

**SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND NATIONAL
NAIL CORP.**

1. RECITALS

1.1 The Parties

1.1.1 This Settlement Agreement (“Agreement”) is entered into by and between APS&EE, LLC (“APS&EE”) and National Nail Corp. (“National Nail”). APS&EE and National Nail shall hereinafter collectively be referred to as the “Parties”.

1.1.2 APS&EE is an organization based in California with an interest in protecting the environment, improving human health and the health of ecosystems, and supporting environmentally sound practices, which includes promoting awareness of exposure to toxic chemicals and reducing exposure to hazardous substances found in consumer products.

1.1.3 APS&EE alleges that National Nail is a company in the course of doing business as the term is defined in California *Health & Safety Code* section 25249.6 et seq. (“Proposition 65”).

1.2 Allegations

1.2.1 APS&EE alleges that National Nail sold ProFit galvanized nails, including 3”, 0057178, 0-42928-00583-5 (hereinafter the “Products”) in the State of California causing users in California to be exposed to unsafe levels of lead, without providing “clear and reasonable warnings”, in violation of Proposition 65. Lead is potentially subject to Proposition 65 warning requirements because it is listed by the State of California as known to cause cancer and birth defects or other reproductive harm.

1.2.2 On July 17, 2018, APS&EE served a Sixty-Day Notice of Violation (the “Notice”) to National Nail and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the Products.

1.3 No Admissions

National Nail denies all allegations in APS&EE's Notice and maintains that the Products have been, and are, in compliance with all laws, and that National Nail has not violated Proposition 65. This Agreement shall not be construed as an admission of liability by National Nail but to the contrary as a compromise of claims that are expressly contested and denied. However, nothing in this section shall affect the Parties' obligations, duties, and responsibilities under this Agreement.

1.4 Compromise

The Parties enter into this Agreement in order to resolve the controversy described above in a manner consistent with prior Proposition 65 settlements and consent judgments that were entered in the public interest and to avoid prolonged and costly litigation between them.

1.5 Effective Date

The "Effective Date" shall be the date upon which a complete and fully executed copy of the Agreement is delivered to each Party's counsel.

2. INJUNCTIVE RELIEF AND REFORMULATION

2.1 Reformulation

Subject to Section 2.3, as of thirty (30) days after the Effective Date, National Nail shall not distribute, sell or offer for sale the Products in California unless (a) the galvanizing solution in which the Products are submerged has a lead content by weight of no more than 100 parts per million (0.01%) ("Reformulated Products"), or (b) the Products are distributed, sold, or offered for sale with a clear and reasonable warning as described below in Section 2.2.

2.2 Clear And Reasonable Warnings

2.2.1 For any Products that are not Reformulated Products, such Products shall be accompanied by a clear and reasonable warning. National Nail shall provide the following warning statements (or other warnings consistent with 27 Cal. Code Regs. § 25601, et seq. operative August 30, 2018, or the applicable regulations governing such warnings) as follows:

“WARNING: This product can expose you to chemicals, including Lead, which is 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.”

OR

“WARNING: Cancer and Reproductive Harm - www.P65Warnings.ca.gov”

The warning shall be accompanied by a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the label for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word “WARNING”.

2.2.2 Consistent with 27 Cal. Code Regs. § 25601, et seq. operative August 30, 2018, the Products shall carry said warning directly on each unit or its label or package, with such conspicuousness as compared with other words, statements or designs as to render it likely to be read and understood by an ordinary consumer prior to sale.

2.3 Existing Inventory

The injunctive requirements of Section 2 shall not apply to Products that were in National Nail’s inventory, ordered from National Nail’s suppliers, or otherwise in the stream of commerce before thirty (30) days after the Effective Date, which products are subject to the releases provided in Section 4.1.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, National Nail shall pay a total civil penalty of two thousand dollars (\$2,000.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75% (\$1,500) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the

remaining 25% (\$500) for APS&EE.

National Nail shall issue two (2) checks for the civil penalty: (1) a check or money order made payable to "OEHHA" in the amount of \$1,500.00; and (2) a check or money order made payable to "Law Offices of Lucas T. Novak" in the amount of \$500.00. National Nail shall remit the payments within ten (10) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

3.2 Reimbursement Of APS&EE's Fees And Costs

National Nail shall reimburse APS&EE's reasonable experts' and attorney's fees and costs incurred in prosecuting the instant action, for all work performed through execution of this Agreement. Accordingly, National Nail shall issue a check or money order made payable to "Law Offices of Lucas T. Novak" in the amount of eighteen thousand dollars (\$18,000.00). National Nail shall remit the payment within ten (10) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

4. RELEASES

4.1 APS&EE's Release Of National Nail

APS&EE, in consideration of the promises and monetary payments contained herein, hereby releases National Nail, its parents, subsidiaries, affiliated companies under common ownership or control, shareholders, directors, members, officers, employees, attorneys, successors and assignees, and each entity in the downstream distribution chain of the Products, including California retailers (collectively "Releasees"), from all Proposition 65 violation claims regarding the Products that were distributed or sold by

National Nail in California before and up to thirty (30) days after the Effective Date, even if distributed or sold by an entity in the downstream distribution chain after the Effective Date.

4.2 National Nail's Release Of APS&EE

National Nail, and on behalf of the other Releasees, by this Agreement, waives all rights to institute any form of legal action against APS&EE, its shareholders, directors, members, officers, employees, attorneys, experts, successors and assignees for actions or statements made or undertaken, whether in the course of investigating claims or seeking enforcement of Proposition 65 against National Nail in this matter.

4.3 Waiver Of Unknown Claims

Each of the Parties acknowledges that it is familiar with Section 1542 of 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.”

Each of the Parties waives and relinquishes any right or benefit it has or may have under Section 1542 of California Civil Code or any similar provision under the statutory or non-statutory law of any other jurisdiction to the full extent that it may lawfully waive all such rights and benefits. The Parties acknowledge that each may subsequently discover facts in addition to, or different from, those that it believes to be true with respect to the claims released herein. The Parties agree that this Agreement and the releases contained herein shall be and remain effective in all respects notwithstanding the discovery of such additional or different facts.

5. SEVERABILITY

Should any part or provision of this Agreement for any reason be declared by a Court to be invalid, void or unenforceable, the remaining portions and provisions shall continue in full force and effect.

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California. If Proposition 65 is repealed or otherwise rendered inapplicable by reason of law generally, or as to the Products, National Nail shall have no further obligations under this Agreement. If Proposition 65 is amended, compliance with such amendments will constitute compliance with this Agreement.

7. NOTICE

All correspondence and Notice required to be provided under this Agreement shall be in writing and delivered personally or sent by first class or certified mail addressed as follows:

<p>TO NATIONAL NAIL: Margaret Stalker, Esq. Warner Norcross Judd 900 Fifth Third Center 111 Lyon St., NW Grand Rapids, MI 49503</p>	<p>TO APS&EE: Lucas T. Novak, Esq. Law Offices of Lucas T. Novak 8335 W Sunset Blvd., Suite 217 Los Angeles, CA 90069</p>
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8. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute the same document. Execution and delivery of this Agreement by e-mail, facsimile, or other electronic means shall constitute legal and binding execution and delivery. Any photocopy of the executed Agreement shall have the same force and effect as the originals.

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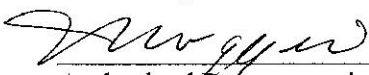
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9. **AUTHORIZATION**

The undersigned are authorized to execute this Agreement on behalf of their respective Parties. Each Party has read, understood, and agrees to all of the terms and conditions of this Agreement. Each Party warrants to the other that it is free to enter into this Agreement and is not subject to any conflicting obligation that will or might prevent or interfere with the execution or performance of this Agreement by said Party.


AGREED TO:

Date: 11/21/19

By: 
Authorized Representative of APS&EE, LLC

AGREED TO:

Date: 11/21/19

By:  CEO
Authorized Representative of National Nail Corp.