

SETTLEMENT AGREEMENT
BETWEEN ALI ZARGARBASHI AND 99 CENTS ONLY STORES, LLC

1. RECITALS

1.1 The Parties

This Settlement Agreement (“Settlement”) is entered into by and between Ali Zargarbashi (“Zargarbashi”) and 99 Cents Only Stores, LLC (“99 Cents Stores”). Zargarbashi and 99 Cents Stores shall hereinafter collectively be referred to as the “Parties.”

Zargarbashi is a citizen of the State of California with an interest in protecting the environment, improving human health and the health of ecosystems, and supporting environmentally sound practices, which includes promoting awareness of exposure to toxic chemicals and reducing exposure to hazardous substances found in consumer products. 99 Cents Stores employs ten (10) or more employees, and is a person in the course of doing business as the term is defined in California *Health & Safety Code* Section 25249.6 et seq. (“Proposition 65”).

1.2 Allegations

Zargarbashi alleges that 99 Cents Stores distributed, supplied and/or sold two-piece clamp sets (UPC Code 3034113297) (hereinafter, the “Products”) in the State of California causing users in California to be exposed to hazardous levels of Lead without providing “clear and reasonable warnings,” in violation of Proposition 65. Lead is potentially subject to Proposition 54 warning requirements because it is listed as known to the State of California to cause birth defects and reproductive harm.

On March 31, 2015, a sixty-day notice of violation (“60-Day Notice”), along with a Certificate of Merit, was provided in the public interest by Zargarbashi pursuant to *Health and Safety Code* Section 25249.7(d) to 99 Cents Stores and various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the Lead in the Products.

1.3 No Admissions

99 Cents Stores denies all allegations in Zargarbashi’s Notices and maintains that the Products have been, and are, in compliance with all laws, and that 99 Cents has not violated Proposition 65. Nothing in this Agreement shall be construed as an admission of any fact, finding, conclusion, law, or violation of law nor shall compliance with the agreement constitute

or be construed as an admission by 99 Cents of any fact, finding, conclusion, issue or law, or violation of law. Instead, the Parties enter into this agreement as a compromise of claims that are expressly contested and denied. However, nothing in this section shall affect the Parties' obligations, duties, and responsibilities under this Agreement.

1.4 Compromise

The Parties enter into this Settlement in order to resolve the controversy described above in a manner consistent with prior Proposition 65 consent judgments on lead in the Products that were entered on behalf of the public interest and to avoid prolonged and costly litigation between them.

1.5 Effective Date

The "Effective Date" shall be thirty (30) days following the date upon which a complete and fully executed copy the Settlement is delivered to each Party's counsel.

2. INJUNCTIVE RELIEF AND REFORMULATION

2.1 Reformulation

As of the Effective Date, 99 Cents Stores shall not sell or offer for sale in California the Products if they contain more than 90 parts per million ("ppm") of Lead in their accessible surfaces when analyzed pursuant to Environmental Protection Agency testing methodologies 3050B or equivalent. As of the Effective Date, if the Products do not meet this Reformulation Standard, then clear and reasonable Proposition 65 warnings must accompany the Products, as described in subsection 2.2 below.

2.2 Proposition 65 Warnings Obligations

If the Products do not meet the Reformulation Standard described in subsection 2.1 above, then 99 Cents Stores shall not manufacture, distribute, supply, and/or sell for use or sale in California the Products containing Lead in their accessible surfaces unless clear and reasonable Proposition 65 warnings are provided with the Products with the following specific warning capitalized and emboldened wording:

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

Each unit shall carry said warning directly on each unit or its label or package, near the product name, price, or UPC code, in a sufficiently conspicuous manner reasonably calculated to be seen by the ordinary consumer. Alternatively, where products are offered for sale on a display

rack, the warning obligation may be fulfilled by means of an Identifying Sign affixed to each display rack in a sufficiently conspicuous manner reasonably calculated to be seen by the ordinary consumer. Each Identifying Sign shall not be covered or obscured, and shall be at least 3” by 5” in size on white card stock, at least 14 point font in black print, with the capitalized and emboldened warning:

“**WARNING:** This product contains lead, a chemical known to the State of California to cause cancer, birth defects and other reproductive harm.”

2. PAYMENTS

3.1 Civil Penalty Pursuant to Proposition 65

In settlement of all claims referred to in this Settlement Agreement, 99 Cents Stores shall pay a total civil penalty of Two Thousand Eight Hundred Seventy Five Dollars (\$2,875.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75% (\$2,156.25) paid to State of California Office of Environmental Health Hazard Assessment, and the remaining 25% (\$718.75) paid to Zargarbashi.

99 Cents Stores shall issue two (2) checks for the civil penalty: (1) a check or money order made payable to “GP Law Group, APC in Trust for Office of Environmental Health Hazard Assessment” in the amount of \$2,156.25; and (2) a check or money order made payable to “GP Law Group, APC in Trust for Ali Zargarbashi” in the amount of \$718.75. 99 Cents Stores shall remit the payments within thirty (30) days following the date upon which a complete and fully executed copy the Settlement is delivered to each Party’s counsel, to:

Manee Pazargad, Esq.
GP LAW GROUP, APC
204 South Beverly Drive, Suite 115
Beverly Hills, CA 90212

3.2 Reimbursement of Zargarbahsi’s Fees and Costs

99 Cents Stores shall pay an agreed sum in reimbursement of Zargarbashi’s reasonable experts’ and attorney’s fees and costs incurred in prosecuting the instant action, for work performed through execution of this Settlement. Accordingly, 99 Cents Stores shall issue a check or money order payable to “GP Law Group APC” in the amount of Eight Thousand Six Hundred Twenty Five Dollars (\$8,625.00). 99 Cents Stores shall remit the payments within thirty (30) days following the date upon which a complete and fully executed copy the Settlement is delivered to each Party’s counsel, to:

Manee Pazargad, Esq.
GP LAW GROUP, APC
204 South Beverly Drive, Suite 115
Beverly Hills, CA 90212

4. **RELEASES**

4.1 Zargarbashi's Release of 99 Cents Stores

Zargarbashi, acting in his individual capacity, his past and current agents, representatives, attorneys, privies, successors, and/or assignees, in consideration of the promises and monetary payments contained herein, provides a release to 99 Cents Stores, its affiliates, parents, subsidiaries, shareholders, directors, members, officers, employees, and attorneys, which 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 Zargarbashi of any nature, character or kind, whether known or unknown, suspected or unsuspected, arising out of alleged or actual exposures to any Proposition 65 chemicals in the Products sold or distributed for sale by 99 Cents before the Effective Date.

4.2 99 Cents Stores' Release of Zargarbashi

99 Cents Stores, its parents, subsidiaries, shareholders, directors, members, officers, employees, and attorneys, by this Settlement, waive all rights to institute any form of legal action against Zargarbashi, his past and current agents, representatives, attorneys, experts, successors, and/or assignees, for actions or statements made or undertaken, whether in the course of investigating claims or seeking enforcement of Proposition 65 against 99 Cents Stores relating to Zargarbashi's 60-Day Notice dated March 31, 2015 in this matter.

4.3 Waiver of Unknown Claims

Each of the Parties acknowledges that it is familiar with Section 1542 of California *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.”

Each of the parties waives and relinquishes any right or benefit it has or may have under Section 1542 of California *Civil Code* or any similar provision under the statutory or non-statutory law of any other jurisdiction to the full extent that it may lawfully waive all such rights

and benefits. The Parties acknowledge that each may subsequently discover facts in addition to, or different from, those that it believes to be true with respect to the claims released herein. The Parties agree that this Settlement and the releases contained herein shall be and remain effective in all respects notwithstanding the discovery of such additional or different facts.

4.4 Application

Compliance with the terms of this Settlement shall be deemed to constitute compliance with Proposition 65 by any Released Parties regarding alleged exposures to lead in the Products as set forth in the 60-Day Notice, whether such exposures occur before or after the Effective Date. This Agreement shall have no application to Products which are distributed or sold exclusively outside the State of California and which are not used by California consumers.

5. SEVERABILITY

Should any part or provision of this Settlement for any reason be declared by a Court to be invalid, void, or unenforceable, the remaining portions and provisions shall continue in full force and effect.

6. GOVERNING LAW

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

7. NOTICES

All correspondence and notices required to be provided under this Settlement shall be in writing and delivered personally or sent by first class or certified mail addressed as follows:

TO 99 CENTS STORE: Patrick J. Cafferty, Esq. MUNGER, TOLLES & OLSON LLP 560 Mission Street, 27 th Floor San Francisco, CA 94105	TO ZARGARBASHI: Manee Pazargad, Esq. GP LAW GROUP, PAC 204 South Beverly Drive, Suite 115 Beverly Hills, CA 90212
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8. INTEGRATION

This Settlement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended or modified except in writing.

9. COUNTERPARTS

This Settlement may be executed in counter parts, each of which shall be deemed an original, and all of which, when taken together, shall constitute the same document. Execution

and delivery of this Settlement by e-mail, facsimile, or other electronic means shall constitute legal and binding execution and delivery. Any photocopy of the executed Settlement shall have the same force and effect as the originals.

10. AUTHORIZATION

The undersigned are authorized to execute this Settlement on behalf of their respective Parties. Each Party has read, understood, and agrees to all of the terms and conditions of this Settlement. Each Party warrants to the other that it is free to enter into this Settlement and not subject to any conflicting obligation which will or might prevent or interfere with the execution or performance of this Settlement by said party.

11. COMPLIANCE WITH HEALTH AND SAFETY CODE § 25249.7(F) REPORTING REQUIREMENTS

Zargarbashi agrees to comply with the reporting form requirements referenced in Health and Safety Code § 25249.7(f).

AGREED TO:

Date: _____

By: _____

Authorized Officer of 99 Cents Only Stores, LLC

AGREED TO:

Date: _____

By: _____

Ali Zargarbashi

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10. AUTHORIZATION

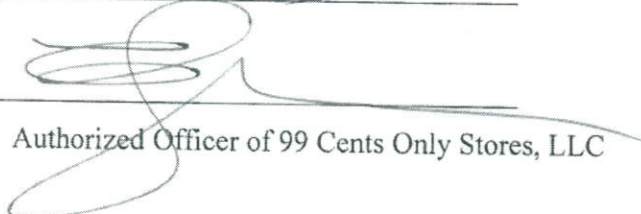
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AGREED TO:

Date: 12/16/2015

By: 
Authorized Officer of 99 Cents Only Stores, LLC

AGREED TO:

Date: _____

By: _____

Ali Zargarbashi

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AGREED TO:

Date: _____

By: _____

Authorized Officer of 99 Cents Only Stores, LLC

AGREED TO:

Date: 12-11-15 _____

By: Ali Zargarbashi _____

Ali Zargarbashi