

## SETTLEMENT AGREEMENT

### 1. INTRODUCTION

**1.1 The Parties.** This Settlement Agreement is entered into by and between Ema Bell (“Bell”) and AD Sutton & Sons, Inc. (“AD Sutton”). Bell and AD Sutton are sometimes individually referred to as a “Party,” and collectively referred to as the “Parties.” Bell is an individual who resides in the State of California, and who seeks to improve human health by reducing or eliminating hazardous substances contained in consumer products. Bell alleges that AD Sutton is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

**1.2 General Allegations.** Bell alleges in her 60-Day Notice of Violation dated March 27, 2025 (the “Notice”), that AD Sutton manufactured, imported, sold, offered for sale, and/or distributed in California a certain *Baby Essentials*® My First Piggy Bank for children, UPC # 886252314658 that can expose California consumers to lead without first providing a warning as required by Health and Safety Code §§ 25249.5 et seq. (“Proposition 65”). Lead is a chemical listed pursuant to Proposition 65.

**1.3 Product Description.** The products covered by this Settlement Agreement are all piggy bank products including but not limited to *Baby Essentials*® My First Piggy Bank for children, UPC # 886252314658 (the “Products”) manufactured, imported., sold, offered for sale and/or distributed for sale in California by AD Sutton.

**1.4 Notice of Violation.** On or about March 27, 2025, Bell served the Notice on AD Sutton, Walmart, Inc. (“Walmart”), the California Attorney General, and various public enforcement agencies, alleging that AD Sutton and others violated Proposition 65 by failing to warn California consumers that use of the Products can expose them to lead. To the best of the Parties’ knowledge, no public enforcer has diligently prosecuted the allegations set forth in the Notice.

**1.5 No Admission.** AD Sutton enters into this Settlement Agreement as a full and final settlement of all claims that were raised or that could have been raised in the Notice, and solely to avoid potential prolonged and costly litigation. AD Sutton denies the material factual and legal

allegations contained in the Notice and maintains that it is not a person subject to Proposition 65, that it is not subject to personal jurisdiction in California, and that all of the products it sells and/or distributes for sale in California, including the Products, are in compliance with all laws and are completely safe for their intended use. Nothing in this Settlement Agreement shall be construed as an admission against interest by AD Sutton 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 AD Sutton of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by AD Sutton. Nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument or defense that AD Sutton may have in this or any other future legal proceeding, including its position that it is not a person in the course of doing business under Proposition 65, nor that it is not subject to personal jurisdiction in California. This Settlement Agreement is the product of negotiation and compromise and is accepted by AD Sutton solely for purposes of settling, compromising, and resolving issues disputed in the Notice. Notwithstanding the allegations in the Notice, AD Sutton maintains that it has not knowingly manufactured, imported, distributed for sale, or caused the sale of Products in California in violation of Proposition 65. However, this § 1.5 shall not diminish or otherwise affect AD Sutton's 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 on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties' counsel.


## **2. INJUNCTIVE RELIEF: REFORMULATION AND/OR WARNINGS**

**2.1 Reformulation/ California Proposition 65 Warning Standards.** As of the Effective Date, and continuing thereafter, Products that AD Sutton directly manufactures or imports for sale in California shall either be: (a) reformulated Products pursuant to § 2.2, below; or (b) labeled with a clear and reasonable exposure warning pursuant to §§ 2.3 and 2.4, below. For purposes of this Settlement Agreement, a "Reformulated Product" is a Product that is in compliance with the standard

set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 and 2.4 shall not apply to any Reformulated Product.


**2.2 Reformulation Standard.** “Reformulated Products” are defined as those Products that: (a) contain no more than 90 parts per million (“ppm”) lead in any decoration, colored artwork, designs and/or marking on the surface of the Products when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3050B or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content in a solid substance; or (b) yield no more than one microgram of lead on any surface sampled and analyzed pursuant to the NIOSH 9100 testing protocol or equivalent methodologies used by state and federal agencies to determine lead content on a solid substance.

**2.3 Clear and Reasonable Warning.** As of the Effective Date, and continuing thereafter, a clear and reasonable exposure warning as set forth in this §§ 2.3 and 2.4 shall be provided for all Products that AD Sutton manufacturers, imports, distributes, sells, or offers for sale in California that are not Reformulated Products. There shall be no obligation for AD Sutton to provide an exposure warning for Products that entered the stream of commerce prior to the Effective Date, or within 90 days after the Effective Date. Specifically, pursuant to 27 Cal. Code of Regs. § 25603(a) – (d), one of the following safe harbor warnings must be utilized:


- 1)  “WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:” This product can expose you to chemicals including lead, 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


**SHORT FORM**

- 2)  “WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:”: Risk of cancer and reproductive harm from exposure to lead. See- [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)

or

**SHORT FORM**            3)  **“WARNING:”** [or] **“CA WARNING:”** [or] **“CALIFORNIA WARNING:”** Can expose you to lead, a carcinogen and reproductive toxicant. See [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

or

**SHORT FORM ON  
A PRODUCT  
MANUFACTURED/  
LABELED PRIOR  
TO 1/1/28,  
REGARDLESS OF  
DATE OF SALE**            4)  **WARNING:** Cancer and Reproductive Harm -- [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

**2.4** A Warning provided pursuant to § 2.3 must print the word **“WARNING:”** in all capital letters and in bold font, followed by a colon. The warning symbol to the left of the word **“WARNING:”** must be a black exclamation point in a yellow equilateral triangle with a black outline, except that if the sign or label for the Products does not use the color yellow, the symbol may be in black and white. The symbol must be in a size no smaller than the height of the word **“WARNING:”**. The Warning shall be affixed to or printed on the Products’ packaging or labeling, or on a placard, shelf tag, sign or electronic device or automatic process, and displayed with such conspicuousness, as compared with other words, statements, or designs, as to render it reasonably likely to be read and understood by an ordinary individual under customary conditions of purchase or use. A Warning provided via an electronic device or automatic process does not apply to internet purchases, which are subject to the provisions of Section 25602(b). The Warning may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Product and shall be at least the same size as those other safety warnings. If “consumer information,” as that term is defined in Title 27, California Code of Regulations, Section 25600.1(c) as it may be amended from time to time, is provided in a foreign language, AD Sutton shall provide the Warning in the foreign language in accordance with applicable warning regulations adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”).

In addition to affixing the Warning to the Product’s packaging or labeling, the Warning shall be posted on websites where AD Sutton offers Products for sale to consumers in California and

controls the content of the Product listing. The internet warning requirements of this Section shall be satisfied if the Warning, or a clearly marked hyperlink using the word **[California]** or **[CA]**“WARNING,” appears on the product display page, or is otherwise prominently displayed to the purchaser prior to completing the purchase of the Product (language in brackets optional). To comply with this Section, AD Sutton shall (a) post the Warning on its own website and, if it has the ability to do so, on the websites of third-party internet sellers where it has actual knowledge the third parties are selling the Products to California on their websites. In addition, AD Sutton shall instruct any third-party website to which it directly sells its Covered Products, if it has the ability to do so, to include the same online warning, as set forth above, as a condition of selling the Products in California.

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 applicable to the Products and the chemical at issue, which are different than those set forth above, AD Sutton shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations or legislation are enacted or issued providing that a Proposition 65 warning for the Products is no longer required, a lack of warning by AD Sutton will not thereafter be a breach of this Agreement.

**2.5 Compliance with Warning Regulations.** The Parties agree that AD Sutton shall be deemed to be in compliance with this Settlement Agreement by either adhering to § 2 of this Settlement Agreement or by complying with warning regulations adopted by the State of California’s OEHHA applicable to the Product and/or the exposures at issue after the Effective Date.

**2.6 Grace Period.** The injunctive requirements of Section 2 shall not apply to Products that are already in the stream of commerce as of the Effective Date or within 90 days after the Effective Date, which Products are expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Products in the stream of commerce specifically include, but are not limited to, Products in the process of manufacture.

### 3. MONETARY SETTLEMENT TERMS

#### 3.1 Total Settlement Payment

In full satisfaction of all claims for monetary relief of any kind, including but not limited to claims for potential civil penalties, attorneys' fees, and expenses, AD Sutton shall make a total settlement payment of \$9,500 (the "Total Settlement Amount"). The Total Settlement Amount shall be apportioned into a Civil Penalty and Attorney's Fees and Costs as set forth in Sections 3.2 and 3.3 below.

#### 3.2 Civil Penalties Pursuant to Health & Safety Code § 25249.7(b)

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims for monetary relief of any kind related to the Notice, alleged in the Notice, or referred to in this Settlement Agreement (except for Plaintiff's attorney's fees and expenses set forth in Section 3.3 below), AD Sutton shall pay \$500 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 OEHHA and the remaining 25% of the Penalty remitted to Bell. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.4, below.

**3.3 Civil Penalty.** Within ten (10) days of the Effective Date, AD Sutton shall issue two (2) separate checks for the Civil Penalty payment to: (a) "OEHHA" in the amount of \$375; and (b) "Ema Bell" in the amount of \$125. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.4, below.

#### 3.4 Payment Procedures.

(a) **Issuance of Payments.** Payments shall be delivered as follows:

(i) All payments owed to Bell, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esq.  
Brodsky Smith  
Two Bala Plaza, Suite 805  
Bala Cynwyd, PA 19004

(ii) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

**(b) Copy of Payments to OEHHA.** AD Sutton agrees to provide Bell's counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payment to Bell, to be delivered to the address provided in § 3.4(a)(i), as proof of payment to OEHHA.

**(c) Tax Documentation.** AD Sutton agrees to provide a completed IRS 1099 for its payments to, and Bell agrees to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) "Ema Bell" whose address and tax identification number shall be provided within five (5) days after this Settlement Agreement is fully executed by the Parties;

(ii) "Brodsky Smith" (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

(iii) "Office of Environmental Health Hazard Assessment" 1001 I Street, Sacramento, CA 95814.

Bell and his counsel recognize that without the W-9s set forth herein AD Sutton cannot process the required Settlement Payments.

#### 4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Bell and her counsel offered to reach preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed to them. The Parties thereafter reached an accord on the compensation due to Bell and her counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, AD Sutton shall reimburse Bell's counsel a total of \$9,000 for any and all attorney's fees and expenses incurred, including, but not limited to, all investigative, expert, and testing expenses as a result of investigating and bringing this matter to the attention of AD Sutton, and negotiating a settlement in the public interest. Within ten (10) days of the Effective Date, AD Sutton shall issue a check payable to "Brodsky Smith" in the amount of \$9,000 for delivery to the address identified in § 3.4(a)(i), above.

#### 5. RELEASE OF ALL CLAIMS

**5.1 Release of AD Sutton and Downstream Customers and Entities.** This Settlement Agreement is a full, final and binding resolution of all claims between Bell, acting on her own behalf, and AD Sutton, for all claims that can or could have been asserted by Bell on her own behalf and on behalf of her past and current agents, representatives, attorneys, successors, and/or assigns ("Releasers"), against AD Sutton and its parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees, and each entity from whom AD Sutton obtains the Products, and to whom AD Sutton directly or indirectly distributes or sells the Products, including but not limited to, suppliers, downstream distributors, wholesalers, customers, retailers (including but not limited to Walmart and its affiliates), and their respective subsidiaries, affiliates, parents, franchisees, cooperative members, licensors, and licensees (collectively, the "Releasees"), from all claims for violations of Proposition 65 for the Products manufactured within 90 days after the Effective Date based on actual or alleged exposure to lead from use of the Products.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Bell, on behalf of herself and her past and current agents, representatives, attorneys, successors and/or assignees, hereby covenants not to sue and waives any right to institute or participate in, directly or indirectly, any form of legal action and releases all claims that she may have, including without limitation, all actions and causes of action in law and in equity, all obligations, expenses (including without limitation all attorneys' fees, expert fees, investigation fees, and expenses), damages, losses, liabilities and demands against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, arising from alleged or actual exposure to lead from use of the Products manufactured within 90 days after the Effective Date.

**5.2 AD Sutton' Release of Bell.** AD Sutton, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Bell, her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Bell and/or her attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to exposure to lead from use of the Products.

**5.3 California Civil Code § 1542: Mutual Release of Known and Unknown Claims.** It is possible that other claims not known to the Parties including but not limited to those arising out of the facts alleged in the Notice or relating to products manufactured, imported, distributed, and/or sold by or for AD Sutton and its affiliates through 90 days after the Effective Date, will develop or be discovered. Bell on behalf of herself, and her past and current agents, representatives, attorneys, successors, and/or assignees, on one hand, and AD Sutton on behalf of itself and its affiliates, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims for products manufactured, imported, distributed, and/or sold by or for AD Sutton and its affiliates within 90 days after the Effective Date, including all rights of action therefor. The Parties acknowledge that the claims for products manufactured, imported, distributed, and/or sold by or for AD Sutton and its affiliates released in §§ 5.1 and 5.2, above, 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 HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HIS, WOULD HAVE MATERIALLY AFFECTED HIS OR HIS SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Bell and AD Sutton expressly waive and relinquish any and all rights and benefits that they may have under, or that may be conferred upon them by, the provisions of 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 they may lawfully waive such rights or benefits pertaining to the released matters.

**5.4 Deemed Compliance with Proposition 65.** The Parties agree that compliance by AD Sutton with this Settlement Agreement constitutes compliance by AD Sutton with Proposition 65 with respect to actual or alleged exposure to lead from use of the Products.

**5.5 Public Benefit.** It is the Parties' understanding that the commitments AD Sutton has agreed to herein, and actions to be taken by AD Sutton under this Settlement Agreement, confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to AD Sutton's alleged failure to provide a warning concerning exposure to lead prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that AD Sutton is in material compliance with the terms of 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. 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 or limited by reason of law generally, or as to the Products, AD Sutton shall provide written notice to Bell of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

**8. ENFORCEMENT**

Before any Party may take action to enforce the terms of this Settlement Agreement for alleged breach, that Party must give the other Party written notice and a good faith opportunity to respond and cure the alleged violation. The Parties must thereafter meet and confer for a period of no less than 30 days to try to resolve any alleged violation. Bell shall not bring an enforcement action or institute a judicial proceeding or seek any other relief of any kind if AD Sutton demonstrates that it has complied with the requirements of Sections 2, 3, and 4 of this Settlement Agreement. In the event that meet-and-confer efforts are unsuccessful, the Party alleging a violation may initiate a judicial proceeding to enforce this Settlement Agreement no earlier than 30 days after issuing the written notice specified herein. In the event that a Party initiates such a judicial proceeding, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs.

**9. NOTICES**

When any Party is entitled to receive any notice under this Settlement Agreement, the notice shall be sent by first class mail or electronic mail to the address set forth in this paragraph. Any Party may modify the person and address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested. Said change shall take effect on the date the return receipt is signed by the Party receiving the change.

Notices shall be sent to:

For AD Sutton:

Steven Sutton, Chief Executive Officer  
A.D. Sutton & Sons, Inc.  
20 West 33<sup>rd</sup> Street, Suite 1100  
New York, NY 10001

With Copy to:

J. Robert Maxwell, Esq.  
Rogers Joseph O'Donnell  
311 California St., 10<sup>th</sup> Fl.  
San Francisco, CA 94104

For Bell:

Evan J. Smith, Esq.  
Brodsky Smith  
Two Bala Plaza, Suite 805  
Bala Cynwyd, PA 19004

Either 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.

**10. JOINT PREPARATION**

The Parties have jointly participated in the preparation of this Settlement Agreement and this Settlement Agreement is the result of the joint efforts of the Parties. Accordingly, any uncertainty or ambiguity existing in this Settlement Agreement shall not be interpreted against any Party as a result of the manner of the preparation of this Settlement Agreement. Each Party to this Settlement Agreement agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Settlement Agreement and, in this regard, the Parties hereby waive California Civil Code § 1654.

**11. COUNTERPARTS: SIGNATURES**

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. Signatures by scanned and emailed image or facsimile transmission shall

have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

12. **COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)**

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

13. **MODIFICATION**

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

14. **ENTIRE AGREEMENT**

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged herein. 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. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by, or relied on, any Party.

**15. 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.

**AGREED TO:**

**AGREED TO:**

Date:

3 / 25 / 26

By:

Erna Bell

Date:

3/24/26

By:

AD Sutton & Sons, Inc.