

## **SETTLEMENT AGREEMENT**

### **1. INTRODUCTION**

#### **1.1 Consumer Protection Group, LLC and Hobby Lobby Stores, Inc.**

This Settlement Agreement is entered into by and between Consumer Protection Group, LLC ("CPG"), on the one hand, and Hobby Lobby Stores, Inc. ("Hobby Lobby"), on the other hand, with CPG and Hobby Lobby each referred to as a "party" or collectively as "parties."

#### **1.2 General Allegations**

CPG alleges that Hobby Lobby manufactured, distributed and offered for sale a Cutting Mat Set – Knife in the State of California containing Lead, and that such product did not include warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). On February 2, 1987, the Governor of California added Lead to the list of chemicals known to the State to cause developmental, male and female reproductive toxicity, and on October 1, 1992, the Governor added Lead to the list of chemicals known to the State to cause cancer.

#### **1.3 Product Description**

The product that is covered by this Settlement Agreement is defined as Cutting mat set - knife (the "Subject Product") that Hobby Lobby has sold, offered for sale, or distributed in California.

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

On April 13, 2020, CPG served Hobby Lobby 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" (the "Notice") that provided Hobby Lobby and such public enforcers with notice that Hobby Lobby was allegedly in violation of California Health &

Safety Code section 25249.6 for failing to warn consumers and customers that the Subject Product exposed users in California to Lead. 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**

By execution of this Settlement Agreement, Hobby Lobby, and each of their respective affiliates and subsidiaries, parents, directors, officers, agents, employees, attorneys, representatives, shareholders, successors, and assigns and each entity to whom Hobby Lobby directly or indirectly distributes or sells the Subject Product, including but not limited to downstream distributors, wholesalers, customers, retailers, marketplace retailers, franchisees, cooperative members and licensees (collectively, the "Releasees"), do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Releasees of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by the Releasees in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CPG or Hobby Lobby, may have against one another in any other pending legal proceeding as to allegations unrelated to the dispute or claims released herein. Notwithstanding the allegations in the Notices, Releasees maintain that they have not knowingly manufactured or distributed, or caused to be manufactured or distributed, the Subject Product for sale in California in violation of Proposition 65.

## **1.6 Effective Date**

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

## **2. INJUNCTIVE RELIEF: WARNING**


No later than 90 days after the Effective Date, and continuing thereafter, Products that Hobby Lobby directly manufacturers, imports, distributes, sells or offers for sale in California shall be: (a) Reformulated Products pursuant to Section 2.1 below; or (b) labeled with a clear and reasonable warning pursuant to Section 2.2 below; or (c) discontinued for sale. Section 2 of this Settlement Agreement shall not apply to Products that are already in the stream of commerce as of the Effective Date or that Hobby Lobby places into the stream of commerce within 90 days after the Effective Date.

### **2.1 Reformulation Standards**

"Reformulated Products" are defined as those Products containing Lead in concentrations less than 100 parts per billion (ppb).

### **2.2 Warning**

(a) Where required, Hobby Lobby shall provide Proposition 65 warnings as follows:

 **WARNING:** This product can expose you to lead and phthalates which are 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](http://www.P65Warnings.ca.gov).

**Or**

 **WARNING:** Cancer and Reproductive Harm – Lead and Phthalates

[www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

This shall constitute compliance with Proposition 65 with respect to the chemical in the Subject Product.

(b) If Hobby Lobby elects to use the warning statements identified in Section 2.2(a), it may 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 for providing a warning under Proposition 65 and its implementing regulations.

(d) If Proposition 65 warnings for lead should no longer be required, Hobby Lobby shall have no further obligations pursuant to this Settlement Agreement.

(e) In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different from those set forth above, Hobby Lobby shall be entitled to use, at their discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement.

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

In settlement of all the claims referred to in this Settlement Agreement, Hobby Lobby shall pay a total of one thousand dollars (\$1,000.00) 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 CPG. CPG's

counsel shall be responsible for delivering OEHHA's portion 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 CPG and its counsel under the Private Attorney General doctrine and principles of contract law. Under these legal principles, Hobby Lobby shall reimburse CPG's counsel for fees and costs, incurred as a result of investigating and bringing this matter to Hobby Lobby's attention. Hobby Lobby shall pay Consumer Protection's counsel nineteen thousand dollars (\$19,000.00) for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

**5. PAYMENT INFORMATION**

On the Effective Date, CPG shall provide Hobby Lobby with an IRS W-9 form for Blackstone Law APC. Within fourteen (14) days of the Effective Date, Hobby Lobby shall send a check payable to "Blackstone Law APC" in the amount of twenty thousand dollars (\$20,000.00) to the CPG address listed in Section 8 below for the civil penalties and attorney's fees/costs described in Sections 3 and 4 above.

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

**6. RELEASE OF ALL CLAIMS**

**6.1 Release of Hobby Lobby, Downstream Customers and Upstream Vendors**

In further consideration of the promises and agreements herein contained, including the payments described in Sections 3 and 4 to be made in the manner prescribed by Sections 3, 4 and 5 above, CPG, in its representative capacity, and on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the

Subject Product, 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) Hobby Lobby (b) each of Hobby Lobby's downstream distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, and (c) Hobby Lobby's parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Released Parties").

CPG 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 Hobby Lobby and the Released Parties with regards to the Subject Product. CPG 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 RELEASING PARTY.

CPG 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 Hobby Lobby's Release of Consumer Protection Group, LLC**

Hobby Lobby waives any and all claims against CPG, its attorneys and other representatives, for any and all actions taken, or statements made (or those that could have been taken or made) by CPG 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 Subject Product.

**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 Subject Product, then Hobby Lobby shall have no further obligations pursuant to this Settlement Agreement.

**8. NOTICES**

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; (ii) overnight courier; or (iii) email on any party by the other party at the following addresses:

For Hobby Lobby:	Clint B. Sloan Associate General Counsel 7707 SW 44 <sup>th</sup> Street Oklahoma City, OK 73179 clint.sloan@hobbylobby.com
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With a copy to:

Buchalter, P.C.  
Attn: Anne Marie Ellis, Esq.  
18400 Von Karman Avenue, Suite 800  
Irvine, CA 92612-0514  
aellis@buchalter.com

For CPG:

Jonathan M. Genish, Esq.  
Blackstone Law APC  
8383 Wilshire Blvd., Suite 745  
Beverly Hills, CA 90211  
jgenish@blackstonepc.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.

**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. Each party represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind the party to this Settlement Agreement.

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

CPG agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

**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**

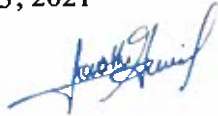
This Settlement Agreement may be modified only by a written agreement signed by the parties.

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.

**AGREED TO:**

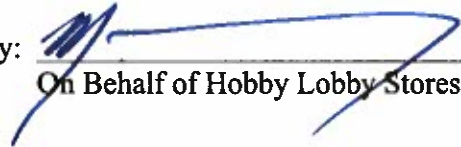
Date: August 13, 2021



By: \_\_\_\_\_  
On Behalf of Consumer Protection Group, LLC

**AGREED TO:**

Date: August 13, 2021



By: \_\_\_\_\_  
On Behalf of Hobby Lobby Stores, Inc.