

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Petitioners Social Equity Owners and Workers Association, Inc., and Madison Theodore Shockley III (collectively, “Petitioners”) and the City of Los Angeles, Los Angeles Department of Cannabis Regulation, and Cat Packer (collectively, “the City”) (hereinafter collectively “the Parties”).

Recitals

A. On or around April 16, 2020, Petitioners filed a petition for writ of mandate under Code of Civil Procedure section 1085 in Los Angeles, California, Superior Court entitled *Social Equity Owners and Workers Association, Inc., et al. v. City of Los Angeles*, Case No. 20STCP01426 (the “Action”), concerning the City’s noticing, implementation, and administration of the Phase 3 Retail Round 1 (“P3R1”) licensing process.

B. On or around June 24, 2020, Petitioners filed a motion for an order to show cause re preliminary injunction in the Action against the City to halt any further processing in the P3R1 licensing process.

C. On or around June 24, 2020, the Los Angeles City Council adopted a recommendation from the Rules, Elections, and Intergovernmental Relations Committee, and instructed the City Attorney’s Office to prepare and present an ordinance (“Ordinance”) to “amend Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the list published by DCR titled Phase 3 Retail Round 1 Submissions (09/03/19 10am to 09/17/2019 10am), dated September 26, 2019, URL: <https://cannabis.lacity.org/sites/g/files/wph1171/f/Phase%203%20Retail%20Round%201%20Application%20Submissions.pdf> (The List), subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application. Applications eligible for further processing under Sec. 104.06.1(c) as of January 1, 2020, shall not be included in the calculation of Undue Concentration, as defined in Sec. 104.01(a)(28).”

D. In recognition of the costs and uncertainties involved in any litigation, the Parties now desire to settle fully and finally all differences between them arising from and relating to the Action.

E. The Parties intend by this Agreement to settle any and all claims in connection with the Action.

WHEREFORE, in consideration of the promises, covenants, representations and warranties contained herein, and for good and valuable consideration given hereunder, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Condition to Agreement: Petitioners understand and agree that this Agreement may be subject to final approval by City officers, boards, commissions, or other City entities or officials. The execution of this Agreement by City and Petitioners is subject to and conditioned upon the granting of all such approvals needed to make this Agreement final and binding. The person signing this Agreement on behalf of City will recommend that this Agreement be so approved.

2. Settlement. Petitioners agree that, if the Los Angeles City Council votes to adopt the Ordinance, Petitioners will: (i) withdraw their motion for an order to show cause re preliminary injunction in the Action within two (2) business days of the date in which the Los Angeles City Council votes to adopt the Ordinance, and (ii) voluntarily dismiss the Action with prejudice within five (5) business days of the date in which the Los Angeles City Council votes to adopt the Ordinance.

Respondents agree to not issue any Licenses or Temporary Approvals, as those terms are defined in Los Angeles Municipal Code Sections 104.01(a)(14) and (a)(27), to any P3R1 applicant until the Ordinance is adopted by the Los Angeles City Council, or, until September 1, 2020, whichever date is sooner.

3. Petitioners' Releases. Petitioners, on their own behalf and on behalf of their attorneys, hereby agree to fully and forever release and discharge the City, together with its elective and/or appointive boards, agents, servants, employees, consultants, departments, commissioners, and officers (collectively the "City Releasees") from any and all claims, liabilities, damages, demands, attorney's fees, expenses and costs (including without limitation court costs) of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, which have existed or may have existed, or which do exist, or which hereafter shall or may exist, which are alleged or set forth in the Action (hereinafter referred to collectively as "Petitioners' Claims").

Petitioners represent and warrant that they have not assigned or transferred, or agreed to assign or transfer, or attempted to assign or transfer, to any third party or entity (including without limitation any insurer) any interest in any of the Petitioners' Claims.

4. Civil Code Section 1542 Release. Petitioners are aware of all rights that may be granted to them pursuant to California Civil Code section 1542, which provides in full 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 HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Petitioners nevertheless waive all rights granted to them by California Civil Code section 1542, and any similar statute, code, law, or regulation of any state of the United

States, or of the United States, and assume all risks for claims arising from the Action, heretofore or hereafter arising, known or unknown, from the subject matters of this release. Furthermore, Petitioners agree that the facts on which the release under which this Agreement is based may turn out to be different from the facts now known or believed to be true in respect to the matters referred to above. Nevertheless, Petitioners accept and assume the risk that such facts may turn out to be different and agree that the terms of the release in this Agreement shall in all respects be effective and not subject to termination, rescission, or modification by any such difference in the facts.

5. No Admissions. The Parties understand that this Agreement does not constitute an admission by any of the Parties of any wrongdoing or any of the claims, demands, causes of action, obligations, damages, or liabilities asserted by any other party. Moreover, each of the Parties specifically denies having violated any laws or engaged in any wrongdoing. The Parties agree that nothing in this Agreement is intended to be nor will it be alleged to constitute evidence of or be an admission by either Party, or any individual connected with them, their successors or assigns, except as may be necessary to prove the terms of this Agreement or to enforce the same.

6. Enforcement of Agreement. In the event that any action or proceeding is brought to enforce any of the terms and conditions of this Agreement, such action will be brought in the Superior Court of California, County of Los Angeles. The Parties reserve the jurisdiction of this Court to enforce the terms of this Agreement, pursuant to Code of Civil Procedure section 664.6.

7. Attorneys' Fees. Except as expressly provided herein, the Parties shall bear their own fees, costs and expenses incurred in connection with the disputes between the Parties which are the subject of, or related to, the Action.

8. Entire Agreement. This Agreement is intended by the Parties as a final expression of their agreement and understanding concerning the subject matter hereof and is intended as a complete statement of the terms and conditions of their settlement, and any and all prior oral or written agreements or understandings between the Parties related hereto are superseded. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement, have been made by any party hereto. The terms of this Agreement are contractual and have binding effect.

9. Merger and Integration. This Agreement constitutes a single, integrated written contract expressing the entire agreement relative to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth herein. All prior discussions and negotiations, whether written or oral, have been and are merged and integrated into, and are superseded by, such integrated written agreement.

10. Consultation with Attorney. Each Party declares that prior to the execution of this Agreement, he/she/it has had the opportunity to consult with an attorney in order that he/she/it may intelligently exercise his/her/its own judgment in deciding whether to execute this Agreement. Each Party also declares that they and/or their attorneys, have made such investigation of the facts pertaining to the underlying dispute and all of the matters pertaining thereto, as they deem necessary, and in executing this

Agreement, no party is relying upon any statement, representation, or promise made to it by any other party.

11. Timing. The Parties agree that time is of the essence in this Agreement and in all terms, provisions, covenants, and conditions hereof.

12. No Oral Modifications or Waiver. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing that is signed by all of the Parties. No waiver of any provision of this Agreement shall be binding unless executed in writing by the Party making the waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver

13. Agreement Binding on Successors. It is agreed that this Agreement, together with the releases, shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal representatives, successors in interest and assigns of the respective Parties hereto.

14. Severability. If any of the provisions of this Agreement or the application thereof is held to be invalid, its invalidity shall not affect any other provision or application of this Agreement to the extent that such other provision or application can be given effect without the invalid provision or application, and to this end, the provisions of this Agreement are declared and understood to be severable.

15. Construction. In construing this Agreement, none of the Parties hereto shall have any term or provision, or any uncertainty or ambiguity as to any term or provision herein, construed against such party solely by reason of such party having drafted the same, as a result of the manner of the preparation of this Agreement, or otherwise.

16. Execution in Counterparts. This Agreement may be executed in counterparts and all of said counterparts shall collectively constitute one agreement binding on all Parties.

17. Faxed or Electronic Signatures. Faxed and/or electronically scanned signatures shall be deemed originals.

18. Headings or Captions. Headings or captions contained in this Agreement are solely for the convenience of the Parties, are not a part of this Agreement, and are not intended to create any substantive meaning or to modify the terms and clauses either following them or contained in any other provision of this Agreement.

19. Authority. Subject to paragraph 1, above, the persons signing this Agreement represent and warrant that they are fully authorized to do so and to bind the Party for whom they are signing.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the dates set forth below.

Date: _____

By: _____
SOCIAL EQUITY OWNERS AND WORKERS
ASSOCIATION, INC.

Date: _____

By: _____
MADISON THEODORE SHOCKLEY, III

Date: _____

CITY OF LOS ANGELES

By: _____

Title: _____

Approved:

Rickey Ivie
Attorney for Petitioners Social Equity Owners and Workers Association, Inc., and
Madison Theodore Shockley III

Date: _____

Approved:

Emily Y. Wada
Attorney for City of Los Angeles, Los Angeles Department of Cannabis Regulation, and
Cat Packer

Date: _____