

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the “Agreement”) is between the Center for Environmental Health (“CEH”) and Triple 7 Global, Inc. (“Triple 7”) (together, the “Parties”).

1. INTRODUCTION

1.1. On November 19, 2012, CEH, a non-profit corporation acting in the public interest, served a 60-Day Notice of Violation of Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5, *et seq.*) (the “Notice”) to Triple 7, the California Attorney General, the District Attorneys of every county in California, and the City Attorneys of every California city with a population greater than 750,000. The Notice alleges that Triple 7 violated Proposition 65 by exposing persons to lead and lead compounds (collectively, “Lead”) contained in wallets, handbags, purses, and clutches without first providing a clear and reasonable warning to such persons regarding the carcinogenic or reproductive toxicity of Lead.

1.2. The Parties enter into this Agreement for the purpose of avoiding prolonged and costly litigation regarding Covered Products manufactured, distributed, and/or sold by Triple 7. By executing this Agreement, the Parties do not admit any facts or conclusions of law. Nothing in this Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance with the Agreement constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in this or any other or future legal proceedings.

2. DEFINITIONS

2.1. “Covered Products” means wallets, handbags, purses, and clutches made with

leather, vinyl, or imitation leather materials that are Manufactured, distributed, sold, or offered for sale by Triple 7.

2.2. “Lead Limits” means the maximum concentrations of lead and lead compounds by weight specified in Section 3.2.

2.3. “Manufactured” and “Manufactures” means to manufacture, produce, or assemble.

2.4. “Paint or other Surface Coatings” means a fluid, semi-fluid, or other material, with or without a suspension of finely divided coloring matter, which changes to a solid film when a thin layer is applied to a metal, wood, stone, paper, leather, cloth, plastic, or other surface. This term does not include printing inks or those materials which actually become a part of the substrate, such as the pigment in a plastic article, or those materials which are actually bonded to the substrate, such as by electroplating or ceramic glazing.

2.5. “Supplier” means a person or entity that Manufactures, imports, distributes, or supplies a Covered Product to Triple 7.

3. INJUNCTIVE RELIEF

3.1. Specification Compliance Date. To the extent it has not already done so, no more than thirty (30) days after execution of this Agreement, Triple 7 shall provide the Lead Limits to its Suppliers of Covered Products and shall instruct each Supplier to use reasonable efforts to provide Covered Products that comply with the Lead Limits on a nationwide basis.

3.2. Lead Limits. Upon execution of this Agreement, Triple 7 shall not purchase, import, Manufacture, or supply to an unaffiliated third party any Covered Product that will be sold or offered for sale to California consumers that exceeds the following Lead Limits:

3.2.1. Paint or other Surface Coatings on Accessible Components: 90 parts per million (“ppm”).

3.2.2. Polyvinyl chloride (“PVC”) Accessible Components: 200 ppm.

3.2.3 All other Accessible Components other than cubic zirconia (sometimes called cubic zirconium, CZ), crystal, glass, or rhinestones: 300 ppm.

3.3. Warnings for Covered Products.

3.3.1 **Warning Option.** A Covered Product purchased, imported, Manufactured or sold or offered for sale by Triple 7 may, as an alternative to meeting the Lead Limits, be sold or offered for retail sale in California with a Clear and Reasonable Warning that complies with the provisions of Section 3.3.2. A Clear and Reasonable Warning may only be provided for Covered Products that Triple 7 reasonably believes do not meet the Lead Limits. Notwithstanding this Section 3.3, Triple 7 shall utilize good faith efforts to achieve reformulation of the Covered Products to reduce the Lead levels of such Covered Products as soon as possible.

3.3.2 **Proposition 65 Warnings.** A Clear and Reasonable Warning under this Consent Judgment shall state either:

WARNING: This product contains a chemical known to the State of California to cause birth defects or other reproductive harm.

Or

WARNING: This product contains a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

A Clear and Reasonable Warning shall not be preceded by, surrounded by, or include any additional words or phrases that contradict, obfuscate or otherwise undermine the warning. For internet, catalog or any other sale where the consumer is not physically present and cannot see a

warning displayed on the Covered Product or the packaging of the Covered Product prior to purchase or payment, the warning statement shall be displayed in such a manner that it is likely to be read and understood prior to the authorization of or actual payment. For internet sales, the warning statement shall: (a) be displayed before a consumer commits to purchasing the Covered Product and without the need for the consumer to follow any additional hyperlinks beyond those required as part of the ordinary purchasing process; (b) be set out in a text, box on a separate line or in a separate paragraph; (c) be displayed in a font size in which the smallest character is no less than the equivalent of the height of the equivalent characters in 12 point arial font; and (d) be displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual. The warning statement shall not be preceded, followed, or surrounded by words, symbols, or other matter that reduces its conspicuousness to an ordinary individual, or that qualifies or interprets the required text, such as “legal notice required by law.”

3.4. Action Regarding Specific Products.

3.4.1. Upon execution of this Agreement, Triple 7 shall either cease selling the following products or only sell them with a Clear and Reasonable Warning that complies with Section 3.3.2 above:

- (i) Street Level Folded Flap Clutch in Yellow, SKU No. 25729, Style No. 1000;
- (ii) Love Culture Purse in Mustard, SKU No. 1039522271, Style No. 4066 Mustard;
- (iii) Street Level Handbag in Yellow with Gold Chain, Style No. 4063 Yellow;
- (iv) Street Level Studded Crossbody Purse in Orange, SKU No. 0-10004-71670-8, Style No. 4157 Orange;
- (v) Street Level Clutch in Salmon, SKU No. 5-10005-08742-5, Style No. 4518 Salmon;

- (vi) Street Level Burnt Ocher Perforated Shopper Handbag in Brown, SKU No. 198795, Style No. 5413 Brown;
- (vii) Street Level Reversible Handbag in Tan & Navy, SKU No. 4-10009-20849-7, Style No. 4441;
- (viii) Street Level Tri-Colored Crossbody Clutch in Yellow & Orange, SKU No. 4-10009-24848-6, Style No. 2841;
- (ix) Love Culture Dear Darling Clutch in Brown, SKU No. 1043815041, Style No. 2382 Brown;
- (x) Free People Convertible Vegan Crossbody Handbag in Brown, SKU No. 32459653, Item No. 0032459653, Style No. 32459539; and
- (xi) Street Level Purse with Fringe in Brown, SKU No. 4-10009-25683-2

(the “Recall Covered Products”) to customers who sell or offer for sale the Recall Covered Products to California consumers. Upon execution of this Agreement, to the extent Triple 7 does not provide a Clear and Reasonable Warning in compliance with Section 3.3.2 as to any of the Recalled Products, Triple 7 shall also: (i) cease shipping that Recall Covered Product to any of its customers that resell that Recall Covered Product in California; and (ii) send instructions to its customers that resell that Recall Covered Product in California instructing them to either (a) return all such Recall Covered Products to Triple 7 for destruction; or (b) directly destroy such Recall Covered Products.

3.4.2. Any destruction of the Recall Covered Products shall be in compliance with all applicable laws.

3.4.3. Within sixty (60) days of execution of this Agreement, Triple 7 shall provide CEH with written certification from Triple 7 confirming compliance with the requirements of this Section 3.4.

4. SETTLEMENT PAYMENTS

4.1. In consideration of the mutual covenants and releases provided in this Agreement, Triple 7 shall pay a total of \$60,000 as a settlement payment. This total payment shall be made in three installments according to the following schedule: (a) on or before November 1, 2015, Defendant shall pay \$20,000 as a settlement payment; (b) on or before December 21, 2015, Defendant shall pay \$20,000 as a settlement payment; and (c) on or before January 20, 2016, Defendant shall pay \$20,000 as a settlement payment. Each of these payments shall be paid in three separate checks delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117, and shall be made payable and allocated as set forth below. Any failure by Triple 7 to comply with the payment terms herein shall be subject to a stipulated late fee in the amount of \$100 for each day after the delivery date the payment is received. The late fees required under this Section shall be recoverable, together with reasonable attorneys' fees, in an enforcement proceeding brought pursuant to Section 6 of this Consent Judgment. The total settlement amount shall be made payable and allocated as follows:

4.2. Civil Penalty. Triple 7 shall pay the sum of \$7,930 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). The civil penalty payment shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). \$2,640 of this amount shall be included with the first payment due on November 1, 2015, \$2,640 of this amount shall be included with the second payment due on December 21, 2015, and \$2,650 of this amount shall be included with the third payment due on January 20, 2016. Each penalty check shall be made payable to the Center for Environmental Health.

4.3. Payment in Lieu of Civil Penalty. Triple 7 shall pay \$11,900 as payment to CEH in lieu of civil penalty pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11 § 3203(b). CEH will use such funds to continue its work educating and protecting people from exposures to toxic chemicals, including heavy metals. In addition, as part of its *Community Environmental Action and Justice Fund*, CEH will use four percent (4%) of such funds to award grants to grassroots environmental justice groups working to educate and protect people from exposures to toxic chemicals. The method of selection of such groups can be found at the CEH web site at www.ceh.org/justicefund. \$3,970 of this amount shall be included with the first payment due on November 1, 2015, \$3,970 of this amount shall be included with the second payment due on December 21, 2015, and \$3,960 of this amount shall be included with the third payment due on January 20, 2016. Each payment in lieu of penalty check shall be made payable to the Center for Environmental Health.

4.4. Attorneys' Fees and Costs. Triple 7 shall pay \$40,170 to reimburse CEH and its attorneys for their reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating the alleged violations, bringing this matter to Triple 7's attention, and negotiating a settlement in the public interest. \$13,390 of this amount shall be included with the first payment due on November 1, 2015, \$13,390 of this amount shall be included with the second payment due on December 21, 2015, and \$13,390 of this amount shall be included with the third payment due on January 20, 2016. Each check issued pursuant to this section shall be made payable to the Lexington Law Group.

5. MODIFICATION OF SETTLEMENT AGREEMENT

5.1. This Agreement may be modified only by written agreement of the Parties.

6. ENFORCEMENT OF SETTLEMENT AGREEMENT

6.1. The Parties agree that any action based on a violation of this Agreement shall be brought in the Superior Court of California in Alameda County. For purposes of this Agreement, notwithstanding Section 1.2 above, the Parties agree that the Superior Court of California in Alameda County has subject matter jurisdiction over any disputes arising from this Agreement and personal jurisdiction over each of the Parties, and that venue is proper in the County of Alameda. Should a party to this Agreement prevail on any action to enforce the terms of this Agreement, it shall be entitled to reasonable attorneys' fees and costs associated with such enforcement.

6.2. Enforcement Procedures. Prior to bringing any action to enforce the terms of this Agreement, a Party seeking to enforce shall provide the violating Party thirty (30) days advanced written notice of its intent to enforce the alleged violation. The Parties shall meet and confer during such thirty (30) day period in an effort to try to reach agreement on an appropriate cure for the alleged violation. After such thirty (30) day period, the Party seeking to enforce may, by new action before the Superior Court of California in Alameda County, seek to enforce the terms and conditions contained in this Agreement.

7. APPLICATION OF SETTLEMENT AGREEMENT

7.1. This Agreement shall apply to and be binding upon the Parties hereto, their divisions, subdivisions, and subsidiaries, and the successors or assigns of any of them.

8. CLAIMS COVERED

8.1. To the extent that Triple 7 has complied with all of its obligations under Section 4 hereof and except as otherwise provided herein, CEH hereby releases and discharges Triple 7 with respect to any violation of Proposition 65 (or any other claim related to failure to warn

about exposures to Lead in the Covered Products) that was or could have been asserted against Triple 7, or its parents, subsidiaries, directors, officers, employees, agents, and all entities to whom they distribute or sell Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees, regarding the failure to warn about exposures to Lead arising in connection with Covered Products manufactured, distributed, or sold by Triple 7 on or before the execution of this Agreement.

8.2. Compliance with the terms of this Agreement by Triple 7 constitutes compliance by Triple 7 with Proposition 65 for purposes of exposures to Lead from the Covered Products.

9. SPECIFIC PERFORMANCE

9.1. The Parties expressly recognize that Triple 7's obligations under this Agreement are unique. In the event that Triple 7 is found to be in breach of this Agreement for failure to comply with the provisions of Section 3 hereto, the Parties agree that it would be extremely impracticable to measure any resulting damages and that such breach would cause irreparable damage. Accordingly, CEH, in addition to any other available rights or remedies, may sue in equity for specific performance, and Triple 7 expressly waives the defense that a remedy in damages will be adequate.

10. GOVERNING LAW

10.1. The terms of this Agreement shall be governed by the laws of the State of California.

11. PROVISION OF NOTICE

11.1. All notices required pursuant to this Agreement and correspondence shall be sent by first class and electronic mail to the following:

For CEH:

Howard Hirsch
Lexington Law Group
503 Divisadero Street
San Francisco, CA 94117
hhirsch@lexlawgroup.com

For Triple 7:

Jaehong Choi
Law Offices of Jaehong Choi
20955 Pathfinder Road, Suite 100
Diamond Bar, CA 91765
jaehongchoi@hotmail.com

12. ENTIRE AGREEMENT

12.1. This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto only to the extent that they are expressly incorporated herein. No supplementation, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

13. NO EFFECT ON OTHER SETTLEMENTS

13.1. Nothing in this Agreement shall preclude CEH from resolving any claim against any entity that is not Triple 7 on terms that are different from those contained in this Agreement.

14. EXECUTION IN COUNTERPARTS

14.1. The stipulations to this Agreement may be executed in counterparts by electronic mail, which taken together shall be deemed to constitute one document.

15. AUTHORIZATION

15.1. Each signatory to this Agreement certifies that he or she is fully authorized by the party he or she represents to stipulate to this Agreement and to enter into and execute the Agreement on behalf of the party represented and legally bind that party. The undersigned have read, understand, and agree to all of the terms and conditions of this Agreement. Except as explicitly provided herein, each party is to bear its own fees and costs.

AGREED TO:

CENTER FOR ENVIRONMENTAL HEALTH



Charlie Pizarro
Associate Director

Dated: 23 Oct 2015

TRIPLE 7 GLOBAL, INC.



Signature

Dated: 10/27/15

PETER KIM

Printed Name

PRESIDENT

Title