12 days of the signing and execution of this agreement by all parties,
13 Gree Zhuhai and Gree Hong Kong shall provide the government a legal
14 document certifying that each of them is authorized to enter into and
15 comply with all of the provisions of this agreement. Such legal
16 document shall designate a company representative who is authorized
17 to take the actions specified in this agreement, and shall also state
18 that all legal formalities for such authorizations have been observed
19 in the form attached to this agreement as Exhibit C. Within five (5)
20 business days of the filing of the Information, Gree Zhuhai and Gree
21 Hong Kong shall file with the Court the same authorization documents
22 previously provided to the government.

23 ORGANIZATIONAL CHANGES AND APPLICABILITY

24 13. This agreement shall bind Gree Zhuhai and Gree Hong Kong,
25 their successor entities (if any), parent companies, and any other
26 person or entity that assumes the liabilities contained herein
27 ("successors-in-interest"). Gree Zhuhai and Gree Hong Kong, or their
28 successors-in-interest, if applicable, shall provide the government

1 and the Court with notice in writing at least fifteen (15) days
2 before of any name change, business reorganization, sale or purchase
3 of assets, divestiture of assets, or similar action impacting their
4 ability to perform or fulfill any of their obligations in this
5 agreement, including their ability to pay the monetary penalty or
6 forfeiture in this agreement. No change in name, change in corporate
7 or individual control, business reorganization, change in ownership,
8 merger, change of legal status, sale or purchase of assets, or
9 similar action shall alter Gree Zhuhai's or Gree Hong Kong's
10 responsibilities under this agreement. Neither Gree Zhuhai nor Gree
11 Hong Kong shall engage in any action to seek to avoid the obligations
12 and conditions set forth in this agreement.

13 NATURE OF THE OFFENSE

14 14. Gree Zhuhai and Gree Hong Kong understand that for each of
15 them to be guilty of the crime charged in the Information, that is,
16 Failure to Furnish Information Required by 15 U.S.C. § 2064(b)(3) and
17 (4), in violation of Title 15, United States Code, Sections
18 2068(a)(4) and 2070, the following must be true: each of them
19 knowingly and willfully failed immediately to inform the United
20 States Consumer Product Safety Commission ("CPSC") upon obtaining
21 information which reasonably supported the conclusion that their
22 dehumidifiers contained a defect which created a substantial product
23 hazard, that is, a substantial risk of injury to the public, and
24 created an unreasonable risk of serious injury or death.

25 PENALTIES

26 15. Gree Zhuhai and Gree Hong Kong understand that the
27 statutory maximum sentence that the Court can impose on each of them
28 for a violation of Title 15, United States Code, Sections 2068(a)(4)

1 and 2070, is: a five (5) year period of probation; a fine of five
2 hundred thousand dollars (\$500,000) or twice the gross gain or gross
3 loss resulting from the offense, whichever is greatest; and a
4 mandatory special assessment of four hundred dollars (\$400).

5 COOPERATION

6 16. Gree Zhuhai and Gree Hong Kong agree to cooperate fully
7 with the government and any other government agency designated by the
8 government in any and all matters relating to the Covered Conduct
9 until the date upon which all investigations and prosecutions arising
10 out of the Covered Conduct are concluded, whether or not those
11 investigations and prosecutions are concluded within the Term
12 specified in Paragraphs 7-10. Gree Zhuhai and Gree Hong Kong's
13 cooperation pursuant to this paragraph is subject to applicable laws
14 and regulations, as well as valid claims of attorney-client privilege
15 or attorney work product doctrine. However, Gree Zhuhai and Gree
16 Hong Kong must provide to the government a log of any document or
17 information that is not provided based on an assertion of law,
18 regulation, or privilege, and Gree Zhuhai and Gree Hong Kong bear the
19 burden of establishing the validity of any such assertions. This
20 cooperation shall include, but is not limited to the following:

21 a. Gree Zhuhai and Gree Hong Kong shall truthfully
22 disclose all information not protected by a valid claim of attorney-
23 client privilege with respect to their activities and those of any of
24 their present and former directors, officers, employees, agents,
25 representatives, and any others concerning all matters about which
26 the government may inquire. This obligation of truthful disclosure
27 includes Gree Zhuhai's and Gree Hong Kong's obligation to assemble,
28 organize, and provide the government all non-privileged documents,

1 records, or other tangible evidence in their custody or control as
2 the government may reasonably request.

3 b. Gree Zhuhai and Gree Hong Kong shall provide testimony
4 or information necessary to identify or establish the original
5 location, authenticity, or other basis for admission into evidence of
6 documents or other tangible evidence in any criminal, legal, court or
7 other proceeding as the government may request.

8 c. Gree Zhuhai and Gree Hong Kong shall, using their
9 reasonable best efforts, make available their present and former
10 officers, directors and employees to provide information and/or
11 testimony as the government may request, including testimony before a
12 grand jury, a trial court, or other legal or court proceeding, as
13 well as interviews with law enforcement authorities. Gree Zhuhai's
14 and Gree Hong Kong's cooperation under this paragraph shall include
15 identification of witnesses who have material information relating to
16 the Covered Conduct, including identification of witnesses who have
17 particular types of material information requested by the government.
18 It is further understood that Gree Zhuhai and Gree Hong Kong must at
19 all times provide complete, truthful, and accurate information.

20 d. Gree Zhuhai and Gree Hong Kong (and their directors,
21 officers, employees, agents, and representatives) shall testify
22 truthfully before the grand jury and at any trial or other proceeding
23 with respect to any matters about which they may be questioned. Gree
24 Zhuhai and Gree Hong Kong (and their directors, officers, employees,
25 agents, and representatives) shall at all times give complete,
26 truthful, and accurate information and testimony. Gree Zhuhai and
27 Gree Hong Kong (and their directors, officers, employees, agents, and
28 representatives) shall neither attempt to protect any person who has

1 been involved in criminal activity, nor falsely implicate anyone in
2 criminal activity.

3 RESTITUTION

4 17. Gree Zhuhai and Gree Hong Kong agree to pay restitution to
5 individuals who were directly and proximately harmed, either through
6 physical injury or financial loss, by a fire or overheating caused by
7 one of their dehumidifiers that were manufactured in 2007 through
8 2013, sold in the United States, and subject to the recall that Gree
9 Zhuhai announced on September 12, 2013, expanded on January 30, 2014,
10 and re-announced on November 29, 2016. Gree Zhuhai and Gree Hong
11 Kong agree to pay restitution to such individuals in the amounts
12 determined by the United States Magistrate Judge or Special Master
13 through the procedures in Paragraphs 20-25 below. The restitution
14 owed to such individuals shall be reduced by the amount of
15 compensation that they have already received for their losses through
16 earlier payments from Gree Zhuhai, Gree Hong Kong, Gree USA, Inc.
17 ("Gree USA"), or other sources, including but not limited to,
18 insurance.

19 18. Gree Zhuhai and Gree Hong Kong agree to pay restitution to
20 entities that were directly and proximately harmed by a fire or
21 overheating that was caused by one of their dehumidifiers that were
22 manufactured in 2007 through 2013, sold in the United States, and
23 subject to the recall that Gree Zhuhai announced on September 12,
24 2013, expanded on January 30, 2014, and re-announced on November 29,
25 2016. Gree Zhuhai and Gree Hong Kong agree to pay restitution to
26 such entities in the amounts determined by the United States
27 Magistrate Judge or Special Master through the procedures in
28 Paragraphs 20-25 below. The restitution owed to such entities shall

1 be reduced by the amount of compensation that they have already
2 received for their losses through earlier payments from Gree Zhuhai,
3 Gree Hong Kong, Gree USA, or other sources, including but not limited
4 to, insurance.

5 19. Gree Zhuhai and Gree Hong Kong agree that all such
6 individuals and entities mentioned in Paragraphs 17 and 18 are
7 victims of the crime of which they are charged or other uncharged
8 crimes related to that charged crime.

9 20. Gree Zhuhai and Gree Hong Kong agree to the appointment of
10 a United States Magistrate Judge or Special Master to determine the
11 proper payment of the restitution set forth in Paragraphs 17 and 18.
12 Gree Zhuhai and Gree Hong Kong agree that the United States
13 Magistrate Judge or Special Master, as determined by the Court,
14 should make findings of fact regarding:

15 a. Who should receive restitution under Paragraphs 17 and
16 18; and

17 b. The restitution amounts that these individuals and
18 entities should receive.

19 21. In connection with the administration and disposition of
20 restitution in this matter, Gree Zhuhai and Gree Hong Kong agree that
21 the United States Magistrate Judge or Special Master should:

22 a. Notify potential claimants of the restitution claim
23 process within one hundred twenty (120) days of Gree USA's sentencing
24 proceeding;

25 b. Collect restitution claims for a period of one hundred
26 eighty (180) days after the date of the last notice to potential
27 claimants. Restitution claims submitted later than one hundred
28

1 eighty (180) days after the date of the last notice to potential
2 claimants are not eligible for restitution;

3 c. Determine the validity of each submitted restitution
4 claim, and for each valid claim, determine the amount of restitution
5 owed for that claim;

6 d. Implement appropriate procedures necessary to carry
7 out the foregoing duties within one hundred twenty (120) days of Gree
8 USA's sentencing proceeding;

9 e. Promptly notify Gree Zhuhai, Gree Hong Kong, Gree USA
10 and the government of all claims received; and

11 f. Report to the Court every sixty (60) days following
12 Gree USA's sentencing proceeding on the status of the United States
13 Magistrate Judge's or Special Master's work to date, anticipated
14 future efforts, and any matters the United States Magistrate Judge or
15 Special Master believes require the Court's attention.

16 22. If the United States Magistrate Judge or Special Master
17 decides that restitution is owed on a claim, Gree Zhuhai and Gree
18 Hong Kong will pay that claim within ten (10) days after the United
19 States Magistrate's or Special Master's decision becomes final. The
20 United States Magistrate Judge's or Special Master's decision becomes
21 final forty-five (45) days after the first notice to Gree Zhuhai,
22 Gree Hong Kong or Gree USA of the decision.

23 a. Gree Zhuhai and Gree Hong Kong will pay any
24 restitution award of fifty thousand dollars (\$50,000) or less within
25 ten days after the United States Magistrate Judge's or Special
26 Master's decision becomes final. Gree Zhuhai and Gree Hong Kong have
27 no right to appeal any decision awarding restitution of fifty
28 thousand dollars (\$50,000) or less.

1 b. Gree Zhuhai and Gree Hong Kong may appeal in a court
2 of competent jurisdiction any decision awarding restitution greater
3 than fifty thousand dollars (\$50,000). If Gree Zhuhai or Gree Hong
4 Kong appeal or challenge the United States Magistrate Judge's or
5 Special Master's decision within forty-four (44) days after the first
6 notice of the decision to Gree Zhuhai, Gree Hong Kong or Gree USA,
7 the United States Magistrate Judge's or Special Master's decision
8 does not become final until all of Gree Zhuhai's and Gree Hong Kong's
9 appeals have been exhausted.

10 c. All decisions by the United States Magistrate Judge or
11 Special Master will be vested in their discretion and, if contested,
12 will be reviewed under the arbitrary-and-capricious standard set
13 forth in 5 U.S.C. § 706(2)(A). Review of any decision by the United
14 States Magistrate Judge or Special Master will be based exclusively
15 on the written record before the United States Magistrate Judge or
16 Special Master at the time of the decision. No discovery will be
17 taken in a challenge to the United States Magistrate Judge's or
18 Special Master's decision.

19 23. Gree Zhuhai and Gree Hong Kong will have a reasonable
20 opportunity to investigate and challenge any claim before the United
21 States Magistrate Judge or Special Master makes a decision on a
22 claim. Gree Zhuhai's and Gree Hong Kong's reasonable opportunity to
23 investigate and challenge a claim will not exceed six (6) months from
24 the first notification to Gree Zhuhai, Gree Hong Kong or Gree USA of
25 the claim, unless the United States Magistrate Judge or Special
26 Master decides to extend the time for Gree Zhuhai or Gree Hong Kong
27 to investigate and challenge a claim. In no event will Gree Zhuhai's
28 and Gree Hong Kong's opportunity to investigate and challenge a claim

1 exceed twelve (12) months after the first notification to Gree
2 Zhuhai, Gree Hong Kong or Gree USA of the claim.

3 24. The United States Magistrate Judge or Special Master may
4 request from the Court a reasonable extension of the time periods in
5 the preceding paragraphs as circumstances warrant.

6 25. Gree Zhuhai and Gree Hong Kong shall promptly provide to
7 the United States Magistrate Judge or Special Master all documentary
8 materials or testimonial information reasonably requested by the
9 United States Magistrate Judge or Special Master, subject to
10 applicable laws and regulations, as well as valid claims of attorney-
11 client privilege or attorney work product doctrine. However, Gree
12 Zhuhai and Gree Hong Kong must provide to the government a log of any
13 document or information that is not provided based on an assertion of
14 law, regulation, or privilege, and Gree Zhuhai and Gree Hong Kong
15 bear the burden of establishing the validity of any such assertions.

16 26. Gree Zhuhai and Gree Hong Kong shall pay in full any costs,
17 fees, and expenses the United States Magistrate Judge or Special
18 Master incurs in carrying out his or her duties separate and apart
19 from any restitution paid to victims with valid restitution claims.

20 FORFEITURE

21 27. As a result of the Covered Conduct, Gree Zhuhai and Gree
22 Hong Kong agree to pay to the United States thirty-nine million
23 dollars (\$39,000,000) (the "Stipulated Forfeiture Amount")
24 representing the assets associated with their violation of 15 U.S.C.
25 §§ 2068(a)(4) and 2070.

26 a. Gree Zhuhai and Gree Hong Kong agree that:

27 i. the facts set forth in the Statement of Facts
28 attached as Exhibit B to this agreement are sufficient to establish

1 that the Stipulated Forfeiture Amount is subject to civil forfeiture
2 to the United States; and

3 ii. this agreement and the Statement of Facts may be
4 attached to and incorporated into the Civil Forfeiture Complaint to
5 be filed against the Stipulated Forfeiture Amount.

6 b. By this agreement, Gree Zhuhai and Gree Hong Kong
7 waive service of said Civil Forfeiture Complaint and agree that a
8 Final Order of Forfeiture may be entered against the Stipulated
9 Forfeiture Amount.

10 c. Upon payment of the Stipulated Forfeiture Amount, Gree
11 Zhuhai and Gree Hong Kong shall:

12 i. release any and all claims they may have to such
13 funds; and

14 ii. execute such documents as necessary to accomplish
15 the forfeiture of the funds.

16 d. Gree Zhuhai and Gree Hong Kong agree that they will
17 not file a claim with the Court or otherwise contest the civil
18 forfeiture of the Stipulated Forfeiture Amount and will not assist a
19 third party in asserting any claim to the Stipulated Forfeiture
20 Amount.

21 e. The forfeiture of the Stipulated Forfeiture Amount
22 shall be final and shall not be refunded.

23 f. Gree Zhuhai or Gree Hong Kong shall transfer thirty-
24 nine million dollars (\$39,000,000) to the United States within ten
25 (10) business days of the Effective Date of this agreement. Such
26 transfer shall be made by wire transfer to the United States,
27 pursuant to wire instructions provided by the government.

1 g. It is understood that nothing in this agreement
2 constitutes an agreement by the government that the forfeiture amount
3 in this paragraph is the maximum forfeiture that may be imposed in
4 any future prosecution of Gree Zhuhai or Gree Hong Kong, and that the
5 government is not precluded from then arguing or presenting evidence
6 in any future prosecution that the Court should impose a higher
7 forfeiture amount. However, it is further understood that in the
8 event of a future prosecution, the government agrees that it will
9 recommend to the Court that any amount forfeited by Gree Zhuhai under
10 this agreement should be offset against any forfeiture or fine that
11 the Court might impose as part of a future judgment.

12 MONETARY PENALTY

13 28. Gree Zhuhai, Gree Hong Kong and the government agree that
14 the appropriate total monetary penalty is fifty-two million two
15 hundred thousand dollars (\$52,200,000) (the "Total Monetary Penalty"),
16 of which five hundred thousand dollars (\$500,000) will be paid as a
17 criminal fine on behalf of Gree Zhuhai's and Gree Hong Kong's United
18 States subsidiary Gree USA, in connection with Gree USA's guilty plea
19 and plea agreement filed simultaneously herewith.

20 a. Gree Zhuhai, Gree Hong Kong, and the government agree
21 that the Total Monetary Penalty is appropriate given the facts and
22 circumstances of this case.

23 b. The government recognizes that Gree Zhuhai, Gree Hong
24 Kong, and Gree USA have already paid fifteen million four hundred and
25 fifty thousand dollars (\$15,450,000) to the United States in
26 connection with their settlement of the CPSC's related civil penalty
27 action against them. The government agrees that this payment of
28 fifteen million four hundred and fifty thousand dollars (\$15,450,000)

1 to the United States shall be credited against the Total Monetary
2 Penalty pursuant to the "Coordination of Corporate Resolution
3 Penalties and/or Joint Investigations and Proceedings Arising from
4 the Same Misconduct" Policy in the Department of Justice Manual 1-
5 12.100.

6 c. Gree Zhuhai and Gree Hong Kong agree to pay thirty-six
7 million two hundred and fifty thousand dollars (\$36,250,000) of the
8 Total Monetary Penalty to the United States within ten (10) business
9 days of the Effective Date of this agreement. Gree Zhuhai or Gree
10 Hong Kong will make this payment by wire transfer according to the
11 wire instructions provided by the government.

12 d. Gree Zhuhai and Gree Hong Kong agree to pay five
13 hundred thousand dollars (\$500,000) of the Total Monetary Penalty as
14 a criminal fine on behalf of Gree USA (the "Criminal Fine Payment")
15 no later than ten (10) business days after the entry of judgment of
16 Gree USA's sentence by the Court. Gree Zhuhai and Gree Hong Kong
17 agree to make the Criminal Fine Payment as a related company of Gree
18 USA. Gree Zhuhai or Gree Hong Kong will make this payment by wire
19 transfer according to the wire instructions to be provided by the
20 government.

21 e. All Total Monetary Penalty payments are final and
22 shall not be refunded.

23 f. If Gree Zhuhai and Gree Hong Kong fail to timely make
24 the payments required in this paragraph, interest (at the rate
25 specified in Title 28, United States Code, Section 1961) shall accrue
26 on the unpaid balance through the date of payment.

27 g. Nothing in this agreement shall be deemed an agreement
28 by the government that fifty-two million two hundred thousand dollars

1 (\$52,200,000) is the maximum penalty that may be imposed in any
2 future prosecution of Gree Zhuhai or Gree Hong Kong, and the
3 government is not precluded from arguing in any future prosecution
4 that the Court should impose a higher fine, although the government
5 agrees that it will recommend to the Court that any amount paid under
6 this agreement should be offset against any forfeiture or fine that
7 the Court might impose as part of a future judgment.

8 SUSPENSION, REVOCATION, AND DEBARMENT

9 29. Gree Zhuhai and Gree Hong Kong understand that if either of
10 them hold any regulatory licenses or permits, this agreement may
11 result in the suspension or revocation of those licenses and permits.
12 The government makes no representation or promise concerning
13 suspension or debarment of Gree Zhuhai or Gree Hong Kong from
14 contracting with the United States or with any office, agency, or
15 department thereof. Suspension and debarment of organizations is a
16 discretionary administrative action solely within the authority of
17 the federal contracting agencies. Gree Zhuhai and Gree Hong Kong
18 understand that unanticipated collateral consequences such as this
19 will not serve as grounds to withdraw from this agreement.

20 FACTUAL BASIS

21 30. Gree Zhuhai, Gree Hong Kong, and the government agree to
22 the Statement of Facts attached hereto as Exhibit B and incorporated
23 herein by this reference, and agree that the Statement of Facts is
24 sufficient to support a conviction to the charges described in this
25 agreement. The attached Statement of Facts is not meant to be a
26 complete recitation of all facts relevant to the underlying criminal
27 conduct or all facts known to the parties that relate to that
28 conduct.

31. Gree Zhuhai and Gree Hong Kong admit, accept, and acknowledge that they are responsible under United States law for the acts of their officers, directors, employees, and agents, including the officers, directors, employees, and agents of Gree USA, as set forth in the Statement of Facts, and that the facts in the Statement of Facts are true and accurate. Should the government pursue the prosecution that is deferred by this agreement, Gree Zhuhai and Gree Hong Kong stipulate to the admissibility of the Statement of Facts in any proceeding, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the Statement of Facts at any such proceeding.

COMPLIANCE PROGRAM

32. Gree Zhuhai and Gree Hong Kong further agree to comply with the terms of the Enhanced Compliance Measures, as set forth in Exhibit D and incorporated by reference herein, and to institute and maintain, at a minimum, the policies and procedures as described therein, which are intended to prevent future violations of law, including the CPSA and its implementing regulations.

NOTICE

33. Any notice to Gree Zhuhai or Gree Hong Kong under this agreement shall be given by: (1) email to an email address provided by Gree Zhuhai and Gree Hong Kong; and (2) personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to:

James M. Koukios
Sophia H. Cash
Morrison & Foerster LLP
2100 L Street, NW, Suite 900
Washington, DC 20037

1 34. Any notice to the government under this agreement shall be
2 given by: (1) email to an email address provided by the government;
3 and (2) personal delivery, or overnight delivery by a recognized
4 delivery service addressed to the following:

5 Director, Consumer Protection Branch
6 U.S. Department of Justice
7 450 5th St NW, Suite 6400 South
8 Washington, DC 20001

9 and

10 Chief, Environmental & Community
11 Safety Crimes Section
12 U.S. Attorney's Office
13 Central District of California
14 1300 United States Courthouse
15 312 North Spring Street
16 Los Angeles, California 90012

17 35. Notice shall be effective upon actual receipt by the
18 government or Gree Zhuhai or Gree Hong Kong.

19 WAIVER OF STATUTE OF LIMITATIONS AND OTHER TIME DEFENSES

20 36. Having been fully advised by their attorneys regarding the
21 application of the statute of limitations, the United States
22 Constitution regarding prejudicial pre-indictment delay and the
23 Speedy Trial Act to the Covered Conduct, Gree Zhuhai and Gree Hong
24 Kong hereby knowingly, voluntarily, and intelligently waive,
25 relinquish, and give up:

26 a. Any right that each of them might have not to be
27 prosecuted for any federal criminal offenses arising out of the
28 Covered Conduct, including, but not limited to, the charge in the
Information, because of the expiration of the statute of limitations
for the offenses before the filing of the Information or indictment
alleging the offenses; and

1 b. any defense, claim, or argument each of them could
2 raise or assert that prosecution for any federal criminal offenses
3 arising out of the Covered Conduct, including, but not limited to,
4 the charge in the Information, is barred by the expiration of the
5 applicable statute of limitations, pre-indictment delay, or any
6 speedy trial violation.

7 BREACH OF AGREEMENT

8 37. Gree Zhuhai and Gree Hong Kong agree that if either of them
9 fails to perform or fulfill any of their obligations in this
10 agreement ("a breach"), the government may declare this agreement
11 breached.

12 a. All of Gree Zhuhai's and Gree Hong Kong's obligations
13 in this agreement are material. A single breach of this agreement by
14 either Gree Zhuhai or Gree Hong Kong is sufficient for the government
15 to declare a breach of this agreement as to both Gree Zhuhai and Gree
16 Hong Kong.

17 b. The government's determination of whether Gree Zhuhai
18 or Gree Hong Kong has breached this agreement is within the
19 government's sole discretion and is not subject to review in any
20 court or tribunal. The government's determination of whether conduct
21 or statements of any current director, officer or employee, or any
22 person acting on behalf of, or at the direction of, Gree Zhuhai or
23 Gree Hong Kong, will be imputed to either Gree Zhuhai or Gree Hong
24 Kong for the purpose of determining whether either of them has
25 breached this agreement shall be in the government's sole discretion.

26 c. If the government receives evidence that either Gree
27 Zhuhai or Gree Hong Kong has breached this agreement, the government
28 agrees to give both of them written notice of any alleged breach

1 before making a determination of whether the agreement has been
2 breached. Within forty-five (45) days of receipt of such notice,
3 Gree Zhuhai and Gree Hong Kong shall have the opportunity to respond
4 to the government in writing to explain the nature and circumstances
5 of such alleged breach, as well as the actions they have taken to
6 address and remediate the situation. The government shall consider
7 their written explanation(s) before making a determination of whether
8 either of them has breached this agreement.

9 38. If the government declares this agreement breached, the
10 following shall occur:

11 a. the government will be relieved of all of its
12 obligations in this agreement; and

13 b. Gree Zhuhai and Gree Hong Kong will thereafter be
14 subject to:

15 i. prosecution for any federal criminal violation of
16 which the government has knowledge, including, but not limited to,
17 the charge in the Information and any other federal criminal
18 violations relating to the Covered Conduct, which the government may
19 bring in the United States District Court for the Central District of
20 California or any other appropriate venue;

21 ii. any civil, administrative, or regulatory action
22 that was either dismissed or not filed because of this agreement; and

23 iii. the imposition of monetary penalties ("Stipulated
24 Penalties") as set forth in Paragraph 39 below.

25 39. Gree Zhuhai and Gree Hong Kong agree that the government,
26 in its sole discretion, may seek the imposition of monetary penalties
27 ("Stipulated Penalties") for any failure by either Gree Zhuhai or
28 Gree Hong Kong to perform or fulfill any of their obligations in this

1 agreement, including, but not limited to, any obligations set forth
2 in the Enhanced Compliance Measures attached to this agreement in
3 Exhibit D. Stipulated Penalties shall be calculated as five thousand
4 dollars (\$5,000) per day for each unperformed or unfulfilled
5 obligation and assessed as follows:

6 a. Upon the government's determination that either Gree
7 Zhuhai or Gree Hong Kong has failed to perform or fulfill an
8 obligation in this agreement, the government shall notify them in
9 writing of their failure and the government's exercise of its
10 contractual right to demand payment of the Stipulated Penalties (the
11 "Demand Letter"). The Demand Letter shall set forth:

12 i. The obligation that either Gree Zhuhai or Gree
13 Hong Kong has failed, in the government's determination, to perform
14 or fulfill;

15 ii. The date on which either Gree Zhuhai or Gree Hong
16 Kong first failed, in the government's determination, to perform or
17 fulfill the obligation;

18 iii. A description of the obligation not met
19 sufficient to permit Gree Zhuhai or Gree Hong Kong to cure (as
20 described below); and

21 iv. the amount of Stipulated Penalties claimed by the
22 government as of the date of the Demand Letter.

23 b. Within forty-five (45) days after receipt of the
24 Demand Letter, or such other period as the government may agree in
25 writing, Gree Zhuhai and/or Gree Hong Kong shall cure their failure
26 to perform or fulfill the obligation identified by the government in
27 the Demand Letter ("Cure Period"). If the failure is of a type that
28 can be cured and either Gree Zhuhai or Gree Hong Kong cure the

1 failure within the Cure Period, no Stipulated Penalties shall be due.
2 If neither Gree Zhuhai nor Gree Hong Kong cures the failure during
3 the Cure Period, but one of them then subsequently cures the failure,
4 Stipulated Penalties calculated from the date on which Gree Zhuhai
5 and/or Gree Hong Kong first failed to perform or fulfill the
6 obligation to the date of cure shall be immediately payable to the
7 government. If the failure is one that cannot be cured, then
8 Stipulated Penalties calculated from the date on which Gree Zhuhai
9 and/or Gree Hong Kong first failed to perform or fulfill the
10 obligation until the date that one of them remediates the failure to
11 the government's satisfaction shall be immediately payable to the
12 government.

13 c. Determination of whether Gree Zhuhai and/or Gree Hong
14 Kong have failed to perform or fulfill an obligation in this
15 agreement shall be in the government's sole discretion.
16 Determinations of whether a failure to perform or fulfill an
17 obligation in this agreement can be cured or has been cured, and
18 determinations of when a failure has been cured or remediated shall
19 all be in the government's sole discretion.

20 d. The Stipulated Penalties shall be paid by electronic
21 fund transfer according to wire transfer instructions that will be
22 provided by the government.

23 e. Gree Zhuhai and Gree Hong Kong agree that the United
24 States District Court for the Central District of California shall
25 have jurisdiction over any action to collect such a penalty.

26 f. If Gree Zhuhai or Gree Hong Kong fail timely to make a
27 required payment of Stipulated Penalties, interest (at the rate
28

1 specified in 28 U.S.C. § 1961) shall accrue on the unpaid balance
2 through the date of payment.

3 40. For any criminal, civil, administrative, or regulatory
4 action brought by the government against Gree Zhuhai or Gree Hong
5 Kong pursuant to Paragraph 38.b, including to collect Stipulated
6 Penalties, Gree Zhuhai and Gree Hong Kong agree that:

7 a. Any such action may be premised on information
8 provided by Gree Zhuhai or Gree Hong Kong;

9 b. Any applicable statute of limitations for any such
10 action is tolled between October 25, 2017, and the filing commencing
11 any such action;

12 c. In addition to Gree Zhuhai's and Gree Hong Kong's
13 waivers in Paragraph 36, Gree Zhuhai and Gree Hong Kong knowingly,
14 voluntarily, and intelligently waive, relinquish, and give up all
15 defenses based on the statute of limitations, any claim of pre-
16 indictment delay, or any speedy trial claim with respect to any
17 action brought pursuant to Paragraph 38.b, except to the extent that
18 such defenses existed as of October 25, 2017;

19 d. All statements made by or on behalf of either Gree
20 Zhuhai or Gree Hong Kong to the government or to the Court, including
21 the Statement of Facts attached to this agreement as Exhibit B, and
22 any testimony given by either Gree Zhuhai or Gree Hong Kong before a
23 grand jury, a court, or any tribunal, or at any legislative hearings,
24 whether before or after this agreement, and any leads derived from
25 such statements or testimony, shall be admissible in evidence against
26 either Gree Zhuhai or Gree Hong Kong in any and all actions brought
27 by the government against either Gree Zhuhai or Gree Hong Kong
28 pursuant to Paragraph 38.b; and

1 e. Gree Zhuhai and Gree Hong Kong knowingly, voluntarily,
2 and intelligently waive, relinquish, and give up any claim under the
3 United States Constitution, any statute, Rule 410 of the Federal
4 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal
5 Procedure, or any other federal rule, that the statements in
6 Paragraph 40.d or any evidence derived from those statements should
7 be suppressed or are inadmissible and neither Gree Zhuhai nor Gree
8 Hong Kong shall assert any claim under the United States
9 Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure,
10 Rule 410 of the Federal Rules of Evidence, or any other federal rule
11 that any such statements or testimony made by or on behalf of either
12 Gree Zhuhai or Gree Hong Kong before or after this agreement, or any
13 leads derived therefrom, should be suppressed or are otherwise
14 inadmissible.

15 41. Gree Zhuhai and Gree Hong Kong acknowledge that the
16 government has made no representations, assurances, or promises
17 concerning what sentence may be imposed by the Court if the
18 government declares this agreement breached and this matter proceeds
19 to judgment. Gree Zhuhai and Gree Hong Kong further acknowledge that
20 any such sentence is solely within the discretion of the Court and
21 that nothing in this agreement binds or restricts the Court in the
22 exercise of such discretion.

23 PUBLIC STATEMENTS BY GREE ZHUHAI AND GREE HONG KONG

24 42. Gree Zhuhai and Gree Hong Kong agree that they shall not,
25 through their present or future attorneys, officers, directors,
26 agents, management level employees, or any other person authorized to
27 speak for them, make any public statement, in litigation or
28 otherwise, contradicting in whole or in part the facts described in

1 the Statement of Facts attached to this agreement in Exhibit B. The
2 decision whether any public statement by any such person
3 contradicting a fact contained in the Statement of Facts will be
4 imputed to Gree Zhuhai or Gree Hong Kong shall be at the sole
5 discretion of the government.

6 COURT AND PROBATION OFFICE NOT PARTIES

7 43. Gree Zhuhai and Gree Hong Kong understand that the Court
8 and the United States Probation Office are not parties to this
9 agreement.

10 PUBLICATION

11 44. Within ten (10) days of the Effective Date of this
12 agreement, Gree Zhuhai and Gree Hong Kong agree to make the
13 Information, this agreement, and the Statement of Facts conspicuously
14 available to the public on the Gree website
15 (<https://global.gree.com/usa/>) for two (2) years after the Effective
16 Date of this agreement.

17 NO ADDITIONAL AGREEMENTS

18 45. Gree Zhuhai and Gree Hong Kong understand that, except as
19 set forth herein, there are no promises, understandings, or
20 agreements between the government and Gree Zhuhai or Gree Hong Kong
21 or their attorneys, and that no additional promise, understanding, or
22 agreement may be entered into unless in writing and signed by all
23 parties or on the record in court.

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25 ///

26 ///

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28 ///

1 AGREED AND ACCEPTED

2 UNITED STATES ATTORNEY'S OFFICE
3 FOR THE CENTRAL DISTRICT OF
4 CALIFORNIA

5 TRACY L. WILKISON
6 Acting United States Attorney

7 SCOTT M. GARRINGER
8 Assistant United States Attorney
9 Chief, Criminal Division

10 Joseph O. Johns
11 JOSEPH O. JOHNS by AAG
12 DENNIS MITCHELL
13 Assistant United States Attorneys

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Date

10/26/21

UNITED STATES DEPARTMENT OF
JUSTICE
CONSUMER PROTECTION BRANCH

GUSTAV W. EYLER
Director
Consumer Protection Branch

Allan Gordus
ALLAN GORDUS
NATALIE N. SANDERS
MARYANN N. MCGUIRE
Trial Attorneys
Consumer Protection Branch
U.S. Department of Justice

Date

10/26/21

1 DEFENDANT ONG ONG GREE ELECTRIC APPLIANCES SALES CO., TD.

2

3

NAME: Guoqing Gan

Date

4

TITLE: Director

Authorized Representative of
Defendant

HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.

2021.10.20

MORRISON & FOERSTER LLP

JAMES KOUKIOS

SOPHIA H. CASH

On Behalf of Defendant

HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.

10/21/2021

Date

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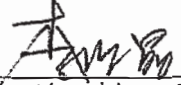
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1 DEFENDANT GREE ELECTRIC APPLIANCES, NC. O ZHUHAI

2 
3 NAME: Mingjing Li
4 TITLE: Deputy Director,
5 Legal Department
6 Authorized Representative of
7 Defendant
8 GREE ELECTRIC APPLIANCES, INC. OF
9 ZHUHAI

2021.10.20
Date

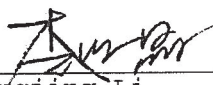
7 
8 MORRISON & FOERSTER LLP
9 JAMES M. KOUKIOS
10 SOPHIA H. CASH
11 On Behalf of Defendant
12 GREE ELECTRIC APPLIANCES, INC. O
13 ZHUHAI

10/21/2021
Date

Exhibit C

CERTIFICATION OF GREE ZHUHAI DEFENDANT

I have been authorized by defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI ("defendant") to enter into this agreement on behalf of defendant. I have read this agreement in its entirety. This agreement has been read to me in Mandarin, the language which I understand best. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with defendant's attorney. I understand the terms of this agreement, and I voluntarily agree to those terms on behalf of defendant. I have discussed the evidence with defendant's attorney, and defendant's attorney has advised me of defendant's rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me or to defendant other than those contained in this agreement. No one has threatened or forced me or defendant in any way to enter into this agreement. I am satisfied with the representation of defendant's attorney in this matter.


 NAME: Mingjing Li

 2021.10.20
 Date

Title: Deputy Director,
 Legal Department
 Authorized Representative of
 Defendant GREE ELECTRIC
 APPLIANCES, INC. OF ZHUHAI

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CERTIFICATION OF INTERPRETER

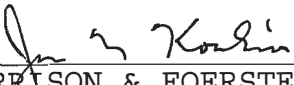
I, [Ling Liu], am fluent in the written and spoken English and Mandarin languages. I accurately translated this entire agreement from English into Mandarin to defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI on this date.

Ling Liu
INTERPRETER

2021.10.12
Date

CERTIFICATION OF GREE ZHUHAI'S ATTORNEY

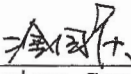
I am defendant GREE ELECTRIC APPLIANCES, INC. O ZHUHAI's attorney. I have carefully and thoroughly discussed every part of this agreement with the authorized representative of my client. Further, I have fully advised my client and its authorized representative of its rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 8 U.S.C. § 553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support conviction to the charge specified in this agreement.


MORRISON & FOERSTER LLP
JAMES M. KOUKIOS
SOPHIA H. CASH
On Behalf of Defendant
GREE ELECTRIC APPLIANCES, INC. OF
ZHUHAI

10/21/2021
Date

CERTIFICATION OF GREE HONG KONG DEFENDANT

I have been authorized by defendant HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD. ("defendant") to enter into this agreement on behalf of defendant. I have read this agreement in its entirety. This agreement has been read to me in Mandarin, the language which I understand best. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with defendant's attorney. I understand the terms of this agreement, and I voluntarily agree to those terms on behalf of defendant. I have discussed the evidence with defendant's attorney, and defendant's attorney has advised me of defendant's rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me or to defendant other than those contained in this agreement. No one has threatened or forced me or defendant in any way to enter into this agreement. I am satisfied with the representation of defendant's attorney in this matter.


 NAME: Guoqing Gan

2021.10.20
 Date

TITLE: Director

Authorized Representative of
 Defendant HONG KONG GREE ELECTRIC
 APPLIANCES SALES CO., LTD.

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CERTIFICATION OF INTERPRETER


I, [Ling Liu], am fluent in the written and spoken English and
Mandarin languages. I accurately translated this entire agreement
from English into Mandarin to defendant HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD. on this date.

Ling Liu
INTERPRETER

2021.10.12
Date

CERTIFICATION OF GREE HONG KONG'S ATTORNEY

I am defendant HONG KONG REE ELECTRIC APPLIANCES SALES CO., LTD.'s attorney. I have carefully and thoroughly discussed every part of this agreement with the authorized representative of my client. Further, I have fully advised my client and its authorized representative of its rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 8 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support conviction to the charge specified in this agreement.


 MORRISON & FOERSTER LLP
 JAMES M KOUKIOS
 SOPHIA H CASH
 On Behalf of Defendant
 HONG KONG GREE ELECTRIC
 APPLIANCES SALES CO., LTD.

10/21/2021
 Date

CERTIFICATE OF CORPORATE RESOLUTIONS FOR GREE ZHUHAI

WHEREAS, Gree Electric Appliances, Inc. of Zhuhai (“Gree Zhuhai”) has been engaged in discussions with the United States Department of Justice’s Consumer Protection Branch (“CPB”) and the United States Attorney’s Office for the Central District of California (the “USAO”) regarding issues relating to a knowing and willful failure to report information regarding consumer product safety defects, hazards, and risks to the United States Consumer Product Safety Commission (the “CPSC”);

WHEREAS, in order to resolve such discussions, it is proposed that Gree Zhuhai agrees to the terms and obligations of a deferred prosecution agreement among Gree Zhuhai, Hong Kong Gree Electric Appliances Sales Co., Ltd. (“Gree Hong Kong”), CPB, and the USAO (the “Deferred Prosecution Agreement”), and to certain terms of a plea agreement among Gree USA, Inc. (“Gree USA”), CPB, and the USAO (the “Plea Agreement”);

WHEREAS, the Legal Representative and Chairman of the Board of Directors of Gree Zhuhai:

- possesses the authority to approve execution of the Deferred Prosecution Agreement and the Plea Agreement under Chinese law;
- has been extensively briefed on discussions with CPB and USAO regarding an agreement to resolve this matter;
- was informed of the principal terms of the Deferred Prosecution Agreement and the Plea Agreement by Gree Zhuhai’s inside counsel, together with outside counsel for Gree Zhuhai, and agrees that Gree Zhuhai should enter into an agreement on those terms;

- has been provided with the Deferred Prosecution Agreement and the Plea Agreement and their attachments for review;
- has reviewed documents relevant to the Deferred Prosecution Agreement and the Plea Agreement and has discussed the final terms of the Deferred Prosecution Agreement and the Plea Agreement with Gree Zhuhai's inside counsel, together with outside counsel for Gree Zhuhai, who have provided advice of Gree Zhuhai's rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of agreeing to such terms and obligations of the Deferred Prosecution Agreement and the Plea Agreement;

Therefore, on behalf of Gree Zhuhai, the Legal Representative and Chairman of the Board of Directors of Gree Zhuhai, Mingzhu Dong, has APPROVED the following:

1. Gree Zhuhai: (a) acknowledges the filing of the Information against Gree Zhuhai, Gree Hong Kong, and Gree USA, charging each company with one count of failure to furnish information required by Title 15, United States Code Section 2064(b)(3) and (4), in violation of Title 15, United States Code, Section 2068(a)(4) and 2070; (b) waives indictment on such charge and agrees to the obligations under the Deferred Prosecution Agreement and certain obligations under the Plea Agreement; (c) agrees that a total monetary penalty of \$52,200,000, which will be reduced by \$15,450,000 as credit for a civil penalty previously paid to the CPSC, for an adjusted total monetary penalty of \$36,750,000 will be paid by Gree Zhuhai or Gree Hong Kong; (d) agrees that \$500,000 of the total monetary penalty will be paid by Gree Zhuhai or Gree Hong Kong as a criminal fine on behalf of Gree USA; (e) agrees that a forfeiture amount of \$39,000,000 will be paid by Gree Zhuhai or Gree Hong Kong; and (f) agrees to accept the restitution provisions of the Deferred Prosecution Agreement and the Plea Agreement;

2. Gree Zhuhai accepts the terms and conditions of the Deferred Prosecution Agreement and the Plea Agreement, including but not limited to: (a) a knowing waiver of Gree Zhuhai's rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and the Federal Rule of Criminal Procedure 48(b); (b) a knowing waiver for purposes of the Deferred Prosecution Agreement and the Plea Agreement and any charges by the United States arising out of the conduct described in the Statement of Facts attached to the Deferred Prosecution Agreement and the Plea Agreement of any objection with respect to venue and consents to the filing of the Information against Gree Zhuhai, as provided under the terms of the Deferred Prosecution Agreement and the Plea Agreement, in the United States District Court for the Central District of California; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution arising out of the conduct described in the Statement of Facts attached to the Deferred Prosecution Agreement and the Plea Agreement;

3. The Deputy Director, Legal Department for Gree Zhuhai, Mingjing Li, is hereby authorized, empowered, and directed, on behalf of Gree Zhuhai, to agree to the terms of the Deferred Prosecution Agreement and to certain terms and obligations of the Plea Agreement substantially in such form as reviewed by the Legal Representative and Chairman of the Board of Directors of Gree Zhuhai, with such changes as the Deputy Director, Legal Department for Gree Zhuhai may approve;

4. The Deputy Director, Legal Department for Gree Zhuhai, Mingjing Li, is hereby authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms, or provisions of any agreement or other documents as may be

necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions;

5. All of the actions of the Deputy Director, Legal Department for Gree Zhuhai, Mingjing Li, which would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of Gree Zhuhai and its subsidiaries and affiliates; and

6. The Deputy Director, Legal Department for Gree Zhuhai, Mingjing Li, and Jian Chen are hereby authorized, empowered, and directed to appear on behalf of Gree Zhuhai at any court appearances in connection with the Deferred Prosecution Agreement and the Plea Agreement.

Date: 2021.10.20

By: 

CERTIFICATE OF CORPORATE RESOLUTIONS FOR GREE HONG KONG

WHEREAS, Hong Kong Gree Electric Appliances Sales Co., Ltd. (“Gree Hong Kong”) has been engaged in discussions with the United States Department of Justice’s Consumer Protection Branch (“CPB”) and the United States Attorney’s Office for the Central District of California (the “USAO”) regarding issues relating to a knowing and willful failure to report information regarding consumer product safety defects, hazards, and risks to the United States Consumer Product Safety Commission (the “CPSC”);

WHEREAS, in order to resolve such discussions, it is proposed that Gree Hong Kong agrees to certain terms and obligations of a deferred prosecution agreement among Gree Electric Appliances, Inc. of Zhuhai (“Gree Zhuhai”), Gree Hong Kong, CPB, and the USAO (the “Deferred Prosecution Agreement”), and to certain terms of a plea agreement among Gree USA, Inc. (“Gree USA”), CPB, and the USAO (the “Plea Agreement”);

WHEREAS, the Chairman of the Board of Directors of Gree Hong Kong:

- possesses the authority to approve execution of the Deferred Prosecution Agreement and the Plea Agreement under Chinese law;
- has been extensively briefed on discussions with CPB and USAO regarding an agreement to resolve this matter;
- was informed of the principal terms of the Deferred Prosecution Agreement and the Plea Agreement by Gree Hong Kong’s inside counsel, together with outside counsel for Gree Hong Kong, and agrees that Gree Hong Kong should enter into an agreement on those terms;
- has been provided with the Deferred Prosecution Agreement and the Plea Agreement and their attachments for review;

- has reviewed documents relevant to the Deferred Prosecution Agreement and the Plea Agreement and has discussed the final terms of the Deferred Prosecution Agreement and the Plea Agreement with Gree Hong Kong's inside counsel, together with outside counsel for Gree Hong Kong, who have provided advice of Gree Hong Kong's rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of agreeing to such terms and obligations of the Deferred Prosecution Agreement and the Plea Agreement;

Therefore, on behalf of Gree Hong Kong, the Chairman of the Board of Directors of Gree Hong Kong, Mingzhu Dong, has APPROVED the following:

1. Gree Hong Kong: (a) acknowledges the filing of the Information against Gree Zhuhai, Gree Hong Kong, and Gree USA, charging each company with one count of failure to furnish information required by Title 15, United States Code Section 2064(b)(3) and (4), in violation of Title 15, United States Code, Section 2068(a)(4) and 2070; (b) waives indictment on such charge and agrees to the obligations under the Deferred Prosecution Agreement and certain obligations under the Plea Agreement; (c) agrees that a total monetary penalty of \$52,200,000, which will be reduced by \$15,450,000 as credit for a civil penalty previously paid to the CPSC, for an adjusted total monetary penalty of \$36,750,000 will be paid by Gree Zhuhai or Gree Hong Kong; (d) agrees that \$500,000 of the total monetary penalty will be paid by Gree Zhuhai or Gree Hong Kong as a criminal fine on behalf of Gree USA; (e) agrees that a forfeiture amount of \$39,000,000 will be paid by Gree Zhuhai or Gree Hong Kong; and (f) agrees to accept the restitution provisions of the Deferred Prosecution Agreement and the Plea Agreement;

2. Gree Hong Kong accepts the terms and conditions of the Deferred Prosecution Agreement and the Plea Agreement, including but not limited to: (a) a knowing waiver of Gree

Hong Kong's rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and the Federal Rule of Criminal Procedure 48(b); (b) a knowing waiver for purposes of the Deferred Prosecution Agreement and the Plea Agreement and any charges by the United States arising out of the conduct described in the Statement of Facts attached to the Deferred Prosecution Agreement and the Plea Agreement of any objection with respect to venue and consents to the filing of the Information against Gree Hong Kong, as provided under the terms of this Deferred Prosecution Agreement and the Plea Agreement, in the United States District Court for the Central District of California; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution arising out of the conduct described in the Statement of Facts attached to the Deferred Prosecution Agreement and the Plea Agreement;

3. The Director for Gree Hong Kong, Guoqing Gan, is hereby authorized, empowered, and directed, on behalf of Gree Hong Kong, to agree to the terms of the Deferred Prosecution Agreement and to certain terms and obligations of the Plea Agreement substantially in such form as reviewed by the Chairman of the Board of Directors of Gree Hong Kong, with such changes as the Director for Gree Hong Kong may approve;

4. The Director for Gree Hong Kong, Guoqing Gan, is hereby authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions;

5. All of the actions of the Director for Gree Hong Kong, Guoqing Gan, which would have been authorized by the foregoing resolutions except that such actions were taken prior to the

adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of Gree Hong Kong and its subsidiaries and affiliates; and

6. The Director for Gree Hong Kong, Guoqing Gan, and Jian Chen are hereby authorized, empowered, and directed to appear on behalf of Gree Hong Kong at any court appearances in connection with the Deferred Prosecution Agreement and the Plea Agreement.

Date: 2021.10.20

By: 

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREE ELECTRIC APPLIANCES, INC.
OF ZHUHAI,
HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.,
and
GREE USA, INC.,

Defendants.

CR No.

I N F O R M A T I O N

[15 U.S.C. §§ 2068(a)(4), 2070:
Knowing and Willful Failure to
Report Information Regarding
Consumer Product Safety Defects,
Hazards, and Risks; 15 U.S.C.
§ 2070(c)(1), 18 U.S.C.
§ 981(a)(1)(C), 21 U.S.C. § 853,
28 U.S.C. § 2461(c): Criminal
Forfeiture]

The United States Department of Justice's Consumer Protection
Branch and the Acting United States Attorney for the Central District
of California charge:

[15 U.S.C. §§ 2068(a)(4), 2070]

[ALL DEFENDANTS]

A. INTRODUCTORY ALLEGATIONS

1. By at least September 2012, in Los Angeles County, within
the Central District of California, and elsewhere, defendants GREE
ELECTRIC APPLIANCES, INC. OF ZHUHAI, HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD., and GREE USA, INC., obtained information

1 which reasonably supported the conclusion that dehumidifiers
2 manufactured, distributed, and sold in interstate commerce by the
3 defendants contained a defect that caused those dehumidifiers to
4 overheat and catch fire, creating a substantial product hazard, and
5 created an unreasonable risk of serious injury and death to United
6 States consumers who operated the dehumidifiers in their homes and
7 businesses.

8 2. Despite knowing that they were required immediately to
9 inform the United States Consumer Product Safety Commission of the
10 defects and risks of those dehumidifiers they manufactured,
11 distributed, and sold in interstate commerce, defendants GREE
12 ELECTRIC APPLIANCES, INC. OF ZHUHAI, HONG KONG GREE ELECTRIC
13 APPLIANCES SALES CO., LTD., and GREE USA, INC., knowingly and
14 willfully failed to inform the United States Consumer Product Safety
15 Commission of those dehumidifiers' defects and risks until in or
16 about June 2013.

17 B. KNOWING AND WILLFUL FAILURE TO REPORT INFORMATION REGARDING
18 CONSUMER PRODUCT SAFETY DEFECTS, HAZARDS, AND RISKS

19 3. From on or about September 19, 2012, through at least on or
20 about June 2013, in Los Angeles County, within the Central District
21 of California, and elsewhere, defendants GREE ELECTRIC APPLIANCES,
22 INC. OF ZHUHAI, HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD.,
23 and GREE USA, INC., knowingly and willfully failed to immediately
24 report to the United States Consumer Product Safety Commission upon
25 receiving information that reasonably supported the conclusion that
26 the Chinese dehumidifiers contained a defect that could create a
27 substantial product hazard, and created an unreasonable risk of
28

1 serious injury and death, as required by Title 15, United States
2 Code, Section 2064(b)(3) and (4).

FORFEITURE ALLEGATIONS

[15 U.S.C. § 2070(c)(1); 18 U.S.C. § 981(a)(1)(C); 21 U.S.C. § 853;
28 U.S.C. § 2461(c)]

4. Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to the defendants that the United States will seek forfeiture as part of any sentence in accordance with Title 15, United States Code, Section 2070(c)(1) and Title 28, United States Code, Section 2461(c) in the event of any defendant's conviction under the sole count of this Information:

5. Defendants shall forfeit the following property to the United States of America:

a. all right, title, and interest in any and all property associated with any violation of the sole count of this Information; and

b. to the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subsection a.

7. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), each defendant shall forfeit substitute property, up to the total value of the property described in the preceding paragraph, if, as a result of

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1 any act or omission of a defendant, the property described in the
2 preceding paragraph, or any portion thereof: (a) cannot be located
3 upon the exercise of due diligence; (b) has been transferred or sold
4 to, or deposited with a third party; (c) has been placed beyond the
5 jurisdiction of the court; (d) has been substantially diminished in
6 value; or (e) has been commingled with other property that cannot be
7 divided without difficulty.

8 TRACY L. WILKISON
9 Acting United States Attorney

GUSTAV W. EYLER
Director
Consumer Protection Branch

10
11 SCOTT M. GARRINGER
12 Assistant United States Attorney
13 Chief, Criminal Division

ALLAN GORDUS
NATALIE N. SANDERS
MARYANN N. MCGUIRE
Trial Attorneys
Consumer Protection Branch
Civil Division
U.S. Department of Justice

14 JOSEPH O. JOHNS
15 DENNIS MITCHELL
16 Assistant United States Attorneys
17 Environmental & Community Safety
18 Crimes Section
19
20
21
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Exhibit B

Statement of Facts

Defendants Gree Electric Appliances, Inc. of Zhuhai ("Gree Zhuhai"), Gree USA, Inc. ("Gree USA"), and Hong Kong Gree Electric Appliances Sales Co., Ltd. ("Gree Hong Kong") (collectively the "Gree Companies") hereby agree and stipulate that the following information is true and accurate. The Gree Companies admit, accept, and acknowledge that they are responsible for the acts of their officers, directors, employees, and agents as set forth below. The Gree Companies also admit, accept, and acknowledge that, had this matter proceeded to trial, the government would have proven beyond a reasonable doubt, by admissible evidence, the facts set forth below.

The Gree Companies

1. From 2007 to September 2013, Gree Zhuhai was a large Chinese company that manufactured household appliances ("Gree appliances") for sale in and outside of China, including in the United States.

2. From 2007 to September 2013, Gree Hong Kong was a Chinese subsidiary of Gree Zhuhai that exported Gree appliances to the United States.

3. From 2010 to September 2013, Gree USA was a California corporation with offices in City of Industry, California, and a subsidiary of Gree Hong Kong. Gree USA sold Gree appliances to retailers in the United States. Those Gree appliances were manufactured by Gree Zhuhai and imported into the United States by Gree Hong Kong and Gree USA. Gree USA was a joint venture between Gree Hong Kong and another company, MJC America Holdings Co., Inc. ("MJC America Holdings"). Gree Hong Kong was the majority owner of

1 Gree USA. Gree USA's Chief Executive Officer ("CEO"), Chief
2 Financial Officer ("CFO"), who was the brother of Gree USA's CEO,
3 and Chief Administrative Officer ("CAO") were owners of MJC America
4 Holdings. Gree USA's CEO, CFO and CAO effectively controlled Gree
5 USA.

6 4. From 2010 to September 2013, Gree USA sold in the United
7 States dehumidifiers manufactured by Gree Zhuhai and imported into
8 the United States by Gree Hong Kong ("Gree dehumidifiers").

9 The Consumer Product Safety Commission and
10 the Consumer Product Safety Act

11 5. The Consumer Product Safety Act (the "CPSA") was enacted to
12 protect the public from dangerous consumer products.

13 6. The United States Consumer Product Safety Commission (the
14 "CPSC") is the federal agency responsible for protecting consumers
15 from dangerous consumer products and is the lead federal agency
16 responsible for the implementation, enforcement, and administration
17 of the CPSA. The CPSC can order mandatory recalls of dangerous
18 products.

19 7. The CPSA requires companies that manufacture, import,
20 distribute, or sell consumer products to inform the CPSC, among
21 other things, about any consumer product about which information
22 reasonably supports the conclusion that such product contains a
23 defect that could create a substantial product hazard, or creates an
24 unreasonable risk of serious injury or death. This duty to report
25 also applies to the individual directors, officers, and agents of
26 those companies. A company's or an individual's knowing and willful
27 failure to report an unsafe product to the CPSC is punishable as a
28 felony violation of the CPSA.

The Gree Companies Learn that Their Dehumidifiers
Are Catching Fire

8. On or about July 26, 2012, the CEO of Gree USA saw a video of a burning Gree dehumidifier. On July 26, 2012, Gree USA's CEO sent the video to a Gree Hong Kong manager ("Gree Hong Kong Manager #1"), who was also a director of Gree Hong Kong and in charge of exporting Gree appliances for sale in the United States, copying other Gree USA employees and a Gree Zhuhai employee. In sending the video, Gree USA's CEO labeled the email "urgent," and said that the video was "scarey [sic] to just watch" and a "very serious issue with GREE product quality." Gree USA's CEO also stated that the video was the third reported instance of a Gree appliance catching fire since in or about June 2012 and that it could lead to lawsuits against Gree USA as well as a recall costing millions of dollars. Gree USA's CEO knew that the Gree Companies had an obligation to inform the CPSC immediately of any consumer product that contained a defect creating a substantial product hazard or that created an unreasonable risk of serious injury or death.

9. Gree Hong Kong Manager #1, replied to the July 26, 2012 email from Gree USA's CEO that same day. In his reply email, Gree Hong Kong Manager #1 said that "[w]e also felt shock when we watched the video[,] " and that he had sent the video to Gree Zhuhai's Quality Department and to Gree Zhuhai's chief engineer who was also its senior vice president for research and development.

The Gree Companies Learn that Two Defects in
Their Dehumidifiers are Causing Them to Catch Fire

10. During August 2012, Gree USA and Gree Zhuhai employees, engineers and officers investigated the Gree dehumidifiers for

1 potential defects that could cause them to catch fire. No employee
2 of Gree USA or Gree Zhuhai informed the CPSC of a defect or risk
3 associated with the Gree dehumidifiers in August 2012.

4 11. On September 4, 2012, Gree USA's CEO emailed Gree Hong Kong
5 Manager #1 about the Gree dehumidifiers. The CEO stated that Gree
6 USA had tested its dehumidifier inventory in Gree USA's warehouse
7 and the testing showed that these dehumidifiers burned. The CEO
8 stated "the result is not like what you have told us" regarding how
9 many units were involved because "the result shows the units all can
10 catch the fire and apparently the material is not according to UL
11 standard! I don't think the factory is telling us the fact and
12 truth. . . ." The CEO stated that, because of Gree USA's test
13 results, he would have the dehumidifiers further tested for
14 compliance with UL (formerly Underwriters Laboratory) standards and
15 was planning to inform the CPSC about the Gree dehumidifiers.

16 12. On September 5, 2012, Gree Hong Kong Manager #1 emailed
17 Gree USA's CEO instructing "Gree USA to resolve the claim and CPSC
18 case" and stating that Gree Zhuhai would "fully indemnify Gree USA
19 for any expense and responsibility." That same day, Gree USA's CEO
20 replied and requested more details regarding who would pay the costs
21 that could result from the Gree dehumidifiers and when they would
22 pay, and offered to handle reporting the Gree dehumidifiers to the
23 CPSC if Gree Zhuhai would agree to pay all future costs related to
24 the dehumidifiers' defects. Gree Hong Kong Manager #1 replied on
25 September 6, 2012, stating that they were willing to agree to
26 compensate expenses in a timely manner and that Gree USA "would be
27 the single entity to reply insurance company and CPSC, [and] we will
28 provide the necessary supports of test records and technical

1 information if you need any." After these communications, no one
2 from the Gree Companies informed the CPSC about the Gree
3 dehumidifiers or their defects.

4 13. On September 10, 2012, Gree USA's CEO emailed the highest
5 ranking person at Gree Zhuhai, the chairperson of Gree Zhuhai's
6 board who also served as Gree Zhuhai's President and CEO, copying no
7 one else from Gree Zhuhai or Gree Hong Kong. In this email, Gree
8 USA's CEO stated that "GREE headquarters" had told him not to report
9 the Gree dehumidifiers to the CPSC. Specifically, the Gree USA CEO
10 stated that "GREE headquarters" had told him not to report that the
11 Gree dehumidifiers may be defective and catch on fire and that they
12 might have overheating parts and plastic parts that could burn
13 because the plastic did not meet the UL standard for fire
14 resistance. Gree USA's CEO warned in his email that any company or
15 individual who withheld from the CPSC information about a dangerous
16 product could face severe punishment, including criminal
17 prosecution. Gree USA's CEO asked how Gree Zhuhai would pay future
18 costs related to the Gree dehumidifiers, including any potential
19 harm to MJC America Ltd. ("MJC America"), a company owned by Gree
20 USA's CEO, CFO and CAO which also sold the defective Gree
21 dehumidifiers. Gree USA's CEO stated that if Gree Zhuhai did not
22 give him clear instructions on how to handle the Gree dehumidifiers
23 within a matter of days, then he would inform the CPSC about the
24 dehumidifiers. No one replied to this email.

25 14. On September 13, 2012, Gree USA's CEO sent another email to
26 Gree Hong Kong Manager #1. In this email, Gree USA's CEO discussed
27 how a recall of the defective Gree dehumidifiers might be handled
28 and attached the CPSC's "Recall Handbook." Gree USA's CEO also

1 discussed the financial costs and lost sales that could result from
2 a recall. He did not express any consideration or concern about how
3 defective Gree dehumidifiers could harm consumers. Gree USA's CEO
4 asked Gree Hong Kong Manager #1 to forward this email to Gree
5 Zhuhai's chief engineer.

6 15. On September 19, 2012, Gree Hong Kong Manager #1 came to
7 Gree USA's offices in City of Industry, California, to meet with
8 Gree USA's CEO. A Gree Zhuhai engineer and three other Gree USA
9 officers also participated in the meeting. This meeting was audio
10 recorded by agreement.

11 16. At this September 19 meeting, Gree Hong Kong Manager #1
12 stated that Gree Zhuhai's testing of the Gree dehumidifiers was not
13 able to reproduce the reported fire, but had revealed two defects:
14 (1) the dehumidifiers used plastics that did not meet UL standards
15 for fire resistance; and (2) electrical arcing caused by the
16 dehumidifiers' compressors overheating could burn the non-UL
17 standard plastic used in these dehumidifiers. The Gree Zhuhai
18 engineer at the meeting also discussed these defects. Gree Hong
19 Kong Manager #1 stated that he was aware of at least five consumer
20 reports of Gree dehumidifiers overheating and catching fire but that
21 Gree Zhuhai "still believe[d] that the fire case is a relatively
22 isolated case . . . associated with atrocious conditions." He also
23 stated that Gree Zhuhai would modify the manufacture of all future
24 dehumidifiers to fix this problem so they would not catch fire.

25 The Gree Companies Decide To Delay Reporting and Recalling
26 Their Defective Dehumidifiers

27 17. At this same September 19 meeting, Gree Hong Kong Manager
28 #1 said that the meeting participants' decisions on what to do about

1 the Gree dehumidifiers should be guided by the principle of
2 minimizing the costs and loss of reputation to the Gree Companies.
3 Gree Hong Kong Manager #1 said that Gree Zhuhai wanted to delay any
4 recall of the dehumidifiers for 6 to 9 months because delaying a
5 recall would reduce the recall's effect on Gree dehumidifier sales.
6 Gree Hong Kong Manager #1 stated that an immediate recall would have
7 a significant, and negative, effect on 2012 and 2013 Gree
8 dehumidifier sales. Gree Hong Kong Manager #1 stated that a recall
9 could be delayed 6 to 9 months because cooler fall and winter
10 temperatures would help prevent Gree dehumidifiers from overheating
11 and catching fire, and that there should be very few, if any,
12 dehumidifier fires in the 6 to 9 months following September 2012.

13 18. In response to what Gree Hong Kong Manager #1 said, Gree
14 USA's CEO said at the meeting that the Gree dehumidifiers' defects
15 were very significant and had important legal implications. But the
16 Gree USA CEO did not push to inform the CPSC of the dehumidifiers.
17 Rather, Gree USA's CEO recommended only that the Gree Companies have
18 another company test the Gree dehumidifiers and then decide whether
19 to delay the recall. Gree Hong Kong Manager #1 responded by urging
20 the Gree USA officers not to conduct such a test of the Gree
21 dehumidifiers because that test would show that the dehumidifiers
22 used plastic that did not meet UL standards for fire resistance.
23 Gree USA's CEO said that the Gree USA officers understood what Gree
24 Zhuhai was asking them to do and needed time to think before making
25 a decision about how to proceed.

26 19. Two days after the September 19, 2012 meeting, Gree USA's
27 CEO sent an email to Gree Zhuhai's chief engineer and copied the
28 email to Gree Zhuhai's board chairperson. In his September 21, 2012

1 email, Gree USA's CEO said that he understood that Gree Zhuhai
2 wanted to delay a recall of the Gree dehumidifiers for 6 to 9
3 months. Gree USA's CEO also said that he thought that the Gree
4 dehumidifiers were still likely to catch fire, and that, after
5 careful consideration, Gree USA's officers had decided to report the
6 Gree dehumidifiers to the United States government.

7 20. The next day, Gree Zhuhai's chief engineer replied to the
8 September 21, 2012 email from Gree USA's CEO without copying Gree
9 Zhuhai's board chairperson. In his September 22, 2012 email, Gree
10 Zhuhai's chief engineer said that Gree Zhuhai had clearly expressed
11 its opinion about how to handle the defective Gree dehumidifiers,
12 and that he hoped Gree USA's CEO would follow that opinion. Gree
13 Zhuhai's chief engineer said that he had no authority to approve
14 what Gree USA's CEO proposed in his September 21, 2012 email and
15 that he hoped Gree USA's CEO would report his decision on how to
16 handle the defective Gree dehumidifiers to Gree Zhuhai's board
17 chairperson and listen to her opinion.

18 21. On September 28, 2012, Gree USA's CEO sent an email to Gree
19 Zhuhai's board chairperson, copying no one else from Gree Zhuhai or
20 Gree Hong Kong. In his email, Gree USA's CEO stated again that
21 Gree's dehumidifiers had two known defects: (1) the compressors in
22 the dehumidifiers could overheat; and (2) the plastic in the
23 dehumidifiers did not meet UL standards for fire resistance, meaning
24 that the plastic would burn when overheated. Gree USA's CEO said
25 that it was known that these two defects could cause the
26 dehumidifiers to catch fire and that there were numerous consumer
27 complaints about the dehumidifiers in fact catching fire. Gree
28 USA's CEO also said that the Gree Companies had sold millions of

1 these defective dehumidifiers. Gree USA's CEO further related that
2 he believed the Gree Companies should recall the dehumidifiers and
3 warn consumers that using them could result in personal injuries and
4 property damage, but that Gree Zhuhai had not agreed to a recall.
5 Gree USA's CEO warned that a recall could cost hundreds of millions
6 of dollars, would harm the reputation of Gree products, and would
7 reduce the Gree Companies' market share. But Gree USA's CEO also
8 warned that if Gree Zhuhai did not reach an agreement with Gree USA
9 on the recall of the dehumidifiers, then Gree USA unilaterally would
10 report the Gree dehumidifiers to the United States government. Gree
11 USA's CEO concluded his email by saying that this was a very
12 important and urgent matter. Neither Gree Zhuhai's board
13 chairperson nor anyone else at Gree Zhuhai replied to this email.

14 22. Despite the Gree USA's CEO's September 4, 10, 21, and 28,
15 2012 emails, no employee of the Gree Companies reported the Gree
16 dehumidifiers' defects or risks, or the known consumer complaints of
17 fires related to the dehumidifiers, to the CPSC in September 2012.

18 23. In September 2012, Gree USA sold at least 24,999 defective
19 Gree dehumidifiers to retailers in the United States for
20 approximately \$2,558,019. The Gree Companies knew that the
21 retailers wanted dehumidifiers that met all UL standards and did not
22 burn when overheated. The Gree Companies knew that Gree USA
23 represented to its retailers that the Gree dehumidifiers met all UL
24 standards. Gree USA's CEO, CFO and CAO knew that Gree USA's
25 representations that these Gree dehumidifiers met all UL standards
26 were false when these dehumidifiers were sold.

The Gree Companies Continue to Sell
Their Defective Dehumidifiers in the United States
Without Reporting Them to the CPSC

24. On October 19, 2012, a sales representative for Gree USA met in person with Gree Zhuhai's board chairperson in China. During this meeting, the sales representative discussed the defective Gree dehumidifiers with Gree Zhuhai's board chairperson. Gree Zhuhai's board chairperson said that she would send a new Gree Hong Kong manager ("Gree Hong Kong Manager #2") to the United States to address the problems associated with the dehumidifiers.

25. In October 2012, Gree USA sent to Gree Zhuhai new consumer reports of fires related to the Gree dehumidifiers. These reports contradicted Gree Hong Kong Manager #1's statements at the September 19 meeting that a recall could be delayed 6 to 9 months because cooler fall and winter temperatures would help prevent dehumidifiers from overheating and catching fire and that there should be very few, if any, dehumidifier fires in the 6 to 9 months following September 2012. Despite these new consumer reports of fires caused by Gree dehumidifiers, no employee of the Gree Companies informed the CPSC about the dehumidifiers' defects or risks in October 2012.

26. In October 2012, Gree USA sold at least 2,938 defective Gree dehumidifiers to retailers in the United States for approximately \$429,426. The Gree Companies knew that the retailers wanted dehumidifiers that met all UL standards and did not burn when overheated. The Gree Companies knew that Gree USA represented to its retailers that the Gree dehumidifiers met all UL standards. Gree USA's CEO, CFO and CAO knew that Gree USA's representations

1 that these Gree dehumidifiers met all UL standards were false when
2 these dehumidifiers were sold.

3 The Gree Companies Receive Another Test Report Showing
4 That Their Dehumidifiers are Defective and Dangerous

5 27. In late October 2012, Gree USA sent two Gree dehumidifiers
6 to an independent testing company for testing. On November 5, 2012,
7 the testing company wrote a report confirming and reiterating that
8 the Gree dehumidifiers were defective because the compressors in the
9 dehumidifiers could run continuously and thereby overheat to an
10 "extreme high temperature." Gree USA's CEO received this report on
11 November 6, 2012. Gree USA's CEO immediately sent the report to
12 Gree Hong Kong Manager #2, who had taken over responsibility for the
13 importation and sale of the Gree dehumidifiers in the United States
14 from Gree Hong Kong Manager #1.

15 The Gree Companies Continue to Sell
16 Their Defective Dehumidifiers in the United States
17 Without Reporting Them to the CPSC

18 28. At the end of November 2012, Gree USA's CEO told Gree Hong
19 Kong Manager #2 that an attorney advised him to inform the CPSC
20 immediately of all consumer reports of fires related to the Gree
21 dehumidifiers. Despite this legal advice and the November 5, 2012
22 test report reiterating that the Gree dehumidifiers were dangerously
23 defective, no employee of the Gree Companies informed the CPSC about
24 the dehumidifiers' defects, risks, or reported fires in November
25 2012.

26 29. In November 2012, Gree USA sold at least 6,817 defective
27 Gree dehumidifiers to retailers in the United States for
28 approximately \$792,067. The Gree Companies knew that the retailers

1 wanted dehumidifiers that met all UL standards and did not burn when
2 overheated. The Gree Companies knew that Gree USA represented to
3 its retailers that the Gree dehumidifiers met all UL standards.
4 Gree USA's CEO, CFO and CAO knew that Gree USA's representations
5 that these Gree dehumidifiers met all UL standards were false when
6 these dehumidifiers were sold.

7 The Gree Companies Have Yet Another Meeting to Discuss
8 Their Defective Dehumidifiers But Still Do Not Inform the CPSC

9 30. On December 18, 2012, Gree USA's CEO and another Gree USA
10 officer went with an attorney to Hong Kong to meet with Gree Hong
11 Kong Manager #2, a Gree Zhuhai engineer, Gree Zhuhai's Chief
12 Financial Officer ("CFO") and three attorneys representing Gree
13 Zhuhai. At this meeting, Gree USA's CEO discussed the November 5,
14 2012 test report with Gree Hong Kong Manager #2, the Gree Zhuhai
15 engineer and the Gree Zhuhai CFO. Gree Hong Kong Manager #2, the
16 Gree Zhuhai engineer and the Gree Zhuhai CFO told Gree USA's CEO
17 that Gree Zhuhai would test the Gree dehumidifiers and let him know
18 the results of their testing.

19 31. No employee of the Gree Companies informed the CPSC about
20 the dehumidifiers' defects, risks, or reported fires in December
21 2012.

22 32. In December 2012, Gree USA sold at least 1,395 defective
23 Gree dehumidifiers to retailers in the United States for
24 approximately \$201,835. The Gree Companies knew that the retailers
25 wanted dehumidifiers that met all UL standards and did not burn when
26 overheated. The Gree Companies knew that Gree USA represented to
27 its retailers that the Gree dehumidifiers met all UL standards.
28 Gree USA's CEO, CFO and CAO knew that Gree USA's representations

1 that these Gree dehumidifiers met all UL standards were false when
2 these dehumidifiers were sold.

3 The Gree Companies Decide to Keep Selling
4 Their Defective Dehumidifiers in the United States
5 Without Reporting Them to the CPSC

6 33. On January 23, 2013, a Gree USA officer sent an email to
7 Gree Hong Kong Manager #2. The email stated that Gree USA's and MJC
8 America's insurance company suggested that Gree USA report the Gree
9 dehumidifiers to the CPSC and recall all of the defective Gree
10 dehumidifiers. The email also stated that the insurance company
11 "wanted to know if any actions were taken to test the product design
12 in case it is defective" and was told that "the product was
13 submitted to several different testing and no faulty [sic] in the
14 design was found[,] also that new production has an extra
15 protection[.]" The Gree USA officer further reported in her email
16 that Gree USA had received a new consumer report of a dehumidifier
17 fire and asked how Gree USA should handle this report.

18 34. Also on January 23, 2013, Gree Zhuhai told Gree USA in
19 writing that it had tested its dehumidifiers and that they were not
20 defective and could be sold in the United States. Gree Zhuhai did
21 not provide Gree USA with any details on its testing or explain the
22 inconsistency in its test results with those of all prior tests of
23 the Gree dehumidifiers.

24 35. Despite the recommendation of Gree USA's insurance company
25 to report the Gree dehumidifiers to the CPSC and recall the
26 defective Gree dehumidifiers, and the new consumer report of fire,
27 no employee of the Gree Companies informed the CPSC about the
28

1 dehumidifiers' defects, risks, or reported fires in January or
2 February 2013.

3 36. Gree USA sold at least 7,609 and 29,857 defective Gree
4 dehumidifiers in January and February 2013, respectively, to
5 retailers in the United States for approximately \$905,291, and
6 \$3,255,542, respectively. The Gree Companies knew that the
7 retailers wanted dehumidifiers that met all UL standards and did not
8 burn when overheated. The Gree Companies knew that Gree USA
9 represented to its retailers that the Gree dehumidifiers met all UL
10 standards. Gree USA's CEO, CFO and CAO knew that Gree USA's
11 representations that these Gree dehumidifiers met all UL standards
12 were false when these dehumidifiers were sold.

13 The Gree Companies Finally Report Their Defective Dehumidifiers
14 to the CPSC but Continue to Sell Those Dehumidifiers
15 in the United States

16 37. On March 14, 2013, Gree USA, Gree Zhuhai, and MJC America
17 made an initial report to the CPSC about their dehumidifiers. The
18 initial report stated that they had sold approximately 1.6 million
19 Gree dehumidifiers in the United States since 2010, and that
20 consumers who had purchased those dehumidifiers had reported fires,
21 overheating, smoke, odors, and property damage related to these
22 dehumidifiers. The initial report did not mention the defects in
23 the Gree dehumidifiers that caused the dehumidifiers to burn.

24 38. Gree USA sold at least 6,025 and 7,596 defective Gree
25 dehumidifiers in March and April 2013, respectively, to retailers in
26 the United States for approximately \$571,702 and \$799,244,
27 respectively. The Gree Companies knew that the retailers wanted
28 dehumidifiers that met all UL standards and did not burn when

1 overheated. The Gree Companies knew that Gree USA represented to
2 its retailers that the Gree dehumidifiers met all UL standards.
3 Gree USA's CEO, CFO and CAO knew that Gree USA's representations
4 that these Gree dehumidifiers met all UL standards were false when
5 these dehumidifiers were sold.

6 39. On April 23, 2013, the Chief Administrative Officer of Gree
7 USA received an independent test report showing that the plastic
8 used in four Gree dehumidifiers made in 2010, 2011, and 2012 did not
9 meet UL standards for fire resistance.

10 40. On April 30, 2013, Gree USA, Gree Zhuhai, and MJC America
11 made a second, more comprehensive report to the CPSC about their
12 defective Gree dehumidifiers. This report stated that Gree USA,
13 Gree Zhuhai, and MJC America sold approximately 1.84 million of the
14 Gree dehumidifiers and that they had not concluded that these Gree
15 dehumidifiers posed a substantial product hazard or that the
16 dehumidifiers needed to be recalled. This report listed nineteen
17 known consumer reports of fires involving Gree dehumidifiers with
18 all but one of the fires occurring between June 14, 2012 and April
19 15, 2013.

20 41. After their April 30, 2013 report to the CPSC, the Gree
21 Companies continued to receive consumer reports of fires caused by
22 Gree dehumidifiers.

23 42. The Gree Companies received at least \$9,500,000 from the
24 distribution and wholesale of defective Gree dehumidifiers from
25 September 2012 through April 2013. Additionally, the Gree Companies
26 received at least \$29,500,000 from the distribution and wholesale of
27 other non-defective Gree dehumidifiers from September 2012 through
28 April 2013.

1 43. United States consumers lost at least \$17,400,000 by
2 purchasing defective and dangerous Gree dehumidifiers manufactured,
3 distributed, or sold by the Gree Companies from September 2012
4 through April 2013.

5 44. From September 2012 to April 2013, United States consumers
6 sustained at least \$2,100,000 worth of property damaged or destroyed
7 in fires caused by the defective Gree dehumidifiers.

8 The Gree Companies Imported Their Defective Dehumidifiers
9 With False UL Certifications

10 45. Between 2010 and at least until September 2012, the Gree
11 Companies imported into the United States Gree dehumidifiers with
12 certifications that the dehumidifiers met all UL standards, when in
13 fact the dehumidifiers did not meet UL standards.

14 The Gree Companies Finally Recall
15 Their Defective Dehumidifiers

16 46. By mid-July 2013, Gree Zhuhai decided to recall its
17 defective Gree dehumidifiers and notified the CPSC of this decision.
18 After making this decision, Gree Zhuhai started to plan for the
19 recall.

20 47. On September 12, 2013, Gree Zhuhai and the CPSC announced a
21 voluntary recall of 2.2 million Gree dehumidifiers in the United
22 States.

23 48. Despite its recall, Gree Zhuhai has received hundreds of
24 consumer reports of fires and overheating caused by defective Gree
25 dehumidifiers. Consumers have reported more than 2,000 incidents
26 involving Gree dehumidifiers, including 450 fires and more than
27 \$19,000,000 in property damage.
28

1 49. No later than September 19, 2012, each of the Gree
2 Companies had information which reasonably supported the conclusion
3 that their Gree dehumidifiers: (1) contained defects which created a
4 substantial product hazard, that is, a substantial risk of injury to
5 the public; and (2) created an unreasonable risk of serious injury
6 or death. After learning this information, each of the Gree
7 Companies knowingly and willfully failed immediately to inform the
8 United States Consumer Product Safety Commission about these
9 dangerous defects in their Gree dehumidifiers or the dangerous risks
10 posed by their Gree dehumidifiers.

11 50. As a result of the Gree Companies' failure to report
12 immediately their defective Gree dehumidifiers to the United States
13 Consumer Product Safety Commission, the Gree Companies were able to
14 continue to distribute and wholesale their dehumidifiers, including
15 defective Gree dehumidifiers, from September 2012 through April
16 2013, and received more than \$39,000,000 in proceeds from this
17 distribution and wholesale of Gree dehumidifiers. For purposes of
18 forfeiture, the approximately \$39,000,000 that the Gree Companies
19 received are assets associated with their failure to report
20 immediately their defective Gree dehumidifiers to the United States
21 Consumer Product Safety Commission in violation of 15 U.S.C.
22 §§ 2068(a)(4) and 2070.

Exhibit D**Enhanced Compliance Measures****I. Compliance Program**

So as to address and further reduce the risk of any recurrence of the misconduct at issue in this matter, Defendants Gree Electric Appliances, Inc. of Zhuhai ("Gree Zhuhai"), Hong Kong Gree Electric Appliances Sales Co., Ltd. ("Gree Hong Kong"), and Gree USA, Inc. ("Gree USA") (collectively the "Gree Companies") hereby agree as part of Gree USA's Plea Agreement and Gree Zhuhai's and Gree Hong Kong's Deferred Prosecution Agreement with the United States Department of Justice's Consumer Protection Branch and the United States Attorney's Office for the Central District of California ("the government") to adopt and maintain, or modify as necessary, compliance programs, including internal controls, compliance policies, and procedures (collectively the "Compliance Program") to ensure product safety and compliance with the Consumer Product Safety Act, 15 U.S.C. § 2051 *et seq.* ("CPSA"), and regulations and agreements enforced by the United States Consumer Product Safety Commission ("CPSC") with respect to any consumer product manufactured, imported, distributed, or sold by the Gree Companies in the United States. The Compliance Program, at a minimum, shall contain the following elements:

Written Standards, Policies and Procedures

1. The Gree Companies shall establish and maintain, or modify as necessary, written standards, policies, and procedures with sufficient resources for responding to, investigating, and documenting allegations of potential product hazards, and violations of the CPSA, its implementing regulations, and agreements with the

1 CPSC, and which provides for the appropriate forwarding to personnel
2 at the Gree Companies with authority to act ("Compliance Officer")
3 of all information that may relate to, or affect, product safety and
4 CPSA compliance, including all reports and complaints involving
5 consumer products, whether an injury is referenced or not, and that
6 may relate to, or affect, UL certification or listing, whether
7 confirmatory testing has been conducted or not.

8 2. The Gree Companies shall implement, maintain, and enforce
9 an effective system of internal controls and procedures, to the
10 extent that they do not yet exist, designed to ensure that, with
11 respect to all consumer products manufactured, imported, or
12 distributed by the Gree Companies and sold in the United States:

13 a. information required to be disclosed by the Gree
14 Companies to the CPSC is recorded, processed, and reported in
15 accordance with applicable law;

16 b. all required reporting made to the CPSC is timely,
17 truthful, complete, accurate, and in accordance with applicable law;
18 and

19 c. prompt disclosure is made to the Gree Companies'
20 relevant senior management of any deficiencies in the design or
21 operation of such internal controls and procedures that are
22 reasonably likely to adversely affect, in any material respect, the
23 Gree Companies' ability to record, process, and report to the CPSC
24 in accordance with applicable law.

25 Confidential Employee Reporting

26 3. The Gree Companies shall establish or modify as necessary
27 a confidential reporting program for their employees and agents who
28 wish to disclose any concerns related to consumer product safety or

1 quality to a Compliance Officer or another senior manager with
2 authority to act as necessary.

3 4. The Gree Companies shall publicize the existence of the
4 confidential reporting program annually to their employees and
5 agents through emails, posting on Company intranets, live or online
6 training, or other effective means. The confidential reporting
7 program shall include a non-retribution, non-retaliation policy, and
8 shall facilitate anonymous and confidential communications for which
9 appropriate confidentiality shall be maintained.

10 5. Upon receipt of a disclosure related to consumer product
11 safety or quality, a Compliance Officer or a senior manager with
12 authority to act as necessary shall make a diligent, good-faith
13 inquiry into the disclosure to ensure that he or she has obtained
14 all the information necessary to determine whether a further review
15 should be conducted. The Compliance Officer or senior manager shall
16 conduct such further review of for any disclosure that is
17 sufficiently specific to:

18 a. permit determination of the appropriateness of the
19 alleged impropriety; and

20 b. provide an opportunity for taking corrective action.

21 6. The Compliance Officer or senior manager shall maintain a
22 disclosure log, which shall include a record and an accurate and
23 complete summary of each disclosure related to consumer product
24 safety or quality received (whether anonymous or not), the status of
25 the respective reviews, and any corrective action taken in response
26 to the reviews. All information gathered by the confidential
27 reporting program shall be maintained for at least five (5) years
28 following closure of the review and corrective action.

Training and Enforcement

7. The Gree Companies shall implement and maintain, or modify as necessary, mechanisms designed to ensure that the Compliance Program is effectively communicated to all applicable directors, officers, employees, and where necessary and appropriate, agents, vendors, and business partners.

8. The Gree Companies shall establish and maintain, or modify as necessary, an effective system for providing guidance, training and advice to directors, officers, employees, and where necessary and appropriate, agents, vendors, and business partners, on complying with the CPSA, its implementing regulations, agreements with the CPSC, and the Compliance Program, including when they need advice on an urgent basis.

Management Responsibility and Accountability

9. The Gree Companies shall assign continuing responsibility for the implementation and oversight of the Compliance Program to one or more senior corporate executives who, by reason of background, experience, education, or training are competent to oversee product safety and regulatory compliance-related matters. Such corporate executive(s) shall have the authority to report directly to independent monitoring bodies, including internal auditors, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Record Retention and Provision

10. The Gree Companies shall ensure retention of all CPSA compliance-related records for at least five (5) years and shall

1 make such records available to the government or CPSC staff upon
2 reasonable request, subject to applicable laws and regulations, as
3 well as valid claims of attorney-client privilege or attorney work
4 product doctrine. However, the Gree Companies must provide to the
5 government a log of any document or information that is not provided
6 based on an assertion of law, regulation, or privilege, and the Gree
7 Companies bear the burden of establishing the validity of any such
8 assertions.

9 11. Upon reasonable request of the government or CPSC staff,
10 the Gree Companies shall provide written documentation of their
11 compliance-related improvements, processes, and controls, including,
12 but not limited to, the effective dates of such improvements,
13 processes, and controls. Upon reasonable request, the Gree
14 Companies shall cooperate fully and truthfully with the government
15 and CPSC staff to make available, in a manner agreed to by the
16 parties, all non-privileged information and materials, and personnel
17 deemed necessary by the government or CPSC staff, to identify and
18 evaluate records related to the Gree Companies' compliance with the
19 CPSA, its implementing regulations, agreements with the CPSC, and
20 the Compliance Program. The Gree Companies' cooperation pursuant to
21 this paragraph is subject to applicable laws and regulations, as
22 well as valid claims of attorney-client privilege or attorney work
23 product doctrine. However, the Gree Companies must provide to the
24 government a log of any document or information that is not provided
25 based on an assertion of law, regulation, or privilege, and the Gree
26 Companies bear the burden of establishing the validity of any such
27 assertions.

Compliance Expert

12. The Gree Companies shall retain, at the Gree Companies' expense, an independent person or persons (the "Expert"), without personal or financial ties (other than the retention agreement between the parties) to the Gree Companies and/or the families of their senior management, who by reason of background, experience, education, and training, is qualified to advise the Gree Companies on product safety and regulatory compliance issues under the CPSA and its implementing regulations. The Expert's qualifications shall include, but not be limited to, creating comprehensive product safety and regulatory compliance policies, designing employee training programs, and conducting regulatory compliance audits and inspections. The Gree Companies shall notify the government in writing of the name(s) and qualifications of the Expert as soon as they retain the Expert.

13. Within six months of the Effective Date of the Deferred Prosecution Agreement with Gree Zhuhai and Gree Hong Kong, the Expert shall, in consultation with the Gree Companies, start the process of auditing and advising the Gree Companies on the following aspects of their Compliance Program:

a. written standards, policies and procedures that provide for the appropriate forwarding to compliance personnel of all information that may relate to, or impact, CPSA compliance, including all reports and complaints involving consumer products manufactured, imported, or distributed by the Gree Companies and sold in the United States, whether an injury is referenced or not;

b. a mechanism for confidential employee reporting of compliance-related questions or concerns to either a compliance

1 officer or to another senior manager with authority to act as
2 necessary;

3 c. effective communication of compliance-related
4 policies and procedures regarding the CPSA to all applicable
5 employees through training programs or otherwise;

6 d. senior management responsibility for CPSA compliance
7 and accountability for violations of the CPSA and its implementing
8 regulations; and

9 e. retention of all CPSA compliance-related records for
10 at least five (5) years, and availability of such records to the
11 government or CPSC staff upon reasonable request.

12 14. The Expert shall report to the government periodically, at
13 no less than twelve-month intervals during a three-year term (the
14 "Term"), regarding the Gree Companies' remediation and
15 implementation of their Compliance Program and these Enhanced
16 Compliance Measures. The Term shall begin on the Effective Date of
17 the Deferred Prosecution Agreement with Gree Zhuhai and Gree Hong
18 Kong. During the Term, the Expert shall submit an initial report
19 and at least two (2) follow-up reports (collectively the "Expert
20 Reports").

21 a. By no later than twelve (12) months from the
22 Effective Date of the Deferred Prosecution Agreement with Gree
23 Zhuhai and Gree Hong Kong, the Expert shall submit to the government
24 a written report (the "initial Expert Report") setting forth a
25 description of the Gree Companies' remediation efforts to date, and
26 when necessary and appropriate, their proposals reasonably designed
27 to improve their Compliance Program for ensuring consumer product
28 safety and compliance with the CPSA. The initial Expert Report

1 shall include an evaluation of the aspects of the Gree Companies'
2 Compliance Program set forth in Paragraph 13 above.

3 b. The Expert shall submit to the government at least
4 two (2) follow-up written reports (the "follow-up Expert Reports").
5 The first follow-up Expert Report shall be completed and delivered
6 to the government no later than twelve (12) months after the initial
7 Expert Report is submitted to the government. The second follow-up
8 Export Report shall be completed and delivered to the government no
9 later than thirty (30) days before the end of the Term or twelve
10 (12) months after the first follow-up Expert Report, whichever is
11 earlier. The follow-up Expert Reports shall assess whether the Gree
12 Companies' Compliance Program is reasonably designed to ensure
13 consumer product safety and compliance with the CPSA, and include an
14 evaluation of the aspects of the Gree Companies' Compliance Program
15 set forth in Paragraph 13 above.

16 c. The Expert Reports likely will include proprietary,
17 financial, confidential, and competitive business information.
18 Public disclosure of the Expert Reports could discourage cooperation
19 or impede pending or potential government investigations and thus
20 undermine the objectives of the reporting requirement. For these
21 reasons, among others, the Expert Reports and contents thereof are
22 intended to remain and shall remain non-public, except as otherwise
23 agreed to by the Gree Companies and the government in writing, or
24 except to the extent that the government determines in its sole
25 discretion that disclosure would be in furtherance of the
26 government's discharge of its duties and responsibilities or is
27 otherwise required by law.

1 d. The Expert or the Gree Companies may submit a timely
2 written request for an extension of time to provide any of the
3 Expert Reports. A written request is timely if received by the
4 government at least five (5) days before the date the report is due.
5 Timely requests for extension will not be unreasonably denied.

6 **II. Gree Reporting Requirements**

7 15. The Gree Companies shall report to the government
8 periodically, at no less than twelve-month intervals during the
9 three-year Term, regarding their remediation and implementation of
10 the Compliance Program and these Enhanced Compliance Measures. As
11 with the Expert Reports, the Term shall begin on the Effective Date
12 of the Deferred Prosecution Agreement with Gree Zhuhai and Gree Hong
13 Kong. During the Term, the Gree Companies shall:

14 a. Conduct an initial review and submit an initial
15 report; and

16 b. Conduct and prepare at least two (2) follow-up
17 reviews and reports, as described below.

18 16. By no later than twelve (12) months from the Effective
19 Date of the Deferred Prosecution Agreement with Gree Zhuhai and Gree
20 Hong Kong, the Gree Companies shall submit to the government a
21 written report (the "initial Gree Report") setting forth a complete
22 description of their remediation efforts to date, and when necessary
23 and appropriate, their proposals reasonably designed to improve the
24 Gree Companies' Compliance Program for ensuring consumer product
25 safety and compliance with the CPSA, and the proposed scope of the
26 subsequent reviews.

27 17. The Gree Companies shall undertake at least two (2)
28 follow-up reviews and reports (the "follow-up Gree Reports"),

1 incorporating the government's views on the Gree Companies' previous
2 reviews and reports, to further monitor and assess whether the Gree
3 Companies' Compliance Program is reasonably designed to ensure
4 consumer product safety and detect and prevent violations of the
5 CPSA.

6 18. The first follow-up Gree Report shall be completed and
7 delivered to the government no later than twelve (12) months after
8 the initial Gree Report is submitted to the government. The second
9 follow-up Gree Report shall be completed and delivered to the
10 government no later than thirty (30) days before the end of the Term
11 or twelve (12) months after the first follow-up Gree Report,
12 whichever is earlier.

13 19. The initial and follow-up Gree Reports may rely on,
14 reference, or incorporate, in whole or in part, the Expert Reports.

15 20. The Gree Reports likely will include proprietary,
16 financial, confidential, and competitive business information.
17 Public disclosure of the Gree Reports could discourage cooperation
18 or impede pending or potential government investigations and thus
19 undermine the objectives of the reporting requirement. For these
20 reasons, among others, the Gree Reports and contents thereof are
21 intended to remain and shall remain non-public, except as otherwise
22 agreed to by the Gree Companies and the government in writing, or
23 except to the extent that the government determines in its sole
24 discretion that disclosure would be in furtherance of the
25 government's discharge of its duties and responsibilities or is
26 otherwise required by law.

27 21. The Gree Companies may submit a timely written request for
28 an extension of time to provide any of the Gree Reports. A written

1 request is timely if received by the government at least five (5)
2 days before the date the report is due. Timely requests for
3 extension will not be unreasonably denied.

4 **III. Certifications and Resolutions**

5 22. In addition to the Gree Companies' reporting requirements
6 set forth in Paragraphs 15-21, the Gree Companies shall make annual
7 compliance-related certifications and resolutions to the government
8 as described below:

9 a. The Gree Companies shall conduct the reviews
10 described in this paragraph and Paragraph 23 for each of three (3)
11 Review Periods. The duration of each Review Period shall be twelve
12 (12) months, beginning with the first twelve (12) month period
13 following the Effective Date of the Deferred Prosecution Agreement
14 with Gree Zhuhai and Gree Hong Kong. The Gree Companies shall
15 provide the certifications and resolutions described in this
16 paragraph and Paragraph 23 to the government within one hundred
17 twenty (120) days following the end of each of the Review Periods.

18 b. Following the end of each Review Period, the
19 President or Chief Executive Officer ("President") of Gree Zhuhai
20 shall conduct a review of the Gree Companies' compliance with their
21 obligations under the Compliance Program and these Enhanced
22 Compliance Measures. Based on his or her review, the President
23 shall submit to the government a certification stating that, to the
24 best of his or her knowledge based on a reasonable inquiry, during
25 the preceding Review Period, the Gree Companies complied with all
26 its obligations under the Compliance Program and these Enhanced
27 Compliance Measures. The certification shall summarize the review
28 described above. If the President is unable to provide any part of

1 this certification as specified herein, he or she shall provide a
2 detailed explanation of why he or she is unable to provide such
3 certification. The certification and detailed explanation shall be
4 sworn to under the pains and penalty of perjury in the United States
5 (and, if applicable, under the pains and penalty of perjury in the
6 jurisdiction where the President makes the certification or detailed
7 explanation ("Other Jurisdiction")) and shall set forth that the
8 representations contained therein may be provided to, relied upon,
9 and material to the United States (and, if applicable, the Other
10 Jurisdiction), and that a knowing false statement could result in
11 criminal or civil liability for the signatory in the United States
12 (and, if applicable, the Other Jurisdiction).

13 23. Following the end of each Review Period, the Board of
14 Directors of Gree Zhuhai or a designated Committee thereof (the
15 "Board"), shall conduct a review of the Gree Companies' compliance
16 with their obligations under the Compliance Program and these
17 Enhanced Compliance Measures. The Board shall evaluate the Gree
18 Companies' compliance by, at a minimum, receiving updates about the
19 activities of management employees responsible for ensuring
20 compliance with the Compliance Program and these Enhanced Compliance
21 Measures, and updates about the adoption and implementation of
22 policies, procedures, and practices as it relates to such
23 compliance. Based on its review, the Board shall submit to the
24 government a resolution that summarizes its review and oversight as
25 set forth above and that includes, at a minimum, the following
26 language:

27 The Board of Directors of Gree Zhuhai (or a designated
28 Committee of the Board) has made a reasonable inquiry

1 as described in Paragraph 23 of the Enhanced Compliance
2 Measures Exhibit D to the Plea Agreement with Gree USA
3 and the Deferred Prosecution Agreement with Gree Zhuhai
4 and Gree Hong Kong concerning the Gree Companies'
5 compliance with their obligations under the Compliance
6 Program and the Enhanced Compliance Measures in Exhibit
7 D for the preceding Review Period, [insert date range],
8 including the performance of management employees
9 responsible for ensuring such compliance. Based on its
10 reasonable inquiry and review, the Board has concluded
11 that, to the best of its knowledge, the Gree Companies
12 have complied with all their obligations under the
13 Compliance Program and the Enhanced Compliance Measures
14 in Exhibit D to the Plea Agreement with Gree USA and
15 the Deferred Prosecution Agreement with Gree Zhuhai and
16 Gree Hong Kong.

17 If the Board is unable to provide any part of this statement, it
18 shall include in the resolution a written explanation of the reasons
19 why it is unable to provide such a statement.

20 24. The Gree Companies may submit a timely written request for
21 an extension of time to provide the annual President certification
22 or Board resolution required in Paragraphs 22 and 23. A written
23 request is timely if received by the government at least five (5)
24 days prior to the date by which the certification or resolution is
25 due. Timely requests for extension will not be unreasonably denied.

26 25. All certifications, resolutions, reports, notifications
27 and other materials and information that must be provided to the
28 government as a part of these Enhanced Compliance Measures shall be
delivered by: (1) email to an email address provided by the
government; and (2) personal delivery, or overnight delivery by a
recognized delivery service addressed to the following:

Director, Consumer Protection Branch
U.S. Department of Justice
450 5th Street, NW, Suite 6400 South
Washington, DC 20001

1 and

2
3 Chief, Environmental and Community Safety Crimes Section
4 U.S. Attorney's Office
5 Central District of California
6 1300 United States Courthouse
7 312 North Spring Street
8 Los Angeles, CA 90012
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Exhibit E

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Attorneys for Plaintiff
UNITED STATES OF AMERICA

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

GREE ELECTRIC APPLIANCES, INC.
OF ZHUHAI, and
HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.,

Defendants.

Case No. CR 21-

STIPULATION REGARDING REQUEST FOR
(1) CONTINUANCE OF TRIAL DATE AND
(2) FINDINGS OF EXCLUDABLE TIME
PERIODS PURSUANT TO SPEEDY TRIAL
ACT; [proposed] ORDER

1 Plaintiff United States of America, by and through its counsel
2 of record, the United States Department of Justice's Consumer
3 Protection Branch and the United States Attorney's Office for the
4 Central District of California (collectively, the "government"), and
5 defendants GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI ("GREE ZHUHAI")
6 and HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD. ("GREE HONG
7 KONG"), both individually and by and through their counsel of record,
8 James M. Koukios and Sophie Cash, hereby stipulate as follows:

9 1. The Information and Deferred Prosecution Agreement in this
10 case were filed on October 26, 2021. The Speedy Trial Act, 18 U.S.C.
11 § 3161, originally required that the trial commence on or before
12 January 4, 2022.

13 2. By this stipulation, the government, GREE ZHUHAI, and GREE
14 HONG KONG move to continue the trial date to October 26, 2024. This
15 is the first request for a continuance of the trial date.

16 3. The government, GREE ZHUHAI, and GREE HONG KONG request the
17 continuance based upon the following facts, which the parties believe
18 demonstrate good cause to support the appropriate findings under the
19 Speedy Trial Act:

20 a. GREE ZHUHAI and GREE HONG KONG are charged with
21 Failure to Furnish Information Required by 15 U.S.C. § 2064(b), in
22 violation of 15 U.S.C. §§ 2068(a)(4) and 2070.

23 b. GREE ZHUHAI and GREE HONG KONG have entered into a
24 Deferred Prosecution Agreement with the government, which was filed
25 on October 26, 2021.

26 c. In light of the foregoing, the parties represent that
27 additional time is necessary for GREE ZHUHAI and GREE HONG KONG to
28

1 demonstrate their compliance with the provisions of the Deferred
2 Prosecution Agreement during the term of the agreement.

3 d. The government, GREE ZHUHAI, and GREE HONG KONG
4 believe that failure to grant the continuance would be likely to make
5 a continuation of the proceeding impossible or result in a
6 miscarriage of justice.

7 e. The requested continuance is not based on congestion
8 of the Court's calendar, lack of diligent preparation on the part of
9 the attorneys for the government or the defense, or failure on the
10 part of the attorneys for the government to obtain available
11 witnesses.

12 4. For purposes of computing the date under the Speedy Trial
13 Act by which GREE ZHUHAI's and GREE HONG KONG's trial must commence,
14 the parties agree that the time period of October 26, 2021 to
15 October 26, 2024, inclusive, should be excluded pursuant to 18 U.S.C.
16 §§ 3161(h)(7)(A), (h)(7)(B)(i), and (h)(7)(B)(iv) because the delay
17 results from a continuance granted by the Court at the government's,
18 GREE ZHUHAI's, and GREE HONG KONG's request on the basis of the
19 Court's finding that: (i) the ends of justice served by the
20 continuance outweigh the best interest of the public and GREE ZHUHAI
21 and GREE HONG KONG in a speedy trial; and (ii) failure to grant the
22 continuance would be likely to make a continuance of the proceeding
23 impossible, or result in a miscarriage of justice.

24 5. In addition, the parties agree that the time period of
25 October 26, 2021 to October 26, 2024, inclusive, should be excluded
26 pursuant to 18 U.S.C. § 3161(h)(2) because the delay constitutes a
27 period during which prosecution is deferred by the attorneys for the
28 government pursuant to a written agreement with GREE ZHUHAI and GREE

HONG KONG, with the approval of the Court, for the purpose of allowing GREE ZHUHAI and GREE HONG KONG to demonstrate their good conduct.

6. Nothing in this stipulation shall preclude a finding that other provisions of the Speedy Trial Act dictate that additional time periods be excluded from the period within which trial must commence. Moreover, the same provisions and/or other provisions of the Speedy Trial Act may in the future authorize the exclusion of additional time periods from the period within which trial must commence.


IT IS SO STIPULATED.

Dated: October 26, 2021 Respectfully submitted,

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF
CALIFORNIA

TRACY L. WILKISON
Acting United States Attorney

SCOTT M. GARRINGER
Assistant U.S. Attorney
Chief, Criminal Division



JOSEPH O. JOHNS
DENNIS MITCHELL *by AAG*
Assistant U.S. Attorneys

Date

10/26/21

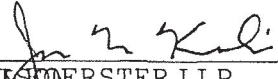
UNITED STATES DEPARTMENT OF JUSTICE
CONSUMER PROTECTION BRANCH

GUSTAV W. EYLER
Director
Consumer Protection Branch


ALLAN GORDUS
NATALIE N. SANDERS
MARYANN N. MCGUIRE
Trial Attorneys

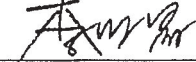
10/26/21
Date

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2
3 I am GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI's attorney. I
4 have carefully discussed every part of this stipulation and the
5 continuance of the trial date with my client. I have fully informed
6 my client of its Speedy Trial rights. To my knowledge, my client
7 understands those rights and agrees to waive them. I believe that my
8 client's decision to give up the right to be brought to trial earlier
9 than October 26, 2024 is an informed and voluntary one.

10
11 
12 MORRISDERSTER LLP
13 JAMES M. KOUKIOS
14 SOPHIA H. CASH
15 Attorneys for Defendant
16 GREE ELECTRIC APPLIANCES, INC. OF
17 ZHUHAI
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10/21/2021
Date

1 I have been authorized by defendant GREE ELECTRIC APPLIANCES,
2 INC. OF ZHUHAI ("GREE ZHUHAI") to enter into this stipulation. I
3 have read this stipulation and have carefully discussed it with GREE
4 ZHUHAI's attorney. I understand GREE ZHUHAI's Speedy Trial rights.
5 On behalf of GREE ZHUHAI, I voluntarily agree to the continuance of
6 the trial date, and give up GREE ZHUHAI's right to be brought to
7 trial earlier than October 26, 2024.

8 
9 NAME: Mingjing Li Date 2021.10.20
10 TITLE: Deputy Director,
11 Legal Department
12 Authorized Representative of
13 Defendant
14 GREE ELECTRIC APPLIANCES, INC. OF
15 ZHUHAI.
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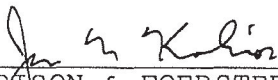
CERTIFICATION OF INTERPRETER

I, [Ling Liu], am fluent in the written and spoken English and Mandarin languages. I accurately translated this entire document from English into Mandarin to defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI on this date.

Ling Liu
INTERPRETER


2021.10.12
Date

1 I am HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD.'s
2 attorney. I have carefully discussed every part of this stipulation
3 and the continuance of the trial date with my client. I have fully
4 informed my client of its Speedy Trial rights. To my knowledge, my
5 client understands those rights and agrees to waive them. I believe
6 that my client's decision to give up the right to be brought to trial
7 earlier than October 26, 2024 is an informed and voluntary one.

8 
9 MORRISON & FOERSTER LLP
10 JAMES M. KOUKIOS
11 SOPHIA H. CASH
12 Attorneys for Defendant
13 HONG KONG GREE ELECTRIC APPLIANCES
14 SALES CO., LTD.

10/21/2021
Date

1 I have been authorized by defendant HONG KONG GREE ELECTRIC
2 APPLIANCES SALES CO., LTD. ("GREE HONG KONG") to enter into this
3 stipulation. I have read this stipulation and have carefully
4 discussed it with GREE HONG KONG's attorney. I understand GREE HONG
5 KONG's Speedy Trial rights. On behalf of GREE HONG KONG, I
6 voluntarily agree to the continuance of the trial date, and give up
7 GREE HONG KONG's right to be brought to trial earlier than October
8 26, 2024.

9
10  _____ 2021.10.20
NAME: Guoqing Gan Date
11 TITLE: Director
12 Authorized Representative of
13 Defendant
14 HONG KONG GREE ELECTRIC APPLIANCES
15 SALES CO., LTD.
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CERTIFICATION OF INTERPRETER

I, [Ling Liu], am fluent in the written and spoken English and Mandarin languages. I accurately translated this entire document from English into Mandarin to defendant HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD. on this date.

<u>Ling Liu</u>	<u>2021.10.12</u>
INTERPRETER	Date

1 TRACY L. WILKISON
Acting United States Attorney
2 SCOTT M. GARRINGER
Assistant United States Attorney
3 Chief, Criminal Division
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16

Attorneys for Plaintiff
17 UNITED STATES OF AMERICA

18 UNITED STATES DISTRICT COURT

19 FOR THE CENTRAL DISTRICT OF CALIFORNIA

20 UNITED STATES OF AMERICA,

21 Plaintiff,

22 v.

23 GREE ELECTRIC APPLIANCES, INC.
OF ZHUHAI, and
24 HONG KONG GREE ELECTRIC
APPLIANCES SALES CO., LTD.,
25

26 Defendants.
27
28

Case No. CR 21-

[proposed] ORDER CONTINUING TRIAL
DATE AND FINDINGS REGARDING
EXCLUDABLE TIME PERIODS PURSUANT
TO SPEEDY TRIAL ACT

1 The Court has read and considered the Stipulation Regarding
2 Request for (1) Continuance of Trial Date and (2) Findings of
3 Excludable Time Periods Pursuant to Speedy Trial Act, filed by the
4 parties in this matter on October 26, 2021. The Court hereby finds
5 that the Stipulation, which this Court incorporates by reference into
6 this Order, demonstrates facts that support a continuance of the
7 trial date in this matter, and provides good cause for a finding of
8 excludable time pursuant to the Speedy Trial Act, 18 U.S.C. § 3161.

9 The Court further finds that: (i) the ends of justice served by
10 the continuance outweigh the best interest of the public and
11 defendants in a speedy trial; (ii) failure to grant the continuance
12 would be likely to make a continuation of the proceeding impossible,
13 or result in a miscarriage of justice; and (iii) pursuant to 18
14 U.S.C. § 3161(h)(2), because the parties have entered into and filed
15 a deferred prosecution agreement and the time period would allow
16 defendants to demonstrate their good conduct.

17 THEREFORE, FOR GOOD CAUSE SHOWN:

18 1. The trial in this matter is continued to October 26, 2024.

19 2. The time period of October 26, 2021 to October 26, 2024,
20 inclusive, is excluded in computing the time within which the trial
21 must commence, pursuant to 18 U.S.C. § 3161(h)(2), (h)(7)(A),
22 (h)(7)(B)(i), and (h)(7)(B)(iv).

23 3. Nothing in this Order shall preclude a finding that other
24 provisions of the Speedy Trial Act dictate that additional time
25 periods are excluded from the period within which trial must
26 commence. Moreover, the same provisions and/or other provisions of
27 the Speedy Trial Act may in the future authorize the exclusion of
28

1 additional time periods from the period within which trial must
2 commence.

3 IT IS SO ORDERED.

4
5 _____
6 DATE

_____ HONORABLE
UNITED STATES DISTRICT JUDGE

7
8 Presented by:

9 _____
10 /s/
JOSEPH O. JOHNS
DENNIS MITCHELL
Assistant United States Attorneys