

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Citizens of California Safety Corp. ("CCSC") and Dorsey Marketing, Inc. Each is a "Party" and collectively both are referred to as the "Parties."

1.2 General Allegations. CCSC alleges Dorsey Marketing, Inc. manufactures, markets, distributes, and/or sells Products (defined below) that contains trace amounts of lead in the State of California without first providing consumers of the Products with a clear and reasonable warnings as required pursuant California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), which is codified at California Health & Safety Code § 25249.5 *et seq.* Lead is listed by the State of California as known to cause cancer and reproductive harm.

1.3 Product Description. The products covered by this Settlement Agreement are all sizes, packaging and forms of ground cinnamon that Dorsey Marketing, Inc. either imports, manufactures, markets, distributes, sells or offers for sale in California ("Products").

1.4 Notice of Violation. On February 26, 2021, CCSC served Dorsey Marketing, Inc., and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with documents entitled "60 Day Notice of Violation" ("Notice") that provided Dorsey Marketing, Inc., and such others, including public enforcers, with notice that alleged Dorsey Marketing, Inc., was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers that use of the Products will expose them to lead. To the Parties' knowledge, none of the public prosecutors with authority to prosecute violations of Proposition 65 has commenced and is diligently prosecuting an action based on the allegations set forth in the Notice.

1.5 No Admission. The Parties enter into this Settlement Agreement to settle a disputed claim between them as set forth herein. Dorsey Marketing, Inc. denies the material factual and legal allegations contained in the Notice and maintains that, all products that are or have been sold and distributed in California, including the Products, have been and are in compliance with Proposition 65 and any other laws. Nothing in this Settlement Agreement shall be construed as an admission by Dorsey Marketing, Inc. 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 Dorsey Marketing, Inc. of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Dorsey Marketing, Inc. However, nothing in this Section shall diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

1.6 Effective Date. For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date both Parties have notice that this Settlement Agreement is fully executed by the Parties.

2. REFORMULATION AND WARNINGS

2.1 Reformulation of Products. For Products manufactured more than six (6) months after the Effective Date, and continuing thereafter, Dorsey Marketing, Inc. shall provide a “clear and reasonable warning” as set forth in Section 2.3 below for Products with consumer exposures that exceed the “safe harbor” maximum allowable dose level (“MADL”) for lead published by the Office of Environmental Health Hazard Assessment, including any successor agency (“OEHHA”). Products that do not exceed the MADL for lead shall not require Warnings (defined below) under this Settlement Agreement. Products manufactured on or prior to six (6) months after the Effective Date may be sold by any person at any time without a Warning.

2.2 Compliance Testing. In ascertaining its obligations under Section 2.1, Dorsey Marketing, Inc. shall be entitled to rely in good faith on test results for finished products or raw materials provided by its manufacturers and/or suppliers. Dorsey Marketing, Inc. shall maintain test results for Products for at least three (3) years from the date of testing.

2.3 Clear and Reasonable Warning. If Dorsey Marketing, Inc. is required to provide a warning pursuant to Section 2.1, one of the following warnings must be utilized (“Warning”)

(a) **“WARNING:** Consuming this product can expose you to chemicals including lead, which are known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.”

or

(b) any form of “safe harbor” warning in the regulations adopted by OEHHA that is applicable to the Products and in effect at the time the Product is manufactured.

2.4 Compliance with Warning Regulations. The Parties agree that Dorsey Marketing, Inc. shall be deemed to be in compliance with this Settlement Agreement by either adhering to Section 2.3 of this Settlement Agreement or by complying with the warning requirements adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”) after the Effective Date.

2.5 Stream of Commerce. The obligation to provide Warnings shall not apply to any Products that are in the stream of commerce as of the Effective Date.

3. PAYMENTS

3.1 Civil Penalties. In settlement of all the claims referred to in this Settlement Agreement, within thirty (30) days Dorsey Marketing, Inc. shall pay \$500.00 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Civil Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to CCSC. Brown Bear Law, APC shall be responsible for ensuring that the Civil Penalty payments to (a) OEHHA in the amount of \$375.00; and to (b) CCSC in the amount of \$125.00 are delivered within ten (10) days of receipt of said settlement monies.

3.2 Attorney's Fees and Costs: Within thirty (30) days, a total of nine thousand dollars (\$9,500) shall be paid to Brown Bear Law, APC as compensation for reasonable attorney's fees and costs and other costs incurred as a result of bringing this matter to Dorsey Marketing, Inc.'s attention.

3.3 Payment Procedures. (a) Issuance of Payments. Payments shall be delivered as follows: (i) All payments owed by Dorsey Marketing, Inc., pursuant to this Agreement shall be delivered by wire transfer. The wire transfer instructions are:

Brown Bear Law, APC IOLTA Account– name associated with account Shant Vayvayan
Routing Number 122235821 [International Banks can use USBKUS44IMT]
Account Number 157524044896

U.S. Bank
Wire Transfer Department
PO Box 64830
St. Paul, MN 55164-0830 a/c 6550113516

4. RELEASE

4.1 Release of Dorsey Marketing, Inc. and Upstream and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between CCSC, acting on its own behalf, and including its members, employees, shareholders, officers, directors, representatives, attorneys, agents, predecessors, successors and assignees ("Releasors"), on the one hand, and Dorsey Marketing, Inc., of any violation of Proposition 65 that was or could have been asserted by Releasors. CCSC hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Products, including, without limitation, all actions, and causes of action, in law or in equity whether known or unknown, fixed or contingent (collectively "Claims"), against Dorsey Marketing, Inc., including its owners, members, shareholders, employees, officers, directors, attorneys, representatives, agents, corporate affiliates, and their respective predecessors, successors and assignees, its upstream suppliers, downstream distributors,

wholesalers, customers, marketers, retailers (including but not limited to Homegoods, Inc., its respective parents, subsidiaries, and affiliates), any other persons who imported, manufactured, marketed, distributed, sold or offered for sale the Products (collectively "Releasees") up through six (6) months after the Effective Date.

4.2 Release of CCSC. Dorsey Marketing, Inc., on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against CCSC, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CCSC and/or its attorneys and other representatives, in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to the Products.

4.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. CCSC acting on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through six (6) months after the Effective Date, including all rights of action thereof. The Parties acknowledge that the claims released, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims.

California Civil Code § 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.

Dorsey Marketing, Inc. and CCSC each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the law 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 or limited by reason of law generally, or as to the Products, Dorsey Marketing, Inc. shall have no further obligations pursuant to this Settlement Agreement.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected but only to the extent

the deletion of the provision deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

7. NOTICES

Unless specified herein, all notices and correspondence 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: Dorsey Marketing, Inc.

Peg Carew Toledo
Arnold & Porter Kaye Scholer LLP
Three Embarcadero Center | 10th Floor
San Francisco, CA 94111-4024

For: CCSC

Shant Vayvayan, Esq.
Brown Bear Law, APC
PO Box 573423
Tarzana, CA 91357

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

8. COUNTERPARTS

This Settlement Agreement may be executed in counterparts and by facsimile or .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 HEALTH AND SAFETY CODE §25249.7(f)

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

10. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

11. MODIFICATION/ENFORCEMENT

This Settlement Agreement may be modified only by a written agreement of the Parties.
This Settlement Agreement is enforceable solely by the Parties hereto.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.


DORSEY MARKETING INC.

Date: July 13th, 2021

By: 

**CITIZENS OF CALIFORNIA
SAFETY CORP.**

Date: July 13, 2021

By: 
Melody Rahimi
Title: Director