

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release, (“**Agreement**”) is made and entered into as of June 25, 2025 (“**Date of Agreement**”) by and between SENGBE GROUP LLC, a Delaware limited liability company (“**Plaintiff**”), on the one hand, and BOO KU CC, INC., a California corporation (“**Defendant**”) on the other hand. Plaintiff and Defendant are referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Defendant operates a commercial cannabis retail and distribution facility in the State of California;

WHEREAS, Defendant holds Medical and Adult Use Annual Retail Licenses (together shall be referred to as “**Cannabis Licenses**”) from the State of California Department of Cannabis Control.

WHEREAS, on or about December 4, 2024, Plaintiff filed a lawsuit styled *Sengbe Group LLC v. Boo Ku CC, Inc.* (Superior Court of the State of California, County of Los Angeles Case No. 24STCV31861) (the “**Action**”) asserting a claim against Defendant for failure to warn in violation of Proposition 65 (Health and Safety Code § 25249.6) based on the alleged sale of cannabis products without the statutorily required warnings;

WHEREAS, Defendant disputes the claims and entitlement to damages as asserted in the Action;

WHEREAS, the Parties wish to resolve all disputes related to the Action, including but not limited to any and all causes of action under Health & Safety Code § 25249.6 (Proposition 65), without admission of liability;

WHEREAS, due to the risk and uncertainty of litigation and without admission of liability or fault, the Parties have together agreed to resolve all known and unknown claims which Plaintiff brought or could have brought in the Action in consideration of the releases, promises, and covenants made herein.

TERMS

NOW, THEREFORE, in consideration of the mutual covenants and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Section 1. Incorporation of Recitals. The recitals set forth hereinabove are incorporated into these terms as if fully set forth herein, and are material terms hereof. The Parties represent and warrant that the recitals set forth hereinabove are true and accurate

and any misrepresentation or breach of any covenant, representation, or warranty set forth in the recitals shall be deemed to be a breach of this Agreement.

Section 2. Payment & Acknowledgment.

a. Consideration. In consideration for the promises and releases set forth herein, Defendant shall pay or cause to be paid to Plaintiff the total amount of Twenty-Seven Thousand Five Hundred Dollars (\$27,500.00) (the “**Settlement Payment**”) which is comprised of a civil penalty in the amount of One Thousand Dollars (\$1000) and Plaintiff’s attorneys’ fees which are represented by Plaintiff to have actually been incurred and paid in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500). Plaintiff acknowledges and agrees that this Agreement, and not any payment to Plaintiff, represents good and valuable consideration.

b. Method and Timing of Payment.

i. The Settlement Payment shall be paid as follows: (a) the civil penalty of \$1,000.00 shall be paid in full within ten (10) days of the full execution of this Agreement; and (b) the remaining \$26,500.00 shall be paid in ten (10) equal monthly installments of \$2,650.00, beginning on September 1, 2025, and continuing every thirty (30) days thereafter until paid in full. The principal Settlement Payment balance shall accrue simple interest at a rate of ten percent (10%) per annum. There shall be no penalty for prepayment. If Defendant fails to timely make any payment under this Agreement and prior to declaring any default hereunder, Plaintiff shall provide written notice to Defendant and its counsel which shall include a five (5) day cure period.

ii. Payment Instructions. The Settlement Payment shall be made by check payable to “Robinson Zermay LLP Client Trust Account” and mailed to the following address or, alternatively, may be wired in accordance with the instructions below:

Mailing address

Robinson Zermay LLP
777 S. Alameda St., 2nd Floor
Los Angeles, CA 90021

Wire Instructions:

Bank Name: U.S. Bank
Routing Number: 122235821
Account Number: 157535414252
Account Name: Robinson Zermay Client
Trust Account
Credit: Sengbe Group LLC

c. Stipulated Judgment Upon Default. Defendant shall execute and deliver a Stipulation for Entry of Judgment in a form acceptable to Plaintiff, which Plaintiff’s counsel shall hold in trust until Defendant’s uncured default upon the Settlement

Payment (the “**Stipulated Judgment**”). The Stipulated Judgment shall provide for the entry of judgment in the amount of Forty Thousand Dollars (\$40,000.00), less any payments made under this Agreement, which may be filed and entered only upon Defendant’s uncured default. Upon Defendant’s tender of the Settlement Payment, Plaintiff shall cause the Stipulated Judgment to be returned to Defendant, by and through its counsel, and any copies destroyed with confirmation to Defendant’s counsel.

d. Approval by Regulators, Attorney General, Court. The Parties acknowledge that this Agreement constitutes a private party settlement governed by California Health & Safety Code (the “**Health & Safety Code**”) § 25249.7(f)(4) and Title 11 Section 3003 of the California Code of Regulations (the “**CRC**”). Plaintiff shall undertake any and all efforts necessary to give effect to this Agreement, including any requirements set forth in the Health & Safety Code, the CRC, or any other applicable law, without limitation. Accordingly, Plaintiff shall undertake all efforts to seek approval of this Agreement from the California Attorney General, the Court, and any other agencies having jurisdiction over the Action in any respect. Nothing stated in this Section 2(d) shall serve to diminish the effect of this Agreement as to Defendant whose sole obligation is to tender the Settlement Payment as set forth herein.

Section 3. Dismissal of the Action.

Within five (5) court days following the full execution of this Agreement and approval hereof by the Attorney General and the Court, as necessary, Plaintiff shall file a Request for Dismissal of the Action as to all causes of action and all parties (including DOES) with prejudice, utilizing Judicial Council form CIV-110. The Request for Dismissal shall be served on Defendant’s counsel, GianDominic Vitiello of Katchko, Vitiello & Karikomi, PC at gdvitiello@kvklawyers.com. Time is of the essence with respect to Plaintiff’s performance as described herein.


Section 4. Release of Claims.

a. Plaintiff’s Release. As of the date of execution hereof, Plaintiff on behalf of itself and its successors, affiliates, parent companies, sister companies, daughter companies, holding companies, assigns, members, partners, officers, shareholders, agents, contractors, consultants, representatives, employees and attorneys, and all other persons, firms and corporations claiming through Plaintiff, and each of them (collectively, the “**Plaintiff Releasing Parties**”), does hereby release Defendant and its successors, affiliates, parent companies, sister companies, daughter companies, holding companies, assigns, respective partners, officers, shareholders, agents, contractors, representatives, employees, accountants and attorneys (collectively the “**Released Parties**”), of and from any and all claims, demands, disputes, damages, liabilities, obligations, controversies,

debts, costs, expenses, lawsuits, actions, causes of action and other rights to relief, both legal and equitable, of every kind and nature, whether now known or unknown, suspected or unsuspected, past or present, contingent or fixed, which the Plaintiff Releasing Parties, or any of them, now have, had, or at any time hereafter may have, against the Released Parties, or any of them, arising out of or in connection with the Action whether or not asserted therein.

b. **Covenant Not to Sue.** Upon receipt the Settlement Payment as set forth herein, Plaintiff on behalf of itself and the Plaintiff Releasing Parties, covenants and agrees not to institute, prosecute, or maintain any legal or administrative action, claim, or proceeding of any kind against Defendant or the Released Parties for claims resolved in this Agreement, including those arising out of or relating to the matters and claims asserted in the Action.

c. **Proposition 65 Compliance Measures.** Defendant represents and warrants that it has ceased any use of allegedly non-compliant product packaging identified in Plaintiff's Notice of Violation dated November 27, 2024, and, indeed that it did so prior to the Action being filed. On an ongoing basis, Defendant shall ensure all cannabis products offered for sale or distribution in California bear Proposition 65-compliant warnings in accordance with 27 California Code of Regulations § 25600 et seq. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which specific product the warning applies, so as to minimize the risk of consumer confusion. For all warnings provided by Defendant, Defendant shall use the warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline (the symbol may be black on white if the color yellow is otherwise not used on the product's packaging):

 **WARNING:** Smoking cannabis increases your cancer risk and during pregnancy exposes your child to delta-9-THC and other chemicals that can affect your child's birthweight, behavior, and learning ability. For more information go to www.P65Warnings.ca.gov.

By this Agreement, Defendant represents and warrants that the foregoing is true and correct.

Section 6. CCP § 664.6 Stipulation. In accordance with California Code of Civil Procedure Section 664.6 (“**Section 664.6**”), the Parties hereby stipulate that this Agreement constitutes a settlement of the Action and is enforceable as provided in Section 664.6. The Parties further stipulate and agree that the Court shall retain jurisdiction over the Parties to enforce the terms of this Agreement until performance in full has been completed.

Section 7. Unknown or Different Facts or Law. All Parties acknowledge that they may discover facts or law different from, or in addition to, the facts or law they know or believe to exist with respect to the Action and the releases described herein. All Parties agree, nonetheless, that this Agreement and its releases shall be effective in all respects despite such different or additional facts or law.

Section 8. California Civil Code Section 1542 Waiver. Plaintiff hereby expressly waives all rights held, or may hereafter claim to hold, that any claim, demand, obligation and/or cause of action has, through ignorance, oversight or error, been omitted from the terms of this Agreement, and hereby expressly waives all rights they may have, or claim to have, under the provisions of California Civil Code Section 1542, or equivalent law of any jurisdiction, which provides:

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.

BT

Plaintiff's Initials

Subject to any exclusions contained herein, this release by Plaintiff shall constitute a complete defense to any claim, cause of action, contract, liability, indebtedness, obligation, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Agreement.

Section 9. Notice. Where notice is required pursuant to the terms set forth herein, such notice shall be provided to:

To Defendants:
BOO KU CC, INC.
Attn: Arman Mnatsakanyan
10467 Roscoe Blvd.
Sun Valley, CA 91352

To Plaintiff:
Sengbe Group
8 The Green,
Ste. 16373
Dover, DE 19901

With copy to:
GianDominic Vitiello, esq.
Katchko, Vitiello & Karikomi, PC
11835 W. Olympic Blvd., Ste. 860E
Los Angeles, CA 90064
gdvitiello@kvklawyers.com

With copy to:
Alexander K. Robinson, esq.
Robinson Zermay LLP
777 S. Alameda St., 2nd Floor,
Los Angeles, CA 90021
ak@robinsonzermay.com

Section 10. Waiver. No provision of this Agreement may be waived unless in writing and signed by all Parties. Waiver of any one provision shall not constitute waiver of any other. This section does not apply to automatic acts deemed waiver which appear elsewhere in this Agreement.

Section 11. Governing Law; Venue. This Agreement shall be interpreted, enforced and governed in accordance with the laws and judicial decisions of the State of California. The venue and jurisdiction for enforcement of this Agreement shall be the Superior Court of the State of California, County of Los Angeles.

Section 12. Knowledge, Capacity Authority, and Representations. All Parties represent and warrant that they have had the opportunity to have counsel explain the contents of this Agreement to them. All Parties represent that they understand the contents of this Agreement and that they executed it knowingly and voluntarily and understand that after executing it they cannot proceed against the Released Parties on account of the matters referred to herein. Each Party to this Agreement represents and warrants that they have the authority and capacity to execute this Agreement and perform the acts contemplated herein.

Section 13. Execution and Delivery. This Agreement may be executed and delivered in two or more counterparts, each of which when so executed and delivered, shall be the original, but such counterparts together shall constitute but one and the same instrument.

Section 14. Interpretation; Construction. The Parties acknowledge that they have had an opportunity to review and discuss each term of this Agreement with legal counsel of their choosing. The signatories agree that this Agreement shall be interpreted as

if it were drafted by each and all of them, and shall not be construed against any Party by reason of Civil Code Section 1654 or the principles reflected therein.

Section 15. Entire Agreement. This Agreement incorporates the full understanding between the Parties and recites the whole consideration. It supersedes any and all prior agreements or understandings, written or oral, between the Parties, and may not be amended except by a writing executed by the Parties.

Section 16. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the Parties hereto.

Section 17. Electronic Signatures. Facsimile, documents executed, scanned, and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such facsimile, scanned and electronic signatures having the same legal effect as original signatures. The Parties agree that this Agreement, any addendum thereto, or any other document necessary for the consummation of the transaction contemplated by this Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (“**E-Sign Act**”), Title 15, United States Code, Sections 7001 et seq., and California’s Uniform Electronic Transactions Act (“**CUETA**”), Civil Code Sections 1633.1, et seq. Any document accepted, executed, or agreed to in conformity with such laws will be binding on the Parties the same as if it were physically executed.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Date of Agreement.

PLAINTIFF:

SENGBE GROUP LLC, a Delaware
Limited Liability Company

By: 

Larry L. Day
Authorized Person

Dated: 30/06/2025

DEFENDANT:

BOO KU CC, INC., a California
Corporation

By:  Arman Mnatsakanyan (Jul 14, 2025 21:01 GMT+1)

Arman Mnatsakanyan
Officer

Dated: 18/07/2025









06.27.25 Settlement and Release Agrmt - Final

Final Audit Report

2025-07-14

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-  Document created by Alexandra Pitcher (alexandra@kvklawyers.com)
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