

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Laurence Vinocur ("Vinocur"), on the one hand, and Valley Han Kook Market, a California corporation ("Valley Han") and Jayone Homeware, Inc. ("Jayone"), on the other hand, with Vinocur, Valley Han and Jayone each individually referred to as a "Party" and collectively as the "Parties." Vinocur is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Valley Han and Jayone, each employs ten or more individuals and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.5 *et seq.* ("Proposition 65").

1.2 General Allegations

Vinocur alleges that Valley Han and Jayone manufactured, imported, distributed, and/or sold in the State of California, vinyl/PVC footwear that contains di(2-ethylhexyl) phthalate ("DEHP"). DEHP is listed under Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm. Vinocur alleges that Valley Han and Jayone failed to provide consumers and other individuals exposed to DEHP from the vinyl/PVC footwear it sold in California with a clear and reasonable health hazard warning regarding the reproductive toxicity of DEHP, as required by Proposition 65. Valley Han and Jayone represent that Jayone supplied the footwear at issue to Valley Han.

1.3 Product Description

For purposes of this Settlement Agreement "Products" are defined as vinyl/PVC footwear containing DEHP that are manufactured, sold, or distributed for sale in California by Valley Han including, but not limited to, the *Slipper PVC 280mm, UPC #8 809404 601118 87449*, that were supplied by Jayone

1.4 Notice of Violation

On April 27, 2017, Vinocur served Valley Han, the California Attorney General, and all other requisite public enforcers with a document titled, "60-Day Notice of Violation" ("Notice"), alleging that Valley Han violated Proposition 65 by failing to warn its customers and consumers in California of the health risks associated with exposures to DEHP from the Products. No public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

1.5 No Admission

Valley Han and Jayone deny the material, factual, and legal allegations in the Notice, and maintain that all of the products that they manufactured, imported, stored, distributed, shipped, sold and/or offered for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Valley Han or Jayone of any allegation, fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Valley Han and Jayone of any allegation, fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Valley Han and Jayone. This Section shall not, however, diminish or otherwise affect Valley Han's and Jayone's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean July 28, 2017

2. INJUNCTIVE RELIEF: REFORMULATION & WARNINGS

2.1 Commitment to Reformulate or Provide Warnings

Commencing no later than thirty (30) days after the Effective Date and continuing thereafter, Valley Han and Jayone shall only manufacture for sale, purchase for sale, or import for sale in California, Products that are either (a) Reformulated Products as defined by Section 2.2, below; or (b) sold and offered for sale with a clear and reasonable

warning pursuant to Section 2.3, below.

2.2 Reformulation Standard

For the purposes of this Settlement Agreement, "Reformulated Products" are defined as Products that contain DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining DEHP content in a solid substance.

2.3 Clear and Reasonable Warnings

Commencing no later than thirty (30) days after the Effective Date and continuing thereafter, for any Products sold or distributed for sale in California by Valley Han and/or Jayone that are not Reformulated Products, Valley Han and Jayone agree to only offer such Products for sale with a clear and reasonable warning in accordance with this Section. Valley Han and Jayone further agree that any warning used will be prominently placed in relation to the Product with such conspicuousness when compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. For purposes of this Settlement Agreement, a warning for the Products satisfying these criteria shall consist of a clear and reasonable warning provided in accordance with Article 6 of Title 27 California Code of Regulations section 25600 et seq. that is affixed directly to a Product, or to its accompanying labeling or packaging when sold or offered for sale in California. For purposes of this Settlement agreement the following warning statement shall be deemed clear:

WARNING: This product can expose you to chemicals, including DEHP, which is known to the State of California to cause birth defects or other reproductive harm.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Valley Han and Jayone shall collectively pay a total of \$2,500 in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty amount retained by Vinocur.

Valley Han and Jayone will deliver the payment on or before July 28, 2017 in two checks for the following amounts made payable to: (a) "OEHHA" in the amount of \$1,875; and (b) Laurence Vinocur, Client Trust Account" in the amount of \$625.

Vinocur's counsel shall be responsible for delivering OEHHA's portion of the penalties paid under this Settlement Agreement.

3.2 Attorneys' Fees and Costs

The Parties reached an accord on the compensation due to Vinocur and his counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Valley Han and Jayone shall collectively pay a total of \$7,500 to Vinocur and his counsel for all fees and costs incurred investigating, bringing this matter to the attention of Valley Han's and Jayone's management, and negotiating a settlement that provides a significant public benefit. The fee payment shall be delivered in the form of a check payable to "The Chanler Group" on or before July 28, 2017.

3.3 Payment Address

All payments required by this Settlement Agreement shall be delivered to:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. CLAIMS COVERED AND RELEASED

4.1 Vinocur's Release of Valley Han and Jayone

This Settlement Agreement is a full, final, and binding resolution between Vinocur, in his individual capacity and not on behalf of the public, and Valley Han and Jayone, of any violation of Proposition 65 that was or could have been asserted by Vinocur, on his own behalf, or on behalf of his past and current agents, principals, employees, insurers, accountants, entities under his ownership or direction, representatives, attorneys, predecessors, successors, assignees and heirs, against Valley Han, its supplier Jayone, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, and each entity to whom Valley Han directly or indirectly distributes, ships or sells Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees and their owners, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, and assignees (collectively, "Releasees"), for any and all claims based on the alleged or actual failure to warn about exposures to DEHP in Products manufactured, sold, or distributed for sale before the Effective Date in California by Valley Han, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, Vinocur, in his individual capacity and not on behalf of the public, and on behalf of his past and current agents, principals, employees, insurers, accountants, entities under his ownership or direction, representatives, attorneys, predecessors, successors, assignees and heirs hereby waives any and all rights that he may have to institute or participate in, directly or indirectly, any form of legal action, and releases all claims against Valley Han and Jayone and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigation fees, expert fees, and attorneys' fees for any and all claims arising under

Proposition 65, and regarding the alleged or actual failure to warn about exposures to DEHP in Products manufactured, sold, or distributed for sale before the Effective Date by Valley Han.

The releases provided by Vinocur under this Settlement Agreement are provided solely on Vinocur's behalf and are not releases on behalf of the public in California.

4.2 Valley Han's and Jayone's Release of Vinocur

Valley Han and Jayone, on their own behalf and on behalf of their past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Vinocur, Vinocur's attorneys, and other representatives, for any and all actions taken or statements made, whether in the course of investigating claims, seeking to enforce Proposition 65 against Valley Han and Jayone in this matter, or with respect to the Products.

5. SEVERABILITY

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

6. 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 or otherwise rendered inapplicable by reason of law generally, or as applied to the Products, then Valley Han and Jayone may provide written notice to Vinocur of the asserted change in the law, and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to the Products, to the extent that the Products are so affected.

7. NOTICE

Unless specified herein, all correspondence and notice required by this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any

Party by the other at the following addresses:

For Valley Han and Jayone:

Ho-El Park, Esq.
Law Office of Ho-El Park, P.C.
333 City Blvd., West, Suite 1700
Orange, CA 92868

For Vinocur:

The Chanler Group
Attn: Prop 65 Coordinator
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

8. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Vinocur and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

This Settlement Agreement may be modified only by written agreement of the Parties.

11. ENFORCEMENT OF SETTLEMENT AGREEMENT

Any party may file suit in California Superior Court 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.

No action to enforce this Settlement Agreement may be commenced or maintained unless the party seeking enforcement notifies the other party of the specific acts alleged to breach this Settlement Agreement and, thereafter, meets and confers with

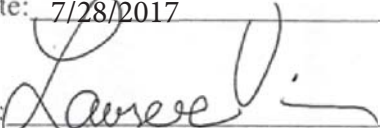
the other Party for a period of not less than 45 days in an effort to resolve the alleged breach informally before serving or filing any action to enforce the terms and conditions contained in this Settlement Agreement.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agree to all of the terms and conditions of this Settlement Agreement.

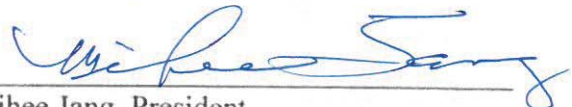
AGREED TO:

Date: 7/28/2017

By: 
LAURENCE VINOCUR

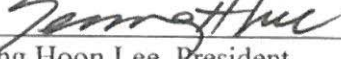
AGREED TO:

Date: 7/26/17

By: 
Mihee Jang, President
VALLEY HAN KOOK MARKET, A
CALIFORNIA CORPORATION

AGREED TO:

Date: 7-24-17

By: 
Seung Hoon Lee, President
JAYONE HOMEWARE, INC.