

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“**Agreement**”) is made effective on the date on which it is fully executed (the “**Effective Date**”) between Chemical Toxin Working Group, Inc. (“**CTWG**”) and Pure Encapsulations, Inc. (“**PEI**”). CTWG and PEI are referred to individually as a “**Party**” and collectively as the “**Parties**.” The Parties agree as follows:

1. The “**Matter**” arises out of the Notice of Violation of California Health & Safety Code §§25249.5, *et seq.* (also known as “**Proposition 65**”) that CTWG issued on October 2, 2015 (“**Notice**”) in which CTWG claims that PEI failed to comply with Proposition 65 for alleged exposure to lead in the Pure Encapsulations Standardized Guggul Extract product (“**Covered Product**”). PEI denies CTWG’s claims, and PEI maintains that the Covered Product has complied at all times with Proposition 65 and all other applicable laws and requirements. CTWG represents and warrants that, to its knowledge, no private enforcer court action has been commenced “in the public interest” with respect to the Covered Product.

2. The Parties enter into this Agreement in order to achieve a settlement of the claims as stated in Section 1 for the purpose of avoiding prolonged litigation. Nothing in this Agreement shall be construed as an admission of CTWG or PEI of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by PEI of any fact, issue of law or violation of law. PEI denies the claims asserted in the Notice and denies that the Covered Products require warnings under Proposition 65. Nothing in this Agreement or any document referred to herein, shall be construed as giving rise to any presumption or inference of admission or concession by PEI as to any fault, wrongdoing or liability whatsoever. The Parties agree that this Section shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

3. Lead Standards; Warnings. In consideration of the following covenants of PEI, and the other conditions contained in this Agreement, CTWG releases PEI as set forth in Section 5 below:

a. On and after the Effective Date, any Covered Products that PEI distributes into the State of California or sells in the State of California shall contain no more than 0.5 micrograms of lead per day when the maximum suggested daily dose is taken as directed on the Covered Product’s label, unless each unit of the Covered Products includes a warning that complies with the requirements in 27 Cal. Code Regs. §§ 25600 *et seq.*

b. Any warning provided under Section 3a shall be reasonably conspicuous and displayed securely on either the cap, the unit packaging, or by a sticker securely affixed to the Covered Products with such conspicuousness, as compared with other words, statements, or designs so as to render it likely to be read and understood by an ordinary individual purchasing or using the Covered Products.

c. The requirements of Section 3 do not apply to Covered Products that PEI distributed or sold prior to the Effective Date; nonetheless, such Covered Products are covered within the scope of the releases in Section 5.

4. PEI shall make a total settlement payment of \$55,000 (“**Total Settlement Payment**”) within ten (10) days of the Effective Date (“**Due Date**”). PEI shall make the total settlement payment by check payable to “Khansari Law Corp. – Client Trust Account” on behalf of CTWG, and sent to:

The Chemical Toxin Working Group, Inc.
C/o Khansari Law Corp. APC
11845 W. Olympic Blvd., Suite 1000
Los Angeles, CA 90064

CTWG shall be solely responsible for allocating the payment pursuant to Sections 4.1 and 4.2. Upon request, CTWG or its legal counsel, as applicable, shall supply PEI with a completed W9 form.

4.1. \$38,321 shall be considered a civil penalty.

4.2. \$16,679 shall be considered reimbursement of all of its attorneys’ fees related to the Matter.

4.3. Except as expressly set forth in this Section 4, the Parties shall bear their own costs, expenses, and attorneys’ fees related to this Matter.

5. Release of Claims.

5.1 CTWG, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, agents, parents, subsidiaries, successors, assigns, and legal representatives (collectively referred to as “**CTWG Releasors**”) fully releases and waives any right to participate (directly or indirectly) in any litigation against (i) PEI and its parent company, subsidiaries, affiliates, sister and related companies, (b) their upstream suppliers and all downstream entities in the stream of commerce including but not limited to distributors, wholesalers, customers, retailers (including but not limited to Amazon.com), franchisees, cooperative members, and licensees (the entities identified in this subsection (b) are collectively referred to as “**Downstream Releasees**”), and (c) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors, and assigns of any of the entities identified in subsections (a) and (b), above (the entities identified in subsections (a), (b) and (c), above, are collectively referred to as “**Releasees**”) from all claims, actions, suits, demands, liabilities, damages, penalties, fees (including but not limited to attorneys’ fees, investigator fees, and expert fees), costs, and expenses (collectively referred to as “**Claims**”) that were asserted, or that could have been asserted, for any alleged violations of Proposition 65, or any other statutory or common law, arising from alleged exposures to lead and lead compounds, or any other chemical listed under Proposition 65, with respect to the Covered Product.

5.2. It is possible that other Claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Product will develop or be discovered. CTWG on behalf of itself and the CTWG Releasors, acknowledges that this Agreement is expressly intended to cover and include all such claims, including all rights of action therefore, and further acknowledges that the claims released by this section may include unknown claims, and

nevertheless waives California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads 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.

CTWG acknowledges and understands the significance and consequences of this specific waiver of California Civil Code Section 1542.

5.3. The Parties agree that compliance with the terms of this Agreement shall constitute compliance by any Releasee with Proposition 65 with respect to the Covered Product.

6. If CTWG alleges that PEI has failed to comply with Proposition 65 with respect to the Covered Product, prior to issuing any pre-suit notice of violation under Cal. Health & Safety Code § 25249.7 or any enforcement action, CTWG shall first provide PEI thirty (30) days' advance written notice of the alleged violation relating to the Covered Product. CTWG shall provide testing results, lot numbers, photographs of the Covered Product packaging, and purchase receipts for the Covered Product at issue in 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 without the need for litigation.

7. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, members, managers, officers, directors, employees, agents, successors, and assigns.

8. No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

9. This Agreement shall be deemed to have been entered into in the State of California, and governed and interpreted by the laws of the State of California, regardless of the physical locations of the individuals executing this Agreement at the time of execution.

10. The Parties acknowledge that they have a right to consult an attorney and they have consulted their attorneys with respect to the terms and conditions of this Agreement or by signing this Agreement hereby acknowledge they have made the decision not to consult with an attorney in this Matter. The Parties further acknowledge that they fully understand this Agreement and the effect of signing and executing this Agreement.

11. Any legal action to enforce this Agreement shall be brought in the county of Alameda of the State of California.

12. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail (.pdf), copy of this Agreement, or any other counterpart, shall be deemed to be an original.

13. Each of the individuals who executes this Agreement represents and warrants he/she has the authority to execute this document and bind the respective Parties to the terms and conditions of this Agreement, and has read, understood, and agreed to all the terms and conditions in this Agreement.

DATED: 1/12/17

PURE ENCAPSULATIONS, INC.

By: K Bliffert

Print Name: Kyle Bliffert

Title: President

DATED: 1-10-17

CHEMICAL TOXIN WORKING GROUP, INC.

By: Steinman

Print Name: DAVID Steinman

Title: President