

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Whitney R. Leeman, Ph.D. (“Leeman”) and Catalyst Marketing, Inc. (“Catalyst”), with Leeman and Catalyst each individually referred to as a “Party” and collectively as the “Parties.” Leeman is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating hazardous substances used in consumer products. Leeman alleges that Catalyst employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Leeman alleges that Catalyst manufactures, sells, and/or distributes for sale in California, vinyl/PVC journal covers containing di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical known to cause birth defects or other reproductive harm. Leeman alleges that Catalyst failed to provide the health hazard warning allegedly required by Proposition 65 for exposures to DEHP from its vinyl/PVC journal covers.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as vinyl/PVC journal covers containing DEHP, specifically limited to the *Starbucks Journal*, UPC #0 12000 04247 8, manufactured, sold or distributed for sale in California by Catalyst (“Products”).

1.4 Notice of Violation

On or about April 30, 2014, Leeman served Catalyst, Starbucks Corporation, and certain requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that Catalyst violated Proposition 65 when it failed to warn its customers and consumers in California that its Products expose users to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Catalyst denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has sold and distributed in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Catalyst of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Catalyst of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Catalyst. However, this Section shall not diminish or otherwise affect Catalyst’s obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean October 1, 2015.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Commitment

On or before the Effective Date and continuing thereafter, Catalyst agrees to only manufacture for sale or purchase for sale in or into California, “Reformulated Products”. For purposes of this Settlement Agreement, “Reformulated Products” are Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies

3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining DEHP content in a solid substance.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this settlement Agreement, Catalyst agrees to pay a civil penalty of \$5,000 which shall be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount paid to Leeman. On or before the Effective Date, Catalyst will provide its payment in two checks for the following amounts made payable to: (a) “OEHHA” in the amount of \$3,750; and (b) “Whitney R. Leeman, Ph.D., Client Trust Account” in the amount of \$1,250.

3.2 Attorneys’ Fees and Costs

The Parties reached an accord on the compensation due to Leeman and her counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Under these legal principles, Catalyst agrees to pay \$27,000 to Leeman and her counsel for all fees and costs incurred investigating, bringing this matter to the attention of Catalyst’s management, and negotiating a settlement in the public interest. Catalyst’s payment shall be due on the Effective Date, and delivered to the address in Section 3.3 in the form of a check payable to “The Chanler Group.”

3.3 Payment Address

All payments required by this Settlement Agreement shall be delivered to the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. CLAIMS COVERED AND RELEASED

4.1 Leeman's Release of Catalyst

This Settlement Agreement is a full, final and binding resolution between Leeman, as an individual and not on behalf of the public, and Catalyst, of any violation of Proposition 65 that was or could have been asserted by Leeman, on behalf of herself, or on behalf of her past and current agents, representatives, attorneys, successors, and/or assignees ("Releasers"), and Releasers hereby release any such claims, against Catalyst, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Catalyst directly or indirectly distributes or sells Products, including but not limited to downstream retailers, including Starbucks Corporation, franchisees, cooperative members, licensors, and licensees ("Releasees"), based on the failure to warn about alleged exposures to DEHP contained in Products manufactured, distributed, sold or offered for sale by Catalyst in California before the Effective Date.

In further consideration of the promises and agreements herein contained, Leeman, on her own behalf, and on behalf of her past and current agents, representatives, attorneys, successors, and/or assignees, hereby covenants not to sue and waives any right to institute or participate in, directly or indirectly, any form of legal action and releases all claims that she may have, including, without limitation, all actions and causes of action in law and in equity, all suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses including, but not exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to Products manufactured, distributed, sold and/or offered for sale by Catalyst before the date that this Settlement Agreement is fully executed by the Parties.

4.2 Catalyst's Release of Leeman

Catalyst, on its own behalf, and on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Leeman and her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Leeman and her attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

5. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

6. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or otherwise rendered inapplicable by reason of law generally, as to Catalyst specifically as a result of a statutory exemption, or as to the Products, then Catalyst may provide written notice to Leeman of any asserted change in the law, or its applicability to Catalyst or the Products, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, Catalyst or the Products are so affected.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Catalyst:

Tom Havens, President
Catalyst Marketing, Inc.
192 Nickerson Street, Suite 200
Seattle, WA 98109

For Leeman:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

with copy to Catalyst's counsel:

Emilia L. Sweeney
Carney Badley Spellman, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104

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

8. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Leeman and her attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

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

11. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

Date: 8/14/15

By: 
WHITNEY R. LEEMAN, Ph.D.

AGREED TO:

Date: 8/19/15

By: 
Tom Havens, President
CATALYST MARKETING, INC.

