

If you made an online purchase with cbdMD between March 30, 2020 and May 18, 2020 using a credit, debit, or other payment card, you may be eligible for a payment from a class action settlement.

A court authorized this notice. This is not a solicitation from a lawyer.

- A Settlement has been reached with cbdMD, Inc. and CBD Industries, LLC (collectively “cbdMD”) in a class action lawsuit about a data security incident that occurred between March 30, 2020 and May 8, 2020, and also between May 14, 2020 through May 18, 2020 (“Security Incident”).
- During the Security Incident, cbdMD suffered a cyberattack on its eCommerce platform that accepts payment cards. The Security Incident potentially resulted in unauthorized access to customer payment card data, including first and last names, shipping addresses, billing addresses, credit or debit card numbers including expiration dates and card verification values, and/or bank account numbers. Subsequently, a class action lawsuit was filed asserting claims against cbdMD relating to the Security Incident.
- The Settlement includes all persons residing in the United States who used a credit, debit, or other payment card to make an online purchase with cbdMD between March 30, 2020 at 00:03:12 UTC (Coordinated Universal Time) (March 29, 2020 at 8:03 pm ET) and the end of May 8, 2020, or between May 14, 2020 at 21:02:57 UTC (6:02:57 pm ET) through the end of May 18, 2020.
- The Settlement provides payments to people who submit valid claims for out-of-pocket expenses and charges that were incurred and plausibly arose from the Security Incident, and for other extraordinary unreimbursed monetary losses.

Your legal rights are affected even if you do nothing. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Submit a Claim	The only way to get a payment. You must submit a claim by June 2, 2022 .
Ask to be Excluded	Get no payment. The only option that allows you to sue cbdMD over the claims resolved by this Settlement. You must exclude yourself by June 2, 2022 .
Object	Write to the Court about why you do not like the Settlement. You must object by June 2, 2022 .
Do Nothing	Get no payment. Give up rights.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court in charge of this case still has to decide whether to grant final approval of the Settlement. Payments will only be made after the Court grants final approval of the Settlement and after any appeals are resolved.

Questions? Call 1-866-742-4955 or visit Cbdmddatabreachsettlement.com

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION	Page 3
1. Why was this Notice issued?	
2. What is this lawsuit about?	
3. Why is this lawsuit a class action?	
4. Why is there a Settlement?	
WHO IS IN THE SETTLEMENT?	Page 4
5. How do I know if I am included in the Settlement?	
6. What if I am not sure whether I am included in the Settlement?	
THE SETTLEMENT BENEFITS	Page 4
7. What does the Settlement provide?	
8. What payments are available for Expense Reimbursement?	
9. What payments are available for Extraordinary Expense Reimbursement?	
HOW TO GET BENEFITS	Page 6
10. How do I get benefits?	
11. How will claims be decided?	
REMAINING IN THE SETTLEMENT	Page 6
12. Do I need to do anything to remain in the Settlement?	
13. What am I giving up as part of the Settlement?	
EXCLUDING YOURSELF FROM THE SETTLEMENT	Page 6
14. If I exclude myself, can I get a payment from this Settlement?	
15. If I do not exclude myself, can I sue cbdMD for the same thing later?	
16. How do I exclude myself from the Settlement?	
THE LAWYERS REPRESENTING YOU	Page 7
17. Do I have a lawyer in this case?	
18. How will the lawyers be paid?	
OBJECTING TO THE SETTLEMENT	Page 7
19. How do I tell the Court that I do not like the Settlement?	
20. What is the difference between objecting and asking to be excluded?	
THE COURT'S FAIRNESS HEARING	Page 9
21. When and where will the Court decide whether to approve the Settlement?	
22. Do I have to attend the hearing?	
23. May I speak at the hearing?	
IF YOU DO NOTHING	Page 9
24. What happens if I do nothing?	
GETTING MORE INFORMATION	Page 10
25. How do I get more information?	

BASIC INFORMATION

1. Why was this Notice issued?

The Court authorized this notice because you have a right to know about the proposed Settlement in this class action lawsuit and about all of your options before the Court decides whether to give “final approval” to the Settlement. This notice explains the legal rights and options that you may exercise before the Court decides whether to approve the Settlement.

Judge Robert J. Conrad, Jr. of the United States District Court for the Western District of North Carolina (Charlotte Division) is overseeing this case. The case is known as *Warshawsky et. al. v. cbdMD, Inc. et. al.*, Case No. 3:20-cv-00562-RJC-DSC. The persons who sued are called the Plaintiffs. cbdMD, Inc. and CBD Industries, LLC (collectively “cbdMD”) are called the Defendants.

2. What is this lawsuit about?

The Lawsuit is a proposed class action lawsuit brought on behalf of U.S. residents whose Personal Information may have been accessed and/or compromised by unauthorized individuals as part of the Security Incident. The Security Incident resulted in the potential exposure of payment card data of customers who used a credit or debit card to make a purchase from the cbdMD website. The potentially-exposed information may include customers’ names, billing and shipping addresses, payment card numbers, CVV security codes, and credit card expiration dates.

The lawsuit claims that cbdMD was responsible for the Security Incident and asserts claims such as: negligence, declaratory judgment, violation of the Florida Deceptive and Unfair Trade Practices Act, violation of the California Consumer Protection Act, and unjust enrichment. The lawsuit seeks compensation for people who had out-of-pocket expenses, fraudulent charges, lost time spent dealing with fraudulent charges or card replacement issues, or unreimbursed extraordinary monetary losses as a result of the Security Incident. cbdMD denies all of the Plaintiffs’ claims and maintains that it did not do anything wrong.

3. Why is this lawsuit a class action?

In a class action, one or more people called “Representative Plaintiffs” sue on behalf of all people who have similar claims. All of these people together are the “Class” or “Class Members.” In this case, the Representative Plaintiffs are Michael Warshawsky and Michael Steinhauser. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class and this Settlement.

4. Why is there a Settlement?

By agreeing to settle, both sides avoid the cost and risk of a trial, and people who submit valid claims will get compensation. The Representative Plaintiffs and their attorneys believe the Settlement is fair, reasonable, and adequate and, thus, best for the Class and its members. The Settlement does NOT mean that cbdMD did anything wrong.

WHO IS IN THE SETTLEMENT?

5. How do I know if I am included in the Settlement?

You are included in the Settlement Class if you reside in the United States and used a credit, debit or other payment card if you used a payment card to make an online purchase with cbdMD during the time of the Security Incident and you had out-of-pocket expenses, fraudulent charges, lost time spent dealing with fraudulent charges or card replacement issues, or unreimbursed extraordinary monetary losses as a result of the cbdMD Security Incident. Your online purchase must have been made between March 30, 2020 at 00:03:12 UTC (Coordinated Universal Time) (March 29, 2020 at 8:03 pm ET) and the end of May 8, 2020, and between May 14, 2020 at 21:02:57 UTC (6:02:57 pm ET) through the end of May 18, 2020.

Specifically excluded from the Settlement Class are: (i) cbdMD and its officers and directors; (ii) all Settlement Class Members who timely and validly request exclusion from the Settlement Class; (iii) the Judge assigned to evaluate the fairness of this settlement; (iv) the attorneys representing the Parties in the Litigation; (v) banks and other entities that issued payment cards which were utilized at cbdMD during the Security Incident; and (vi) any other Person found by a court of competent jurisdiction to be guilty under criminal law of initiating, causing, aiding, or abetting the criminal activity occurrence of the Security Incident or who pleads *nolo contendere* (a no-contest plea, while not technically a guilty plea, has the same immediate effect as a guilty plea and is often offered as part of a plea bargain) to any such charge.

6. What if I am not sure whether I am included in the Settlement?

If you are not sure whether you are included in the Settlement, you may call 1-866-742-4955 with questions or visit Cbdmddatabreachsettlement.com. You may also write with questions to cbdMD Claims Administrator, PO Box 59479, Philadelphia, PA 19102-9479. Please do not contact the Court with questions.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

The Settlement will provide payments to people who submit valid claims.

There are two types of payments that are available:

- (1) Expense Reimbursement (Question 8) and
- (2) Extraordinary Expense Reimbursement (Question 9).

You may submit a claim for either or both types of payments. You must also provide proof of your class membership in the form of either (1) the unique identifier provided in the notice you received by postcard or email; or (2) the first four and last four digits of the number associated with the credit or debit card you claim to have used in connection with your online purchase with cbdMD during the Security Incident; or (3) a document or documents reflecting your use of a payment card in connection with a cbdMD online purchase during the Security Incident, which could include, for example, a receipt from cbdMD reflecting payment by a payment card, a payment card statement or bill, notification from a bank or financial institution stating that the payment card was compromised during the Security Incident. In order to claim each type of payment, you must provide related documentation with the Claim Form.

Total reimbursement under this Settlement is subject to an aggregate cap of \$300,000 for all claims.

As part of the Settlement, cbdMD has also committed to establish and maintain security enhancements.

8. What payments are available for Expense Reimbursement?

Class Members are eligible to receive reimbursement of up to \$210 (in total) for out-of-pocket expenses resulting from the Security Incident such as:

- card replacement fees;
- late fees;
- overlimit or overdraft fees;
- interest;
- other bank or credit card fees;
- postage;
- mileage;
- incidental expenses resulting from lack of access to a payment card or account;
- up to \$80 in costs associated with obtaining credit monitoring and identity theft protection (if purchased between March 30, 2020 and the Claims Deadline, with reasonable documentation and an affirmative statement that it was purchased primarily because of the Security Incident, and with proof of purchase);
- reimbursement of up to four (3) hours of documented lost time (at \$20 per hour) spent dealing with replacement card issues or in reversing fraudulent charges (only if at least one full hour was spent and if it can be documented with reasonable specificity); and
- an additional \$20 payment for each credit or debit card on which documented fraudulent charges were incurred that were later reimbursed.

9. What payments are available for Extraordinary Expense Reimbursement?

Class Members who had other extraordinary unreimbursed monetary losses because of payment card information compromised as part of the Security Incident are eligible to make a claim for reimbursement of up to \$2,500. As part of the claim, the Class Member must show that:

- (1) it is an actual, documented, and unreimbursed monetary loss;
- (2) the loss was more likely than not caused by the Security Incident;
- (3) the loss occurred during the time period from March 30, 2020 through and including the end of the Claims Deadline;
- (4) the loss is not an amount already covered by one or more of the categories in Question 8; and
- (5) a reasonable effort was made to avoid or seek reimbursement for the loss .

More details are provided in the Settlement Agreement, which is available at Cbmdatabreachsettlement.com

Questions? Call 1-866-742-4955 or visit Cbmdatabreachsettlement.com

HOW TO GET BENEFITS

10. How do I get benefits?

To make a claim under the Settlement, you must complete and submit a Claim Form. Claim Forms are available at Cbdmddatabreachsettlement.com, or you may request one by mail by calling 1-866-742-4955. Read the instructions carefully, fill out the Claim Form, and mail it postmarked no later than **June 2, 2022** to:

cbdMD Settlement
c/o Settlement Administrator
PO Box 59479
Philadelphia, PA 19102-9479

11. How will claims be decided?

The Claims Administrator will initially decide whether the information provided on a Claim Form is complete and valid. The Claims Administrator may require additional information from any claimant. If the required information is not provided timely, the claim will be considered invalid and will not be paid.

If the claim is complete and the Claims Administrator denies the claim entirely or partially, the claimant will be provided an opportunity to have their claim reviewed by an impartial Claim Referee who has been appointed by the Court.

REMAINING IN THE SETTLEMENT

12. Do I need to do anything to remain in the Settlement?

You do not have to do anything to remain in the Settlement, but if you want a payment you must submit a Claim Form postmarked by **June 2, 2022**.

13. What am I giving up as part of the Settlement?

If the Settlement becomes final, you will give up your right to sue cbdMD for the claims being resolved by this Settlement, which include claims related to the Security Incident. The specific claims you are giving up against cbdMD are described in Section 1.19 of the Settlement Agreement. You will be “releasing” cbdMD and all related people or entities as described in Section 6 of the Settlement Agreement. The Settlement Agreement is available at Cbdmddatabreachsettlement.com.

The Settlement Agreement describes the released claims with specific descriptions, so read it carefully. If you have any questions you can talk to the law firms listed in Question 17 for free or you can, of course, talk to your own lawyer at your own expense if you have questions about what this means.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue cbdMD about issues related to the Security Incident, then you must take steps to get out of the Settlement Class. This is called excluding yourself from – or is sometimes referred to as “opting out” of – the Settlement Class.

Questions? Call 1-866-742-4955 or visit Cbdmddatabreachsettlement.com

14. If I exclude myself, can I get a payment from this Settlement?

No. If you exclude yourself, you will not be entitled to any benefits of the Settlement, but you will not be bound by any judgment in this case.

15. If I do not exclude myself, can I sue cbdMD for the same thing later?

No. Unless you exclude yourself, you give up any right to sue cbdMD for the claims that this Settlement resolves. You must exclude yourself from the Settlement Class to start your own lawsuit or to be part of any different lawsuit relating to the claims in this case. If you exclude yourself, do not submit a Claim Form to ask for a payment.

16. How do I exclude myself from the Settlement?

To exclude yourself, send a letter that says you want to be excluded from the Settlement in *Warszawsky et. al. v. cbdMD, Inc. et. al.*, Case No. 3:20-cv-00562-RJC-DSC. Include your name, address, and signature. You must mail your Exclusion Request postmarked by **June 2, 2022**, to:

cbdMD Settlement Exclusions
c/o Settlement Administrator
PO Box 59479
Philadelphia, PA 19102-9479

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

Yes. The Court appointed the following lawyers as “Class Counsel”: Jean Martin of MORGAN & MORGAN COMPLEX LITIGATION GROUP, 201 N. Franklin Street, 7th Floor, Tampa, Florida 33602; and M. Anderson Berry of CLAYEO C. ARNOLD, P.C., 865 Howe Avenue, Sacramento, CA 95825.

You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How will the lawyers be paid?

Class Counsel will request the Court’s approval of an award for attorneys’ fees and reasonable costs and expenses of \$135,000. Class Counsel will also request approval of service award of \$2,500 for each of the Representative Plaintiffs. Any amount that the Court awards for attorneys’ fees, costs, expenses, and an incentive award will be paid separately by cbdMD and will not reduce the amount of payments to Class Members who submit valid claims.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

19. How do I tell the Court that I do not like the Settlement?

You can object to the Settlement if you do not like it or some part of it. The Court will consider your views. To do so, you must file a written objection in this case, *Warsawsky et. al. v. cbdMD, Inc. et. al.*, Case No. 3:20-cv-00562-RJC-DSC, with the Clerk of the Court at the address below.

Your objection must include all of the following:

- your full name, address, telephone number, and e-mail address (if any);
- information identifying you as a Settlement Class Member, including proof that you are a member of the Settlement Class, which is described in response to question number 7;
- a written statement of all grounds for the objection, accompanied by any legal support for the objection that you believe is applicable;
- the identity of all counsel representing you, if any, in connection with your objection;
- the identity of all counsel representing you who will appear at the Final Fairness Hearing;
- a list of all persons who will be called to testify at the Final Fairness Hearing in support of the objection;
- a statement confirming whether you intend to personally appear and/or testify at the Final Fairness Hearing;
- your signature and the signature of your duly authorized attorney or other duly authorized representative (along with documentation setting forth such representation);
- a list, by case name, court, and docket number, of all other cases in which you (directly or through counsel) have filed an objection to any proposed class action settlement within the last 3 years;
- a list, by case name, court, and docket number, of all other cases in which your counsel (on behalf of any person or entity) has filed an objection to any proposed class action settlement within the last 3 years; and
- a list, by case name, court, and docket number, of all other cases in which you have been a named plaintiff in any class action or served as a lead plaintiff or representative plaintiff.

To be timely, your objection must be **postmarked** to the Clerk of the Court for the United States District Court for the Western District of North Carolina (Charlotte Division) no later than **June 2, 2022**.

In addition, you must **mail** a copy of your objection to both Class Counsel and Defense Counsel, postmarked no later than **June 2, 2022**:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Office of the Clerk U.S. District Court for the Western District of North Carolina (Charlotte Division) United States Courthouse Charles R. Jonas Federal Bldg. 401 West Trade Street, Room 210 Charlotte, NC 28202	Jean S. Martin Morgan & Morgan Complex Litigation Group 201 N. Franklin St., 7th Floor Tampa, FL 33602	Paul G. Karlsgodt Baker & Hostetler LLP 1801 California Street Suite 4400 Denver, CO 80202

20. What is the difference between objecting and asking to be excluded?

Objecting is telling the Court that you do not like the Settlement and why you do not think it should be approved. You can object only if you do not exclude yourself from the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing to decide whether to grant final approval of the Settlement.

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Settlement Approval Hearing at 11:00 a.m. on **August 9, 2022**, at the United States District Court for the Western District of North Carolina (Charlotte Division) located at the Charles R. Jonas Federal Bldg., 401 West Trade Street, Charlotte, NC 28202, in Courtroom #4A. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check Cbmdmddatabreachsettlement.com or call 1-866-742-4955. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are timely objections, the Court will consider them and will listen to people who have asked to speak at the hearing if such a request has been properly made. The Court will also rule on the request for an award of attorneys' fees and reasonable costs and expenses, as well as the request for service awards for the Representative Plaintiffs. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

22. Do I have to attend the hearing?

No. Class Counsel will present the Settlement Agreement to the Court. You or your own lawyer are welcome to attend at your expense, but you are not required to do so. If you send an objection, you do not have to come to the Court to talk about it. As long as you filed your written objection on time with the Court and mailed it according to the instructions provided in Question 19, the Court will consider it.

23. May I speak at the hearing?

You may ask the Court for permission to speak at the Final Settlement Approval Hearing. To do so, you must file an objection according to the instructions in Question 19, including all the information required by items (v), (vi), and (vii). Your Objection must be **filed** with the Clerk of the Court for the United States District Court for the Western District of North Carolina (Charlotte Division) no later than **June 2, 2022**. In addition, you must **mail** a copy of your objection to both Class Counsel and Defense Counsel listed in Question 19, postmarked no later than **June 2, 2022**.

IF YOU DO NOTHING

24. What happens if I do nothing?

If you do nothing, you will get no benefits from this Settlement. Unless you exclude yourself, after the Settlement is granted final approval and the judgment becomes final, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against cbdMD about the legal issues in this case, ever again.

GETTING MORE INFORMATION

25. How do I get more information?

This Notice summarizes the proposed Settlement. More details are in a Settlement Agreement. You can get a copy of the Settlement Agreement at Cbmdmddatabreachsettlement.com. You may also write with questions to cbdMD Claims Administrator, PO Box 59479, Philadelphia, PA 19102-9479. You can also get a Claim Form at the website, or by calling the toll-free number, 1-866-742-4955.