

**SETTLEMENT AGREEMENT**

**BETWEEN**

**SHEFA LMV, LLC**

**AND**

**NEOGEN CORPORATION**

Shefa LMV, LLC ("Shefa") and Neogen Corporation (hereto referred to as "Neogen"), (Shefa and Neogen collectively referred to as, the "Parties") enter into this agreement ("Settlement Agreement") for the purpose of avoiding prolonged and costly litigation to settle Shefa's allegations that Neogen violated Proposition 65. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the "Effective Date").

**1.0 Introduction**

1.1 Shefa is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 Neogen previously sold, at various times, Liquid Soaps and Shampoos, including but not limited to Squires Shampoo 1 gallon, Label UPC #: 726087791364, Case Label UPC#: 10726087791361 and Professional Equine Shampoo 32 oz., Label UPC#: 726087789002, Case Label UPC#: 10726087789009 (referred to throughout as the "Covered Products").

1.3 The Covered Products are limited to those sold by Neogen only.

1.4 Shefa alleges that Covered Products contain Cocamide Diethanolamine ("Cocamide DEA") and that Neogen did not provide a required warning in compliance with the

California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code* § 25249.5, *et seq.* ("Proposition 65")).

1.5 On June 22, 2012, the Governor of California added Cocamide DEA to the list of chemicals known to the State to cause cancer.

1.6 These additions took place more than twelve (12) months before Shefa served its "Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" which is further described below.

1.7 Cocamide DEA is referred to hereafter as the "Listed Chemical".

1.8 On or about July 11, 2014, Shefa served Neogen, along with Amazon.com, Inc.; Televisa Consumer Products USA, LLC; Genomma Lab Internacional; Innovative Beauty Products; Lakeview Laboratories Inc.; ACM Global LLC; PHYSICIAN LABORATORIES INC.; Earth Therapeutics Ltd.; Essential beauty by RCS; Walgreen Co.; Fapia Cosmetics srl; Fapia Cosmetics srl. c/o Lenco Beauty; Bella Moi; CROWN LABORATORIES, INC.; Rite Way Medical; Betty Beauty, Inc.; American International Industries; Lautus Pharmaceuticals, LLC.; BioZone Laboratories Inc.; Summers Laboratories, Inc.; H2K of Harrogate; Dr. Miracles LLC; Chambers Sales; Laboratoires Colba Inc.; Imperial Distributors, Inc.; Qod Cosmetic USA; AVEYOU Beauty Boutique; Foal, LLC; and various other parties, as well as certain relevant public enforcement agencies with documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" regarding Covered Products containing the Listed Chemical.

1.9 The Sixty-Day Notice (referred to as "Notice") alleged that Neogen and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

1.10 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute").

1.11 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine.

1.12 Nothing in this Settlement Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law.

1.13 Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by Neogen, its officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum.

1.14 Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that Shefa or Neogen may have against one another in any other pending legal proceeding as to allegations unrelated to the Dispute or claims released herein.

## **2.0 Release**

2.1 This Settlement Agreement is a full, final, and binding resolution between Shefa, acting in its individual capacity, and not its representative capacity, on the one hand, and (a) Neogen, and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and

assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees ("Downstream Releasees"), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date.

2.2 The Covered Products are limited to those sold by Neogen.

2.3 Shefa, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products all rights to institute or participate in, directly or indirectly, any form of legal action, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in respect of any Covered Products sold up to the Effective Date, including without limitation to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

2.4 Shefa acknowledges that it is familiar with Section 1542 of Civil Code, which provides as follows:

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

Shefa, its past and current agents, representatives, attorneys, successors, and/or assignees, in its individual and not representative capacity, expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

### **3.0 Neogen's Duties**

3.1 Neogen agrees, promises, and represents that within thirty (30) days after the Effective Date, Neogen shall reformulate any Covered Products manufactured after the Effective Date and offered for sale in California to exclude Cocamide DEA in the Covered Products.

3.2 Neogen agrees, promises, and represents that, as of the Effective Date, to the extent it ships or sells into California any Covered Products in existing inventory that have not been reformulated, it will provide warnings on such Covered Products that comply with Proposition 65.

3.3 The warnings shall be provided in such a conspicuously and prominent manner that will assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase.

3.4 The Parties agree that product labeling stating that "**WARNING: This product contains chemicals known to the State of California to cause cancer**" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for any Covered Products in existing inventory that had not been reformulated and were distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

#### 4.0 **Payments**

4.1 Neogen agrees, to pay a total of thirteen thousand fifty dollars (\$13,050.00) within ten (10) days of the Effective Date by separate checks apportioned as follows:

4.1.1 **Attorneys' Fees and Costs:** Nine thousand Eight Hundred and fifty dollars (\$9,850.00) of such payment shall be paid to Law Office of Daniel N. Greenbaum, as Shefa's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Neogen's attention. The check shall be delivered to: Daniel N. Greenbaum, 7120 Hayvenhurst Avenue, Suite 320, Van Nuys, CA 91406. By the Effective Date, Law Office of Daniel N. Greenbaum shall provide Neogen with its EIN.

4.1.2 **Penalty:** Neogen shall issue two (2) separate checks for a total amount of three thousand two hundred dollars (\$3,200.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of two thousand four hundred dollars (\$2,400.00), representing 75% of the total penalty; and (b) one check to

Shefa LMV, LLC in the amount of eight hundred dollars (\$800.00), representing 25% of the total penalty.

4.1.3 The OEHHA payment shall be delivered to: Office of Environmental Health Hazard Assessment, Attn.: Mike Gyrics, Fiscal Operations Branch Chief, Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95812-4010. The payment to Shefa shall be delivered to: Daniel N. Greenbaum, 7120 Hayvenhurst Avenue, Suite 320, Van Nuys, CA 91406.

4.1.4 Tax Forms: Additionally, two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$2,400.00. The second 1099 shall be issued in the amount of \$400.00 to Shefa and delivered to: Daniel N. Greenbaum, 7120 Hayvenhurst Avenue, Suite 320, Van Nuys, CA 91406.

## **5.0 Authority to Enter Into Settlement Agreement**

5.1 Shefa represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Shefa to this Settlement Agreement.

5.2 Neogen represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Neogen to this Settlement Agreement.

## **6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California**

6.1 Shefa shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

## **7.0 Execution in Counterparts and Facsimile**

7.1 This Settlement Agreement may be executed in counterparts, which taken

together shall be deemed to constitute the same document.

7.2 A facsimile or portable document format (PDF) signature shall be as valid as the original.

#### **8.0 Entire Agreement**

8.1 This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings.

8.2 No other agreements, oral or otherwise, exist to bind any of the Parties.

#### **9.0 Modification of Settlement Agreement**

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

#### **10.0 Application of Settlement Agreement**

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, Shefa and the Releasees and Downstream Releasees identified in Section 2 above.

#### **11.0 Enforcement of Settlement Agreement**

11.1 Any party may file suit before the Superior Court of the County of Alameda, consistent with the terms and conditions set forth in paragraphs 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement.

11.2 The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

11.3 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Neogen by Shefa, unless the party seeking enforcement or alleging violation notifies the



other party of the specific acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below.

11.4 Any notice to Neogen must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without reformulation, (c) the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

11.5 Within thirty (30) days of receiving the notice described in Section 11.2, Neogen shall either (1) send the store or other place at which the product was available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to Neogen, or (2) refute the information provided under Section 11.2.

11.6 Should the parties be unable to resolve the dispute, any party may seek relief under Section 11.1.

**12.0 Notification Requirements**

12.1 Any notice required or permitted hereunder shall be effective only if given in writing and delivered in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

**For Shefa:**

Daniel N. Greenbaum, Esq.  
Law Office of Daniel N. Greenbaum  
7120 Hayvenhurst Avenue  
Suite 320  
Van Nuys, CA 91406

For Neogen:

Ann M. Grottveit  
KAHN, SOARES & CONWAY, LLP  
1415 L Street, Suite 400  
Sacramento, CA 95814

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

**13.0 SEVERABILITY**

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

**14.0 Governing Law**

14.1 The Terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California.

14.2 In the event that Proposition 65 is repealed, preempted or otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then Neogen shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, any Covered Products that are so affected.

14.3 This Settlement Agreement shall apply to and be binding upon Shefa and Neogen and their respective, divisions, subdivisions, and subsidiaries, successors and assigns.

14.4 The Parties, including their counsel, have participated in the preparation of this Settlement Agreement and this Settlement Agreement is the result of the joint efforts of the Parties.

14.5 This Settlement Agreement was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel.

14.6 Each Party to this Settlement Agreement agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Settlement Agreement and, in this regard, the Parties hereby waive California Civil Code § 1654.

**15.0 AUTHORIZATION**

15.1 Each signatory to this Settlement Agreement certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Settlement Agreement and to enter into and execute the Settlement Agreement on behalf of the Party represented and legally bind that Party.

15.2 The undersigned have read, understand and agree to all of the terms and conditions of this Settlement Agreement.

15.3 Except as explicitly provided herein, each Party is to bear its own fees and costs.

**16.0 CONSENT JUDGMENT**

16.1 In the event that anyone appears within twenty-four (24) months of the Effective Date and attempts to make a claim against Neogen, and Downstream Releasee or any of their subsidiaries or affiliates, alleging that such entity violated Proposition 65 in the manufacture, distribution or sale of any Covered Product, Neogen may at its option send Shefa a written request for Shefa to draft and file a complaint, to incorporate the terms of this Settlement Agreement into a proposed consent judgment that provides a release in the public interest for the released Products, and to seek court approval of the consent judgment pursuant to Health & Safety Code § 25249.7, or as may be otherwise allowed by law.

16.2 If so requested, the parties agree to reasonably cooperate, and to use their best efforts and that of their counsel to support the entry of the terms of this Settlement Agreement as a consent judgment by a superior court in California in a timely manner.

16.3 In consideration for bringing such a lawsuit and seeking approval of the proposed consent judgment referenced above, Neogen shall be required to pay additional attorney's fees and costs of up to \$10,000.00, made payable to the Law Office of Daniel N. Greenbaum, and deliverable as referenced above.

16.4 These additional payment terms shall be included and incorporated into the proposed consent judgment.

AGREED TO:


Dated: \_\_\_\_\_, 2014

SHEFA LMV, LLC

By: \_\_\_\_\_  
[name]

Dated: Oct 29, 2014

NEOGEN CORPORATION

By:   
James L. Herbert,  
Chairman & CEO

16.2 If so requested, the parties agree to reasonably cooperate, and to use their best efforts and that of their counsel to support the entry of the terms of this Settlement Agreement as a consent judgment by a superior court in California in a timely manner.

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16.4 These additional payment terms shall be included and incorporated into the proposed consent judgment.

AGREED TO:

Dated: November 4, 2014

SHEFA LMV, LLC

By: 

Alisa Fried

Dated: Oct 29, 2014

NEOGEN CORPORATION

By: 

James L. Herbert,  
Chairman & CEO

# NEOGEN CORPORATION

0256398

CUR REF. NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
263946	SHEFA LMV/NEOG	10/28/2014	800.00	800.00	0.00	800.00

THIS CHECK HAS VARIOUS SECURITY FEATURES INCLUDING COLORED BACKGROUND, MICROPRINTING, BACKPRINTING & WATERMARK



## NEOGEN CORPORATION

620 LESHER PLACE  
LANSING, MI 48912  
(517) 372-9200

JPMorgan Chase Bank, N.A.  
Detroit, MI 9-32 / 720

0256398

CHECK DATE	CONTROL NO.	CHECK AMOUNT
10/30/2014	256398	\$800.00

PAY Eight Hundred and 00/100----- Dollars

TO THE ORDER OF SHEFA LMV, LLC

  
VOID AFTER 120 DAYS

⑈0256398⑈ ⑆072000326⑆

829459171⑈

# NEOGEN CORPORATION

0256397

YOUR REF. NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
263944	SHEFA LMV/NEOGE	10/28/2014	9,850.00	9,850.00	0.00	9,850.00

THIS CHECK HAS VARIOUS SECURITY FEATURES INCLUDING COLORED BACKGROUND, MICROPRINTING, BACKPRINTING & WATERMARK



## NEOGEN CORPORATION

620 LESHER PLACE  
LANSING, MI 48912  
(517) 372-9200

JPMorgan Chase Bank, N.A.  
Detroit, MI 9-32 / 720

0256397

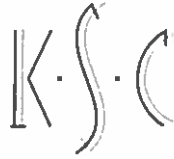
CHECK DATE	CONTROL NO	CHECK AMOUNT
10/30/2014	256397	\$9,850.00

PAY Nine Thousand Eight Hundred Fifty and 00/100----- Dollars

TO THE ORDER OF  
LAW OFFICE OF DANIEL N. GREENBAUM  
1415 L STREET, SUITE 400  
SACRAMENTO, CA 95814

*Conroy Eay*  
*James I. Herbst*  
VOID AFTER 120 DAYS

⑈0256397⑈ ⑆072000326⑆ 829459171⑈



KAHN, SOARES & CONWAY, LLP

ATTORNEYS AT LAW

ANN M. GROTTVEIT  
(916) 448 3826

EMAIL:  
agrottveit@kscsacramento.com

November 4, 2014

Mike Gyrics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

Re: Settlement between Shefa LMV, LLC and Neogen Corp.

Dear Mr. Gyrics:

Please find enclosed a copy of the Settlement Agreement executed between Shefa LMV and Neogen Corp. In accordance with the terms of this Settlement Agreement, please find enclosed a check in the amount of two thousand four hundred dollars (\$2,400.00) made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA").

You will also find enclosed a W-9 form for your completion and execution. If you could complete this form and return in the self-enclosed envelope, it would be appreciated.

If you have any questions, do not hesitate to contact me.

Very truly yours,

KAHN, SOARES & CONWAY, LLP

Ann M. Grottveit

AMG/ehs

Enclosure

cc: Neogen Corp.  
Daniel N. Greenbaum



# NEOGEN CORPORATION

0256399

UR REF. NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
263945	SHEFA LMV/NEOG	10/28/2014	2,400.00	2,400.00	0.00	2,400.00

THIS CHECK HAS VARIOUS SECURITY FEATURES INCLUDING COLORED BACKGROUND, MICROPRINTING, BACKPRINTING & WATERMARK



## NEOGEN CORPORATION

620 LESHER PLACE  
LANSING, MI 48912  
(517) 372-9200

JPMorgan Chase Bank, N.A.  
Detroit, MI 9-32 / 720

0256399

CHECK DATE: 10/30/2014      CONTROL NO: 256399      CHECK AMOUNT: \$2,400.00

PAY Two Thousand Four Hundred and 00/100----- Dollars

TO THE ORDER OF CALIFORNIA OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

*James I. Herbst*  
VOID AFTER 120 DAYS

⑈0256399⑈ ⑆072000326⑆

829459171⑈