

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between CENTER FOR ADVANCED PUBLIC AWARENESS, INC., ("CAPA") and BIO WORLD MERCHANDISING, INC. (hereinafter referred to as "BIOWORLD"), with CAPA each individually referred to as a "Party" and collectively as the "Parties."

1.2 Introduction and General Allegations.

1.2.1 CAPA is a not-for profit corporation duly organized and existing in the State of California which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 BIOWORLD employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.6 *et seq.* ("Proposition 65").

1.2.3 CAPA alleges that BIOWORLD imported, manufactured, sold, and/or distributed for sale in California, clothing apparel products containing di-isononyl phthalate ("DINP") and di-isodecyl phthalate ("DIDP"), both listed chemicals pursuant to Proposition 65 as chemicals known to the State of California to cause cancer (as to DINP) and a development toxicant (as to DIDP), and failed to provide the clear and reasonable warning required by Proposition 65 for exposures to DINP and DIDP from its Clear Plastic Name Tag Lanyard made with graphic design, including without limitation specifically the Batman Lanyard.

1.3 Product Description.

The clothing apparel products covered by this Settlement Agreement are Clear Plastic Name Tag Lanyard made with printed graphic designs which are imported manufactured, sold and/or distributed for sale in California by BIOWORLD, including, but not limited to, the Clear

Plastic Name Tag Lanyard made with printed graphic design, SKU No. 10179153 ("Covered Products").

1.4 Notice of Violation.

On September 15, 2015, CAPA served BIOWORLD and the requisite public enforcement agencies with a 60-Day Notice of Violation ("Notice"), alleging that BIOWORLD violated Proposition 65. The Notice alleged that BIOWORLD failed to provide clear and reasonable warnings to its customers and consumers in California with respect to the presence of DINP and DIDP from its import, manufacture, sale and/or distribution of Covered Products. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission.

The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute"). Specifically, CAPA alleges that BIOWORLD imported, manufactured, sold or distributed for sale in the state of California, Covered Products which contained DIDP and DINP without first providing the clear and reasonable exposure warning required by Proposition 65, and BIOWORLD denies that such a warning is required under Proposition 65 or any otherwise applicable law.

BIOWORLD denies the material, factual, and legal allegations contained in the Notice, and maintains that all of the products that it has imported, manufactured and/or sold and distributed in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by BIOWORLD of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by BIOWORLD of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by BIOWORLD. This Section shall not, however, diminish or otherwise affect BIOWORLD'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 May 15, 2016.

2. **INJUNCTIVE RELIEF: REFORMULATED PRODUCTS AND WARNINGS**

2.1 **Reformulation Standard.** Commencing on May 15, 2016 and continuing thereafter, BIOWORLD agrees to only import, manufacture and/or sell or offer for sale or purchase for sale in or into California, Covered Products which are "Reformulated Products." For purposes of this Settlement Agreement, "Reformulated Products" shall mean Covered Products, including any Clear Plastic Name Tag Lanyard made with plastic and containing graphic designs printed, applied, dyed or otherwise present on any accessible component of any Covered Product, containing less than or equal to 1,000 parts per million (0.1%) DINP and DIDP in each accessible component when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C or equivalent methodologies utilized by federal or state agencies for the purpose of determining DINP and DIDP content in a solid substance, or any other methodology utilized by federal or state agencies for the purpose of determining phthalate content in a solid substance ("Reformulation Standard").

2.2 **Accessible Component.** The term "Accessible Component" shall mean any component of the Covered Product that could be touched by a person during reasonably foreseeable use.

3. **CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

BIOWORLD shall pay a civil penalty of \$5,000, to be apportioned in accordance with California Health & Safety Code §§ 25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to CAPA. BIOWORLD shall issue two separate checks for the penalty payment: (a) one check made payable to FRIEDMAN SANCHEZ, LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment ("in Trust for OEHHA") in the amount of \$3,750, representing 75% of the initial civil penalty and (b) one check to "Friedman Sanchez, LLP in Trust for Center for Advanced Public Awareness, Inc.," in

the amount of \$1,250, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to CAPA, EIN: 47-4300108. The payments shall be delivered on or before June 1, 2016, to the following address:

Andrew M. Friedman, Esq.
Friedman Sanchez, LLP
16 Court St., Suite 2600
Brooklyn, NY 11241

4. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to CAPA and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement BIOWORLD shall pay the total amount of \$25,000 for fees and costs incurred by CAPA as a result of investigating, bringing this matter to attention of BIOWORLD, and negotiating a settlement in the public interest. BIOWORLD shall issue a separate 1099 for fees and costs, shall make the check payable to Friedman Sanchez, LLP (EIN:46-2185843) and shall deliver payment on or before June 1, 2016 to the following address:

Andrew M. Friedman, Esq.
Friedman Sanchez, LLP
16 Court St., Suite 2600
Brooklyn, NY 11241

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.

This Settlement Agreement is a full, final and binding resolution between CAPA, on behalf of itself and BIOWORLD, of any violation of Proposition 65 that was or could have been asserted by CAPA against BIOWORLD, its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, licensors (including with respect to the Clear Plastic Name Tag Lanyard made with printed graphic design, SKU No. 10179153), attorneys,

and each entity to whom BIOWORLD directly or indirectly distributes or sells Products including without limitation Hot Topic, Inc. (collectively "Releasees").

5.2 CAPA's Release of Proposition 65 Claims.

In further consideration of the promises and agreements herein contained, CAPA on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims against BIOWORLD and other Releasees, 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 limited to, investigation fees, expert fees, and attorneys' fees, but exclusive of fees and costs on appeal--limited to and arising under Proposition 65 with respect to DIDP and DINP in the Covered Products sold by BIOWORLD, including any Covered Products currently in the stream of commerce (collectively, "claims").

5.3 CAPA's Individual Release of Claims.

CAPA also, in its individual capacity only provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of CAPA of any nature, character or kind, whether known or unknown, suspected or unsuspected, against BIOWORLD and Releasees, limited to and arising out of alleged or actual exposures to the Listed Chemicals in the Products imported, manufactured, distributed or sold by BIOWORLD.

5.4 BIOWORLD's Release of CAPA.

BIOWORLD on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against CAPA, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CAPA 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 the Products.

5.5 Enforcement of Settlement Agreement.

5.5.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 5.5.2 and 5.5.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

5.5.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against BIOWORLD by CAPA, unless CAPA notifies BIOWORLD of the specific future acts alleged to constitute a breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and BIOWORLD upon receiving the notice fails to comply with the requirements set forth in Section 5.5.3 below. Any notice to BIOWORLD must contain (a) identify with specificity the Covered Product its and (b) specific date(s) when the item was sold or offered for sale after the Effective Date in California without either reformulation or a Proposition 65 compliant warning, (c) the store or other place at which the product was available for sale , and (d) any other evidence or other support for the allegations in the notice.

5.5.3 Within 30 days of receiving the notice described in Section 5.5.2, BIOWORLD shall either (1) withdraw the identified product from sale and remove it from inventory, or (2) provide CAPA with evidence to refute the information provided under Section 5.5.2. Should the parties be unable to resolve the dispute, any party may seek relief under Section 5.5.1.

6. SEVERABILITY

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

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 by reason of law generally, or as to the Products, then BIOWORLD may provide written notice to CAPA 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. NOTICE

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

For BIOWORLD:

Mike Hessong
BIOWORLD
2111 West Walnut Hill Lane.
Irving, Texas 75038

with a copy to:

John J. Allen
Allen Matkins Leck Gamble Mallory and Natsis LLP
515 South Figueroa Street
Ninth Floor
Los Angeles, CA 90071-3398

For CAPA:

Andrew M. Friedman, Esq.
Friedman Sanchez, LLP
16 Court St., Suite 2600
Brooklyn, NY 11241

with a copy to:

Center for Advanced Public Awareness, Inc.
Attn: Linda Doubray
100 Promenade Circle, Suite 300
Sacramento, CA 95834

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

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or 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.

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

CAPA and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

11. MODIFICATION

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

12. AUTHORIZATION

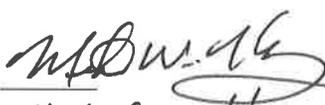
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO BY OF CAPA: AGREED TO BY BIOWORLD:

Dated: 4/29/2016

Dated: 5/12/16

By: 

By: 
Michael W. Herrung, CFO