
1. INTRODUCTION

1.1 The Parties

This Private Settlement Agreement (hereinafter "Private Settlement") is hereby entered into by and between Kingpun Cheng, as an individual, (hereinafter "Cheng") and SL Home Fashions, Inc. (hereinafter "SL Home Fashions"). SL Home Fashions and Cheng shall be collectively referred to as the "Parties" and each of them as a "Party." Cheng is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

1.2 Allegations

Cheng alleges that SL Home Fashions manufactured and/or distributed The Ultimate Sheet Standard Pillowcase RN#119741, The Natural Linens Collections 100% Cotton Queen Sheet Set, and Project Runway Aaliyah Collection Comforter Ensemble-King UPC481030054803 (collectively "Bedding Materials"); that were packaged in packaging materials which packaging material, but not the Bedding Materials are said to contain DEHP (Di[2--Ethylhexyl] Phthalate), and that such packaging was used to sell the Bedding Materials in the state of California without being accompanied by the requisite Proposition 65 warnings. DEHP (Di[2--Ethylhexyl] Phthalate) is listed under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects and reproductive toxicity. Cheng has cited the Bedding Materials packaging as the subjects of his allegations.

1.3 Product Description

The packaging of the any and all Bedding Materials and not just the specific styles of Bedding Materials referenced above are covered by this Private Settlement used by SL Home Fashions and sold into California. All such items shall be referred to herein as the "Products."

1.4 Notices of Violation

On or about May 31, 2018 Cheng served Big Lots Stores, Inc., SL Home Fashions, Inc., and various public enforcement agencies with various documents entitled "60-Day Notice of Violation" pursuant to Health & Safety Code §25249.7(d) (the "Notices"), alleging that SL Home Fashions was in violation of Proposition 65 for failing to warn consumers and customers that the Products exposed users in California to DEHP (Di[2--Ethylhexyl] Phthalate).

No public enforcer diligently prosecuted the claims threatened in any of the Notices within sixty days plus service time after service of the Notices by Cheng. Cheng represents and warrants to SL Home Fashions that it has received no notice after the appropriate inquiry that any public enforcer will prosecute that claims contained in the Notices. To the extent any public enforcer attempts to enforce any of the claims in the Notice after this Private Settlement is completed, Cheng agrees, along with its counsel to immediately refund to SL Home Fashions all amount paid under this Private Settlement.

For purposes of this Private Settlement only, the Parties stipulate that in the event of enforcement of this Private Settlement or a dispute arises regarding this Private Settlement, the Superior Court of California, County of Los Angeles has proper jurisdiction over SL Home Fashions as to the allegations contained in the Notice and that venue is proper in the County of Los Angeles.

Nothing in this Private Settlement 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 SL Home Fashions, Inc., its officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency or forum of any fact, finding, issue of law, or violation of law; nor shall compliance with this Private Settlement constitute or be construed as an admission by SL Home Fashions, Inc. of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of SL Home Fashions, Inc. under this Private Settlement.

1.5 Effective Date

For purposes of this Private Settlement, the term "Effective Date" shall mean the date this Private Settlement is signed by all parties.

2. INJUNCTIVE RELIEF

2.1 Commencing on the Effective Date, SL Home Fashions shall not sell or offer for sale, in California, Products that are not compliant with the laws of the State of California in that the as those Products containing DEHP in a concentration more than 1,000 parts per million ("ppm") (0.1%) when analyzed pursuant to a scientifically reliable application of the U.S. Environmental Protection Agency testing methodologies 3580A and 8270C ("Reformulation Standard"), or those Products exhibiting a warning in compliance with Proposition 65 ("Compliant Warning").

2.2 Whenever a clear and reasonable warning is required under this Private Settlement for Products offered for sale in the State of California, it shall state one of the warnings described in Section 2.3.

2.3 Cheng and SL Home Fashions agree that any of the following warnings shall constitute a Compliant Warning for DEHP in the SL Products:

(a) the text, "**WARNING: This product can expose you to DEHP, 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

(b) the text, "**WARNING: Cancer and 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.

2.4 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 this Section 2, SL Home Fashions may modify the content and delivery methods of its warnings to conform to the modified or amended provisions of Proposition 65 or its regulations.

3. PAYMENTS PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

With regard to all claims that have been raised or which could be raised with respect to the alleged failure to warn pursuant to Proposition 65 with regard to DEHP (Di[2--Ethylhexyl] Phthalate) and taking into consideration the prompt and cooperative manner with which SL Home Fashions has taken in correcting the alleged violation, including expending great resources to reformulate the Products; SL Home Fashions shall pay \$500.00 pursuant to Health and Safety Code section 25249.7(b), to be apportioned in accordance with California Health & Safety Code § 25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of the penalty remitted to Cheng, as provided by California Health & Safety Code § 25249.12(d) and the instructions directly below.

SL Home Fashions shall issue two separate checks for the payment: (a) one check made payable to "OEHHA" (tax identification number: 68-0284486) in an amount of \$375.00; and one check in an amount of \$125.00 made payable directly to Cheng. SL Home Fashions shall mail these payments within ten (10) business days after the Effective Date at which time such payments shall be mailed to the following addresses respectively:

For United States Postal Delivery to OEHHA:

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

For Non-United States Postal Delivery to OEHHA:

Mike Gyurics
Office of Environmental Health Hazard Assessment
Fiscal Operations
1001 "I" Street
Mail Stop 12-B
Sacramento, CA 95814

For Delivery of Mr. Cheng:

Mr. Kingpun Cheng
C/O Sy and Smith, PC
11622 El Camino Real, Suite 100

San Diego, CA 92130

4. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Cheng and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, SL Home Fashions shall reimburse Cheng's counsel for fees and costs incurred as a result of investigating, bringing this matter to SL Home Fashions' attention, and negotiating a settlement in the public interest. SL Home Fashions shall pay Cheng's counsel \$7,500.00 as all attorneys' fees, expert and investigation fees and related costs associated with this matter and the Notice. SL Home Fashions shall send a check payable to "Sy and Smith, PC" within ten (10) business days of the Effective Date to Sy and Smith, PC, 11622 El Camino Real, Suite 100, San Diego, CA 92130.

5. RELEASE OF ALL CLAIMS

5.1 Cheng Release of SL Home Fashions, Inc.

Cheng, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, releases SL Home Fashions, Inc. and any of its downstream or upstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, manufacturers, their parent, and all subsidiaries and affiliates thereof and their respective employees, agents, and assigns, affiliates and subsidiaries, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, including but not limited to Big Lots Stores, Inc., (collectively "Releasees") from all claims for violations of Proposition 65 up through the Effective Date based on exposure to DEHP from the Products as set forth in the Notices of Violation. Compliance with the terms of this Private Settlement constitutes compliance with Proposition 65 with respect to exposures from the Products.

In addition to the foregoing, Cheng, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases any other claims that he could make against SL Home Fashions, Inc. or the Releasees arising prior to the Effective Date with respect to violations of Proposition 65 based upon the Products. With respect to the foregoing waivers and releases in this paragraph, Cheng hereby specifically waives any and all rights and benefits which he now has, or in the future may have, conferred by virtue of the provisions of Section 1542 of the California 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."

5.2 SL Home Fashions Release of Cheng

SETTLEMENT AGREEMENT BETWEEN KINGPUN CHENG AND SL HOME FASHIONS, INC.

SL Home Fashions waives any and all claims against Cheng, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Cheng and his attorneys and other representatives in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter.

6. CONFIDENTIALITY AND NON-DISPARAGEMENT

The Parties agree to refrain from taking action or making statements, written, oral or through any form of social media, which disparage or defame the goodwill or reputation of the other Party.

7. SEVERABILITY AND MERGER

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

This Private Settlement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

8. GOVERNING LAW

The terms of this Private Settlement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then SL Home Fashions shall have no further obligations pursuant to this Private Settlement with respect to the products to the extent the Products are so affected.

9. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Private Settlement shall be in writing and personally delivered or sent by: electronic mail and either (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For SL Home Fashions, Inc.:

Miles L. Prince
1912 E. Vernon Ave., Suite 100
Los Angeles, CA 90058

For Cheng:

Parker A. Smith
Sy and Smith, PC
11622 El Camino Real, Suite 100

San Diego, CA 92130

Any party, from time to time, may specify in writing by the means set forth above to the other party a change of address to which all notices and other communications shall be sent.

10. COUNTERPARTS; FACSIMILE SIGNATURES; BINDING EFFECT

This Private Settlement may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. This Private Settlement shall apply to, be binding upon, and inure to the benefit of, Cheng, SL Home Fashions and the Releasees identified above.

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

Cheng agrees to comply with the requirements set forth in California Health & Safety Code §25249.7(f) and to provide to SL Home Fashions or its representative with proof of compliance.

12. MODIFICATION

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

13. ATTORNEY'S FEES

13.1 A Party who unsuccessfully brings or contests an action arising out of this Private Settlement shall be required to pay the prevailing Party's reasonable attorney's fees and costs.

14. AUTHORIZATION

The undersigned are authorized to execute this Private Settlement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this document and certifies that he or she is fully authorized by the Party he or she represents to execute the Private Settlement on behalf of the Party and legally bind that Party.

IT IS HEREBY AGREED TO:

By: Kingpun Cheng
Kingpun Cheng

Date: 2019-9-6

IT IS HEREBY AGREED TO:

By: [Signature]
On Behalf of: SL Home Fashions, Inc.
Title: CEO

Date: 9/12/19

Approved as to form and content:

By: [Signature]
Sy & Smith, P.C.
Attorneys for Cheng

Date: 9/6/19

Approved as to form and content:

By: [Signature]
David L. Prince, Esq.
Attorney for SL Home Fashions, Inc.

Date: 9/12/19