

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Nu World Corporation (“NuWorld”) and Peter Englander (“Englander”), with Englander and NuWorld collectively referred to as the “Parties.” Englander 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. NuWorld 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 & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Englander alleges that NuWorld has manufactured, distributed and/or sold in the State of California eyeshadow compacts with vinyl/PVC components containing concentrations of di(2-ethylhexyl)phthalate (“DEHP”) above the allowable state limits without the requisite Proposition 65 warning. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

1.3 Product Description

The “Products” that are covered by this Settlement Agreement are defined eyeshadow compacts with vinyl/PVC components containing DEHP including, but not limited to, *Hard Candy Top Ten Trendsetters Eyeshadow Collection, Rated X, #889, UPC #6 76045 60889 3* manufactured, imported and/or distributed for sale in the State of California by NuWorld.

1.4 Notice of Violation

On or about September 24, 2015, Englander served NuWorld 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 NuWorld’s failure to warn

consumers that the Products exposed users in the State of California to DEHP. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Notice.

1.5 No Admission

NuWorld denies all factual and legal allegations contained in Englander'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 NuWorld 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 NuWorld of any fact, finding, conclusion of law, issue of law or violation of law. However, this Section shall not diminish or otherwise affect NuWorld'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 this Settlement Agreement is signed by all Parties.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION STANDARD

2.1 Reformulation Standard

Reformulated Products are defined as Products containing concentrations less than 0.1 percent (1000 parts per million) of DEHP in each accessible component when analyzed by a laboratory accredited by the State of California, a federal agency, NVLAP (National Volunteer Laboratory Accreditation Program), American Association for Lab Accreditation (A2LA), ANSI-ASQ National Accreditation Board (ANAB) – ACLASS brand (an ANAB company), International Accreditation Service, Inc. (IAS), Laboratory Accreditation Bureau (L-A-B), Perry Johnson Laboratory Accreditation, Inc. (PJLA), International Laboratory Accreditation Cooperation (ILAC) or similar nationally recognized accrediting organization, pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, or equivalent methodologies utilized by federal or state agencies for the purpose of determining DEHP content


in a solid substance. By entering into this Settlement Agreement, the Parties do not intend to expand or restrict any obligations or responsibilities that may be imposed upon NuWorld by laws other than Proposition 65, nor do the Parties intend this Settlement Agreement to affect any defenses available to NuWorld under laws other than Proposition 65.

2.2 Vendor Notification Requirement

To the extent it has not already done so, on the Effective Date, NuWorld shall provide the reformulation standard specified in Section 2.1 to each of its then-current Vendors of Products and vinyl/PVC component of the Products that will be sold or offered for sale to California citizens and shall instruct each Vendor to use reasonable efforts to provide Products and vinyl/PVC component of the Products that comply with the reformulation standard for Reformulated Products in Section 2.1 above. For purposes of this Settlement Agreement, the term “Vendor(s)” means a person or entity that manufactures, imports, distributes, sells, or otherwise supplies the Products or component parts of the Products to NuWorld, its parents, assignees, subsidiaries and/or affiliated entities under common ownership.

2.3 Warnings Required: Product Labeling

Commencing on the Effective Date, for all Products other than Reformulated Products sold or offered for sale by NuWorld within the State of California, NuWorld shall provide clear and

 reasonable warnings that state:

WARNING: This product can expose you to DEHP a chemical known to the State of California to cause birth defects (or other reproductive harm). For more information go to www.P65Warnings.ca.gov/product

-or-

WARNING: This product contains chemicals, including DEHP, a phthalate, known to the State of California to cause birth defects or other reproductive harm.

NuWorld may affix this warning to the packaging, labeling or directly on any Products that are not Reformulated Products which are sold or offered for sale to institutional or individual

consumers within the State of California and institutional customers with nationwide distribution. 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(s) the warning applies, so as to minimize the risk of consumer confusion.

2.4 Products No Longer in a Settling Defendant's Control

No later than the Effective Date, Settling Defendant shall send a letter, electronic or otherwise ("Notification Letter") to: (1) each customer with distribution and/or sales of the Products in the State of California, to which NuWorld, after September 24, 2014, supplied Products that are not Reformulated Products; and (2) any customer that Settling Defendant reasonably understands or believes had any inventory for resale in the State of California of Products that are not Reformulated Products as of the Notice's date. The Notification Letter shall advise the recipient that the Product "contains DEHP, a chemical known to the State of California to cause birth defects or other reproductive harm," and request that the recipient either: (a) label the Products remaining in inventory for sale in California, or to consumers in the State of California, pursuant to Section 2.3; or (b) return, at Settling Defendant's sole expense, all units of the Products held for sale in the State of California to NuWorld or a party NuWorld has otherwise designated. The Notification Letter shall require a response from the recipient within 15 days confirming whether the Products will be labeled or returned, or alternatively stating that there are no such Products available for sale in the State of California. NuWorld shall maintain records of all correspondence or other communications generated pursuant to this Section for two years after the Effective Date and shall promptly produce copies of such records upon Englander's reasonable written request.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, NuWorld shall pay a total of \$15,000 in accordance with this Section. NuWorld 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. Each penalty payment will be allocated by Englander in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds being remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty being retained by Englander, as follows:

3.1 Initial Civil Penalty

NuWorld shall pay an initial civil penalty in the amount of \$5,000 within five (5) days of the Effective Date in one check made payable as follows: “Peter Englander, Client Trust Account”. All penalty payments shall be delivered to the address listed in Section 3.5 below.

3.2 Final Civil Penalty

NuWorld shall pay a final civil penalty of \$10,000 on or before March 31, 2016. The final civil penalty shall be waived in its entirety if an officer of NuWorld provides Englander with written certification that NuWorld has met and continues to meet the Reformulation Standard specified in Section 2.1 above such that all Products manufactured, produced, assembled, imported, distributed, shipped, sold or offered for sale in State of California by NuWorld as of the Effective Date and continuing into the future are Reformulated Products. Englander must receive any such certification on or before March 31, 2016; time is of the essence.

Unless waived in its entirety, NuWorld shall send a check for any remaining portion of the final civil penalty made payable to “Peter Englander, Client Trust Account.” In accordance with California Health & Safety Code § 25249.12(c)(1) & (d), Englander will remit 75% of the funds remitted to OEHHA and retain 25% of the funds.

3.3 Representations

NuWorld represents that the sales data and other information concerning its Product sales information, knowledge of DEHP, prior reformulation and/or warning efforts, that it provided to Englander 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 Englander relied to

determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7. If, within twelve months of the Effective Date, Englander discovers and presents to NuWorld, evidence demonstrating that the preceding representation and warranty was materially inaccurate, then NuWorld shall have 30 days to meet and confer regarding Englander's contention. Should this 30 day period pass without any such resolution between Englander and NuWorld, Englander shall be entitled to file a formal legal claim including, but not limited to, a claim for damages for breach of contract.

3.4 Reimbursement of Fees and Costs

The parties acknowledge that Englander 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. Englander 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 Englander 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. NuWorld shall pay \$30,000 for fees and costs incurred as a result of investigating, bringing this matter to NuWorld's attention, and negotiating a settlement in the public interest. NuWorld shall tender a check payable to "The Chanler Group," within five (5) days of the Effective Date. NuWorld 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.

3.5 Payment Procedures

All payments pursuant to Sections 3.1, 3.2 and 3.4, 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 Englander's Release of NuWorld

This Settlement Agreement is a full, final, and binding resolution between Englander and NuWorld of any violation of Proposition 65 that was or could have been asserted by Englander 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 NuWorld, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys and each entity to whom NuWorld directly or indirectly distributes or sells the Products including, but not limited to, downstream distributors, wholesalers, customers, franchisees, cooperative members, licensees, marketplace hosts (including, but not limited to, Walmart.com USA LLC) and retailers, (including but, not limited to, Wal-Mart Stores, Inc. and its affiliates and subsidiaries) ("Releasees"), based on the alleged failure to warn about potential exposures to DEHP contained in the Products manufactured, distributed, shipped, sold and/or offered for sale by NuWorld or any of the Releasees 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 DEHP from the Products sold or distributed by NuWorld or any of the Releasees after the Effective Date.

In further consideration of the promises and agreements herein contained, Englander 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 NuWorld 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 DEHP in the Products manufactured, distributed, shipped, sold and/or offered for sale by NuWorld before the Effective Date.

The Parties further understand and agree that this release shall not extend upstream to any entities who sold the Products or any component parts thereof to NuWorld.

4.2 NuWorld's Release of Englander

NuWorld waives any and all claims against Englander, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Englander 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.

4.3 Section 1542 Waiver

The Parties acknowledge that the releases provided in this Agreement are intended to include in their effect, without limitation, any and all claims, complaints, charges or suits, including those claims, complaints, charges or suits which they do not know or suspect to exist in their favor at the time of execution hereof, which if known or suspected, could materially affect either party's decision to execute this Agreement except as provided in Section 3.3 hereinabove. This Agreement contemplates the extinguishment of any such claims, complaints, charges or suits and therefore all rights under Section 1542 of the California Civil Code are hereby expressly waived except as provided in Section 3.3 hereinabove. Section 1542 of the Civil Code provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties each represent that each has read and understood the provisions of California Civil Code § 1542. Further, each acknowledges that it is represented by counsel and has been specifically advised by its counsel of the consequences of the above waiver, as well as with respect to this Agreement generally.

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 DEHP, then NuWorld shall provide written notice to Englander 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 NuWorld:

Stuart Dolleck, President
Nu-World Corporation
300 Milik Street
Carteret, NJ 07008

For Englander:

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

With a copy on behalf of NuWorld to:

Amy Lally
Sidley Austin LLP
555 West Fifth Street, Ste 4000
Los Angeles, CA 90013

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)

Englander 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.

11. AUTHORIZATION

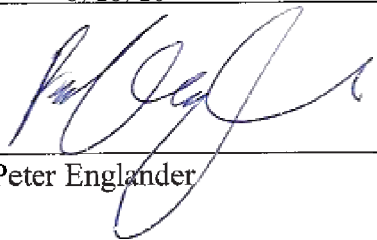
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 3/15/16

Date: 3.14.16

By: 
Peter Englander

By: 
Stuart Dolbeck, President
Nu World Corporation