

# PROPOSITION 65 SETTLEMENT AGREEMENT

## 1. INTRODUCTION

### 1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Keep America Safe & Beautiful (“**KASB**”) and Beadaholique, Inc. (“**Beadaholique**”), with KASB and Beadaholique each individually referred to as a “**Party**” and collectively, as the “**Parties**.”

KASB is a California-based non-profit organization proceeding in the public interest pursuant to California Health & Safety Code §§ 25249.7(d) to ensure that chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are disclosed in or eliminated from consumer products sold in California. Beadaholique is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

### 1.2 Consumer Product Description

KASB alleges that Beadaholique manufactures, imports, sells and distributes for sale in California vinyl storage pouches containing di(2-ethylhexyl) phthalate (“**DEHP**”) including, but not limited to, vinyl storage pouches for Needle Files – Set of 12 – For Wire Work and Wrapp, without providing the health hazard warning that KASB alleges is required by California Health & Safety Code §§ 25249.5 *et seq.* (“**Proposition 65**”). All such vinyl storage pouches are referred to hereinafter as the “**VINYL STORAGE POUCHES**.” **DEHP** is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

### 1.3 Notice of Violation

On October 7, 2020, KASB served Beadaholique, the California Attorney General and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging Beadaholique violated Proposition 65 when it failed to warn its customers and consumers in California that its **VINYL STORAGE POUCHES** can expose users to **DEHP**. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations set forth in the Notice.

#### **1.4 No Admission**

Beadaholique denies the material, factual, and legal allegations contained in the Notice, and maintains that all products it sold or distributed for sale in California, including VINYL STORAGE POUCHES, have been, and are, in compliance with all laws. Nothing in this Agreement shall be construed as, nor shall compliance with this Agreement constitute or be construed as, an admission by Beadaholique of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Beadaholique's obligations, responsibilities, and duties under this Agreement.

#### **1.5 Effective Date**

For purposes of this Agreement, the term "**Effective Date**" shall mean April 1, 2021.

### **2. INJUNCTIVE RELIEF: REFORMULATION**

#### **2.1 Reformulation Commitment**

Beadaholique commits to redesign its product lines to remove VINYL STORAGE POUCHES from any and all Beadaholique's products. Commencing on the Effective Date and continuing thereafter, Beadaholique shall discontinue the manufacture, importation, sale or distribution for sale in or into California of all VINYL STORAGE POUCHES.

### **3. MONETARY SETTLEMENT TERMS**

#### **3.1 Civil Penalty**

Pursuant to Health & Safety Code § 25249.7(b)(2), Beadaholique's payment of a civil penalty shall be waived in its entirety.

#### **3.2 Reimbursement of Attorneys' Fees and Costs**

KASB and its counsel offered to resolve the allegations in the Notice without reaching terms on the amount of reimbursement of attorneys' fees and costs. Shortly after the Parties finalized the other material settlement terms, they negotiated and reached an accord on the amount of reimbursement to be paid to KASB's counsel, under general contract principles and the private attorney general doctrine, codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution and reporting of this Agreement to the

Office of the California Attorney General. On or before April 15, 2021, May 15, 2021, June 15, 2021, and July 15, 2021, Beadaholique agrees to issue separate checks each in the amount of \$2,500 payable to "Seven Hills LLP" for a total of \$10,000 in reimbursement for all fees and costs incurred investigating, bringing this matter to Beadaholique's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9.

### **3.3 Payments**

All payments payable and due under this Agreement shall be delivered to KASB's counsel at following address:

Seven Hills LLP  
Attn: Laralei Paras  
4 Embarcadero Center, Suite 1400  
San Francisco, CA 94111

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

### **4.1 KASB's Release of Beadaholique**

This Agreement is a full, final and binding resolution between KASB, as an individual and *not* on behalf of the public, and Beadaholique, of any violation of Proposition 65 that was or could have been asserted by KASB on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against Beadaholique, its owners, directors, officers, employees, attorneys, and each entity to whom Beadaholique directly or indirectly distributes or sells VINYL STORAGE POUCHES, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, Releasees), based on their failure to warn about alleged exposures to DEHP contained in VINYL STORAGE POUCHES that were manufactured, distributed, sold and/or offered for sale by Beadaholique in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, KASB as an individual and *not* on behalf of the public, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of KASB's rights to

institute or participate in, directly or indirectly, any form of legal action and releases all claims that KASB may have, 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 exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to DEHP in VINYL STORAGE POUCHES manufactured, distributed, sold and/or offered for sale by Beadaholique, before the Effective Date (collectively, Claims), against Beadaholique and Releasees.

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured VINYL STORAGE POUCHES or any component parts thereof, or any distributors or suppliers who sold VINYL STORAGE POUCHES or any component parts thereof to Beadaholique. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Beadaholique's VINYL STORAGE POUCHES.

#### **4.2 Beadaholique's Release of KASB**

Beadaholique, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against KASB and its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by KASB and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to VINYL STORAGE POUCHES.

#### **5. SEVERABILITY**

If, subsequent to the execution of this Agreement, any provision of this Agreement is deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

#### **6. GOVERNING LAW**

The terms of this Agreement shall be governed by the laws of the State of California and apply within California. In the event that Proposition 65 is repealed, preempted, or is otherwise

rendered inapplicable by reason of law generally, or as to VINYL STORAGE POUCHES, then Beadaholique may provide KASB with written notice of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Agreement with respect to, and to the extent, VINYL STORAGE POUCHES are so affected. Nothing in this Agreement shall be interpreted to relieve Beadaholique from its obligation to comply with any pertinent state or federal law or regulation.

**7. NOTICE**

Unless specified herein, all correspondence and notice required by this Agreement shall be in writing and sent by: (i) first-class registered or certified mail, return receipt requested; or (ii) a recognized overnight courier to any Party by the other at the following addresses:

For Beadaholique:

Chris Bellomo, President  
Beadaholique, Inc.  
1506 Gardena Avenue  
Glendale, CA 91204-2712

For KASB:

Laralei Paras, Partner  
Seven Hills LLP  
4 Embarcadero Center, Suite 1400  
San Francisco, CA 94111

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

**8. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES**

This Agreement may be executed in counterparts and by 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 REPORTING REQUIREMENTS**

KASB and its counsel agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

**10. ENTIRE AGREEMENT**

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein.

There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

**11. MODIFICATION**

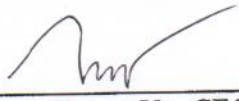
This Agreement may be modified only by a written agreement of the Parties.

**12. AUTHORIZATION**

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

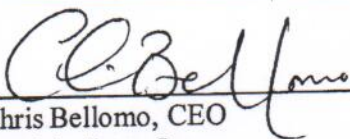
**AGREED TO:**

Date: 03/31/2021

By:   
Ngoc-Bich Hoang Vo, CEO  
Keep America Safe and Beautiful

**AGREED TO:**

Date: March 31, 2021

By:   
Chris Bellomo, CEO  
Beadaholique, Inc.