

SETTLEMENT AGREEMENT

IN CONSIDERATION of the agreements set forth below, and in order to avoid further time, expense and effort associated with any and all litigation or other proceedings between Terrell R. Scott , Plaintiff (hereinafter referred to as "Plaintiff" or "Scott"), a resident of the State of Illinois, and 7-Beauty, Inc., d/b/a 7 Beauty Supply, Suhyun Kim, individually, and James Kim, individually . (hereinafter referred to as "Defendants" (Scott and the Defendants are each a "Party" and collectively referred to as the "Parties")) enter into this Settlement Agreement (the "Agreement") and agree as follows:

1. Background and Intent of the Parties:

- A. Scott formerly provided services for Defendants and was treated as an Independent Contractor in that regard. The parties dispute whether Scott was an Independent Contractor or an employee, as those two terms are defined under prevailing law. The Parties desire to settle fully and finally all differences between them, including, but in no way limited to, those disputes that are the subject of the Lawsuit (defined below), as well as any other claims, whether known or unknown, suspected or not suspected, or accrued or not yet accrued, that have been made or could have been made by or on behalf of Scott against Defendants relating to conduct or events occurring at any time prior to and including the date on which this Agreement is executed, including without limitation, those claims that could have been asserted in any way arising out of Scott's services with and for Defendants.
- B. **Opportunity to Negotiate, Consider and Consult with Counsel:** The terms of this Agreement are the product of negotiations between the Parties, and the Parties stipulate that the consideration given to support the obligations of this Agreement is the full consideration agreed to, and that neither has received any other promises, inducements, or concessions in support of the duties imposed. In executing this Agreement, Plaintiff has not relied on any representation, compromise, conduct or action made by and/or on behalf of Defendant or Defendant's attorneys. Plaintiff acknowledges that Plaintiff has obtained the advice of counsel and agree that Plaintiff has been given a reasonable period of time within which to consider this Agreement. Plaintiff and Defendant confirm that they had the opportunity to consult with counsel about this Agreement and did so to their satisfaction; they are relying on their own judgment and on the advice of their respective attorneys, and each confirms their competence to understand and authority to execute this Agreement; and do hereby accept the terms and conditions of this Agreement.

C. **The Parties acknowledge and agree that this is a fair and reasonable settlement of Plaintiff's claims,** for among other reasons, the following:

- (i) Scott was a plaintiff in an action in the United States District Court for the Northern District of Illinois, entitled or captioned *Terrell R. Scott on behalf of himself and all other plaintiffs, known and unknown, v. 7-Beauty, Inc., d/b/a 7 Beauty Supply, Suhyun Kim, individually, and James Kim, individually*, Case No.: 10-CV-2225 (hereinafter referred to as the "Lawsuit"), in which he seeks overtime compensation and for other relief under the Fair Labor Standards Act ("FLSA").
- (ii) Defendants deny all material allegations of wrongful conduct contained therein and further deny that Scott is entitled to any relief whatsoever.
- (iii) Assuming *arguendo*, for settlement purposes only, that Plaintiff, as he claims, was improperly designated as an independent contractor and not compensated for his overtime, the settlement payment fully satisfies Plaintiff's claim for any unpaid overtime he could arguably claim.

D. In consideration of the promises that are contained in this Agreement, dismissal of the Lawsuit, and other good and valuable consideration, receipt of which is hereby acknowledged by Scott and by the Defendants, and to resolve all actual and potential issues between the Parties, including but not limited to those related to the Lawsuit against the Defendants, and any potential claims the Defendants may have against Scott, the Parties agree to the terms of this Agreement.

2. **Plaintiff's Release of Defendant.** Scott, on his own behalf and on behalf of his descendants, dependents, heirs, executors, administrators, assigns and successors ("Releasers"), covenants not to sue, and releases, absolves and discharges Defendants, and each past and present subsidiaries and divisions; predecessors, successors, and Affiliated Companies and each of their current and former insurers, representatives, officers, directors, partners, agents, assigns, trustees, current and former principals, managers, employees, administrators, fiduciaries and attorneys (as of the date hereof within the scope of such representation, office, agency, trust or employment, (collectively "Releasees") from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, wages, obligations, debts, expenses, attorneys' fees, costs, damages, judgments, orders and liabilities including, but not limited to, that were or could have been raised in the Lawsuit, arising out of Scott's employment with Defendants and/or Scott's separation from employment, based in law, equity or otherwise, known or unknown, suspected or unsuspected, which Scott now owns or holds, has at any time owned or held, or may in the future discover that he owned or held, against Releasees, or any of them,

including, but not limited to, those which: (1) are alleged or set forth in the Lawsuit; (2) arise out of or are in any way connected with any transaction, occurrence, act or omission set forth or fact alleged in any charges, the Lawsuit, claims or pleadings filed by Scott against Releasees prior to this Agreement with any court, or any city, county, state or federal agency, commission, office or tribunal whatsoever; or (3) arise out of or are in any way connected with Scott's employment or separation from employment occurring up to the date of this Agreement, including, but not limited to:

■ all claims arising under:

The Fair Labor Standards Act (FLSA) 29 U.S.C. § 201 et seq.;

any state, civil or statutory laws, including any and all human rights laws and laws against discrimination and/or retaliation; and

any other federal, state or local fair employment or civil rights laws, statute, code or ordinance, common law, contract law, tort, including, but not limited to claims for whistle-blowing, denial or termination of any health benefit or benefits of any other kind; and

■ any claims for salary, overtime, liquidated damages, bonuses, severance pay, vacation pay;

■ any claims of breach or violation of public policy, any claims arising under the Federal or any state constitution, wrongful or constructive discharge, retaliation of any kind, retaliatory discharge, breach of contract, unequal pay, wage claims, including but not limited to claims for bonuses, severance, vacation and overtime, promissory estoppel, fraud, fraudulent misrepresentation or concealment, retaliation, breach of the covenant of good faith and fair dealing, intentional and/or negligent infliction of emotional distress, outrageous conduct, interference with prospective business advantage, negligence, negligent misrepresentation or concealment, negligent hiring, negligent retention, wrongful or bad faith termination, defamation, libel, battery, assault, slander and other business or personal injury, or any other claims or rights to damages, whether contractual, liquidated, compensatory, exemplary, or punitive, or rights to or claims for injunctive or equitable relief;

■ any other employment-related tort, and any other federal, state, or local law relating to employment, including any laws relating to whistle blowers or any claim similar to any of the foregoing; and

■ rights to or claims for expenses, costs, fees, attorneys' fees, and all losses of any kind whatsoever, which Scott has or might have by virtue of any fact(s), act(s) or event(s) occurring prior to the Effective Date of this Agreement.

Without in any way limiting the foregoing provisions, this is a full and complete release of all claims, demands, and causes of action raised or that could have been raised by Scott against the Defendants except the excluded claims specifically identified below. The Parties understand the word "claims" to include all actions, claims, and grievances (including related attorneys' fees and costs), whatsoever from the beginning of the world to the execution of this Agreement, whether actual or potential, known or unknown, suspected or unsuspected, and specifically, but not exclusively, all claims arising out of Scott's employment with or separation from Defendants, without exception.

3. **Ownership of Claims**: Except for assignment to Scott's counsel of attorney's fees and costs, Scott represents and warrants that he has not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any action, cause of action, debt, obligation, contract, agreement, covenant, guarantee, judgment, damage, claim, counterclaim, liability, or demand of any nature whatsoever, relating to any matter covered by this Agreement.

4. **Defendant's Release of Plaintiff**: For and in consideration of the required acts and promises set forth in the text of this Agreement, Defendants hereby knowingly and voluntarily releases and discharges Scott from any and all claims, demand, causes of action, complaints or charges, known or unknown, suspected or not suspected, of any kind or character, in tort, in contract or under any law or statute whatsoever, which the Defendants have or might have against Scott, including without limitation claims of negligence or breach of contract. This release is a general release from Defendants to Scott.

5. **Voluntary Waiver**. Scott acknowledges that he is *voluntarily* waiving any rights and claims he may have against the Releasees in exchange for the payment made by the Defendants as stated in paragraph 7 below. The Defendants acknowledges that it is *voluntarily* waiving any rights each may have against Scott in exchange for dismissal of the Lawsuit and other consideration under this Agreement.

6. **No admission of Liability**. Neither the existence of, nor compliance with, this Agreement shall be construed as an admission by either party of any wrongdoing.

7. **Consideration**. In consideration for the promises made herein, including but not limited to the Parties' general releases as to the other, and in full and final settlement and in satisfaction of any and all claims Scott has or had against Defendants, the Defendants will pay

Ten Thousand Dollars (\$10,000) (öSettlement Proceedsö) as set forth herein in full settlement of the claims released hereby. Payment of the Settlement Proceeds is in full settlement of any and all claims and monies Scott claims to be entitled to from the Defendants including, but not limited to, claims for unpaid wages, overtime, compensation of any kind, liquidated and compensatory damages, and/or attorneys' fees and costs. The Parties agree that payment of the Settlement Proceeds will be effected as follows:

8. Defendants shall pay \$1,000 per month, starting October 1, 2011, for ten (10) consecutive months, in drafts made payable to the Billhorn Law Firm Client Trust Account, said payment being due on the first of each month. Defendant shall have a grace period up to and including the 5th of each month, and if the payment is not delivered to and in the possession of the Billhorn Law firm, a \$300.00 late payment will be assessed, said late payment being due with the ultimate \$1,000 payment made for that month. After the 10th day of each month, if said payment has not been delivered to and in the possession of the Billhorn Law Firm, this Agreement may be declared by Plaintiff to be in breach, and the Confession of Judgment provision outlined below shall be in effect. Any Insufficient Funds check returned by Defendants' bank to the Billhorn Law Firm shall be deemed a late payment and carry with it the same penalties as described above.

9. **Sufficiency of Consideration.** The Parties agree that the consideration exchanged under this Agreement, including without limitation, payment of the Settlement Proceeds, dismissal of the Lawsuit and the releases hereunder, constitute full and adequate consideration to make this Agreement binding. Scott further agrees that the Settlement Proceeds shall constitute the entire amount of monetary consideration provided to him under this Agreement, that he is not entitled to any further consideration whatsoever from Defendants in exchange for this Agreement, including but not limited to any other claimed damages, costs, or attorneys' fees in connection with the matters encompassed in this Agreement, the Lawsuit, or any other events or circumstances that existed or occurred prior to his execution of this Agreement.

10. **Payment of Applicable Taxes.** Scott agrees that he shall be solely responsible for the payment of any federal, state and/or local income and/or employment taxes and any F.I.C.A. payments or other payments which may be required to be paid on account of any portion of the Settlement Proceeds.

11. **Effective Date.** The Effective Date shall be the date on which Plaintiff executes the Agreement, and the Defendants agrees to execute the Agreement promptly upon receipt by Defendant's counsel and return a fully executed copy to Plaintiff's Counsel.

12. **Confidentiality Provision.** The Parties agree, promise, and covenant that the terms and provisions of this Agreement shall remain and be kept strictly confidential and shall not be disclosed except as provided herein. Without the express written agreement from the other Party, or unless required to do so by force of law, each Party agrees never to disclose the existence, facts, terms, or amounts of this Agreement, the Joint Stipulation, or the substance of the negotiations leading to either, to any person or entity, other than to such Party's spouse, personal counsel or attorney, personal accountants, or personal tax preparer.

13. **No representation.** The Parties hereto represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by any of the Parties or by any of the Parties' agents, attorneys, or representatives with regard to the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement.

14. **Binding Effect.** This Agreement shall be binding upon the Parties hereto and upon their heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of said Parties and each of them and to their heirs, administrators, representatives, executors, successors, and assigns.

15. **Headings.** The headings contained in the Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16. **Integration.** This Agreement sets forth the entire agreement between the parties hereto and fully supersedes any and all prior agreements or understandings, written or oral, between the parties hereto pertaining to the subject matter hereof, except that the Joint Stipulation and Settlement Agreement has been made a part of this Agreement by reference.

17. **Applicable Law.** This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois without regard to principles of conflict of law.

18. **Jurisdiction.** The Parties agree that the United States District Court for the Northern District of Illinois retains exclusive jurisdiction to enforce, interpret and/or construe

any provision of this Agreement or if said court lacks subject matter jurisdiction, then in the courts of the State of Illinois in and for Cook County, Illinois.

19. **Construction of Agreement.** This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto. Each Party has had the opportunity to cooperate in the drafting and preparation of the Agreement. Hence, in any construction to be made of the Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

20. **Signatures.** The Agreement may be executed in counterparts, together which shall constitute a complete agreement, and each counterpart, when executed, shall have the efficacy of a signed original. Photographic, faxed or scanned copies of such signed counterparts may be used in lieu of the originals for any purpose.

21. **Execution of Necessary Documents.** Each Party shall, upon the request of the other, execute and re-execute, acknowledge and deliver this Agreement and any and all papers or documents or other instruments, as may be reasonably necessary to implement the terms hereof with any formalities as may be required and, otherwise, shall cooperate to fulfill the terms hereof and enable the other Party to effectuate any of the provisions of this Agreement.

22. **Attorneys' Fees.** In the event of litigation in connection with or concerning the enforcement of the Agreement, the prevailing party shall be entitled to recover all costs and expenses incurred by such party in connection with the litigation, including reasonable attorneys' fees.

23. **No Prevailing Party For Purposes of this Lawsuit.** None of the Parties shall be considered a prevailing party for purposes of the underlying Lawsuit.

24. **No Waiver/All Rights Are Cumulative.** No waiver of any breach of any term or provision of the Agreement shall be construed to be, nor shall be deemed, a waiver of any other breach of the Agreement. No waiver shall be binding unless it is made in writing and signed by the party waiving the breach. All rights are cumulative.

25. **Waiver of right to jury trial.** The Parties waive the right to a trial by jury in any lawsuit related in any way to this Agreement, including, but not limited to its creation, validity, interpretation, or enforcement.

26. **Confession of Judgment.** If Defendants fails to pay the Settlement Amount in accordance with the terms of this Agreement, then Defendants hereby agrees to entry of a judgment against it, in an amount equal to Fourteen Thousand Three Hundred and Eighty Five Dollars (\$14,358) minus whatever has been paid at the time of default. The entry of this Judgment shall specifically include entry against all Defendants named herein. Judgment shall not be entered pursuant to this paragraph unless Defendant fails to comply with the payment obligations as set forth in paragraph 7 of this Agreement.

BY MY SIGNATURE, I AGREE TO THE TERMS SET FORTH ABOVE.

Date

10-3-2011

Date

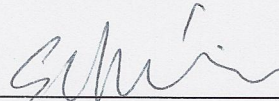
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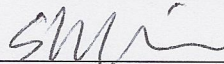
Terrell R. Scott



7-Beauty, Inc., d/b/a 7 Beauty Supply

By: 

Its: President



Suhyun Kim, individually

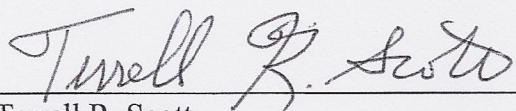


James Kim, individually

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10/3/11
Date _____


Terrell R. Scott

Date

7-Beauty, Inc., d/b/a 7 Beauty Supply
By: _____
Its: _____

Date _____

Suhyun Kim, individually

Date _____

James Kim, individually