

## SETTLEMENT AND RELEASE AGREEMENT

### 1. INTRODUCTION

#### 1.1. Ecological Alliance, LLC and Parfums de Coeur, Ltd.

This Settlement Agreement is entered into by and between Ecological Alliance, LLC (“Ecological”), on the one hand, and Parfums de Coeur, Ltd. (“PDC”), on the other hand, with Ecological and PDC collectively referred to as the “Parties.”

#### 1.2. General Allegations

Ecological alleges that PDC distributed and offered for sale in the State of California luxury gift bags containing Di(2-ethylhexyl)phthalate (“DEHP”) and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* (“Proposition 65”). California has identified and listed DEHP under Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

#### 1.3. Product Description

The products that are covered by this Settlement Agreement are defined as plastic material used on luxury gift bags including, but not limited to, UPC #026169036384 that PDC has or caused to be sold, offered for sale or distributed in California and that contain DEHP. All such items shall be referred to herein as the “Products.”

#### 1.4. Notice of Violation

On December 21, 2018, Ecological served PDC, Kmart Corporation, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled “60-Day Notice of Violation” (“Notice”) that provided PDC and such public enforcers with notice that PDC was allegedly in violation of

California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to DEHP. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

**1.5. No Admission**

The parties enter into this Settlement Agreement to settle disputed claims between them as set forth herein and in the Notice concerning PDC's compliance with Proposition 65. Specifically, PDC denies the material factual and legal allegations contained in Ecological's Notice and maintains that all products that it has manufactured for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 and any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by PDC of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by PDC of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by PDC. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of PDC under this Settlement Agreement.

**1.6. Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

**2. INJUNCTIVE RELIEF: WARNING**

**2.1. Clear and Reasonable Warning**

Commencing no later than 90 days after the Effective Date, PDC shall provide clear and reasonable warning for all Products that are imported, manufactured, sold, distributed or

otherwise provide for sale to customers in California in accordance with this Section and/or in accordance with Title 27, Div. 4, Chap. 1, Art. 6 of the California Code of Regulations commencing at § 25600, *et seq.*, as amended from time to time. The Parties agree that Products shall be accompanied by a warning as described in Section 2.2 below unless the Product contains no more than 1,000 parts per million DEHP or other regulated phthalate. Products with less than 1,000 parts per million DEHP or other regulated phthalate shall be considered compliant with Proposition 65. The warning requirement shall not apply to Products that are already in the stream of commerce as of the Effective Date or that PDC places into the stream of commerce within 90 days of the Effective Date.

**2.2. Warning Language**

Where required, PDC may provide Proposition 65 warnings as follows:

(a) PDC may use any of the following warning statements and provide them by either on-label warning, shelf tag, or by other electronic means:

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

(2) **WARNING:** Cancer and Reproductive Harm—  
[www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

(b) The warning shall also include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the sign, label or shelf tag 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”.

(c) The requirements for warnings, set forth in subsection (a) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations.

(d) If Proposition 65 warnings for DEHP or the Products should no longer be required, PDC shall have no further obligations pursuant to this Settlement Agreement.

**3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)**

In settlement of all the claims referred to in this Settlement Agreement, PDC shall pay a total of \$200 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Ecological. Ecological's counsel shall be responsible for delivering OEHHA's and Ecological's portions of any penalty payment made under this Settlement Agreement.

**4. REIMBURSEMENT OF FEES AND COSTS**

The Parties reached an accord on the compensation due to Ecological and its counsel under the private attorney general doctrine, codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this Settlement Agreement. Under these legal principles, PDC shall reimburse Ecological's counsel for fees and costs, incurred as a result of investigating and bringing this matter to PDC's attention. PDC shall pay

Ecological's counsel \$17,000 for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

**5. PAYMENT INFORMATION**

On or before August 30, 2019, PDC shall make a total payment of Seventeen Thousand Two Hundred Dollars (\$17,200) for the civil penalties and attorney's fees / costs by wire transfer to Plaintiff's counsel Custodio & Dubey LLP:

Bank: Bank of America, N.A.  
Routing No.: 026009593  
Account No.: 325104702031  
Beneficiary: Custodio & Dubey LLP

Other than this payment, each side is to bear its own attorneys' fees and costs.

**6. RELEASE OF ALL CLAIMS**

**6.1. Release of PDC, Downstream Customers and Upstream Vendors**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Ecological, in its representative capacity, and on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives and releases all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Products (including but not limited to under Proposition 65), 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) PDC, (b) each of PDC's downstream distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers (including but not limited to Kmart Corporation), franchisees, dealers, shareholders, cooperative members,

customers, owners, purchasers, users, and (c) PDC's parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities. (collectively "Releasees").

Ecological also, in its capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against PDC and the Releasees. Ecological acknowledges that it is familiar with California Civil Code section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
THAT THE CREDITOR OR RELEASING PARTY DOES NOT  
KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT  
THE TIME OF EXECUTING THE RELEASE, AND THAT IF  
KNOWN BY HIM OR HER WOULD HAVE MATERIALLY  
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR  
OR RELEASED PARTY.

Ecological, in its capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

**6.2. PDC's Release of Ecological**

PDC waives any and all claims against Ecological, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Ecological and its attorneys and other representatives, whether in the course of investigating

claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

**7. 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 is otherwise rendered inapplicable by reason of law generally, or as to the Products, then PDC shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that the Products are so affected.

**8. NOTICE**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (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 PDC:                      Will Wagner, Esq.  
Greenberg Traurig, LLP  
1201 K Street, Suite 1100  
Sacramento, CA 95814

For Ecological:              Vineet Dubey, Esq.  
Custodio & Dubey LLP  
448 S. Hill St., Suite 615  
Los Angeles, CA 90013

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

9. **COUNTERPARTS; FACSIMILE/E-SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. **COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

Ecological agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f), and shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Effective Date.

11. **ENTIRE AGREEMENT**

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


12. **MODIFICATION**

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

13. **AUTHORIZATION**

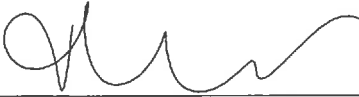
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.



<p><b>AGREED TO:</b></p> <p>Date: August __, 2019</p> <p>By: _____ On Behalf of Ecological Alliance, LLC</p>	<p><b>AGREED TO:</b></p> <p>Date: August <u>8</u>, 2019</p> <p>By:  On Behalf of Parfums de Coeur, Ltd.</p>
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**AGREED TO:**

Date: August 8 2019

By:   
On Behalf of Ecological Alliance, LLC

**AGREED TO:**

Date: August \_\_, 2019

By: \_\_\_\_\_  
On Behalf of Parfums de Coeur, Ltd.