

SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND DAN DEE INTERNATIONAL LLC

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 Dan Dee International LLC (“Dan Dee”). APS&EE and Dan Dee 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 Dan Dee is a person 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 Dan Dee sold 16 oz. Avanti Mug SKU 0-47475-30303-8 (squirrel/chipmunk vignette, pig vignette, and chicken vignette) (hereinafter the “Products”) in the State of California that exposed users in California to Lead without providing a “clear and reasonable warning,” under Proposition 65. Lead is listed as known to cause cancer and birth defects or other reproductive harm.

1.2.2 On January 27, 2020, APS&EE sent a Sixty-Day Notice of Violation (the “Notice”), along with a Certificate of Merit, to Dan Dee, Tractor Supply Company, and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the Products.

1.3 No Admissions

Dan Dee denies all allegations in APS&EE's Notice and maintains that the Products have been, and are, in compliance with all laws, and that Dan Dee has not violated Proposition 65. This Agreement shall not be construed as an admission of liability by Dan Dee 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 or its counsel.

2. INJUNCTIVE RELIEF

2.1 Reformulation Standard

As of the Effective Date, Dan Dee shall not manufacture, distribute, sell, offer for sale, or cause to have the Products sold in California unless (a) the Product contains no more than 1.0 microgram of lead per 100 square centimeter area ($1.0 \mu\text{g}/100 \text{ cm}^2$) based on a wipe sample collected using NIOSH Method 9100 from the part of the Product that contains the Exterior Decorations (the "Reformulated Products"), or (b) the Product is accompanied by a clear and reasonable warning as described below in Section 2.2. "Exterior Decorations" is defined as all colored artwork, designs and/or markings on the exterior surface of the Products.

2.2 Proposition 65 Warnings

2.2.1 For any Products that are not Reformulated Products ("Non-Reformulated Products"), such Non-Reformulated Products shall be accompanied by a

clear and reasonable warning. Dan Dee shall provide the following warning statements as follows:

“WARNING: This product can expose you to 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.

If Dan Dee has reason to believe the Non-Reformulated Products may expose consumers to additional chemicals listed under Proposition 65, then it may replace “Lead which is” with “chemicals, including Lead, which are” in the warning statement. 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 Non-Reformulated 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”.

The Non-Reformulated Products shall carry said warning directly on each unit, 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. A Non-Reformulated Product that is sold by Dan Dee on the internet to persons located in California shall also provide the warning message by a clearly marked hyperlink on the product display page, or otherwise prominently displayed to the purchaser before the purchaser completes his or her purchase of the Non-Reformulated Product. For Non-Reformulated Products that Dan Dee provides for a downstream entity to sell on the internet, Dan Dee shall include an instruction that the entity comply with the warnings requirements of this section.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, Dan Dee shall pay a total civil penalty of one thousand five hundred dollars (\$1,500.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75%

(\$1,125.00) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining 25% (\$375.00) for APS&EE.

Dan Dee shall issue two (2) checks for the civil penalty: (1) a check or money order made payable to “OEHHA” in the amount of \$1,125.00; and (2) a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of \$375.00. Dan Dee shall remit the payments within five (5) 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

Dan Dee 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, Dan Dee shall issue a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of eighteen thousand five hundred dollars (\$18,500.00). Dan Dee shall remit the payment within five (5) 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 Dan Dee

APS&EE, acting in its individual capacity, in consideration of the promises and monetary payments contained herein, hereby releases Dan Dee, its parents, affiliates (as defined in Rule 405 promulgated by the Securities and Exchange Commission under the Securities Act of 1933 as amended), subsidiaries, shareholders, directors, members, officers, employees, attorneys, successors and assignees, as well as its downstream distributors, retailers, and franchisees, including Tractor Supply Company (collectively

“Released Parties”), from any alleged Proposition 65 violation claims asserted in APS&EE’s Notice regarding failure to warn about Lead exposure from the Products that Dan Dee has caused to be sold and/or offered for sale in California before and up to the Effective Date.

4.2 Dan Dee’s Release Of APS&EE

Dan Dee, 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 Dan Dee in this matter. If any Released Party should institute any such action, then APS&EE’s release of said Released Party in this Agreement shall be rendered void and unenforceable.

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 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.

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.

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 Dan Dee:</p> <p>Aaron Belzer, Esq. Seyfarth Shaw LLP 2029 Century Park East Suite 3500 Los Angeles, CA 90025</p> <p>With a copy to:</p> <p>P. Rupert Russell, Esq. Shartsis Friese LLP One Maritime Plaza Eighteenth Floor San Francisco, CA 94111</p>	<p>TO APS&EE:</p> <p>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.

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: 5/22/20

By: 
Authorized Representative of APS&EE, LLC

AGREED TO:

Date: 5.22.20

By: 
Authorized Representative of Dan Dee International LLC