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October 4, 2013

VIA FEDEX


Jeffrey M. Judd
Judd Law Group LLP
222 Sutter Street, Suite 600
San Francisco, CA 94108

Re: Prop 65 Notice of Violation Issued to NYX Los Angeles, Inc.

Dear Mr. Judd:

Please find enclosed an executed copy of the settlement agreement regarding the Prop 65 Notice of Violation issued to NYX Los Angeles, Inc. by your office and the monetary payment associated with such settlement. Upon receipt, please send me a fully executed copy of the agreement at your earliest convenience. Please let me know if you have any questions. Thank you.

Very truly yours,



Collie F. James, IV

CFJ:kr
Enclosures

RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (this "Agreement") is entered as of this 2nd day of October ~~September~~ 2013 (the "Effective Date") by and between THE PUBLIC INTEREST ALLIANCE LLC, a California limited liability company ("PIA"), and NYX LOS ANGELES, INC. ("NYX").

THE PARTIES ENTER THIS AGREEMENT on the basis of the following facts, understandings, and intentions:

A. The Public Interest Alliance LLC is a California limited liability company whose mission is to improve human health, preserve the natural environment, and promote compliance with environmental and consumer disclosure laws.

B. On or around June 22, 2013, PIA served a 60-Day Notice of Violation of Proposition 65 re: Titanium Dioxide (airborne, unbound particles of respirable size) on NYX (the "NOV"). Among other things, PIA alleged in the NOV that NYX had exposed California consumers to Titanium Dioxide (airborne, unbound particles of respirable size) through the sale and use of NYX Loose Face Powders (the "Noticed Products").

C. Titanium Dioxide was added to California's Proposition 65 list on September 2, 2011, and compliance with Proposition 65's notice requirements became effective as of September 2, 2012.

D. NYX produced a single line of loose face powders in multiple colors that fall within the definition of Noticed Products provided in the NOV. This line of Noticed Products was discontinued in July 2012. After discontinuation of the line, NYX fulfilled certain pending orders for the product. All sales of the product in California ceased as of June 2013. During this time, 2,695 units of the Notice Product were sold in California, constituting total revenue of \$14,293. NYX is not aware of any retailer or other seller in California still selling any Noticed Product in California.

E. Prior to expiration of the 60-day notice period, and before PIA filed an action, NYX expressed to PIA, through their respective counsel that it was interested in settling the

claims alleged in the NOV outside the context of a lawsuit, with the understanding that such settlement would only resolve PIA's claims against NYX with respect to the Noticed Products, and that this Agreement would not preclude another person from suing NYX in the public interest for any or all claims alleged in the NOV pertaining to the Noticed Products.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. Settlement Payment. For and in consideration of the payment of Seven Thousand Five Hundred and No/100 Dollars (\$7,500.00) (the "Settlement Payment"), the parties hereby agree that all claims asserted by PIA against NYX in the NOV will be fully settled and resolved. Payment shall be made within five (5) business days after the Effective Date by check or wire transfer to a Judd Law Group LLP bank account.

2. NYX's Covenants in Lieu of Injunction. NYX hereby covenants and agrees as follows:

a. *Reformulation Covenant.* NYX no longer distributes, sells, or offers to sell to California consumers the Noticed Products identified on Exhibit A, attached hereto and by this reference incorporated herein. NYX will not distribute, sell, or offer to sell to California consumers the Noticed Products in the future, unless and until such Noticed Products have been reformulated by deleting Titanium Dioxide as an ingredient of such Noticed Products or otherwise are made to comply with Proposition 65.

b. *Noticed Products No Longer in NYX's Control.* NYX is not aware of any Noticed Products currently being sold in California by any third party. In the event NYX discovers that the Notice Products are being sold in California, NYX will send a written notice, electronic or otherwise ("Prop 65 Notice") to any such California store or entity. The Prop 65 Notice shall advise the recipient that the Noticed Products "contain Titanium Dioxide, which upon use may expose consumers to Titanium Dioxide (airborne, unbound particles of respirable size), a chemical known to the State of California to cause cancer," and request that the recipient destroy or return to NYX (or another party that NYX has designated) all units of the Noticed Products. The Prop 65 Notice shall require a response from the recipient within twenty (20) days



confirming whether the Noticed Products will be returned or destroyed. NYX shall maintain records of all correspondence and other communications generated pursuant to this paragraph for two (2) years after the Effective Date and shall promptly produce copies of such records after PIA's written request.

c. *Current Inventory.* Commencing on the Effective Date, NYX shall not sell or otherwise distribute any Noticed Products in California or to a California consumer unless such product (i) has been certified by the vendor to have been reformulated as provided in Paragraph 2.a above or (ii) contains a clear and reasonable warning as provided in Paragraph 2.d below.

d. *Noticed Product Warnings.*

i. **Product Labeling.** Any warning provided under this Agreement shall be (a) affixed to any invoice or shipping document delivered with the Noticed Product, (b) affixed to the Noticed Product itself in immediate proximity to any marketing, ownership, or pricing tags or labels or, if none, to a surface of the product that would be readily visible to a purchaser or user upon inspection or use of the Noticed Product. Each warning shall be of such size, color, and font, and shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which specific Noticed Product the warning applies, so as to minimize the risk of consumer confusion. A warning provided pursuant to this Agreement shall state:

WARNING: This product contains Titanium Dioxide, which when used may expose the consumer to Titanium dioxide (airborne, unbound particles of respirable size), a chemical known to the State of California to cause cancer.

ii. **Internet Website Warning.** A warning shall be given in conjunction with any sale of the Noticed Products to California residents via the internet, which warning shall appear on each product display page and on a link prominently displayed on a checkout page, which link must be accessed by the purchaser prior to completion of the checkout process, along with electronic confirmation of the purchaser's review of the link. The following warning shall

be used and shall appear in the same type size or larger than the text of the Noticed Product description:

WARNING: This product contains Titanium Dioxide, which when used may expose the consumer to Titanium dioxide (airborne, unbound particles of respirable size), a chemical known to the State of California to cause cancer.

3. Releases.

a. *PIA's Release of NYX.* PIA acting on its own behalf releases NYX and each of its shareholders, members, heirs, successors, predecessors, assigns, conservators, directors, officers, employees, representatives, subsidiaries, parent companies, affiliates, agents, partners, joint venturers, insurers, attorneys, and sureties, if any, and each entity to whom NYX directly or indirectly distributed or sold Noticed Products, including, but not limited to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), from any and all claims, for violations of Proposition 65 through the Effective Date based on unwarned exposures to Titanium Dioxide (airborne, unbound particles of respirable size) (hereafter, "TiO₂") from the Noticed Products, as set forth in the NOV. Compliance with the terms of this Agreement constitutes compliance with Proposition 65 with respect to exposures to TiO₂ from the Noticed Products, as set forth in the NOV. PIA's release shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities, and demands of PIA of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to TiO₂ in the Noticed Products manufactured, imported, distributed, or sold by NYX prior to the Effective Date. NYX further understands and agrees that this Paragraph 3.a release shall not extend upstream to any entities. Nothing in this Paragraph 3.a shall affect PIA's rights to commence or prosecute an action under Proposition 65 against a Releasee that does not involve a Noticed Product. The foregoing releases are expressly conditioned on the following:

i. Confirmation of receipt of funds in the amount of the Settlement Payment in a Judd Law Group LLP bank account; and



ii. Performance of the covenants described in Paragraph 2.a through 2.d, above.

iii. Certification by a duly authorized officer of NYX, in the form attached hereto as Exhibit B, to the following facts: (a) During the time between September 2, 2012, and June 22, 2013, NYX Los Angeles, Inc. ("NYX") sold 2,695 units of the Noticed Products, for which it received total revenues of \$14,293; and (b) As of the Effective Date, NYX no longer distributes, sells, or offers to sell to California consumers the Noticed Products.

b. *NYX's Release of PIA.* NYX, on behalf of itself, its past and current shareholders, members, heirs, successors, predecessors, assigns, conservators, directors, officers, employees, representatives, subsidiaries, parent companies, affiliates, agents, partners, joint venturers, insurers, attorneys, and sureties, if any, hereby waives, releases and forever discharges any and all claims against PIA and its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by PIA and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Noticed Products.

4. Waiver. This is a full and final Release applying to all unknown and unanticipated injuries or damages relating to or arising out of the claims alleged in the NOV, as well as those now known, whether or not disclosed, pertaining to or arising from the Noticed Products, and PIA and NYX do hereby relinquish and waive all rights or benefits conferred upon them by the provisions of Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

5. No Admission of Liability. PIA understands the liability alleged in the NOV is disputed by NYX herein released; that this Agreement is a compromise and shall not be construed as an admission of liability, and NYX expressly denies the material factual and legal allegations contained in the NOV or related thereto, and maintains that all products it has manufactured,

imported, distributed, and/or sold in California, including the Noticed Products, have been and are in compliance with all laws.

6. Warranties.

a. *PIA.* PIA warrants and represents that PIA is competent to give this complete Release, and has fully authorized the signatory below to give this complete release and discharge on PIA's behalf.

b. *NYX.*

i. *Due Authority.* NYX warrants and represents that NYX is competent to give this complete Release, and has fully authorized the signatory below to give this complete release and discharge on NYX's behalf.

ii. *Accuracy of Information Provided to PIA.* NYX warrants and represents that the information provided to PIA regarding the sales volume of Noticed Products during the period between September 2, 2012, and the Effective Date (the "Relevant Time Period") is, to NYX's best knowledge, complete and accurate.

7. Attorneys' Fees. PIA and NYX each acknowledge and agree that each will bear its own costs, expenses and attorneys' fees arising out of and/or connected with the NOV, and the negotiation, drafting and execution of this Agreement.

8. Notices. Unless otherwise specified in this Agreement, all correspondence and notices required to be provided under this Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class registered or certified mail, return receipt requested; or (c) overnight courier to any party by the other party at to the following addresses:

To PIA: Jeffrey M. Judd
Judd Law Group LLP
222 Sutter Street, Suite 600
San Francisco, CA 94108

To NYX Mr. Scott Friedman
NYX, Los Angeles, Inc.
2230 S. Tubeway Ave.
Commerce, CA 90040

A handwritten signature or set of initials, possibly "SO", written in dark ink in the bottom right corner of the page.

With a copy to: Mr. Collie F. James
Morgan, Lewis & Bockius, LLP
5 Park Plaza, Suite 1750
Irvine, CA 92614-3508

From time to time, any Party may specify in writing to the other a change of address to which all notices and other communications shall be sent.

9. Construction of Agreement. This Agreement is the product of negotiation and preparation by and between PIA and NYX and their respective attorneys; and that, therefore, PIA and NYX each expressly acknowledge and agree that this Agreement shall not be deemed prepared or drafted by one party or the other, or by either party's respective attorneys, and will be construed accordingly.

10. Governing Law. This Agreement shall be interpreted in accordance with and governed in all respects by the laws of the State of California.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of PIA and NYX and each party's respective spouses, heirs, members, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, partners, partnerships, parents, subsidiaries, attorneys, affiliated and related entities, officers, directors, principals, shareholders, agents, employees, servants, representatives, and all persons, firms, associations, and/or corporations connected with them, including without limitation, their insurers and sureties.

12. Severability. If any provision of this Agreement is for any reason held invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.

13. Modification. This Agreement may be amended or modified only by a written agreement duly executed by PIA and NYX at the time of such amendment or modification.

14. Headings. The paragraph headings are solely for the convenience of the parties and shall not be utilized in the construction of any of the terms of this Agreement.

15. Miscellaneous.

a. *Entire Agreement.* This Agreement contains the entire agreement between PIA and NYX. PIA and NYX each warrants and represents that no promise or inducement has been



offered or received, except as herein recited for the releases of PIA and NYX recited to be released herein, and PIA and NYX further warrant that this Release and Settlement Agreement is executed without reliance on any statement or representation by PIA or NYX, persons or entities recited to be released herein, or any of their representatives, attorneys, investigators, agents, experts, consultants, adjusters or insurers, concerning the nature and extent of the damages which may have been sustained, if at all, or concerning the rights of PIA and NYX, or of the legal liability therefore, or the rights, duties or obligations of any party, person or entity recited to be released herein.

b. *Consultation With Attorneys.* PIA and NYX each acknowledge and warrant that each has consulted at length in this matter with his, her, or its attorney, and each warrants that he, she, or it executes this Agreement pursuant to said agreement, and with the advice of his, her, or its attorney that he, she, or it do so.

c. *No Fraud, Duress, or Undue Influence.* PIA and NYX each further warrant that he, she, or it executes this Release and Settlement Agreement freely, voluntarily and without fraud, duress or undue influence.

d. *Signatories.* Signatories on the behalf of the parties represent that they are authorized to bind the parties to this Agreement.

e. *Counterparts.* This Release and Settlement Agreement may be signed in counterparts and a facsimile signature shall have the same force and effect as an original signature.

16. Covenant Not to Sue. PIA and NYX agree that he, she, or it will not file, or permit to be filed, in his, her, or its name or on his, her, or its behalf any lawsuit based on any of the matters released herein. This Release and Settlement Agreement may be pled as a full and complete defense of any action, proceeding or claim, or as a basis for abatement of or injunction against such action.

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

A handwritten signature in black ink, appearing to be the initials 'SD' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE PUBLIC INTEREST ALLIANCE LLC

Dated: _____, 2013

By:
Title: Managing Member

NYX, LOS ANGELES, LLC

Dated: 10/2, 2013

Scott Friedman
By: SCOTT FRIEDMAN
Title: CEO

Approved as to form:

JUDD LAW GROUP LLP

By Jeffrey M. Judd

Dated: _____, 2013

MORGAN, LEWIS & BOCKIUS, LLP

By _____

Dated: _____, 2013

**EXHIBIT A
NOTICED PRODUCTS**

NYX Loose Face Powders

(List SKU Nos.)

EXHIBIT B

FORM OF CERTIFICATION

The undersigned, having been duly authorized to make this Certification on behalf of NYX Los Angeles, Inc. ("NYX"), and after reasonable inquiry and diligent search, certifies that to NYX's best knowledge, the following facts are true, correct, and complete: (a) during the period between September 2, 2012 and June 22, 2013, NYX sold 2,695 units of NYX Loose Face Powders in multiple colors (the "Noticed Product"), for which it received total revenues of approximately \$14,293; and (b) As of September 20, 2013, NYX no longer distributes, sells, or offers to sell to California Consumers the Noticed Product.

Signed this 2nd day of October 2013, in Commerce, California, under penalty of perjury under the laws of the State of California.

NYX LOS ANGELES, INC.

By: Scott Friedman
Name: SCOTT FRIEDMAN
Title: CEO