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4 Attorney for Mediation Party
5 Larry Otting

7 JAMS

8 Hon. Wm. Peck, Mediator

10 LARRY OTTING)

11 Plaintiff)

12 vs.)

13 SHARON PALMER; HEALTHY)
14 FAMILY FARMS, LLC)
and Does 1 - 20)

15 Defendants)
16

CASE NO: CIV 56-2011-391402-CU-UD-VTA

STIPULATION FOR SETTLEMENT
FOLLOWING MEDIATION

Date: March 31, 2011

Place: 5700 Ralston Street

Suite 100

Ventura, CA 93003

Time: 9:00 a.m.

JAMS Ref. # 1210029248

17 On March 31, 2011, a mediation was held in Ventura, California in the case of Larry Otting
18 v. Sharon Palmer; Healthy Family Farms, LLC (Ventura County Superior Court Case No. 56-2011-
19 391402-CU-UD-VTA). After mediation before Hon. Wm. Peck (mediation officer), the parties
20 reached a full agreement for settlement of this action.

21 Present were Plaintiff, Larry Otting (herein called "Otting") and his attorney, Stanley J.
22 Yates, and Defendants Sharon Palmer (on her own behalf and on behalf of Healthy Family Farms,
23 LLC) and her attorney, Arthur Carvalho, Jr. (of Lang, Hanigan & Carvalho, LLP). Throughout this
24 agreement, the term "Palmer" will refer to Sharon Palmer and the term, "HFF" will refer to Health
25 Family Farms, LLC.

26 After mediation, the parties agreed to the following terms and conditions:

27 1. Cessation of Certain Activities:

28 a.) Web-site Removal: Otting will sign all documents necessary to remove the web-site

1 known as “Unhealthy Family Farms” and any other website which may address the same subject as
2 that covered under “Unhealthy Family Farms”. All parties believe that the method for accomplishing
3 this objective is to send a written communication to the “web master” of the site. To facilitate this,
4 Palmer’s counsel will prepare the format of such web-site termination letter and Otting will sign it
5 and submit it.

6 b.) Rawsome: Otting is to disassociate himself with the entity known as Rawsome and to
7 conduct no further communication with this entity.

8 c.) Investors: Otting is to disassociate himself from Palmer/HFF investors and/or
9 consumers of Palmer’s/HFF’s products and will undertake no further communication with them on
10 any level. The one exception is that Otting may contact Michael Kiernan on one occasion for the
11 strict purpose of apprising him of the results of this March 31, 2011 mediation.

12 d.) Aajonus Venderplanitz: Otting will write a letter to Aajonus Venderplanitz and direct
13 him to cease and desist from sending third parties any information concerning Palmer and or HFF.

14 e.) Dismissal of Law Suit: Otting will dismiss his current unlawful detainer law suit (i.e.
15 Ventura County Superior Court Case No. 56-2011-391402-CU-UD-VTA) and the pending L.A.
16 Superior Court lawsuit which bears the case number BC 453191 as it pertains to Palmer and/or HFF.

17 f.) Deadline: Otting must dismiss the above-referenced UD action (i.e. Ventura County
18 Superior Court Case No. 56-2011-391402-CU-UD-VTA) before close of business on April 15, 2011.
19 As to the other requirements of §1 a.) through e.) above, Otting will use his best effort to complete
20 these conditions by April 15, 2011 with the understanding that he may have to obtain substituted
21 counsel to conduct the mechanics of dismissing the LASC action which could take additional time.

22 2. Property Taxes Obligation: Palmer shall pay, in full to the Ventura County Tax
23 Assessor’s office, all property taxes due and owing against the real property known as 6780
24 Wheeler Canyon Road, Santa Paula, CA 93060 (hereinafter referred to as the “Property”) on or
25 before close of business on April 30, 2011.

26 3. Application of Insurance Checks: Otting has in his possession, two insurance proceeds
27 checks, payable to the parties which total the sum of \$35,348.36. Palmer owes Otting as basic rent
28 for the Property, the sum of \$18,000.00 (which is comprised of the base rent of \$6,000.00 for

1 January, February, and March of 2011). Furthermore, Palmer owes Otting the sum of \$13,400.00 for
2 previously lent moneys. The parties hereby apply (and confirm that they have so applied) said
3 insurance proceeds as follows:

4	Total Insurance Proceeds	\$35,348.36
5	Loan Repayment to Otting	(13,400.00)
6	Base Rent for January, February and March 2011 7 paid to Otting	(18,000.00)
8	Adjusted total	3,948.36

9 In addition to the above-stated adjustment, Palmer paid an additional \$6,000.00 to Otting for
10 the base rent of the Property for April of 2011. In return, Otting retained the adjusted total
11 \$35,348.36 of the insurance proceeds and refunded the sum of \$3,948.36 to Palmer/HFF which
12 satisfied all parties' respective claims to the above-referenced insurance checks. Through the above-
13 described application of funds, the parties acknowledge that Palmer has satisfied her base monthly
14 rental obligation for the Property through April of 2011.

15 4. Palmer's Exclusive Option To Purchase the Property: The parties hereby acknowledge
16 and agree that Otting is the exclusive owner of the Property notwithstanding any moneys which
17 Palmer/HFF have previously invested in the enterprise of the Property. Therefore, Palmer shall have
18 no offset or claim against Otting for any moneys she and/or her investors may have contributed to the
19 Property. However, for the consideration of this title clarification, Otting hereby grants to Palmer:

20 a.) The net equity in the Property as defined hereinabove; and b.) an exclusive option to purchase the
21 Property subject to and defined by and strictly subject to the following terms and conditions:

22 a.) Temporal Term of Option: Palmer's exclusive option right shall terminate at midnight
23 on October 31, 2012 (i.e. the last day of the "Option Period") or at the earlier point when she
24 breaches any term of this agreement and fails to timely pay and/or cure pursuant to notice
25 requirement as described herein. To exercise this option, Palmer must notify in writing (before the
26 expiration of the exclusive option period) specifying clearly her intention to exercise the option.

27 b.) Purchase Price for Palmer Only: (The following purchase prices applies to Palmer
28 only.) If Palmer timely and properly exercises her option to purchase the Property, she shall be

1 required to pay all sums necessary to pay in full, all sums due under §5 d.) hereinabove

2 c.) Base Monthly Rent: In order to maintain her exclusive option right, Palmer must pay
3 Otting the monthly, base rent of \$6,000.00 which shall be due on the first of each month (the next
4 monthly payment is due on May 1, 2011) of the Option Period. Such base rent shall be deemed late
5 if not paid by close of business on the 10th of each month. The base rent payments shall be made
6 directly to Otting only. Palmer shall not pay Rabo Bank directly or undertake any other contact with
7 Rabo Bank.

8 d.) Property Taxes: In order to maintain her exclusive option right, Palmer must pay and
9 maintain current all real property taxes arising from the Property to the Ventura County Tax
10 Assessor. Such property tax obligations shall include those at the present rate and any increases
11 throughout the Option Period. All such property taxes shall be due when required by the Ventura
12 County Tax Assessor's office.

13 e.) Casualty Insurance: In order to maintain her exclusive option right, Palmer must pay
14 and maintain current all fire and other casualty insurance which is required to be maintained by Rabo
15 Bank as a condition of its outstanding loan.

16 f.) Liability Insurance: In order to maintain her exclusive option right, Palmer must
17 purchase and maintain current a liability insurance policy in the amount of one million dollars
18 (\$1,000,000.00) which names Otting as a co-insured.

19 g.) Otting's Obligation: In order to protect Palmer's exclusive option rights, Otting will
20 use the \$6,000.00 base rent money to pay the regular monthly installments to Rabo Bank (i.e. on the
21 loan secured by the Property) and he shall keep that loan current. Furthermore, as long as Palmer is
22 in compliance with the terms and conditions of this agreement, neither Otting shall nor Palmer/HFF
23 shall create or be responsible for any additional encumbrances, charges, and/or claims against the
24 Property by any third-party financiers and/or parties. To protect her position as the holder of the
25 exclusive option, Palmer/HFF shall have the right to record an abstract or Memorandum of option
26 (referring only to the terms of this agreement) and Otting will cooperate with this process upon
27 Palmer's request.

28 h.) Palmer's Breach: If Palmer breaches any of the foregoing terms and conditions, at the

1 point of breach (or at the point Palmer is deemed to be late in the base payment of rent), Otting shall
2 have the right to deliver to Palmer a written notice to cure the breach and/or pay any financial
3 obligation as required. The notice shall contain the provision that if Palmer fails to pay and/or cure
4 within ten (10) days following the date of service of said demand, Palmer's exclusive option right
5 shall automatically, unconditionally and permanently terminate without any further notice and/or
6 formal action. Upon such un-paid and/or un-cured breach (i.e. as described in any written 10-day
7 demand notice), Otting shall have the immediate right to market the property in accordance with §5
8 hereinbelow and Palmer shall cooperate in every way including but not limited to the duty to: I)
9 show the property to any prospective buyer; and; ii) sign any documents necessary to clear the
10 Property's title and sell the Property. Any such notice to pay and/or cure shall be valid if mailed
11 (via regular, pre-paid U.S. mail) both to Palmer at 6780 Wheeler Canyon Road, Santa Paula, CA
12 93060 and to Arthur Carvalho, Jr. c/o Lang, Hanigan & Carvalho, LLC at 21550 Oxnard Street,
13 Suite 760, Woodland Hills, CA 91367. Said notice shall be deemed served on the second calendar
14 day following the date it is mailed.

15 5. Property Sale Mechanism: If Palmer and/or HFF duly exercises the exclusive option to
16 purchase the Property, then, Otting shall sell the Property to Palmer/HFF in accordance with §4.b.)
17 hereinabove. However, if Palmer and/or HFF does not duly exercise the exclusive option, or if the
18 option terminates, then the Property shall be sold in accordance with one of the following
19 alternatives, whichever applies:

20 a.) No Breach: If Palmer/HFF remains in compliance with this agreement throughout the
21 full 18-month Option Period, then at or as soon after November 1, 2012 as is reasonably possible,
22 Otting shall list the Property with Dave Schupback (Real Estate agent; hereinafter called,
23 "Schupback") and the business with whom he is associated, subject to the following sub-conditions:

24 i) Schupback shall hold the exclusive listing for ninety (90) days and he shall
25 aggressively market the Property during that period of time. If Schupback is unable to obtain a
26 ready, willing and able buyer of the Property within his 90-day exclusive listing period, then his
27 listing (and any right to any commission) shall unconditionally expire and (on the 91st day) Otting
28 shall then have the right to use Larry Krough (herein called, "Krough") as the listing realtor.

1 Krough's exclusive listing shall be for an additional 90-days.

2 ii) The applicable broker will set the offering price at the reasonable, fair-market
3 value and will attempt to sell the Property for that or the highest possible price;

4 iii) Otting will be open and cooperative to accept any purchase price over and above
5 that which is necessary to pay in full all items under §5 d.) i.), ii), iii.) and iv) hereinabove.

6 However, if the applicable broker receives a counter offer which is less than the offering price, and if
7 either Otting or Palmer/HFF refuses to accept such counter proposal resulting in an insoluble
8 impasse, then Lindsay Nielson, Esq., [845 East Santa Clara St., Ventura, CA 93001 (805) 658-0977]
9 shall evaluate the transaction and set the price at a level which (considering all circumstances) would
10 be reasonable and such price shall be binding on all parties.

11 b.) Breach: If Palmer/HFF breaches this agreement and fails to timely pay and/or cure
12 within the notice period (as specified hereinabove), then Otting shall list the Property with Krough
13 and the business with whom he is associated, subject to the following sub-conditions:

14 i) Krough shall hold the exclusive listing for ninety (90) days and he shall
15 aggressively market the Property during that period of time. If Krough is unable to obtain a ready,
16 willing and able buyer of the Property within his 90-day exclusive listing period, then his listing (and
17 any right to any commission) shall unconditionally expire and (on the 91st day), Otting shall hire
18 Schupback to serve as the listing realtor. Schupback's exclusive listing shall be for an additional 90-
19 days.

20 ii) The applicable broker will set the offering price at the reasonable, fair-market
21 value and will attempt to sell the Property for that or the highest possible price;

22 iii) Otting will be open and cooperative to accept any purchase price over and above
23 that which is necessary to pay in full all items under §5 d.) I.), ii), iii.) and iv) hereinabove.

24 However, if the applicable broker receives a counter offer which is less than the offering price, and if
25 either Otting or Palmer/HFF refuses to accept such counter proposal resulting in an insoluble
26 impasse, then Lindsay Nielson, Esq., [845 East Santa Clara St., Ventura, CA 93001 (805) 658-0977]
27 shall evaluate the transaction and set the price at a level which (considering all circumstances) would
28 be reasonable and such price as decided upon by Lindsay Nielson shall be binding on all parties.

1 c.) Exclusive Occupancy: Palmer/HFF shall have the exclusive right to occupy the
2 Property until it is sold. However, if the Property is not sold by the end of the second 90-day listing
3 periods as specified under §5 a.) or b.) above, Palmer's/HFF's right to occupy the Property shall
4 automatically terminate and Palmer/HFF must immediately vacate the Property. After
5 Palmer's/HFF's right of occupancy expires, Otting will retain the right to take all legal steps to evict
6 Palmer/HFF from the Property. However, Otting will remain obligated to continue to market the
7 Property for the purpose of selling it at the highest possible price and dispensing the proceeds as set
8 forth herein.

9 d.) Rights to Net Sales Proceeds: From the sale of the Property, the net sales proceeds
10 shall be applied to the following items in the following order of priority:

11 i) First: To pay all costs of sale;

12 ii) Second: To pay all principal and interest then due to Rabo Bank (i.e. that loan
13 which is secured by the Property);

14 iii) Third: All outstanding property taxes;

15 iv) Fourth: All obligations which completely exonerate and relieve Otting from any
16 debt or other obligation associated with the Property caused by Palmer/HFF or during the latter's
17 exclusive possession of the Property;

18 v) Fifth: Any moneys necessary to reimburse Otting for any moneys he may have
19 paid to the Rabo Bank mortgage and/or property taxes (i.e. on the Property), and/or any other costs or
20 fees he may have incurred (with regard to the Property) and paid by Otting after the date of this
21 Agreement; and

22 vi) Sixth: All net proceeds over and above the First through Fourth items shall be
23 paid to Palmer/HFF or their order.

24 6. Code Violations: Palmer/HFF shall be solely responsible for rectifying all alleged code
25 violations on the Property, (at Palmer's/HFF's sole cost) and Palmer/HFF will use its best efforts to
26 resolve such issues (i.e. between themselves and all governmental enforcement agencies) on or
27 before July 1, 2011 and to remove Otting's involvement from any such prosecution.

28 7. Full Cooperation: The parties will fully cooperate with one another to accomplish the

1 terms and spirit of this agreement. To clarify title in Otting's name, Otting intends to record a deed
2 transferring title of the Property to his own name alone. To facilitate this, Palmer/HFF will procure
3 the signatures of Jennifer Prince, Tom Palmer, and Sharon Palmer on a document in which they
4 agree to such transfer and in which they quitclaim any interest they may have in the Property in any
5 capacity. This document may be recorded at Otting's option and therefore, all signatures must be
6 notarized.

7 8. Mutual Release: The following release only pertains to claims and/or causes of action
8 which existed or arose before March 31, 2011 and which are not covered by this agreement.

9 Therefore, the parties each release the other in accordance with the following terms:

10 a.) Release by Otting of Palmer/HFF: Otting, on behalf of himself, his agents, managers,
11 designees, assigns, and/or heirs **fully releases and waives any claims or causes of action, or**
12 **assertion against** Palmer and/or HFF and/or the members, investors, managers, officers, directors,
13 any successor, agent, designee, assign, and/or heir from all claims, rights and/or causes of action he
14 may have resulting from anything which may have predated March 31, 2011 whether now known or
15 unknown or discovered in the future. This release shall specifically not release any duties required of
16 the parties under this Agreement.

17 b.) Release by Palmer of Otting: Palmer on behalf of herself, her agents, managers,
18 designees, investors, assigns, and/or heirs **fully releases and waives any claims or causes of action,**
19 **or assertion against** Otting and/or his agents, managers, designees, assigns, and/or heirs from all
20 claims, rights and/or causes of action she may have resulting from anything which may have
21 predated March 31, 2011 whether now known or unknown or discovered in the future. This release
22 shall specifically not release any duties required of the parties under this Agreement.

23 c.) Release by HFF of Otting: HFF on behalf of itself, her agents, members, managers,
24 designees, investors, assigns, and/or heirs **fully releases and waives any claims or causes of action,**
25 **or assertion against** Otting and/or his agents, managers, designees, assigns, and/or heirs from all
26 claims, rights and/or causes of action she may have resulting from anything which may have
27 predated March 31, 2011 whether now known or unknown or discovered in the future. This release
28 shall specifically not release any duties required of the parties under this Agreement.

1 d.) Statutory Acknowledgment: EACH PARTY CERTIFIES THAT EACH HAS
2 READ §1542 OF THE CIVIL CODE (SET OUT BELOW). THE UNDERSIGNED
3 INDICATES THIS READING AND ACKNOWLEDGMENT BY SIGNING HIS INITIALS
4 HERE

5 _____
6 L.O.

S.P.

S.P. for HFF

7 “A general release does not extend to claims which the creditor does not know or
8 suspect to exist in his favor at the time of executing the release, which if known
9 by him must have materially affected his settlement with the debtor.” §1542 of
the Civil Code.

10 e.) Statutory Waiver: Each party waives application of §1542 of the Civil Code. Each
11 party agrees this language of §1542 shall apply to this specific release.

12 f.) Acknowledgment of Understanding of Waiver: Each party understands and
13 acknowledges the significance and consequence of this waiver of §1542 of the Civil Code. It
14 means that even if each releasor should eventually suffer additional damages arising out of the
15 Agreement and the parties' interactions, that releasor will not be permitted to make any claim
16 for those damages. Furthermore, each party acknowledges that he/she intends these
17 consequences even as claims for injury or damages that may exist as of the date of this release
18 but which either party does not know exists, and which, if known, would materially affect each
19 releasor's right to execute this release, regardless of whether the lessor's lack of knowledge is
20 the result of ignorance or oversight, error, negligence, or any other cause.

21 g.) Legal Review: Each party acknowledges that a.) he/she consulted legal counsel before
22 signing this Release; or b.) has knowingly waived the right to do so before signing this agreement.
23 Each party understands the importance of reviewing this document with private legal counsel.

24 9. Integration: Except for the hand-written, signed version of this agreement dated March
25 31, 2011, this typed agreement contains the sole and only agreement between the parties with regard
26 to the subject matter of this Agreement. Any previous agreement (whether verbal or written) (other
27 than the hand-written, March 31, 2011 agreement) shall be of no force or effect.

28 10. Order of the Court: If necessary, either party may enforce this Agreement by making it

1 the order of the court.

2 11. Volitional: Each party acknowledges and warrants that the execution of this release is free
3 and voluntary and with full knowledge of the possible effects of this release.

4 12. Authority: Palmer is the managing member of HFF and, as such, has been duly
5 authorized by HFF to sign this agreement on behalf of HFF. Palmer represents that his disclosed
6 principal (i.e. HFF) has considered this agreement and has duly approved it through appropriate,
7 legal methods.

8 This Agreement shall be effective on March 31, 2011 regardless of the date the parties sign it.

9
10 Date: April _____, 2011

Sharon Palmer

11
12 Date: April _____, 2011

Family Farms, LLC by its Managing
Member, Sharon Palmer

13
14 Date: April _____, 2011

Larry Otting

15
16 Approved as to form and content:

17
18 Date: April _____, 2011

Arthur Carvalho, Jr. attorney for
Sharon Palmer

19
20 Date: April _____, 2011

Arthur Carvalho, Jr. attorney for
Family Farms, LLC by its Managing
Member, Sharon Palmer

21
22 Date: April _____, 2011

Stanley J. Yates, Attorney for Larry Otting

23
24 Approved by Mediator

25
26 Date: April _____, 2011

Hon. William Peck, Ret.