

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between John Moore (“Moore”) and PS Brands, LLC (“PS Brands”), and Mark Moorberg (“Moorberg”) and Sister Sister, Inc. (“Sister Sister”), with Moore and Moorberg referred to collectively as the “Private Enforcers” and Sister Sister and PS Brands referred to collectively as “Settling Parties,” and with Moore, Moorberg, Sister Sister, and PS Brands each individually referred to as a “Party” and collectively as the “Parties.”

Private Enforcers are each an individual residing in the State of California who seek to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating hazardous substances used in consumer products. Private enforcers allege that Settling Parties each employ ten or more individuals and are each 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 General Allegations

Di(2-ethylhexyl)phthalate (“DEHP”) is listed pursuant to Proposition 65 as a chemical known to cause birth defects or other reproductive harm. Moore alleges that PS Brands manufactures, sells, and distributes for sale in California, vinyl/PVC luggage tags that contain DEHP, and that it has done so without first providing the health hazard warning required by Proposition 65.

Moorberg alleges that Sister Sister manufactures, sells, and distributes for sale in California, serving trays with vinyl/PVC coverings containing DEHP, and that it has done so without first providing the health hazard warning required by Proposition 65.

1.3 Product Description

The products covered by this Settlement Agreement are:

- (i) vinyl/PVC luggage tags containing DEHP that are sold or distributed for sale in California by PS Brands including, but not limited to, the “Tagy” brand “Luggage I.D. System” UPC No. 1 01580 22196 2 and UPC No. 1 01580 22198 6 (“Luggage Tag Products”); and
- (ii) serving trays with vinyl/PVC coverings containing DEHP that are manufactured, sold or distributed for sale in California by Sister Sister, including, but not limited to, the *J.T. Rose & Co. Faux Leather Tray, Style No. T10257, UPC #7 46194 49232 9* (“Serving Tray Products”). The Luggage Tag Products and the Serving Tray Products collectively are referred to hereinafter as the “Covered Products”.

1.4 Notices of Violation

On October 21, 2015, Moore served PS Brands, PS Brands, PS Brands’ affiliates, Adjmi Apparel Group, LLC, and Consolidated Children’s Apparel (“CCA”), the California Attorney General, and all other requisite public enforcers with a 60-Day Notice of Violation (“PS Brands Notice”), alleging that PS Brands violated Proposition 65 when it failed to warn its customers and consumers in California of the health risks associated with exposures to DEHP from the Luggage Tag Products.

On June 26, 2015, Moorberg served Sister Sister and the requisite public enforcement agencies with a 60-Day Notice of Violation (the “Sister Sister Notice” and collectively with PS Brands Notice “Notices”), alleging that Sister Sister violated Proposition 65 when it failed to warn its customers and consumers in California of the health hazards associated with exposures to DEHP from its Serving Tray Products.

The PS Brands Notice and the Sister Sister Notice are referred to collectively herein as the “Notices.” No public enforcer has commenced and is diligently prosecuting the allegations set forth in either of the Private Enforcers’ Notices.

1.5 No Admission

The Settling Parties deny the material, factual, and legal allegations made in the Notices, and they each maintain that all of the products that they have sold and distributed for sale 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 either of the Settling Parties 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 either of the Settling Parties of any fact, finding, conclusion, issue of law, or violation of law, the same being specifically denied by the Settling Parties. This Section shall not, however, diminish or otherwise the Settling Parties' obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean February 12, 2016.

2. INJUNCTIVE SETTLEMENT TERMS: REFORMULATED PRODUCTS

2.1 Commitment to Reformulate or Warn (Serving Tray Products Only)

Commencing on the Effective Date and continuing thereafter, Settling Parties agree to only manufacture for sale or purchase for sale in California: (a) "Reformulated Products;" or (b) Serving Tray Products sold or distributed for sale in California by Sister Sister that bear a clear and reasonable warning in accordance with Section 2.3 below.

2.2 Reformulated Products Defined

For purposes of this Settlement Agreement, Reformulated Products are defined as Covered Products containing DEHP in a maximum concentration of 1,000 parts per million (0.1%) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or equivalent methodologies utilized by state or federal agencies for the purpose of determining DEHP content in a solid substance.

2.3 Clear and Reasonable Warnings (for Serving Tray Products Only)

Commencing on the Effective Date and continuing thereafter, for any Serving Tray Products sold or distributed for sale in California by Sister Sister that do not qualify as Reformulated Products, Sister Sister will only offer such Products for sale with a clear and reasonable warning in accordance with this Section. Sister Sister further agrees that any warning used will be prominently placed in relation to the Product with such conspicuousness when 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 of purchase or use. For purposes of this Settlement Agreement, a clear and reasonable warning for the Products satisfying these criteria shall consist of a warning affixed directly to a Product or its accompanying labeling or packaging sold in California that contains the following statement:

WARNING: This product contains a chemical known to the State of California to cause birth defects or other reproductive harm.

In the event that Sister Sister sells Products via an internet website to customers located in California, the warning requirements of this section shall be satisfied if the foregoing warning appears either: (a) on the same web page on which a Product is displayed and/or described; (b) on the same page as the price for the Product; or (c) on one or more web pages displayed to a purchaser prior to purchase during the checkout process.

Alternatively, a symbol may appear adjacent to or immediately following the display, description, price, or checkout listing of the Product, provided that the warning statement also appears elsewhere on the same web page.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notices or referred to in this Settlement Agreement, the Settling Parties agree to pay \$4,000 in civil penalties to be divided equally between them in the amount of \$2,000 per each Settling Defendant. Each of the Settling Parties penalty

payment is due within five days of the Effective Date, and shall be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by the Private Enforcers and divided equally between Moore and Moorberg. PS Brands shall provide its payment in a single check made payable to “John Moore, Client Trust Account,” and Sister Sister shall provide its payment in a single check made payable to “Mark Moorberg, Client Trust Account.” The Private Enforcers’ counsel shall be responsible for delivering the penalty payments made under this Settlement Agreement to OEHHA.

3.2 Attorneys’ Fees and Costs

The Parties reached an accord on the compensation due to the Private Enforcers and their counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Under these legal principles, the Settling Parties agree to pay a total of \$25,000 for all fees and costs incurred investigating, bringing this matter to the attention of the Settling Parties’ management, and negotiating a settlement in the public interest. Each Settling Party shall pay one-half of the above amount within five days of the Effective Date, and shall deliver its payment in the form of a check made payable to “The Chanler Group” in the amount of \$12,500 each.

3.3 Payment Address

All payments required by this Settlement Agreement shall be delivered to:

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

4. CLAIMS COVERED AND RELEASED

4.1 The Private Enforcers' Release of the Settling Parties

This Settlement Agreement is a full, final, and binding resolution between Private Enforcers, on their own behalf and on behalf of their past and current agents, representatives, attorneys, successors, and assignees, and each of the Settling Parties, for any violation of Proposition 65 that was or could have been asserted by Moore against PS Brands or by Moorberg against Sister Sister or either of the Settling Parties' parents, subsidiaries, affiliated entities under common ownership (including, without limitation, as to PS Brands, Adjmi and CCA), their directors, officers, employees, attorneys, and each entity to whom the Private Enforcers directly or indirectly distribute or sell Covered Products, including, but not limited, to their downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on the failure to warn about exposures to DEHP in Covered Products manufactured, sold or distributed for sale in California by the Settling Parties before the Effective Date, as alleged in the Private Enforcers' respective Notices.

In further consideration of the promises and agreements herein contained, Private Enforcers, on their own behalf and on behalf of their past and current agents, representatives, attorneys, successors, and assignees, hereby waive any and all rights that they may have to institute or participate in, directly or indirectly, any form of legal action, and release all claims against the Settling Parties and Releasees (specifically, Moore as to PS Brands and those in its chain of distribution, and Moorberg as to Sister Sister and those in its chain of distribution) including, without limitation, any and all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses including, but not exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to the alleged or actual failure to warn about exposures to DEHP in Covered Products manufactured, distributed, sold or offered for sale by the Settling Parties, before the Effective Date, as alleged in the Private

Enforcers' respective Notices.

The releases provided by the Private Enforcers under this Settlement Agreement are provided solely on the Private Enforcers' behalf and are not releases on behalf of the public in California.

4.2 The Settling Parties' Release of the Private Enforcers

Each Settling Party, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against the Private Enforcers and their attorneys and other representatives, for any and all actions taken or statements made by the Private Enforcers and their attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against them in these matters, or with respect to the Covered Products.

5. SEVERABILITY

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

6. 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 otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then either of the Settling Parties may provide written notice to the Private Enforcers' counsel of any asserted change in the law, and any such notifying Settling Party shall have no further injunctive obligation pursuant to this Settlement Agreement with respect to, and to the extent that, either of the notifying Settling Party's Covered Products are so affected.

7. 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 PS Brands:

Mark Adjmi, Manager
PS Brands, LLC
463 Seventh Avenue, 4th Floor
New York, NY 10018

With a copy to:

Joseph Sasson, General Counsel
PS Brands, LLC
463 Seventh Avenue, 4th Floor
New York, NY 10018

For Sister Sister:

Joseph Dwek, President
Sister Sister Inc.
463 Seventh Avenue, 4th Floor
New York, NY 10018

with a copy to:

Joseph Sasson, General Counsel
Sister Sister Inc.
463 Seventh Avenue, 4th Floor
New York, NY 10018

For the Private Enforcers:

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

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.

8. 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.

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

The Private Enforcers and their attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the Parties, or by a written agreement between Moore and PS Brands or a written agreement between Moorberg and Sister Sister, addressing only the claims resolved between the individual Private Enforcer and the Settling Party who received his 60-day notice of violation.

11. AUTHORIZATION

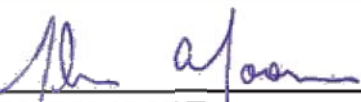
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

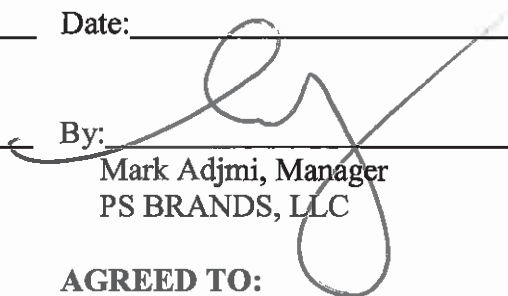
AGREED TO:

AGREED TO:

Date: 2/11/2016

Date: _____

By: 
JOHN MOORE

By: 
Mark Adjmi, Manager
PS BRANDS, LLC

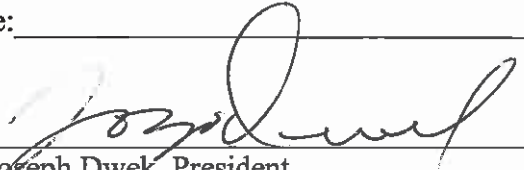
AGREED TO:

AGREED TO:

Date: 2/8/2016

Date: _____

By: 
MARK MOORBERG

By: 
Joseph Dwek, President
SISTER SISTER, INC.