

State of California - Department of Justice - Attorney General's Office - Proposition 65 Enforcement Reporting

Attention: Prop 65 Coordinator, 1515 Clay Street, Suite 2000, Oakland, CA 94612

FORM JUS 1501
(03-01)

PRIVATE ENFORCEMENT FILING - Health and Safety Code section 25249.7(e) and (f)

REPORT OF SETTLEMENT

Please print or type required information

☐ Original Filing ☐ Supplemental Filing ☐ Corrected Filing

PARTIES TO THE ACTION	PLAINTIFF(S)				
	DEFENDANT(S) INVOLVED IN SETTLEMENT				
CASE INFO	COURT DOCKET NUMBER			COURT NAME	
	SHORT CASE NAME				
REPORT INFO	INJUNCTIVE RELIEF				
	PAYMENT: CIVIL PENALTY		PAYMENT: ATTORNEYS FEES		PAYMENT: OTHER
	WILL SETTLEMENT BE SUBMITTED TO COURT? <input type="checkbox"/> Yes <input type="checkbox"/> No		IF YES, AFTER ENTRY OF JUDGMENT BY COURT, REPORT OF ENTRY OF JUDGMENT MUST BE SUBMITTED TO ATTORNEY GENERAL		DATE SETTLEMENT SIGNED / /
	COPY OF SETTLEMENT MUST BE ATTACHED				
FILER INFO	NAME OF CONTACT				
	ORGANIZATION			TELEPHONE NUMBER ()	
	ADDRESS			FAX NUMBER ()	
	CITY		STATE	ZIP	E-MAIL ADDRESS

FILING INSTRUCTIONS: This form can be completed online and printed. If electronic filing is not available, mail the completed form with a copy of the settlement to the attention of the Prop 65 Coordinator at the address shown above. If you need additional space to complete this form please use an attachment.

SETTLEMENT AGREEMENT

BETWEEN

SHEFA LMV, INC.

AND

FOREVER 21, INC.

Shefa LMV, INC. (“Shefa”) and Forever 21, Inc. (“Defendant”), (Shefa and Defendant collectively are referred to as the “Parties”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle Shefa's allegations that Defendant violated the California Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §25249.6 4 *et seq.* (“Proposition 65”). The effective date of this Settlement Agreement shall be the date this Settlement Agreement is fully executed (the “Effective Date”).

1.0 Introduction

1.1 Shefa is a California-based entity that 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 Shefa alleges that Defendant manufactures, imports, sells, or distributes for sale in the State of California plastic necklace products that contain Di-[n-Butyl]Phthalate (“DBP”) without first providing a clear and reasonable warning as required by Proposition 65.

1.3 DBP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

1.4 The products covered by this Settlement Agreement are plastic necklace products manufactured by or for Defendant, imported by or for Defendant, or distributed or sold by or for

Defendant, including, but not limited to, Pink Glitter Necklace; SKU: 00104472021; Model: B00024 (the “Covered Products”).

1.5 On December 2, 2005, the Governor of California added DBP to the list of chemicals known to the State to cause reproductive toxicity.

1.6 These additions took place more than twelve (12) months before Shefa served its “60-Day Notice of Violation” which is further described below.

1.7 DBP is referred to hereinafter as the “Listed Chemical”

1.8 On or about May 26, 2017, Shefa served Defendant, as well as certain relevant public enforcement agencies with a document entitled “60-Day Notice Of Violation” (“Notice”) advising of its intent to sue for violations of Proposition 65 arising from or related to Covered Products containing the Listed Chemical.

1.9 The Notice alleged that Defendant violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposed users to the Listed Chemical.

1.10 To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the same allegations against Defendant.

1.11 Defendant denies the material, factual and legal allegations contained in the Notice and maintains that all of the products that it has sold and distributed in California, including the Covered Products, are and have been in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Defendant of any fact, finding, conclusion of law, issue of law or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Defendant of any fact, finding, conclusion of law, issue of law or violation of law, such being specifically denied by Defendant. This Section shall not, however, diminish or otherwise affect Defendants’ obligations,

responsibilities and duties under this Settlement Agreement.

1.12 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as alleged in the Notice and as set forth below concerning the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute").

1.13 Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that Shefa or Defendant may have against one another in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

2.1 This Settlement Agreement is a full, final, and binding resolution between Shefa, acting in its individual capacity only, and not its representative capacity, on the one hand, and (a) Defendant, and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, members, officers, directors, insurers, agents, attorneys, predecessors, successors, and assigns (collectively the "Releasees"), and (b) all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("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 by Shefa on behalf or itself, its past and current agents, representatives, attorneys, successors, and/or assignees (and not on behalf of the public interest) against the Releasees and/or Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising in connection with the Covered Products manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if

sold by Downstream Releasees after the Effective Date. The Parties agree that compliance with the terms of this Settlement Agreement by Defendant shall be deemed to be compliance with Proposition 65 by Releasees and Downstream Releasees with respect to any exposures to the Listed Chemical in the Covered Products manufactured, distributed, or sold by Defendant after the Effective Date.

2.2 The Covered Products subject to this Settlement Agreement are limited to those manufactured by or for Defendant, or imported by or for Defendant, or distributed by or for Defendant or sold by or for Defendant.

2.3 Shefa, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products 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 the "Claims"), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in respect of any Covered Products sold up to the Effective Date, including without limitation to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

2.4 Shefa acknowledges that it 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.

Shefa, its past and current agents, representatives, attorneys, successors, and/or assignees, in its individual and not representative capacity, expressly waive and relinquish any and all rights and benefits which they may have under, or which may be conferred on them 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 they may lawfully waive such rights or benefits pertaining to the released matters.

3.0 Defendant's Duties

3.1 Commencing on the Effective Date, except as provided in Sections 3.2 and 3.3 below, Defendant shall only sell or offer for sale in the State of California Covered Products that are Compliant Products. For purposes of this Settlement Agreement, Compliant Products are defined as those containing the Listed Chemical in a concentration less than or equal to 1000 parts per million ("ppm") (0.1%) when analyzed pursuant to a scientifically reliable application of U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any other scientifically reliable methodology for determining the Listed Chemical content in a substance of the form of the Covered Products herein ("Reformulation Standard"), or those Covered Products exhibiting a warning in compliance with Proposition 65 ("Compliant Warning").

3.2 Whenever Defendant offers for sale a Covered Product in the State of California

which does not meet the Reformulation Standard, Defendant shall provide one of the warnings described in Section 3.3 in such a conspicuous and prominent manner as to be likely to be read and understood by the consumer prior to or at the time of the sale or purchase.

3.3 The Parties agree that any of the following warnings shall constitute a Compliant Warning for the Listed Chemical in any Covered Products manufactured and offered for sale in California after the Effective Date which does not meet the Reformulation Standard required under Section 3.1:

(a) the text, **"WARNING: This product contains a chemical known to the State of California to cause birth defects or other reproductive harm"** as provided by existing regulations; provided, however, this form of warning may be used only for Covered Products manufactured before August 30, 2018; or

(b) the text, **"WARNING This product can expose you to chemicals, including DBP, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov."** accompanied by and placed to the right of a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline sized to be no smaller than the word, "WARNING" as provided by regulations adopted on or about August 30, 2016; or, for warnings affixed directly to the Covered Product only,

(c) the text, **"WARNING" Reproductive Harm - www.P65Warnings.ca.gov."** accompanied by and placed to the right of a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline sized to be no smaller than the word, "WARNING" as provided by regulations adopted on or about August 30, 2016.

3.4 The Parties agree that the specifications for Compliant Warnings in this Settlement Agreement comply with Proposition 65 and its regulations as of the date of this Settlement Agreement, and with regulations adopted on or about August 30, 2016 and which become effective August 30, 2018.

3.5 If modifications or amendments to Proposition 65 or its regulations after the Effective Date are inconsistent with, or provide warning specifications or options different from, the specifications in this Settlement Agreement, Defendant may modify the content and delivery methods of its warnings to conform to the modified or amended provisions of Proposition 65 or its regulations.

4.0 Payments

4.1 Payment from Defendant. Within ten (10) business days of the Effective Date, Defendant shall make the Total Settlement Payment of \$14,500.00.

4.2 Allocation of Payments. The Total Settlement Payment shall be paid in three (3) separate checks made payable and allocated as follows:

4.2.1 Civil Penalty. Defendant shall pay \$2,000.00 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). The civil penalty shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to Shefa and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty payment in the amount of \$1,500.00 shall be made payable to OEHHA and associated with taxpayer identification number 68-0284486. This payment shall be delivered as follows:

For United States Postal Service Delivery:

Attn: Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010, MS #19B
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Attn: Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street, MS #19B
Sacramento, CA 95814

The Shefa portion of the civil penalty payment in the amount of \$500.00 shall be made payable to Shefa LMV, Inc. and associated with taxpayer identification number 81-0907002. This payment shall be delivered to the Law Office of Daniel N. Greenbaum, 7120 Hayvenhurst Ave, Suite 320, Van Nuys, CA 91406.

4.2.2 Attorneys' fees and Costs. A reimbursement of Shefa's attorney's fees and costs in the amount of \$12,500.00 payable to the "Law Office of Daniel N. Greenbaum," and associated with taxpayer identification number 46-4580172. This payment shall be delivered to the Law Office of Daniel N. Greenbaum, 7120 Hayvenhurst Ave, Suite 320, Van Nuys, CA 91406.

4.2.3 Tax Forms: Additionally, three separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$1,500.00. The second 1099 shall be issued in the amount of \$500.00 to Shefa LMV, Inc (EIN: 81-0907002) and

delivered to: Daniel N. Greenbaum, 7120 Hayvenhurst Avenue, Suite 320, Van Nuys, CA 91406. The third 1099 shall be issued in the amount of \$12,500.00 to the Law Office of Daniel N. Greenbaum (EIN: 46-4580172) and delivered to: Daniel N. Greenbaum, 7120 Hayvenhurst Avenue, Suite 320, Van Nuys, CA 91406.

5.0 Authority to Enter Into Settlement Agreement

5.1 Shefa represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Shefa to this Settlement Agreement.

5.2 Defendant represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Defendant to this Settlement Agreement.

6.0 Report of the Settlement Agreement to the Office of the Attorney General

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

7.0 Execution in Counterparts and Facsimile

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document.

7.2 A facsimile or portable document format (PDF) signature shall be as valid as the original.

8.0 Entire Agreement

8.1 This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings.

8.2 No other agreements, oral or otherwise, exist to bind any of the Parties.

9.0 Modification of Settlement Agreement

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

10.0 Application of Settlement Agreement

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, Shefa and the Releasees and Downstream Releasees identified in Section 2 above. Defendant's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 by the Releasees and Downstream Releasees with regard to the Listed Chemical in the Covered Products.

11.0 Enforcement of Settlement Agreement

11.1 Either party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in Sections 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement.

11.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Defendant by Shefa, unless Shefa first notifies Defendant of the specific acts alleged to breach this Settlement Agreement in writing at least 90 days before serving or filing any action or Notice of Violation and Defendant fails to comply with the requirements set forth in Section 11.3 below. Any notice to Defendant alleging a new violation with respect to a Covered Product which is not subject to the release of claims herein must contain (a) the name of the product,

including SKU if applicable (b) specific dates when the product was sold after the Effective Date in California without reformulation or a warning, (c) the address of the store or other place at which the product was available for sale to consumers, and (d) evidence that the Reformulation Standard was exceeded or warning not provided, and (e) any other evidence or other support for the allegations in the notice.

11.3 Within thirty (30) days (or such additional time as the Parties may mutually agree upon) of receiving the notice described in Section 11.2, Defendant and Shefa shall meet and confer on the alleged violation. If Defendant refutes the alleged violation (such as, for example, establishing the Covered Product is subject to the releases herein or produces test results documenting the subject Covered Product meets the Reformulation Standard) Shefa shall take no further action. If Shefa establishes the violation, then Defendant shall send the store or other place at which the product was available for sale to the public a letter directing that the subject product be immediately removed from inventory and returned to Defendant. Should the Parties be unable to resolve the dispute, any Party may seek relief under Section 11.1.

12.0 Notification Requirements

12.1 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 Shefa:

Daniel N. Greenbaum, Esq.

Law Office of Daniel N. Greenbaum

7120 Hayvenhurst Avenue, Suite 320

Van Nuys, CA 91406

For Forever 21, Inc

Scott Hampton, Esq.

FOREVER 21, INC.

3880 N. Mission Rd., Room 3110

Los Angeles CA 90031

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

13.0 SEVERABILITY

13.1 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.

14.0 GOVERNING LAW

14.1 The Terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. This Settlement Agreement shall have no application to Covered Products which are not sold to California consumers.

14.2 In the event that Proposition 65 is repealed, preempted or otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then Defendant shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, any Covered Products that are so affected.

14.3 The Parties, including their counsel, have participated in the preparation of this Settlement Agreement and this Settlement Agreement is the result of the joint efforts of the

Parties.

14.4 This Settlement Agreement was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel.

14.5 Each Party to this Settlement Agreement agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Settlement Agreement and, in this regard, the Parties hereby waive California Civil Code § 1654.

15.0 AUTHORIZATION

15.1 Each signatory to this Settlement Agreement certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Settlement Agreement and to enter into and execute the Settlement Agreement on behalf of the Party represented and legally bind that Party.

15.2 The undersigned have read, understand and agree to all of the terms and conditions of this Settlement Agreement.

15.3 Except as explicitly provided herein, each Party is to bear its own fees and costs.

16.0 TERMINATION

16.1 This Settlement Agreement shall terminate on the second anniversary of the Effective Date.

AGREED TO:

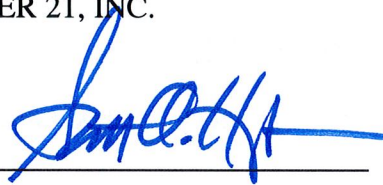
Dated: January 18, 2018

SHEFA LMV, INC.

By: _____

Dated: January 15, 2018

FOREVER 21, INC.

By: _____