

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between Kim Embry (“Embry”), on the one hand, and C&T Publishing, Inc., a California corporation (“C&T”), on the other hand, with Embry and C&T each individually referred to as a “Party” and collectively as the “Parties.” Embry 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 used in consumer products. C&T 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 § 25249.6 *et seq.* (“Proposition 65”).

#### **1.2 General Allegations**

Embry alleges that C&T manufactures, sells, and distributes for sale in California, clear crafting vinyl that contains Di(2-ethylhexyl) phthalate (“DEHP”) and that it does so without first providing the health hazard warning required by Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to cause cancer and birth defects or other reproductive harm.

#### **1.3 Product Description**

The product covered by this Settlement Agreement is defined as, and expressly limited to, C&T Premium Clear Vinyl; 12 Gauge that contains DEHP and that is manufactured by or on behalf of C&T (the “Product”) and sold or distributed for sale in California.

#### **1.4 Notice of Violation**

On October 19, 2018 Embry served C&T, the California Attorney General and other requisite public enforcers with a 60-Day Notice of Violation, which Notice of Violation was amended on October 30, 2018 (as amended, the “Notice”), alleging that C&T violated Proposition 65 when it failed to warn its customers and consumers in California of the health risks associated with exposures to DEHP from the Product. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

### **1.5 No Admission**

C&T denies the material, factual, and legal allegations in the Notice and maintains that all of the product it sold and/or distributed for sale in California, including the Product, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by C&T of any 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 C&T of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by C&T. This Section shall not, however, diminish or otherwise affect C&T'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 ninety (90) days following the execution of this Settlement Agreement by the Parties.

## **2. INJUNCTIVE RELIEF**

### **2.1 Clear and Reasonable Warnings**

Commencing on the Effective Date, and continuing thereafter, C&T agrees to only manufacture for sale, purchase for sale, import for sale, or distribute for sale in or into California the Product that is sold with a health hazard warning as provided for in Section 2.2.

### **2.2 General Warning Requirements**

C&T agrees that each health hazard warning (as set forth in Section 2.1) shall be prominently placed with such conspicuousness, as 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 before purchase or use. Each such health hazard warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Product shall consist of a warning affixed to the packaging, label, tag, or directly to each Product sold in California by C&T itself, or through one or more of its distributors, wholesalers or retailers, that contains the following statements:

**WARNING:** This product can expose you to chemicals including Di(2-ethylhexyl) phthalate, which is known to the State of California to cause cancer, birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

OR the following statement that is printed on packages manufactured prior to August 30, 2018:

California Prop 65 WARNING  
This Product may contain one or more chemicals known to the State of California to cause cancer, birth defects, or other reproductive harm.

The warning shall also include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. 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". C&T shall provide the same warning to any reseller who intends to sell the Product online with instructions to post the warning on any websites which offer the Product for sale.

### **2.3 Grace Period for Existing Inventory of Products**

The injunctive requirements of Section 2 shall not apply to Products that are already in the stream of commerce as of the Effective Date, which Products are expressly subject to the releases provided in Section 4.1.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Civil Penalty Payment**

Pursuant to California Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, C&T agrees to pay Five Hundred and 00/100 Dollars (\$500.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 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 Embry. Within ten (10)

days of the date this Settlement Agreement is executed by the Parties, C&T shall issue two separate checks for the initial civil penalty payment to (a) OEHHA in the amount of Three Hundred Seventy Five and 00/100 Dollars (\$375.00) and (b) Kim Embry, payable to the Glick Law Group Client Trust Account, in the amount of One Hundred Twenty Five and 00/100 Dollars (\$125.00).

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section 3.1 shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

All penalty payments owed to Embry under this Section 3.1 shall be sent to:

Noam Glick  
Glick Law Group  
225 Broadway, Suite 2100  
San Diego, CA 92101

### **3.2 Attorney Fees and Costs**

The Parties reached an accord on the compensation due to Embry and her counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, within ten (10) days of the date this Settlement Agreement is executed by the Parties, C&T agrees to pay Four Thousand Five Hundred and 00/100 Dollars (\$4,500.00) to Embry and her counsel for all fees and costs incurred in investigating, bringing this matter to the attention of C&T's management and

negotiating a settlement. C&T's payments for attorneys' fees and costs shall be payable to Glick Law Group Attorney Trust Account. C&T shall deliver payment of the attorneys' fees and costs to The Glick Law Group in the form of two checks: (i) one check for Two Thousand Two Hundred Fifty and 00/100 Dollars (\$2,250.00), delivered within ten (10) calendar days of execution of this Settlement Agreement; and (ii) one check for Two Thousand Two Hundred Fifty and 00/100 Dollars (\$2,250.00), delivered within sixty (60) calendar days of execution of this Settlement Agreement.

### **3.3 Payment Address**

All payments required under Section 3.2 shall be delivered to:

Noam Glick  
Glick Law Group  
225 Broadway, Suite 2100  
San Diego, CA 92101

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 Embry's Release of C&T.**

This Settlement Agreement is a full, final, and binding resolution between Embry, on her own behalf and not on behalf of the public, and C&T of any violation of Proposition 65 that was or could have been asserted by Embry, on her own behalf, on behalf of her past and current agents, representatives, attorneys, successors and assignees, against C&T and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, each upstream entity from whom the Product was purchased by C&T, and each entity to whom C&T directly or indirectly distributes or sells the Product, including, but not limited to, its downstream distributors, wholesalers, customers, franchisees, cooperative members, licensees and retailers, specifically including Staples, Inc., a Delaware corporation, and its affiliates ("Releasees"), based on the failure to warn about exposures to DEHP in the Product sold or distributed for sale in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, Embry on her own behalf and not on behalf of the public, on behalf of her past and current agents, representatives, attorneys, successors and assignees hereby waives any and all rights she may have to institute or

participate in, directly or indirectly, any form of legal action against C&T and the Releasees and releases all claims against C&T and the Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising under Proposition 65 with respect to the alleged or actual failure to warn about exposures to DEHP in the Product distributed, sold or offered for sale, before the Effective Date.

#### **4.2 C&T's Release of Embry**

C&T, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Embry and her attorneys and other representatives, for any and all actions taken or statements made by Embry and her attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Product.

#### **4.3 California Civil Code Section 1542**

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Product will develop or be discovered. Embry on behalf of herself only, on one hand, and C&T on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and 4.2 may include unknown claims, and nevertheless waive 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.**

#### **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.

**7. NOTICE**

Unless specified herein, all correspondence and notice required to be provided pursuant to 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 C&T:

Todd Hensley  
CEO, C&T Publishing, Inc.  
1651 Challenge Dr.  
Concord, CA 94520

For Embry:

Noam Glick  
Glick Law Group  
225 Broadway, Suite 2100  
San Diego, CA 92101

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)**

Embry and her attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

**10. MODIFICATION**

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

**11. AUTHORIZATION**

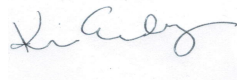
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

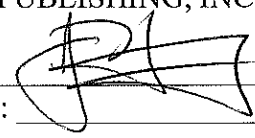
**AGREED TO:**

**AGREED TO:**

Date: 12/13/2018

Date: 12/13/2018

By:   
KIM EMBRY

C&T PUBLISHING, INC.  
By:   
Name: Todd Hensley  
Title: CEO