

SETTLEMENT AGREEMENT AND RELEASE

CA Citizen Protection Group, LLC (“CCPG”) and Enchante Accessories, Inc. (“**Enchante**”) enter into this Settlement Agreement and Release (this “**Agreement**”). This Agreement is effective on the date on which it is fully executed (“**Effective Date**”). CCPG and Enchante are referred to individually as a “**Party**” and collectively as the “**Parties**.” The Parties agree as follows:

1. The “**Matter**” arises out of the Sixty-Day Notice of Intent to Sue for violations of the Safe Drinking Water and Toxic Enforcement Act of 1986, codified under California Health & Safety Code (“**HSC**”) §25249.5, *et seq.* (referred to as “**Proposition 65**”), that CCPG served on Enchante, The TJX Companies, Inc. and T.J. Maxx of CA, LLC, on April 22, 2019 (the “**Notice**”). The Notice claims that Proposition 65 warnings are required for alleged **Di-(2-ethylhexyl) Phthalate (“DEHP”)** exposures to a product tested by CCPG. The following product manufactured, imported, distributed and/or sold by Enchante is the “**Covered Product**” under this Agreement:

▪ **Mixed Metals Cosmetic Case, UPC # 192598171597**

Enchante affirms and represents that the Covered Product has been discontinued, and that after the Effective Date Enchante shall not sell or distribute the Covered Product in the State of California. Enchante also affirms that it does not intend to manufacture or import the Covered Product in the future.

2. The Parties enter into this Agreement in order to fully resolve all claims, demands, and allegations regarding the Matter and for the purpose of avoiding prolonged litigation. Nothing in this Agreement shall be construed as an admission of the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by the Parties of any fact, issue of law, or violation of law including but not limited to Proposition 65. Nothing in this Agreement or any document referred to shall be construed as giving rise to any presumption or inference of admission or concession by the Parties as to any fault, wrongdoing or liability. Enchante specifically denies the material, factual, and legal allegations contained in the Notice and maintains that the Covered Product is in compliance with all laws. Compliance with this Agreement shall not constitute or be construed as an admission by Enchante of any fact, finding, conclusion, issue of law or violation of law. This Section 2 shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

3. DEHP Standards; Warnings.

3.1 On and after the date that is ninety (90) days after the Effective Date, Enchante shall not sell in the State of California any Covered Product which does not qualify as a Reformulated Covered Product under Section 3.3, unless such Covered Product complies with the warning requirements of Section 3.2. Any Covered Product that Enchante has sold or distributed to third-parties prior to ninety (90) days after the Effective Date shall not be subject to the warning or testing requirements in this Section 3.


3.2 On and after ninety (90) days after the Effective Date, Enchante shall provide on the Covered Product (to the extent it does not constitute a Reformulated Covered Product) sold in

California, a warning that complies with the requirements of Sections 3.2.1, 3.2.2, or 3.2.3. The warning shall be displayed on the packaging of such Covered Product with such conspicuousness, as compared with other words, statements, or designs so as to render it likely to be seen, read and understood by an ordinary individual purchasing or using the Covered Product.

Respecting the warnings defined in Sections 3.2.1 or 3.2.2, the warning must be in a type size no smaller than the largest type size used for other “consumer information” on the Covered Product label or exterior packaging.

In no case shall the warning appear in a type size smaller than 6-point type.

3.2.1 Option 1.

 **WARNING: This product can expose you to chemicals, including Di (2-ethylhexyl) Phthalate (DEHP), which are known to the State of California to cause cancer, and birth defects or other reproductive harm.**

3.2.2 Option 2.

For the Covered Product, the warning may state:

 **WARNING: Cancer and Reproductive Harm – www.P65Warnings.ca.gov.**

The pictogram specified in Section 3.2.1 and 3.2.2 shall be in yellow with a black exclamation mark; *provided however*, the pictogram may be in white instead of yellow if the Covered Product label or exterior packaging, as applicable, does not contain the color yellow.

3.2.3 Option 3.

Any warning authorized by the Proposition 65 statute, case law, or regulation in effect on or after the Effective Date.

3.3 Reformulated Covered Product. A Reformulated Covered Product is one for which the concentration of DEHP is less than 0.1% by weight (1,000 parts per million (ppm)) as tested by an approved laboratory and methods in compliance with Section 3.4 below. For a Covered Product that contains (any part of the product/packaging) more than 0.1% by weight (1,000 ppm) DEHP, Enchante shall provide the warnings set forth in Section 3.2.

3.4. Formula, Testing and Quality Control Methodology; Additional Information Regarding Compliance, Warnings, and Transmission. The Parties agree that the warning requirements and specifications as they apply to the Covered Product, previously detailed in Sections 3.1 through 3.3, comply with Proposition 65 and its implementing regulations as of the date of the Settlement Agreement, pursuant to the regulations adopted on or about August 30, 2016, and which became effective, as amended, August 30, 2018. If modifications or amendments to Proposition 65 or its implementing regulations after the Effective Date change or modify the required warning language or methodology, the Parties agree that Enchante may modify the content and delivery methods of its warnings to conform to the modified and amended regulations or alter the warnings specifications or methods as authorized pursuant to title 27, California Code of Regulations (“C.C.R.”), Ar. 6 §§ 25601, *et seq.*, as may be amended from time to time, in order to maintain compliance with Proposition 65, with respect to DEHP in the Covered Product.

3.4.1 For purposes of this Agreement, exposure levels shall be measured in parts per million (milligrams/kilogram or mg/kg) by generally accepted scientific standards. The testing requirements do not apply to any of the Covered Products for which Enchante has provided a warning as specified in Section 3.2.

3.4.2 Enchante shall not be required to engage in testing pursuant to this Agreement unless Enchante sells into California the Covered Product without a warning, other than those Covered Products subject to Section 3.1. All testing pursuant to this Agreement shall be performed using a laboratory method that complies with any U.S. Environmental Protection Agency ("USEPA") approved testing method.

3.4.3 Unless warnings are provided consistent with the requirements of Section 3.2, or the Covered Product does not require a warning pursuant to Section 3.1, all testing pursuant to this Agreement shall be performed by an independent third-party laboratory approved by, accredited by, or registered with the United States Food & Drug Administration or USEPA. Testing shall be performed prior to Enchante's "first sale" in California of any Covered Product ordered for production after the Effective Date, and testing shall continue thereafter at least once per year for three (3) consecutive years after the Effective Date (the "**Testing Period**"), after which time, no further testing shall be required unless, after the 3-year period, Enchante changes suppliers for any Covered Product, then Enchante shall test the Covered Product at least once after such change is made.

3.5 Enchante and the Releasees (as defined in Section 5.1 below) shall have no obligation or liability with respect to the Covered Product that is sold and/or distributed in California after the date of the Notice, except as otherwise set forth in this Agreement.

4. Enchante shall pay the total settlement amount of \$19,000 (the "**Settlement Amount**") within fourteen (14) days of the Effective Date. Enchante shall pay the Settlement Amount payments by wire transfer (via account wire instructions provided by CCPG upon request), or check made payable to "Khansari Law Corporation – Client Trust Account" on behalf of CCPG, and sent to the address below:

Khansari Law Corporation
11845 W. Olympic Blvd., Suite 1000
Los Angeles, CA 90064

CCPG shall be solely responsible for allocating the payment pursuant to Sections 4.1 and 4.2. Upon request, CCPG shall supply Enchante with a completed W9 form. The Settlement Amount shall be allocated as follows:

4.1. \$750 shall be considered a "civil penalty", of which CCPG shall remit seventy-five percent (75%) to the "Safe Drinking Water and Toxic Enforcement Fund" managed by the State of California's Office of Environmental Health Hazard Assessment. The twenty-five percent (25%) balance shall be remitted to CCPG.

4.2 \$18,250 shall be considered reimbursement of CCPG's attorneys' fees and costs related to the Matter.

4.3 Except as expressly set forth in Section 4 and Section 6.3, as applicable, the Parties

shall bear their own costs, expenses, and attorneys' fees related to this Matter.

5. Binding Effect; Claims Covered and Released.

5.1. CCPG, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, agents, parents, subsidiaries, successors, assigns, and legal representatives (collectively referred to as "**CCPG Releasors**") fully releases and waives any right to participate (directly or indirectly) in any litigation against (a) Enchante, and its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (b) its upstream suppliers and all downstream entities in the stream of commerce including but not limited to distributors, wholesalers, customers, retailers (including but not limited to The TJX Companies, Inc. and T.J. Maxx of CA, LLC), franchisees, cooperative members, and licensees (the entities identified in this subsection (b) are collectively referred to as "**Downstream Releasees**"), and (c) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors, and assigns of any of the entities identified in subsections (a) and (b), above (the entities identified in subsections (a), (b) and (c), above, are collectively referred to as "**Releasees**") from all claims, actions, suits, demands, liabilities, damages, penalties, fees (including but not limited to attorneys' fees, investigator fees, and expert fees), costs, and expenses (collectively referred to as "**Claims**") that were asserted, or that could have been asserted, for any alleged violations of Proposition 65, or any other alleged violations statutory or common law, arising from alleged exposures to DEHP in the Covered Product.

5.2. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Product will develop or be discovered. CCPG on behalf of itself and the CCPG Releasors, acknowledges that this Agreement is expressly intended to cover and include all such claims, including all rights of action therefore, and further acknowledges that the Claims released in this Section 5 may include unknown claims, and nevertheless waives 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 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.

CCPG acknowledges and understands the significance and consequences of this specific waiver of California Civil Code Section 1542.

5.3. The Parties agree that compliance with the terms of this Agreement shall constitute compliance by any Releasee with Proposition 65 regarding alleged exposures to DEHP in the Covered Product.

5.4. It is the Parties' position that the commitments they have agreed to herein, and actions to be taken by Enchante under this Agreement, confer a significant benefit to the general public, as set forth in California Civil Procedure Code section 1021.5 and Cal. Admin. Code tit. 11, section 3201. As such, to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Enchante or any Releasee's failure to provide a warning

concerning exposures to DEHP with respect to the Covered Product they have respectively manufactured, imported, distributed, sold, or offered for sale in California, or will manufacture, import, distribute, sell, or offer for sale in California; such private party action would not confer a significant benefit on the general public as to the Covered Product addressed in this Agreement, provided that Enchante is in material compliance with this Agreement. This Section does not constitute a release by CCPG under this Agreement.

6. Resolution of Disputes/Enforcement.

6.1 If CCPG alleges that Enchante has failed to comply with this Agreement, prior to filing an action or motion relating to enforcement, CCPG shall first provide Enchante thirty (30) days' advance written notice of the alleged violation(s). CCPG shall provide testing results, lot numbers, photographs of the Covered Product packaging, and purchase receipts for the Covered Product at issue in the alleged violation, as applicable. The Parties shall meet and confer during such thirty (30) day period in an effort to reach agreement on an appropriate cure for the alleged violation without the need for litigation.

6.2 Notwithstanding the provisions of Section 3, CCPG may not issue any notice under Section 6.1 if the packaging of the Covered Product is marked or labeled with the statement "Not for Sale in California" or substantially similar language, such statement is prominently placed upon such Covered Product's label, exterior packaging or other labeling as compared with other words or statements on the label or labeling as to render it likely to be seen, read and understood by an ordinary individual under customary conditions of purchase or use. If Enchante marks or labels a Covered Product with such a statement, Enchante shall additionally notify its customers/distributors by letter that the Covered Product shall not be sold in California.

6.3 In the event any litigation, arbitration, mediation, or other proceeding is initiated by CCPG to enforce this Agreement, if CCPG prevails in such proceeding(s) shall be entitled to recover from Enchante all costs, expenses, reasonable attorneys' fees and expert witness fees, relating to or arising out of (i) such proceeding(s), and (ii) any post judgment or post-award proceeding(s) including without limitation to enforce any judgment or award resulting from any such proceeding(s).

7. This Agreement contains the entire agreement between the Parties with regard to settlement of this Matter, and supersedes all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in this Agreement. This Agreement may be amended or modified in whole or in part at any time only by an agreement in writing executed by the Parties. Notwithstanding the foregoing, Enchante shall be entitled, at its option, to modify any warning that it provides under Section 3.2 to conform with any change in the Proposition 65 warning regulations currently set forth in Title 27 of the California Code of Regulations that may be effective or adopted after the Effective Date. CCPG shall cause this Agreement to be reported to the State of California Attorney General as required and applicable under Proposition 65 statutes, including specifically HSC § 25249.7.

8. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, members, managers, officers, directors, employees, agents, successors, and assigns.

9. No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

10. This Agreement shall be deemed to have been entered into in the State of California and governed and interpreted by the laws of the State of California, regardless of the place of incorporation, place of business, domicile of any of the Parties or physical locations of the individuals executing this Agreement at the time of execution.

11. The Parties acknowledge that they have a right to consult an attorney and they have consulted their attorneys with respect to the terms and conditions of this Agreement or by signing this Agreement hereby acknowledge they have made the decision not to consult with an attorney in this Matter. The Parties further acknowledge that they fully understand this Agreement and the effect of signing and executing this Agreement.

12. Any legal action to enforce this Agreement or related to this Matter shall be brought in either the County of Alameda or the County of Los Angeles, of the State of California.

13. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail (.pdf), copy of this Agreement, or any other counterpart, shall be deemed to be an original.

14. All notices required to be given to either Party under this Agreement shall be in writing and sent to the following recipients by (a) first-class mail or (b) overnight delivery, with a courtesy copy via email, as applicable.

For CCPG:

CA Citizen Protection Group, LLC
c/o Khansari Law Corporation
11845 W. Olympic Blvd., Suite 1000
Los Angeles, California 90064
Fax: (424) 248-6689
Email: andre@khansarilaw.com

For Enchante:

Carol R. Brophy, Esq.
Steptoe & Johnson, LLP
1 Market Street
Spear Tower, Suite 3900
San Francisco, CA 94105
Email: cbrophy@steptoe.com

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.

15. Each of the individuals who executes this Agreement represents and warrants he/she has the authority to execute this document and bind the respective Parties to the terms and conditions of this Agreement, and has read, understood, and agreed to all the terms and conditions in this Agreement.

[Signatures Appear on the Following Page]

DATED: November 19, 2019

ENCHANTE ACCESSORIES, INC.

By: 

Name: Abraham Weinberger

Title: Cfo

DATED: November 20, 2019

CA CITIZEN PROTECTION GROUP, LLC

By: Tal Ohana

Name: Tal Ohana

Title: Manager