

## SETTLEMENT AGREEMENT AND RELEASE

The Chemical Toxin Working Group, Inc. ("CTWG") and World Finer Foods, Inc. ("WFF") enter into this Settlement Agreement and Release (this "Agreement"). This Agreement is effective on the date on which it is fully executed ("Effective Date"). CTWG and WFF are referred to individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. The "Matter" arises out of the Notices of Violation of California Health & Safety Code §25249.5, *et seq.* (also known as "Proposition 65") that CTWG served on WFF on September 18, 2015 and January 11, 2017 (collectively referred to as the "Notices"). The Notices variously claim that Proposition 65 warnings are required for alleged lead and cadmium exposures to the certain products, as applicable, that have been tested by CTWG. The following products manufactured, distributed and/or sold by WFF are "Covered Products" under this Agreement:

- i. Reese Petite Smoked Oysters (Fancy Cherry Wood in Cottonseed Oil) – *Lead and cadmium*;
- ii. Reese Medium Smoked Oysters (Fancy Cherry Wood in Cottonseed Oil) – *Lead and cadmium*;
- iii. Reese Colossal Smoked Oysters (Fancy Cherry Wood in Cottonseed Oil) – *Lead and cadmium*;
- iv. Reese Smoked Baby Clams (Fancy Cherry Wood in Cottonseed Oil) – *Lead and cadmium*; and
- v. Reese Cherrystone Clams – *Lead*.

For purposes of this agreement, the term "Matter" refers to Proposition 65 claims respecting all five (5) of the Covered Products.

2. The Parties enter into this Agreement in order to fully resolve all claims, demands, and allegations regarding the Matter and for the purpose of avoiding prolonged litigation. The claims being released pursuant to this Agreement are all claims that could be brought under any provision of Proposition 65 respecting the Covered Products. Nothing in this Agreement shall be construed as an admission of any Party of any fact, issue of law, violation of law, or any other matter, nor shall compliance with this Agreement constitute or be construed as an admission by any Party of any fact, issue of law or violation of law, including but not limited to Proposition 65, or any other matter. 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 any Party as to any fault, wrongdoing or liability. This Section 2 shall not diminish or otherwise affect the obligations, responsibilities, and duties of any Party under this Agreement.


3. Lead Standards; Warnings.

3.1 On and after the date that is one hundred twenty (120) days after the Effective Date, WFF shall not distribute into California or directly sell in the State of California any Covered Products which do not qualify as a Reformulated Covered Product under Section 3.3, unless such Covered Product complies with the warning requirements of Section 3.2. As used in this

Agreement, the term "distribute into California" shall mean WFF directly ships the Covered Products into California for sale in California or sells the Covered Products to a distributor or retailer that it reasonably should know will sell in California, or informs WFF that it intends to sell the Covered Product in California.

3.2 On and after one hundred twenty (120) days after the Effective Date, WFF shall provide on the Covered Products (to the extent they do not constitute Reformulated Covered Products) distributed into California, sold in California, or for which WFF has been informed will be sold into California, a warning that complies with the requirements of Sections 3.2.1, 3.2.2, 3.2.3, or 3.2.4. The warning shall be displayed on the packaging of such 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; *provided, however*, up until August 30, 2018 (i) for WFF internet sales made into California, the warning must also appear at the point of sale, and (ii) for third-party internet sales not controlled by WFF, if WFF knows the third-party website/retailer intends to sell any one of the Covered Products in California, or if CTWG notifies WFF that a website is selling a Covered Product in California without a warning as required by this Agreement, then WFF shall promptly notify the third-party website that a Proposition 65 warning is required at the point of sale for the applicable Covered Product(s) being sold or intended to be sold by the third-party website. In the event WFF learned of the third-party internet sale from CTWG, WFF shall send CTWG a copy of the notice to the third-party within five (5) days of issuing the letter. On and after August 30, 2018, the requirements of this Agreement respecting internet sales shall be governed by the Proposition 65 law and regulations in force on or after that date. Respecting the warnings defined in Sections 3.2.1, 3.2.2, and 3.3.3, the warning must be in a type size no smaller than the largest type size used for other consumer information on the product. In no case shall the warning appear in a type size smaller than 6-point type.

### 3.2.1 Option 1

 **WARNING: This product can expose you to chemicals, including lead and cadmium, which are known to the State of California to cause [cancer and] birth defects or other reproductive harm.**

The bracketed term "cancer and" is optional.

### 3.2.2 Option 2

**WARNING: Consuming this product can expose you to chemicals, including lead and cadmium, which are known to the State of California to cause [cancer and] birth defects or other reproductive harm. For more information, go to [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).**

The bracketed term "cancer and" is optional. Alternatively, at WFF's option, the warning may be modified to include a warning that complies with 27 Cal. Code Regs. § 25607.2. If the warning is printed on the label, the warning shall be set off from other surrounding information in the label and enclosed in a box.


### 3.2.3 Option 3

For all Covered Products, the warning may state:



 **WARNING: Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

At WFF's option, the warning may alternatively state:

 **WARNING: Cancer and Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

The pictogram specified in Section 3.2.3 shall be in yellow with a black exclamation mark; provided however, the pictogram may be in white instead of yellow if the Covered Product(s) label does not contain the color yellow.

#### 3.2.4 Option 4

Any warning authorized by any Proposition 65 law or regulation effective on or after the Effective Date.

3.3 Calculation of Lead and Cadmium Levels: Reformulated Covered Products. A Reformulated Covered Product is one for which the average daily exposure level does not exceed 0.5 micrograms of lead per day and no more than 4.1 micrograms of cadmium per day, as determined by the formula, testing and quality control methodology described in Section 3.4. As used in this Agreement, "no more than 0.5 micrograms of lead per day" and "no more than 4.1 micrograms of cadmium per day" mean that the samples of the testing under Section 3.4 yield an average daily exposure of no more than 0.5 micrograms of lead and no more than 4.1 micrograms of cadmium, respectively, with average daily exposure calculated pursuant to Section 3.4 of this Agreement. For the Covered Products that cause exposures in excess of 0.5 micrograms of lead per day and in excess of 4.1 micrograms of cadmium per day, WFF shall provide the warnings set forth in Section 3.2. For purposes of determining which warning, if any, is required pursuant to Section 3.2, the average concentration utilizing the geometric mean of lead and cadmium detection results of five (5) samples of these products, randomly selected by WFF, will be controlling.

#### 3.4 Formula, Testing and Quality Control Methodology.

3.4.1 For purposes of this Agreement, average daily exposure levels shall be measured in micrograms per day, and shall be calculated using the following formula: the average concentration of lead or cadmium in the product in micrograms per gram, multiplied by grams of product per serving of the product (using the serving size appearing on the product label), multiplied by frequency of consumption of once every fourteen (14) days. The testing requirements of this Section 3.4.1 do not apply to any of the Covered Products for which WFF has provided a warning as specified in Section 3.2.

3.4.2 WFF shall not be required to engage in testing pursuant to this Agreement unless WFF distributes the Covered Products into the State of California without a warning. All testing pursuant to this Agreement shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection, limit of quantification, accuracy, and precision and meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) achieving a limit of quantification of less than or equal to 0.010 mg/kg or any U.S. Environmental Protection Agency ("USEPA") approved testing method.

3.4.3 Unless warnings are affixed consistent with the requirements of Section 3.2, all testing pursuant to this Agreement shall be performed by an independent third-party laboratory

certified by the California Environmental Laboratory Accreditation Program for the analysis of heavy metals or a laboratory that is approved by, accredited by, or registered with the United States Food & Drug Administration or USEPA. Testing shall be performed prior to WFF's first distribution into California or sale in California of any Covered Products ordered for production after the Effective Date, and testing shall continue thereafter at least once per year for three additional years, after which time, no further testing shall be required unless, after the four-year testing period, WFF changes suppliers for the Covered Product(s), then WFF shall test the Covered Product(s) at least once after such change is made.

3.5 WFF and the "Releasees" (as defined in Section 5.1 below) shall have no obligation or liability with respect to any Covered Products that are sold and/or distributed in California after the date of the Notice, except as otherwise set forth in this Agreement.

4. WFF shall pay the total settlement amount of \$60,000 (the "Total Settlement Payment") within ten (10) days of the Effective Date (the "Due Date"). WFF shall pay the Total Settlement Payment by check made payable to "Khansari Law Corp., APC – 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. CTWG shall supply WFF with a completed W9 form.

4.1. \$15,000 shall be considered a civil penalty.

4.2 \$45,000 shall be considered reimbursement of all its attorneys' fees and costs related to the Matter.

4.3 Except as expressly set forth in Section 4, each Party shall bear its own costs, expenses, and attorneys' fees related to this Matter.

5. Binding Effect; Claims Covered and Released.

5.1. CTWG, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, agents, parents, subsidiaries, partners, affiliates, related parties, successors, assigns, and legal representatives (collectively referred to as "CTWG Releasers") fully releases, and waives any and all claims and the right to participate (directly or indirectly) in any litigation against (a) WFF, and each of its respective equity owners, parents, subsidiaries, affiliates, sister and related companies ("WFF Parties"), (b) any of the WFF Parties' upstream suppliers and all downstream entities in the distribution chain and stream of commerce including but not limited to distributors, wholesalers, customers, marketplace hosts, retailers (including but not limited to Amazon.com, LLC and its affiliates and subsidiaries), 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, agents, partners, predecessors, successors, and assigns of any of the entities identified in subsections (a) and (b), above (the entities identified in

Handwritten signature and initials in the bottom right corner of the page.

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 alleged violations statutory or common law, arising from alleged exposures to lead and lead compounds, and cadmium, in the Covered Products.

5.2. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and/or relating to the Covered Products will develop or be discovered. CTWG, on behalf of itself and the CTWG Releasers, 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 in this Section 5 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, after being advised by the counsel of its choosing, 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 regarding the Covered Products.

6. Resolution of Disputes.

6.1 If CTWG alleges that WFF has failed to comply with this Agreement, prior to filing an action or motion relating to enforcement, CTWG shall first provide WFF thirty (30) days' advance written notice of the alleged violation. 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.

6.2 Notwithstanding the provisions of Section 3, CTWG may not issue any notice under Section 6.1 if the packaging of the Covered Product(s) is marked or labeled with the statement "Not for Sale in California" or substantially similar language as long as such statement is prominently placed upon such Covered Product's label or other labeling as compared with other words or statements on the label or labeling as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. If WFF marks or labels a Covered Product with such a statement, WFF shall notify its distributors, direct retailers and direct customers, if any, by letter that the Covered Product(s) may not be sold in California.

7. This Agreement contains the entire agreement between the Parties with regard to settlement of the Matter, and supersedes all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in this Agreement. This Agreement may be amended or modified in whole or in part at any time only by an agreement in writing executed by the Parties.

CS  
A J

Notwithstanding the foregoing, WFF shall be entitled, at its option, to modify any warning that it provides under Section 3.2 to conform with any change in the Proposition 65 warning regulations set forth in Title 27 of the California Code of Regulations that may be adopted after the Effective Date.

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

9. 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.

10. 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.

11. 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.

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

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

14. All notices required to be given to either Party under this Agreement shall be in writing and sent to the following recipients by (a) first-class mail or (b) overnight delivery.

For CTWG:

The Chemical Toxin Working Group, Inc.  
c/o Khansari Law Corp., APC  
11845 W. Olympic Blvd., Suite 1000  
Los Angeles, CA 90064  
Fax: (424) 248-6689  
Email: [andre@khansarilaw.com](mailto:andre@khansarilaw.com)

For WFF:

World Finer Foods, Inc.  
c/o Marc J. Gross, Esq.  
Fox Rothschild LLP  
49 Market Street

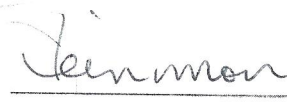


Morristown, New Jersey 07960  
Fax: 973-992-9125  
Email: [Mgross@foxrothschild.com](mailto:Mgross@foxrothschild.com)

15. 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.

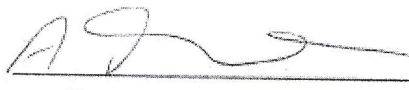
DATED: February 21, 2018

THE CHEMICAL TOXIN WORKING  
GROUP, INC.

By:   
Name: DAVID STEINMAN  
Title: President/CEO

DATED: February 15, 2018

WORLD FINER FOODS, INC.

By:   
Name: TONY NEWSTADT  
Title: Vice President