

SETTLEMENT AGREEMENT

BETWEEN

SARA HAMMOND

AND

FAM LLC

Sara Hammond (“Hammond”) and FAM LLC (herein referred to as “FAM”) (Hammond and FAM are collectively referred to as the “Parties”), enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle Hammond’s allegations that FAM 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. Introduction

- 1.1. Hammond alleges she is an individual who 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. FAM previously sold, imported, distributed, or manufactured at various times sports armbands designed to hold electronic devices (for example Marika Sports Armband UPC # **_ 31899 89451 _ (Partial)**) (the Marika Sports Armband is referred to throughout as the “Covered Product”).
- 1.3. Hammond alleges that the Covered Product contains Diisononyl phthalate (“DINP”), and that FAM did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5, *et seq.* (“Proposition 65”)).

- 1.4. On December 20, 2013 the Governor of California added DINP to the list of chemicals known to the State to cause cancer.
- 1.5. DINP is referred to hereafter as the “Listed Chemical.”
- 1.6. On or about November 8, 2016 Hammond alleges she served FAM, Burlington Coat Factory and related entities and certain relevant public enforcement agencies with a Sixty-Day Notice of Violation that was sent pursuant to California Health & Safety Code § 25249.7(d) alleging the Covered Product contained the Listed Chemical (the “Notice”).
- 1.7. The Notice alleged that FAM violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemical.
- 1.8. The Parties enter into this Settlement Agreement to settle disputed claims between them concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”).
- 1.9. FAM disputes Hammond’s allegations described in this Settlement Agreement and in the Notice.
- 1.10. 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. 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. 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 FAM, its officers, directors, employees, or parents, subsidiaries or affiliated corporations, licensees, licensors, suppliers, distributors or retailers of its products, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that Hammond or FAM may have in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2. Release

2.1. This Settlement Agreement is a full, final, and binding resolution between Hammond, acting in her individual capacity, on the one hand, and (a) FAM, and its current owners, parents, subsidiaries, affiliates, sister and related companies, licensees, licensors, suppliers, employees, shareholders, members, 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 Product, including but not limited to Burlington Coat Factory, distributors, wholesalers, customers, retailers, franchisees, and cooperative members (“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 any Proposition 65 listed chemical or the failure to warn about exposure to any Proposition 65 listed chemical arising in connection with the Covered Product

sold or otherwise distributed by FAM prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date.

- 2.2. Hammond, on behalf of herself and her past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Product 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 the Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in connection with the Covered Product sold or otherwise distributed by FAM up to the Effective Date, including without limitation to the extent that such claims relate to Releasees' or Downstream Releasees' alleged exposure of persons to any Proposition 65 listed chemicals contained in the Covered Product or any failure by Releasees or Downstream Releasees to warn about exposures to any Proposition 65 listed chemical contained in the Covered Product.
- 2.3. Hammond acknowledges that she 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.

Hammond, on behalf of herself and her past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which she may have under, or which may be conferred on her by the provisions of California 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 she may lawfully waive such rights or benefits pertaining to the released matters. The release in this section shall have no force or effect until the full amount of payments set forth below are paid in full.

2.4. FAM's release of Hammond

FAM on its own behalf, and on behalf of its past and current agents, representatives, attorneys, successors and assignees, hereby waives any and all claims against Hammond and her attorneys and other representatives, whether in the course of investigating claims, seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Product.

3. FAM's Duties

3.1. FAM shall not sell the Covered Product in its current formulation for distribution in California in the future, and shall not resume sales of the Covered Product in California unless the product meets the reformulation standard set forth in Paragraph 3.2.

3.2. Upon the Effective Date, FAM agrees to only manufacture for sale or purchase for sale in or into California, "Reformulated Covered Products." For purposes of this Settlement Agreement, "Reformulated Covered Products" are Covered Products

containing no more than 1,000 parts per million (0.1%) DINP in any accessible component (i.e., any component that may be touched during use). In order to determine compliance with this reformulation standard, FAM may rely on third party testing from an accredited laboratory.

4. Payments

4.1. FAM agrees to pay a total of twenty-two thousand five hundred dollars (\$22,500), no later than February 24, 2017. All payments shall be made by check and sent via overnight mail with tracking numbers provided to plaintiff's counsel and addressed as follows:

Law Office of Joseph D. Agliozzo
18314 S. Broadway
Gardena, CA 90248

and further specified as follows:

4.1.1. Civil Penalty: FAM shall issue two separate checks for a total amount of one thousand dollars (\$1,000) as penalties pursuant to California Health & Safety Code § 25249.12 as follows: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of seven hundred and fifty dollars (\$750), representing 75% of the total penalty; and (b) one check to Sara Hammond in the amount of two hundred fifty dollars (\$250), representing 25% of the total penalty. Additionally, two separate 1099's shall be issued for the above payments. The first 1099 shall be issued to OEHHA, PO Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$750. The second 1099 shall be issued in the amount of \$250 to Sara Hammond and

shall be delivered to the Law Office of Joseph D. Aglio, PO Box 3582, Manhattan Beach, CA 90266. Hammond shall provide FAM with her Social Security Number for completion of the Form 1099.

4.1.2. Attorneys' Fees and Costs: Twenty-one thousand five hundred dollars (\$21,500) shall be paid to The Law Office of Joseph D. Aglio as Hammond's attorney, for reasonable investigation fees and costs, attorneys' fees, and other costs incurred as a result of investigating and bringing this matter to FAM's attention.

5. Authority to Enter Into Settlement Agreement

5.1. Hammond represents that she has full authority to enter into and legally bind Hammond to this Settlement Agreement.

5.2. The person signing this Settlement Agreement on behalf of FAM represents and warrants that he/she has been granted full authority to enter into and legally bind FAM to this Settlement Agreement.

6. Report of the Settlement Agreement to the Office of the Attorney General of California

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

7. Execution in Counterparts and Facsimile

This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original as an electronic record executed and

adopted by a Party with the intent to sign the electronic record pursuant to California Civil Code §§ 1633.1-1633.17.

8. Entire Agreement

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other promises or agreements, oral or otherwise, exist to bind any of the Parties or are being relied on by any of the Parties in connection with the execution of this Settlement Agreement.

9. Modification of Settlement Agreement

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

10. Application of Settlement Agreement

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

11. Enforcement of Settlement Agreement

Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

12. Notification Requirements

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 Hammond:

Joseph D. Agliozzo.
Law Office of Joseph D. Agliozzo
PO Box 3582
Manhattan Beach, CA 90266

For FAM:

Patrick Chow
FAM LLC
5553-B Bandini Blvd.,
Bell, CA 90201

With a copy to FAM's attorney:

Nathan D. Meyer
Russ August & Kabat
12424 Wilshire Boulevard, 12th Floor
Los Angeles, CA 90025

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

13. Severability

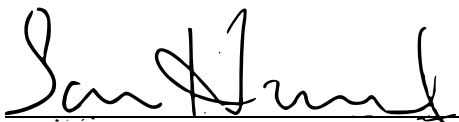
If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

14. 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, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Product, then FAM shall provide written notice to Hammond of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Product is so affected.

SARA HAMMOND

Date: February 20, 2017

By: 
Printed Name: Sara Hammond

FAM LLC

Date: _____

By: _____

Printed Name: _____

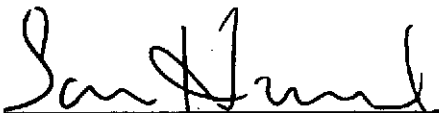
Title: _____

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SARA HAMMOND

Date: February 20, 2017

By: 
Printed Name: Sara Hammond

FAM LLC

Date: 2/21/17

By: 

Printed Name: Patrick Chow

Title: CFO