

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Creative Co-op, Inc. (“Creative Co-op”) and Laurence Vinocur (“Vinocur”), with Vinocur and Creative Co-op collectively referred to as the “Parties.” Vinocur is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Creative Co-op employs ten or more persons and are persons in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Vinocur alleges that Creative Co-op have manufactured, imported, distributed, shipped and/or sold in the State of California glass jars with exterior decorations containing lead above the allowable state limits without the requisite Proposition 65 warning. Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

1.4 Notice of Violation

On or about September 29, 2016, Vinocur served Creative Co-op, Nordstrom, Inc., and various public enforcement agencies with a “60-Day Notice of Violation” (the “Notice”) that provided the recipients with notice of alleged violations of Proposition 65 based on Creative Co-op’s failure to warn consumers that its glass jars with exterior decorations exposed users in the State of California to lead. To the best of the Parties’ knowledge, no public enforcer has prosecuted the allegations set forth in the Notice.

1.3 Product Description

The “Products” that are covered by this Settlement Agreement are defined glass jars with exterior decorations containing lead including, but not limited to, “*Cookies For Santa*” Jar,

XC4563AND, UPC #8 07472 82665 3, manufactured, imported, distributed, shipped, sold and/or offered for sale in the State of California by Creative Co-op as set forth in the Notice.

1.5 No Admission

Creative Co-op denies all factual and legal allegations contained in Vinocur's Notice, and maintains that all of the products that it has sold and/or offered for sale in the State of California, including the Products, have been and are in compliance with all federal, state, or local laws. Nothing in this Settlement Agreement shall be construed as an admission by Creative Co-op of any fact, finding, conclusion of law, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Creative Co-op of any fact, finding, conclusion of law, issue of law or violation of law. However, this Section shall not diminish or otherwise affect Creative Co-op'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 December 9, 2016.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION STANDARD

2.1 Reformulated Products

Commencing on the Effective Date, and continuing thereafter, all Products manufactured, imported, distributed, shipped, sold or offered for sale in California shall be "Reformulated Products." For purposes of this Settlement Agreement, Reformulated Products are Products that: (a) contain no more than to 100 parts per million ("ppm") lead when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3050B and 6010B or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content in a solid substance; and (b) yield no more than 1.0 microgram ("ug") of lead when a wipe is applied to all surfaces according to NIOSH Test Method No. 9100.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health & Safety Code § 25249.7(b), in settlement of all the claims referred to in this Settlement Agreement, Creative Co-op shall pay a total civil penalty in the amount of \$2,000 in civil penalties within ten (10) days of the Effective Date by issuing two separate checks payable as follows: (a) “OEHHA” in the amount of \$1,500; and (b) “Laurence Vinocur Client Trust Account” in the amount of \$500. Each penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with Vinocur remitting 75% of the funds to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and retaining the remaining 25% of the penalty. Creative Co-op shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under this Section that are not received within two business days of the due date.

3.2 Representations

Creative Co-op represents that the sales data and other information concerning its Products sales information, knowledge of lead, prior reformulation and/or warning efforts, that it provided to Vinocur in negotiating this Settlement Agreement was truthful to its knowledge at the time of execution of this Settlement Agreement and a material factor upon which Vinocur relied to determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7.

3.3 Reimbursement of Attorney’s Fees and Costs

The parties acknowledge that Vinocur and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Vinocur then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then attempted to (and did) reach an accord on the compensation due to Vinocur and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work

performed through the mutual execution and reporting of this agreement. Creative Co-op shall pay \$20,000 for fees and costs incurred as a result of investigating, bringing this matter to Creative Co-op's attention, and negotiating a settlement in the public interest. Creative Co-op shall tender a check payable to "The Chanler Group," within ten (10) days of the Effective Date. Creative Co-op shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under this Section that are not received within two business days of the due date.

3.4 Payment Procedures

All payments pursuant to Sections 3.1 and 3.3 shall be delivered to the following payment address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. RELEASE OF ALL CLAIMS

4.1 Vinocur's Release of Creative Co-op

This Settlement Agreement is a full, final, and binding resolution between Vinocur and Creative Co-op of any violation of Proposition 65 that was or could have been asserted by Vinocur on behalf of himself, as an individual and not on behalf of the public, his past and current agents, representatives, attorneys, successors and/or assignees, against Creative Co-op, its parents, subsidiaries, affiliated entities under common ownership including Nordstrom, Inc., directors, officers, employees, attorneys and each entity to whom Creative Co-op directly or indirectly distributes or sells the Products including, but not limited to, downstream distributors, wholesalers, customers, franchisees, cooperative members, licensees and retailers, ("Releasees"), based on the alleged failure to warn about potential exposures to lead contained in the Products manufactured, imported, distributed, shipped, sold and/or offered for sale by Creative Co-op in the State of California before the Effective Date as set forth in the Notice. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to

exposures to lead from the Products sold or distributed by Creative Co-op after the Effective Date.

In further consideration of the promises and agreements herein contained, Vinocur on behalf of himself as an individual and not on behalf of the public, his 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 that he may have against Creative Co-op and Releasees, including, without limitation, all actions, causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not limited to, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to lead in the Products manufactured, distributed, shipped, sold and/or offered for sale by Creative Co-op before the Effective Date.

4.2 Creative Co-op's Release of Vinocur

Creative Co-op waives any and all claims against Vinocur, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Vinocur and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter and/or with respect to the Products.

5. 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 and/or lead, then Creative Co-op shall provide written notice to Vinocur 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.

6. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be sent by: (ii) first-class, registered or certified mail, return

receipt requested; or (iii) overnight courier on any party by the other party at the following addresses:

For Creative Co-op:

Lee Wang, President
Creative Co-Op, Inc.
6000 Freeport Avenue, Suite 101
Memphis, TN 38141

For Vinocur:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any 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.

7. COUNTERPARTS; FACSIMILE/PDF 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.

8. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

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

10. MODIFICATION

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

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11. AUTHORIZATION

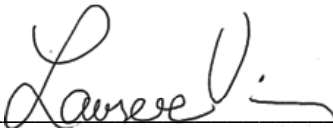
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

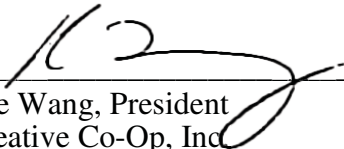
AGREED TO:

AGREED TO:

Date: 12/2/2016

Date: December 2, 2016

By: 
Laurence Vinocur

By: 
Lee Wang, President
Creative Co-Op, Inc