

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Citizens of California Safety Corp. (“CCSC”) and Starbuzz Tobacco Inc. (“STARBUZZ”), collectively referred to as the “Parties”

1.2 General Allegations. CCSC alleges STARBUZZ manufactures, markets, distributes, and/or sells Starbuzz Lightning Washable Hookah Hose (green) that contains Diethyl Hexyl Phthalate and Bis (2- ethylhexyl) phthalate (“DEHP”) in the State of California without first providing consumers of the product with a clear and reasonable warning as required pursuant to California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), which is codified at Cal. Health & Safety Code §25249.5 et seq. DEHP is listed by the State of California as known to cause cancer and subject to Proposition 65 warning requirements.

1.3 Product Description. The products covered by this Settlement Agreement are Starbuzz Lightning Washable Hookah Hose (green) (“Covered Products”) that have been imported, distributed, offered for sale and/or sold in California by STARBUZZ.

1.4 Notice of Violation. On September 13, 2021, CCSC served STARBUZZ, 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 STARBUZZ and such others, including public enforcers, with notice that alleged STARBUZZ was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers that use of the Covered Products will expose them to DEHP. To the Parties’ knowledge, none of the public prosecutors with authority to prosecute violations of Proposition 65 have commenced or are prosecuting any 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. STARBUZZ 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 Covered 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 STARBUZZ 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 STARBUZZ of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by STARBUZZ. 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 this Agreement is fully executed by the Parties.

2. WARNINGS TO THE COVERED PRODUCTS

2.1 Clear and Reasonable Warning. As of the Effective Date, STARBUZZ has already implemented ongoing policies and procedures to affix the following warning to the Covered Products (“Warning”):

"WARNING: Cancer and Reproductive Harm www.P65Warnings.ca.gov."

The Warning is accompanied by and placed to the right of a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline sized to be no smaller than the word "WARNING" as provided by regulations adopted on or about August 30, 2016.

2.2 Compliance with Warning Regulations. The Parties agree that STARBUZZ shall be deemed to be in compliance with this Settlement Agreement by either adhering to Section 2.1 of this Settlement Agreement or by complying with warning requirements adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHA”) after the Effective Date. The triangular warning symbol specified in Section 2.1 shall be in yellow with a black exclamation mark; provided however, the symbol may be printed in black and white if the sign, label or shelf tag for the product is not printed using the color yellow.

3. PAYMENTS

3.1 Penalties. In settlement of all the claims referred to in this Settlement Agreement, within thirty (30) days STARBUZZ shall pay five hundred dollars (\$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 Penalty remitted to the California Office of Environmental Health Hazard Assessment (“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 Fees and Costs: Within thirty (30) days, a total of nine thousand dollars (\$9,000) shall be paid to Brown Bear Law, APC as compensation for reasonable attorney fees and costs and other costs incurred as a result of bringing this matter to STARBUZZ’s attention.

3.3 Payment Procedures. (a) Issuance of Payments. Payments shall be delivered as follows:

All payments owed by STARBUZZ pursuant to this Agreement shall be delivered by check as follows:

Brown Bear Law, APC IOLTA Acct
PO Box 573423
Tarzana, CA 91357

4. RELEASE

4.1 Release of STARBUZZ and Downstream and Upstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between CCSC and STARBUZZ, of any violation of Proposition 65 that was or could have been asserted by CCSC or on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees. CCSC hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to any violation of Proposition 65, including, without limitation, all actions, and causes of action, in law or in equity whether known or unknown, fixed or contingent (collectively "Claims"), against STARBUZZ, downstream and upstream distributors, wholesalers, customers, retailers, corporate affiliates, subsidiaries and their respective officers.

4.2 Release of CCSC. STARBUZZ, 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 Covered 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 Covered Products will develop or be discovered. CCSC in its capacity only, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and STARBUZZ in its capacity only, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, acknowledge that this Agreement is expressly intended to cover and include all such claims up through 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.

CCSC and STARBUZZ 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 Covered Products, STARBUZZ 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: STARBUZZ

Starbuzz Tobacco, Inc.
c/o Majda Haddoudi, CFO
20155 Ellipse
Lake Forest, CA 92610

With a courtesy copy to:
Natu Patel, Esq.
The Patel Law Firm, P.C.
22952 Mill Creek Drive
Laguna Hills, California 92653
NPatel@thePatellLawFirm.com

*The courtesy copy shall not be construed as effective Notice for any purposes.

For: CCSC

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

Any party shall 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

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

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.

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STARBUZZ TOBACCO INC.

Date: January 14th, 2022

By: Majda Haddoudi
Majda Haddoudi
Chief Financial Officer

**CITIZENS OF CALIFORNIA
SAFETY CORP.**

Date: January 16, 2022

By: M. Rahimi
Melody Rahimi
Title: Director