

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 16-60661-CIV-DIMITROULEAS

In re DS Healthcare Group, Inc.  
Securities Litigation

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**STIPULATION OF SETTLEMENT**

This Stipulation of Settlement (together with all Exhibits thereto, the “Stipulation”), dated as of May \_\_, 2017, which is entered into by and among (i) the Lead Plaintiffs Mark Baldwin and Joseph Terranova (“Lead Plaintiffs”), on behalf of themselves and on behalf of the Settlement Class (as defined herein), and (ii) Defendants (as defined herein), by and through their undersigned attorneys, states all of the terms of the settlement and resolution of this matter by the Settling Parties (as defined herein) and is intended by the Settling Parties to fully and finally release, resolve, remise and discharge the Released Claims (as defined herein) against the Released Parties (as defined herein), subject to the approval of the United States District Court for the Southern District of Florida (the “Court”).

Throughout this Stipulation, all terms used with initial capitalization, but not immediately defined, shall have the meanings ascribed to them in Section 1 below.

**A. The Action**

On March 29, 2016 and July 7, 2016, putative federal securities class actions styled *Shah v. DS Healthcare Group Inc. et. al*, Case No.16-cv-60661-CIV-WPD (“*Shah*”) and *Walker v. DS Healthcare Group Inc.*, 16-CV-60674-CIV-WPD (*Walker*”), respectively, were filed in the United States District Court for the Southern District of Florida against DS Healthcare Group, Inc. (“DS

Healthcare”) and certain of its current and/or former officers and directors (the “Action”). The Action alleges that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 promulgated thereunder. By Order dated July 7, 2016, the Court consolidated the Actions, appointed Mark Baldwin and Joseph Terranova as Lead Plaintiffs and The Rosen Law Firm, P.A. (“Lead Plaintiffs’ Counsel”) to serve as Lead Counsel for the Plaintiffs.

### **B. The Settlement**

Following appointment, the Lead Plaintiffs further investigated claims against Defendants. Plaintiffs’ investigation involved (a) examining DS Healthcare’s SEC filings; (b) reviewing public statements by and about Defendants; and (c) interviewing former employees of DS Healthcare.

The Parties and DS Healthcare’s insurance carrier voluntarily participated in a full day mediation before mediator Hunter Hughes on October 17, 2016. As a result of that mediation and subsequent settlement discussions, the Parties reached an agreement in principle to settle the Action for the sum of \$2,100,000. However, a few outstanding material terms remained to be resolved before the Parties were able to agree upon and execute a binding agreement.

On November 2, 2016, based on their investigation, Lead Plaintiffs filed a Second Amended Class Action Complaint (the “Amended Complaint”) on behalf of a class of purchasers of shares of DS Healthcare stock between May 15, 2014 and April 3, 2016.

### **C. Defendants’ Denial of Wrongdoing and Liability**

Throughout the course of the Action, Defendants have denied and continue to deny each, any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the Action. Defendants have also denied, *inter alia*, the allegations that Plaintiffs or the Settlement Class have suffered damages or that Plaintiffs or the Settlement Class were harmed by the conduct alleged in

the Action.

Defendants enter into this Stipulation to eliminate the uncertainties, burden and expense of further litigation. Nothing in this Stipulation shall be construed as an admission by either Defendants or any of the Released Parties of any wrongdoing, fault, liability, or damages whatsoever.

**D. Claims of Plaintiffs and Benefits of Settlement**

Plaintiffs believe that the claims asserted in the Action have merit. Plaintiffs, however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and appeals. Plaintiffs have also taken into account the uncertain outcome and the risk of any litigation. In particular, Plaintiffs have considered the inherent problems of proof and possible defenses to the federal securities law violations asserted in the Action, including the defenses asserted by Defendants during the litigation, settlement negotiations and mediation proceedings, and the likelihood that Defendants could not pay any judgment. Plaintiffs have therefore determined that the Settlement set forth in this Stipulation is fair, adequate, reasonable, and in the best interest of the Settlement Class.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED,**

By and among Lead Plaintiffs, on behalf of themselves and on behalf of the Settlement Class, and Defendants, by and through their respective undersigned counsel that, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties from the Settlement set forth herein, the Action and the Released Claims as against the Released Parties shall be finally and fully compromised, settled, and released, and the Action shall be dismissed with prejudice as to all Parties, upon and subject to the terms and conditions of this Stipulation, as follows.

## **1. Definitions**

In addition to the terms defined above, the following capitalized terms, used in this Stipulation shall have the meanings specified below.

1.1. “Action” means the putative class action captioned *In re DS Healthcare Group, Inc. Securities Litigation*, Case No. 16-60661-CIV-DIMITROULEAS (S.D. Fla.).

1.2. “Administrative Costs” means all costs and expenses associated with providing notice of the Settlement to the Settlement Class and otherwise administering or carrying out the terms of the Settlement. Such costs may include, without limitation: escrow agent costs, the costs of publishing the summary notice, the costs of printing and mailing the Notice and Proof of Claim, as directed by the Court, and the costs of allocating and distributing the Net Settlement Fund to the Authorized Claimants. Such costs do not include legal fees.

1.3. “Authorized Claimant” means any Settlement Class Member who is a Claimant and whose claim for recovery has been allowed pursuant to the terms of the Stipulation, the exhibits hereto and any order of the Court.

1.4. “Business Day” means any day except Saturday or Sunday or any other day on which national banks are authorized by law or executive order to close in the State of Florida.

1.5. “Claimant” means any Settlement Class Member who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

1.6. “Claims” means any and all manner of claims, demands, rights, causes of action and liabilities, of every nature and description whatsoever, which may be asserted in any capacity, whether based in law or equity, arising under federal, state, local, statutory, or common law, or any other law, rule or regulation, including both known and Unknown Claims.

1.7. “Claims Administrator” means Strategic Claims Services.

1.8. “Common Stock” means the shares of common stock of DS Healthcare.

1.9. “Defendants” means DS Healthcare, Daniel Khesin, Renee Barch-Niles, Dianne Rosenfeld, Karl Sweis, and Michael Pope.

1.10. “Effective Date” means the first date by which all of the events and conditions specified in ¶10.3 of the Stipulation have been met and have occurred.

1.11. “Escrow Account” means an interest-bearing escrow account established by the Escrow Agent at Huntington Bank. The Escrow Account shall be managed by the Escrow Agent, subject to the Court’s supervisory authority, for the benefit of Plaintiffs and the Settlement Class in accordance with the terms of the Stipulation and any order of the Court.

1.12. “Escrow Agent” means the Rosen Law Firm, P.A. The Escrow Agent shall perform the duties set forth in this Stipulation and any order of the Court.

1.13. “Final” when referring to the Final Judgment means exhaustion of all possible appeals, meaning (i) if no appeal or request for review is filed, the day after the date of expiration of any time for appeal or review of the Final Judgment, and (ii) if an appeal or request for review is filed, the day after the date the appeal or request for review is dismissed, or the Final Judgment is upheld on appeal or review in all material respects, and is not subject to further review on appeal or by certiorari or otherwise; provided, however, that any dispute or appeal relating solely to the amount, payment or allocation of attorneys’ fees and expenses, or the Plan of Allocation shall have no effect on finality for purposes of determining the date on which the Final Judgment becomes Final.

1.14. “Final Judgment” means the order and judgment to be entered by the Court finally approving the Settlement and dismissing the Action, materially in the form attached hereto as Exhibit B.

1.15. “Individual Defendants” means Daniel Khesin, Renee Barch-Niles, Dianne Rosenfeld, Karl Sweis, and Michael Pope.

1.16. “Insurer” means National Union Fire Insurance Company of Pittsburgh (“AIG”).

1.17. “Lead Plaintiffs” or “Plaintiffs” means Mark Baldwin and Joseph Terranova.

1.18. “Lead Plaintiffs’ Counsel” or “Plaintiffs’ Counsel” means The Rosen Law Firm, P.A.

1.19. “Notice” means the Notice of Pendency and Proposed Settlement of Class Action and Settlement Hearing Thereon, which is to be sent to Settlement Class Members substantially in the form attached hereto as Exhibit A-1.

1.20. “Opt-Out” means any one of, and “Opt-Outs” means all of, any Persons who otherwise would be Settlement Class Members and have timely and validly requested exclusion from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and the Notice given pursuant thereto.

1.21. “Person” means individual, corporation, fund, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assigns.

1.22. “Plan of Allocation” means a plan or formula for allocating the Settlement Fund to Authorized Claimants after payment of Administrative Expenses, Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses, and interest as may be awarded by the Court.

Any Plan of Allocation is not a condition to the effectiveness of this Stipulation and Defendants shall have no responsibility or liability with respect thereto.

1.23. “Preliminary Approval Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Settlement Class substantially in the form attached hereto as Exhibit A.

1.24. “Proof of Claim” means the Proof of Claim and Release Form to be submitted by Claimants, substantially in the form attached as Exhibit A-2.

1.25. “Released Claims” means all of the Released Plaintiffs’ Claims, Released Defendants’ Claims and Released Inter-Defendants’ Claims against the Released Parties.

1.26. “Released Defendants’ Claims” means any and all claims, counterclaims, cross-claims, demands, rights, causes of action, suits, proceedings, claims for contribution, damages, costs, expenses and attorneys’ fees, and liabilities, of every nature and description whatsoever, whether based in law, equity or otherwise, on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or in any forum by any of the Released Parties against any of the Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action except claims relating to the enforcement of the Action.

1.27. “Released Inter-Defendants’ Claims” means any and all claims, counterclaims, cross-claims, demands, rights, causes of action, suits, proceedings, claims for contribution or indemnification, damages, costs, expenses and attorneys’ fees, and liabilities, of every nature and description whatsoever, whether based in law, equity or otherwise, on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known

claims and Unknown Claims, that have been or could have been asserted by any of the Released Parties against any other Released Party, based in whole or in part on any event, occurrence, cause or thing, of any type whatsoever, arising, existing, or occurring at any time from the beginning of the world through the date of execution of this Stipulation; provided, however, that all claims (a) relating to the enforcement of the settlement of the Action; (b) that Daniel Khesin or DS Healthcare may have against Fox Rothschild, CKR Law, Szaferman Law, Stephen A. Weiss, Ernest Badway, Steven Lipstein, and their partners, associates, staff, and employees are specifically and expressly reserved by Daniel Khesin and DS Healthcare and are excluded from Released Inter-Defendants' Claims.

1.28. "Released Parties" means (i) DS Healthcare and its past or present subsidiaries, parents, affiliates, successors (including but not limited to a trustee appointed in a chapter 7 or 11 proceeding, a receiver, an assignee for the benefit of creditors, or any similar successor), predecessors, shareholders, creditors, officers, directors, employees, insurers, reinsurers, professional advisors, attorneys, agents, and any firm, trust, corporation or other entity in which it has a controlling interest; provided, however, that Fox Rothschild, CKR Law, Szaferman Law, Stephen A. Weiss, Ernest Badway, Steven Lipstein, and their partners and employees are specifically excluded as Released Parties; (ii) Mark Brockelman and any and all Individual Defendants, their legal representatives, heirs, successors in interest or assigns, or any person, firm, trust, corporation or other entity in which Mark Brockelman or any Individual Defendant has a controlling interest; provided, however, that Fox Rothschild, CKR Law, Szaferman Law, Stephen A. Weiss, Ernest Badway, Steven Lipstein, and their partners, associates, staff, and employees are specifically excluded as Released Parties; and (iii) Lead Plaintiffs and Settlement Class Members and each of their respective parent entities, associates, affiliates,

subsidiaries, predecessors, successors, assigns, attorneys, immediate family members, heirs, representatives, administrators, executors, devisees, legatees, and estates.

1.29. “Releasing Parties” means (i) Lead Plaintiffs, each and every Settlement Class Member and each of their respective parent entities, associates, affiliates, subsidiaries, predecessors, successors, assigns, attorneys, immediate family members, heirs, representatives, administrators, executors, devisees, legatees, and estates; (ii) DS Healthcare and its past or present subsidiaries, parents, affiliates, successors (including but not limited to a trustee appointed in a chapter 7 or 11 proceeding, a receiver, an assignee for the benefit of creditors, or any similar successor), predecessors, shareholders, creditors, officers, directors, employees, insurers, reinsurers, professional advisors, attorneys, agents, auditors, accountants, and any firm, trust, corporation or other entity in which it has a controlling interest; and (iii) Mark Brockelman and any and all Individual Defendants, their legal representatives, heirs, successors in interest or assigns, or any person, firm, trust, corporation or other entity in which Mark Brockelman or any Individual Defendant has a controlling interest

1.30. “Released Plaintiffs’ Claims” means any and all claims, counterclaims, cross-claims, demands, rights, causes of action, suits, proceedings, claims for contribution, damages, costs, expenses and attorneys’ fees, and liabilities, of every nature and description whatsoever, whether based in law, equity or otherwise, on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in any forum by the Settlement Class Members, or any of them, or the successors or assigns of any of them, whether directly, indirectly, representatively, derivatively, or in any other capacity against any of the Released Parties, which arise out of, or relate in any way, directly or indirectly, to the allegations, transactions, facts, events,

matters, occurrences, acts, representations or omissions involved, set forth, referred to, or that could have been asserted, in the Action, including without limitation, claims for negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of duty of candor, fraud, negligent misrepresentation, and breach of fiduciary duty, arising out of, based upon or relating in any way to the purchase or acquisition of DS Healthcare common stock by any Settlement Class Member during the Settlement Class Period.

1.31. “Settlement” means the settlement contemplated by this Stipulation.

1.32. “Settlement Amount” means the principal amount of Two Million, One Hundred Thousand dollars (\$2,100,000). The Settlement Amount includes all Administrative Costs, Plaintiffs’ Counsel’s attorneys’ fees and expenses, as allowed by the Court, Settlement Class Member benefits, as well as any other costs, expenses, or fees of any kind whatsoever associated with the Settlement.

1.33. “Settlement Class” means all Persons who purchased the securities of DS Healthcare on the NASDAQ during the period from May 15, 2014 through April 3, 2016, inclusive, except that excluded from the Settlement Class are all: (i) Defendants; (ii) former officers, directors, and consultants of DS Healthcare and of any other Released Parties; (iii) DS Healthcare HK Limited; (iv) parents, spouses, or children living in the household of any person excluded under (i) or (ii) above; (v) any legal entity more than 50% owned by any person excluded under (i) and (ii) above; and (vi) the heirs, successors and assigns of any person excluded under (i) and (ii) above.

1.34. “Settlement Class Member” means any one of, and “Settlement Class Members” means all of, the members of the Settlement Class.

1.35. “Settlement Class Period” means the period from May 15, 2014 through

April 3, 2016, inclusive.

1.36. “Settlement Fund” means all funds transferred to the Escrow Account pursuant to this Stipulation and any interest or other income earned thereon.

1.37. “Settlement Hearing” means the hearing at or after which the Court will make a final decision pursuant to Rule 23 of the Federal Rules of Civil Procedure as to whether the Settlement contained in the Stipulation is fair, reasonable and adequate, and therefore, should receive final approval from the Court.

1.38. “Settling Party” means any one of, and “Settling Parties” means all of, the parties to the Stipulation, namely Defendants (as defined herein) and Plaintiffs (on behalf of themselves and the Settlement Class).

1.39. “Unknown Claims” means all claims, demands, rights, liabilities, and causes of action of every nature and description which any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to opt-out or object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Final Judgment shall have waived, the provisions, rights and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived any and all

provisions, rights and benefits conferred by any law of any state, territory, foreign country or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Plaintiffs and/or one or more Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly fully, finally and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of fiduciary duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs acknowledge, and the Settlement Class Members shall be deemed by operation of the Final Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

## **2. The Settlement Consideration**

2.1. In consideration of the full and final release, settlement and discharge of all Released Claims against the Released Parties, Defendants shall, no later than five (5) Business Days after the entry of a Preliminary Approval Order, cause the Insurer to pay the Settlement Amount, by wire transfer or check, to the Escrow Account, provided that the Escrow Agent shall have provided Defendants' counsel with complete wire and transfer information and instructions and a completed Form W-9 at least three (3) business days prior to the date of such payments.

2.2. Under no circumstances will DS Healthcare, or any of the other Defendants

or their Insurer be required to pay, or cause payment of, more than the Settlement Amount pursuant to this Stipulation and the Settlement for any reason whatsoever, including, without limitation, as compensation to any Settlement Class Member or in payment of any fees or expenses incurred by any Settlement Class Member or Plaintiffs' Counsel.

### **3. Handling and Disbursement of Funds by the Escrow Agent**

3.1. No monies will be disbursed from the Settlement Fund until after the Effective Date, except:

- (a) As provided in ¶3.4 below;
- (b) As provided in ¶7.2 below;
- (c) To pay Taxes and Tax Expenses (as defined in ¶4.1 below) on the

income earned by the DS Healthcare Group Inc. Securities Litigation Settlement Fund. Taxes and Tax Expenses shall be paid out of the Settlement Funds and shall be considered a cost of administration of the Settlement and shall be timely paid by the Escrow Agent without prior Order of Court.

3.2. The Escrow Agent shall invest the Settlement Fund in short term instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof, and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. Defendants, their counsel, their insurers and the other Released Parties shall have no responsibility for, interest in, or any liability whatsoever with respect to any investment or management decisions executed by the Escrow Agent. The Settlement Fund shall bear all risks related to the investments of the Settlement Amount in accordance with the guidelines set forth in this ¶3.2.

3.3. The Escrow Agent shall not disburse the Settlement Fund except as

provided in this Stipulation or by an order of the Court.

3.4. At any time after the Court grants preliminary approval of the Settlement, the Escrow Agent may, without further approval from Defendants or the Court, disburse at the direction of Plaintiffs' Counsel up to \$175,000.00 (One Hundred and Seventy-Five Thousand U.S. Dollars) from the Settlement Fund prior to the Effective Date to pay Administrative Costs.

3.5. No monies from the Settlement Fund shall be used to settle any other action, including without limitation any pending or threatened derivative action, or the actions styled *PhotoMedex, Inc. et. al. v. DS Healthcare Group, Inc.*, 16-cv-3981-PGG (S.D.N.Y.), or *Microcap Headlines, Inc. v. DS Healthcare Group, Inc. et. al.*, Case No. 2015-030046-CA-01 (Fl. Cir. Ct.).

#### **4. Taxes**

4.1. The Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. Sec. 1.468B-1. In addition, the Escrow Agents shall timely make such elections as necessary or advisable to carry out the provisions of this ¶4.1, including the "relation-back election" (as defined in Treas. Reg. Sec. 1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of Plaintiffs' Counsel to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(a) For the purpose of §468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" shall be Plaintiffs' Counsel or their designee. Plaintiffs' Counsel or their designee shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund

(including without limitation the returns described in Treas. Reg. Sec. 1.468B-2(k)). Such returns (as well as the election described in ¶4.1(a) hereof) shall be consistent with this ¶4.1 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the cash portion of the Settlement Fund shall be paid out of the Settlement Fund.

(b) All Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants or their counsel or their insurers with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and expenses and costs incurred in connection with the operation and implementation of this ¶ 4.1 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses or penalties relating to filing (or failing to file) the returns described in this (“Tax Expenses”), shall be paid out of the Settlement Fund, as appropriate. Defendants, their counsel, their insurers and the other Released Parties shall have no liability or responsibility for the Taxes or the Tax Expenses. Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid out of the Settlement Fund without prior order from the Court. The Escrow Co-Agents shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be withheld under Treasury Regulation § 1.468B-2(1)(2)). Defendants, their counsel, their insurers and the other Released Parties shall have no responsibility for, interest in, or any liability whatsoever with respect to the foregoing provided in this. The Settling Parties agree to cooperate with each other, and their tax attorneys

and accountants, to the extent reasonably necessary to carry out the provisions of this.

## **5. Releases and Covenants Not to Sue and Bar Order**

5.1. Upon the Effective Date, the Releasing Parties, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, regardless of whether any such Releasing Party ever seeks or obtains by any means, including without limitation by submitting a Proof of Claim, any disbursement from the Settlement Fund, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Parties and shall have covenanted not to sue the Released Parties with respect to all such Released Claims, and shall be permanently barred and enjoined from asserting, commencing, prosecuting, instituting, assisting, instigating, or in any way participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any Released Claim, in any capacity, against any of the Released Parties. Nothing contained herein shall, however, bar the Releasing Parties from bringing any action or claim to enforce the terms of this Stipulation or the Final Judgment.

5.2. The Parties agree to entry of an Order and Final Judgment including a bar order provision providing that:

Any and all claims, counterclaims, cross-claims, demands, rights, causes of action, suits, proceedings, claims for contribution, damages, costs, expenses and attorneys' fees, and liabilities, of every nature and description whatsoever, whether based in law, equity or otherwise, on federal, state, local, statutory, or common law, or any other law, rule, or regulation, including both known claims and Unknown Claims, against the Defendants or any of the Released Parties, that arise out of the Settled Claims or that relate to the facts upon which the Litigation was brought or could have been brought shall be permanently barred and enjoined from prosecution.

## **6. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of the Settlement Fund**

6.1. Under the supervision of Plaintiffs' Counsel, acting on behalf of the Settlement Class, and subject to such supervision and direction of the Court as may be necessary or as circumstances may require, the Claims Administrator shall administer and calculate the claims submitted by Settlement Class Members and shall oversee distribution of the Net Settlement Fund (as defined below) to Authorized Claimants.

6.2. The Settlement Fund shall be applied as follows:

(a) To pay the Taxes and Tax Expenses described in above;

(b) To pay Administrative Costs;

(c) To pay Plaintiffs' Counsel's attorneys' fees and expenses and payments to the Lead Plaintiffs for reimbursement of their time and expenses (the "Fee and Expense Award"), to the extent allowed by the Court; and

(d) To distribute the balance of the Settlement Fund, that is, the Settlement Fund less the items set forth in ¶¶ 6.2(a), (b), and (c) hereof (the "Net Settlement Fund"), to the Authorized Claimants as allowed by this Stipulation, the Plan of Allocation, or the Court.

6.3. Upon and after the Effective Date, the Net Settlement Fund shall be distributed to Authorized Claimants in accordance with the terms of the Plan of Allocation set forth in the Notice and any orders of the Court.

6.4. This is not a claims-made settlement, and if all conditions of the Stipulation are satisfied and the Final Judgment becomes Final, no portion of the Settlement Fund will be returned to Defendants or the Insurer. Defendants, their counsel, their Insurer and the other Released Parties shall have no responsibility for, involvement in, interest in, or liability whatsoever with respect to the investment or distribution of the Net Settlement Fund, the Plan of Allocation,

the determination, administration, or calculation of claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith. No Person shall have any claims against Plaintiffs' Counsel, the Claims Administrator or any other agent designated by Plaintiffs' Counsel based on distribution determinations or claim rejections made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or orders of the Court. Plaintiffs' Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed, where doing so is in the interest of achieving substantial justice.

6.5. If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Class Members or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, which were not previously authorized by the Court to be paid, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional notice and administration costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Class Members who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically

feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-profit charitable organization(s) selected by Co-Class Counsel and approved by the Court.

6.6. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a condition of this Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation. Any order or proceedings relating to the Plan of Allocation, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to modify, terminate or cancel this Stipulation, or affect or delay the finality of the Final Judgment and the releases contained therein, or any other orders entered pursuant to this Stipulation.

## **7. Plaintiffs' Counsel's Attorneys' Fees and Reimbursement of Expenses**

7.1. Plaintiffs' Counsel may submit an application or applications (the "Fee and Expense Application") for distributions from the Settlement Fund to Plaintiffs' Counsel for (i) an award of attorneys' fees, (ii) reimbursement of actual costs and expenses, including the fees and expenses of experts and/or consultants, incurred in connection with prosecuting the Action, (iii) payments to the Lead Plaintiffs for reimbursement of their time and expenses in connection with the Action. Defendants shall take no position with respect to the Fee and Expense Application(s).

7.2. Except as otherwise provided in this paragraph, the attorneys' fees and expenses awarded by the District Court shall be paid to Plaintiffs' Counsel from the Settlement

Fund within five (5) Business Days after the date the Court enters the Final Judgment and an order awarding such fees and expenses, notwithstanding any objections to or appeals of such order or of the Final Judgment. In the event that the Effective Date does not occur, or the Final Judgment is reversed or modified in any way that affects the award of attorneys' fees and expenses, or the Stipulation is terminated for any other reason, then Plaintiffs' Counsel shall be jointly and severally obligated to refund to the Escrow Account, within ten (10) Business Days from receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, either the full amount of the fees and expenses or an amount consistent with any modification of the Final Judgment with respect to the fee and expense award, including accrued interest at the same rate as is earned by the Settlement Fund. Plaintiffs' Counsel, on behalf of the firm and each partner and/or shareholder of the firm, agrees that the law firm and its partners and/or shareholders are subject to jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph, and each shall be jointly and severally liable for repayment of all attorneys' fees and expenses awarded by the Court. Furthermore, without limitation, Plaintiffs' Counsel, and the firm's partners and/or shareholders, agree that the Court may, upon application of Defendants, summarily issue orders, including, without limitation, judgments and attachment orders and may make appropriate findings of or sanctions for contempt against the firm or any of its partners and/or shareholders should the law firm fail timely to repay fees and expenses pursuant to this paragraph. Any amounts awarded by the Court to the Lead Plaintiff and Named Plaintiff for reimbursement of their time and expenses shall not be paid from the Settlement Fund until after the Effective Date.

7.3. The procedure for, and allowance or disallowance by the Court of, the Fee and Expense Application are not a condition of the Settlement set forth in this Stipulation and are to be considered by the Court separately from the Court's consideration of the fairness,

reasonableness, and adequacy of the Settlement set forth in this Stipulation. Any order of or proceedings relating to the Fee and Expense Application, or any objection to, motion regarding or appeal from any order or proceedings relating thereto or reversal or modification thereof, shall not operate to modify, terminate or cancel this Stipulation, or affect or delay the finality of the Final Judgment or the releases contained therein or any other orders entered pursuant to this Stipulation.

7.4. Any award of attorneys' fees and/or expenses to Plaintiffs' Counsel or reimbursement payments to the Lead Plaintiff and Named Plaintiff shall be paid solely from the Settlement Fund and shall reduce the settlement consideration paid to the Settlement Class accordingly. No Defendant shall have any responsibility for payment of Plaintiffs' Counsel's attorneys' fees and expenses or other awards to the Lead Plaintiff or Named Plaintiff beyond the obligation of Defendants to cause the Insurer to fund the Settlement Amount as set forth in ¶1.34 and ¶2.1 above. The Released Parties shall have no responsibility for, and no liability whatsoever with respect to, any payments to Plaintiffs' Counsel, the Lead Plaintiff and Named Plaintiff, the Settlement Class and/or any other Person who receives payment from the Settlement Fund.

## **8. Class Certification**

8.1. In the Final Judgment, the Settlement Class shall be certified for purposes of this Settlement, but in the event that the Final Judgment does not become Final or the Settlement fails to become effective for any reason, all Settling Parties reserve all their rights on all issues. For settlement purposes only, in connection with the Final Judgment, Defendants shall consent to (i) the appointment of Plaintiffs as the class representatives, (ii) the appointment of Plaintiffs' Counsel as class counsel, and (iii) the certification of the Settlement Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure.

## **9. Conditions Of Settlement, Effect of Disapproval, Cancellation Or Termination**

9.1. Plaintiffs, on behalf of the Settlement Class, and Defendants shall each have

the right to terminate the Settlement and Stipulation by providing written notice of his or its election to do so (“Termination Notice”) to all other Settling Parties within thirty (30) calendar days of:

(i) entry of a Court order declining to enter the Preliminary Approval Order in any material respect;

(ii) entry of a Court order refusing to approve this Stipulation in any material respect;

(iii) entry of a Court order declining to enter the Final Judgment in any material respect;

(iv) entry of an order by which the Final Judgment is modified or reversed in any material respect by the Court, the Court of Appeals or the United States Supreme Court. In the absence of any of the events enumerated in the preceding sentence, ¶ 9.2, ¶ 9.5 or ¶ 9.6, no Party shall have the right to terminate the Agreement for any reason.

9.2. If the Settlement Amount is not paid into the Escrow Account in accordance with the terms of this Stipulation, then Plaintiffs, on behalf of the Settlement Class, and not Defendants, shall have the right to (a) terminate the Settlement and Stipulation by providing written notice to Defendants at any time prior to the Court’s entry of the Final Judgment; or (b) enforce the terms of the Settlement and this Stipulation and seek a judgment effecting the terms herein. In such a case, Defendants shall assign all rights pursuant to that certain Confidential Agreement and Claims Release dated May 2017 to Plaintiffs.

9.3. The Effective Date of this Stipulation shall not occur unless and until each of the following events occurs and shall be the date upon which the last in time of the following events occurs:

(a) The Court has entered the Preliminary Approval Order attached hereto as Exhibit A or an order containing materially the same terms;

(b) The sum of \$2,100,000 (Two Million and One Hundred Thousand U.S. Dollars) has been paid into the Escrow Account, as set forth in ¶2.1;

(c) The Court has approved the Settlement, following notice to the Settlement Class and the Settlement Hearing, and has entered the Final Judgment; and

(d) The Final Judgment has become Final as defined in ¶1.13.

9.4. Upon the occurrence of the Effective Date, any and all interest or right of Defendants or the Insurers in or to the Settlement Fund, if any, shall be absolutely and forever extinguished, except as set forth in this Stipulation.

9.5. If prior to final Court approval of the Settlement, Persons who otherwise would be Settlement Class Members have filed with the Court valid and timely requests for exclusion from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and the notice given pursuant thereto (“Opt-Outs”), and such Persons in the aggregate purchased Common Stock during the Settlement Class Period in an amount greater than the amount specified in a separate Supplemental Agreement between the parties (the “Supplemental Agreement”), then Defendants shall have the option to terminate this Stipulation and Settlement in strict accordance with the requirements and procedures set forth in the Supplemental Agreement (the “Supplemental Termination Option”). The Supplemental Agreement shall not be filed with the Court unless and until a dispute among the Settling Parties concerning its interpretation or application arises.

9.6. If any of the conditions specified in ¶ 9.3 above are not met (other than ¶ 9.3(b)), or in the event that this Stipulation is not approved by the Court, or the Settlement set forth

in this Stipulation is terminated or fails to become effective in accordance with its terms, then this Stipulation shall be canceled and terminated, unless all of the Settling Parties agree in writing to proceed with this Stipulation. None of the Settling Parties, or any of them, shall have any obligation whatsoever to proceed under any terms other than those provided for and agreed herein. If any Settling Party engages in a material breach of the terms hereof, any other Settling Party, provided that it is in substantial compliance with the terms of this Stipulation, may terminate this Stipulation on notice to all the Settling Parties.

9.7. In the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, the Settling Parties shall be restored to their respective positions in the Action immediately prior to March 1, 2017 and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, and in that event all of their respective claims and defenses as to any issue in the Action shall be preserved without prejudice.

9.8. In the event that the Stipulation is not approved by the Court or the Settlement set forth in this Stipulation is terminated or fails to become effective in accordance with its terms, the terms and provisions of this Stipulation, except as otherwise provided herein, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Action or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

9.9. In the event the Stipulation shall be terminated, or be canceled, or shall not become effective for any reason, within seven (7) Business Days (except as otherwise provided in the Supplemental Agreement) after the occurrence of such event, the Settlement Fund, less taxes, any Administrative Costs which have either been disbursed or are chargeable shall be refunded by

the Escrow Agent to the Insurer, plus accrued interest by check or wire transfer pursuant to written instructions from the Insurer. At the request of the Insurer, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, to the Insurer pursuant to written direction from the Insurer.

9.10. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the Fee and Expense Application shall constitute grounds for cancellation or termination of the Stipulation.

#### **10. No Admission Of Liability Or Wrongdoing**

10.1. The Settling Parties covenant and agree that neither this Stipulation, nor the fact nor any terms of the Settlement, nor any communication relating thereto, nor the Supplemental Agreement, is evidence, or an admission or concession by any Settling Party or their counsel, any Settlement Class Member, or any of the Released Parties, of any fault, liability or wrongdoing whatsoever, as to any facts or claims alleged or asserted in the Action, or any other actions or proceedings, or as to the validity or merit of any of the claims or defenses alleged or asserted in any such action or proceeding. This Stipulation is not a finding or evidence of the validity or invalidity of any claims or defenses in the Action, any wrongdoing by any Settling Party, Settlement Class Member, or any of the Released Parties, or any damages or injury to any Settling Party, Settlement Class Member, or any Released Parties. Neither this Stipulation, nor the Supplemental Agreement, nor any of the terms and provisions of this Stipulation or the Supplemental Agreement, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Settlement, nor the fact of the Settlement, nor the Settlement proceedings, nor any statement in connection therewith, (a) shall (i) be argued to be, used or construed as, offered or received in evidence as, or otherwise

constitute an admission, concession, presumption, proof, evidence, or a finding of any, liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any Released Party, or of any infirmity of any defense, or of any damages to the Plaintiffs or any other Settlement Class Member, or (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Parties concerning any fact or any purported liability, fault, or wrongdoing of the Released Parties or any injury or damages to any person or entity, or (b) shall otherwise be admissible, referred to or used in any proceeding of any nature, for any purpose whatsoever; provided, however, that the Stipulation or the Supplemental Agreement or the Final Judgment may be introduced in any proceeding, whether in the Court or otherwise, as may be necessary to argue and establish that the Stipulation or Supplemental Agreement or Final Judgment has *res judicata*, collateral estoppel, or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement or Supplemental Agreement or Final Judgment, or as otherwise required by law.

## **11. Miscellaneous Provisions**

11.1. Except in the event of the filing of a Termination Notice pursuant to §§ 9.1, 9.2, 9.5 or 9.6 of this Stipulation or termination notice in accordance with the parties' Supplemental Agreement, the Settling Parties shall take all actions necessary to consummate this agreement; and (b) agree to cooperate with each other to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation.

11.2. The Settling Parties and their counsel represent that they will not encourage or otherwise influence (or seek to influence) any Settlement Class Members to request exclusion from, or object to, the Settlement.

11.3. Each of the attorneys executing this Stipulation, any of its exhibits, or any related settlement documents on behalf of any Settling Party hereto hereby warrants and represents

that he or she has been duly empowered and authorized to do so by the Settling Party he or she represents.

11.4. Plaintiffs and Plaintiffs' Counsel represent and warrant that the Plaintiffs are Settlement Class Members and none of the Plaintiffs' claims or causes of action against one or more Defendants in the Action, or referred to in this Stipulation, or that could have been alleged against one or more Defendants in the Action, have been assigned, encumbered or in any manner transferred in whole or in part.

11.5. This Stipulation and its Exhibits, together with the Supplemental Agreement, constitutes the entire agreement between the Settling Parties related to the Settlement and supersedes any prior agreements. No representations, warranties or inducements have been made to or relied upon by any Settling Party concerning this Stipulation, other than the representations, warranties and covenants expressly set forth herein and in the Supplemental Agreement. Plaintiffs, on behalf of themselves and the Settlement Class, acknowledge and agree that any and all other representations and warranties of any kind or nature, express or implied, are specifically disclaimed and were not relied upon in connection with this Stipulation. Except as otherwise provided herein, each Settling Party shall bear its own costs.

11.6. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties or their counsel or their respective successors in interest.

11.7. This Stipulation shall be binding upon, and shall inure to the benefit of, the Settling Parties and their respective agents, successors, executors, heirs, and assigns.

11.8. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

11.9. This Stipulation may be executed in any number of counterparts by any of the signatories hereto and the transmission of an original signature page electronically (including by facsimile or portable document format) shall constitute valid execution of the Stipulation as if all signatories hereto had executed the same document. Copies of this Stipulation executed in counterpart shall constitute one agreement.

11.10. This Stipulation, the Settlement, and any all disputes arising out of or relating in any way to this Stipulation, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflict of laws principles.

11.11. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

11.12. The Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties, and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

11.13. All agreements by, between or among the Settling Parties, their counsel and their other advisors as to the confidentiality of information exchanged between or among them shall remain in full force and effect, and shall survive the execution and any termination of this Stipulation and the final consummation of the Settlement, if finally consummated, without regard to any of the conditions of the Settlement.

11.14. The Settling Parties shall not assert or pursue any action, claim or rights that

any party violated any provision of Rule 11 of the Federal Rules of Civil Procedure and/or the Private Securities Litigation Reform Act of 1995 in connection with the Action, the Settlement, the Stipulation or the Supplemental Agreement. The Settling Parties agree that the Action was resolved in good faith following arm's-length bargaining, in full compliance with applicable requirements of good faith litigation under the Securities Exchange Act of 1934, Rule 11 of the Federal Rules of Civil Procedure and/or the Private Securities Litigation Reform Act of 1995.

11.15. Any failure by any of the Settling Parties to insist upon the strict performance by any other Settling Party of any of the provisions of the Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Settling Party, notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation to be performed by the other Settling Parties to this Stipulation.

11.16. The waiver, express or implied, by any Settling Party of any breach or default by any other Settling Party in the performance of such Settling Party of its obligations under the Stipulation shall not be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or contemporaneous, under this Stipulation.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of May \_\_, 2017.

Respectfully submitted:

Alvin B. Davis, Esq.  
Florida Bar No. 218073  
alvin.davis@squirepb.com  
Andrew R. Kruppa, Esq.  
Florida Bar No. 63958  
andrew.kruppa@squirepb.com  
Squire Patton Boggs (US) LLP  
200 South Biscayne Boulevard, Suite 4700  
Miami, FL 33131  
Telephone: (305) 577-7021  
Facsimile: (305) 577-7001

*Attorney for Defendant DS Healthcare  
And Daniel Khesin*

Louise McAlpin  
Louise McAlpin  
Florida Bar No. 454567  
louise.mcalpin@hklaw.com  
Holland & Knight LLP  
701 Brickell Avenue, Suite 3300  
Miami, FL 33131  
Telephone: (305) 374-8500  
Facsimile: (305) 789-7799

*Attorneys for Defendants Renee Barch-Niles,  
Dianne Rosenfeld, Karl Sweis, Michael Pope and  
Mark Brockelman*

Laurence Rosen / SARH  
Laurence Rosen  
Florida Bar No. 0182877  
lrosen@rosenlegal.com  
The Rosen Law Firm, P.A.  
275 Madison Avenue, 34<sup>th</sup> Floor  
New York, NY 10116  
Telephone: (212) 686-1060  
Facsimile: (212) 202-3827

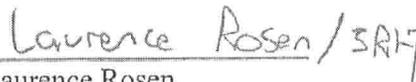
*Attorneys for Lead Plaintiffs*

Respectfully submitted:



Alvin B. Davis, Esq.  
Florida Bar No. 218073  
alvin.davis@squirepb.com  
Andrew R. Kruppa, Esq.  
Florida Bar No. 63958  
andrew.kruppa@squirepb.com  
Squire Patton Boggs (US) LLP  
200 South Biscayne Boulevard, Suite 4700  
Miami, FL 33131  
Telephone: (305) 577-7021  
Facsimile: (305) 577-7001

*Attorney for Defendant DS Healthcare  
And Daniel Khesin*



Laurence Rosen  
Florida Bar No. 0182877  
lrosen@rosenlegal.com  
The Rosen Law Firm, P.A.  
275 Madison Avenue, 34<sup>th</sup> Floor  
New York, NY 10116  
Telephone: (212) 686-1060  
Facsimile: (212) 202-3827

*Attorneys for Lead Plaintiffs*

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Louise McAlpin  
Florida Bar No. 454567  
louise.mcalpin@hklaw.com  
Holland & Knight LLP  
701 Brickell Avenue, Suite 3300  
Miami, FL 33131  
Telephone: (305) 374-8500  
Facsimile: (305) 789-7799

*Attorneys for Defendants Renee Barch-Niles,  
Dianne Rosenfeld, Karl Sweis, Michael Pope and  
Mark Brockelman*

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 16-60661-CIV-DIMITROULEAS

In re DS Healthcare Group, Inc.  
Securities Litigation

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**[PROPOSED] ORDER GRANTING PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL  
OF CLASS ACTION SETTLEMENT**

WHEREAS, Lead Plaintiffs Mark Baldwin and Joseph Terranova (“Plaintiffs”), on behalf of themselves and the Settlement Class, and DS Healthcare Group, Inc. (“DS Healthcare” or the “Company”) and the Individual Defendants (collectively, the “Defendants”), have entered into the Stipulation of Settlement dated April [##], 2017 (the “Settlement Stipulation”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits annexed thereto, sets forth the terms and conditions for the proposed settlement and dismissal of the class action pending before the Court entitled *In re DS Healthcare Group, Inc. Securities Litigation* (S.D. Fla.), Case No. 16-60661-CIV-DIMITROULEAS (the “Action”); and the Court having read and considered the Settlement Stipulation and the exhibits thereto and submissions made relating thereto, and finding that substantial and sufficient grounds exist for entering this Order; and the Settling Parties having consented to the entry of this Order;

NOW, THEREFORE, IT IS HEREBY ORDERED, this \_\_\_\_ day of \_\_\_\_\_, 201\_, that:

1. Capitalized terms used herein have the meanings defined in the Settlement Stipulation.

2. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and for the purposes of the Settlement only, the Action is hereby preliminarily certified as a class action on behalf of all Persons (including, without limitation, their beneficiaries) who purchased the securities of DS Healthcare on the NASDAQ during the period from May 15, 2014 through April 3, 2016, inclusive, except that excluded from the Settlement Class are all: (i) Defendants; (ii) former officers, directors, and consultants of DS Healthcare and of any other Released Parties; (iii) DS Healthcare HK Limited; (iv) parents, spouses, or children living in the household of any person excluded under (i) or (ii) above; (v) any legal entity more than 50% owned by any person excluded

under (i) and (ii) above; and (vi) the heirs, successors and assigns of any person excluded under (i) and (ii) above. (the “Settlement Class Members”).

3. This Court finds, preliminarily and for purposes of this Settlement only, that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Settlement Class Members is so numerous that joinder of all members of the Settlement Class is impracticable; (b) there are questions of law and fact common to the Settlement Class; (c) the claims of Plaintiffs are typical of the claims of the Settlement Class they seek to represent; (d) Plaintiffs fairly and adequately represent the interests of the Settlement Class; (e) questions of law and fact common to the Settlement Class predominate over any questions affecting only individual members of the Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, preliminarily and for the purposes of this Settlement only, Plaintiffs are certified as the class representatives on behalf of the Settlement Class (“Class Representatives”) and Lead Plaintiffs’ Counsel, previously selected by Plaintiffs and appointed by the Court, are hereby appointed as Lead Counsel for the Settlement Class (“Class Counsel”).

5. The Court finds that (a) the Settlement Stipulation resulted from good faith, arm’s length negotiations, and (b) the Settlement Stipulation is sufficiently fair, reasonable and adequate to the Settlement Class Members to warrant providing notice of the Settlement to Settlement Class Members and holding a Settlement Hearing.

6. The Court hereby preliminarily approves the Settlement, subject to further consideration at a hearing (the “Settlement Hearing”) pursuant to Federal Rule of Civil Procedure

23(e), which is hereby scheduled to be held before the Court on \_\_\_\_\_ 20\_\_ at \_\_:\_\_\_  
\_\_m. for the following purposes:

(a) to determine finally whether the applicable prerequisites for class action treatment under Federal Rules of Civil Procedure 23(a) and (b) are satisfied;

(b) to determine finally whether the Settlement is fair, reasonable, and adequate, and should be approved by the Court;

(c) to determine finally whether the Order and Final Judgment as provided under the Settlement Stipulation should be entered, dismissing the Action on the merits and with prejudice, and to determine whether the release by the Releasing Parties of the Released Claims against the Released Parties, as set forth in the Settlement Stipulation, should be ordered, along with a permanent injunction barring efforts to prosecute or attempt to prosecute any Released Claims extinguished by the release against any of the Released Parties, as also set forth in the Settlement Stipulation;

(d) to determine finally whether the proposed Plan of Allocation for the distribution of the Net Settlement Fund is fair and reasonable and should be approved by the Court;

(e) to consider the application of Class Counsel for an award of attorneys' fees and expenses and an award to the Class Representatives;

(f) to consider Settlement Class Members' objections to the Settlement, if any, whether submitted previously in writing or presented orally at the Settlement Hearing by Settlement Class Members (or by counsel on their behalf); and

(g) to rule upon such other matters as the Court may deem appropriate.

7. The Court reserves the right to adjourn the Settlement Hearing to a later date and to approve the Settlement with or without modification and with or without further notice of any

kind. The Court further reserves the right to enter its Order and Final Judgment approving the Settlement and dismissing the Action, on the merits and with prejudice, regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and expenses.

8. The Court reserves the right to approve the Settlement with such modifications as may be agreed upon or consented to by the Settling Parties and without further notice to the Settlement Class where to do so would not impair Settlement Class Members' rights in a manner inconsistent with Rule 23 or due process of law.

9. The Court approves the form, substance and requirements of (a) the Notice, (b) the Summary Notice and (c) the Proof of Claim and Release Form, all of which are exhibits to the Settlement Stipulation.

10. Class Counsel have the authority to enter into the Settlement on behalf of the Settlement Class and have the authority to act on behalf of the Settlement Class with respect to all acts or consents required by or that may be given pursuant to the Settlement Stipulation or such other acts that are reasonably necessary to consummate the Settlement.

11. Strategic Claims Services is appointed and approved as the Claims Administrator to supervise and administer the notice procedure as well as the processing of claims.

12. Class Counsel, through the Claims Administrator, shall cause the Notice and the Proof of Claim and Release Form, substantially in the forms annexed to the Settlement Stipulation, to be mailed, by first class mail, postage prepaid, within sixteen (16) calendar days of the entry of this Order, to all Settlement Class Members who can be identified with reasonable effort by Class Counsel, through the Claims Administrator.

13. The Escrow Agent may, at any time after entry of this Order and without further approval from Defendants or the Court, disburse at the direction of Class Counsel up to

\$175,000.00 (One Hundred Seventy Five Thousand Dollars) from the Settlement Fund prior to the Effective Date to pay Administrative Costs.

14. No later than seven (7) calendar days after the date of this Order, DS Healthcare shall provide and/or cause its transfer agent to provide to Class Counsel a list of the record owners of DS Healthcare securities traded on NASDAQ during the Settlement Class Period in a usable electronic format, such as an excel spreadsheet. This information will be kept confidential and not used for any purpose other than to provide the notice contemplated by this Order.

15. Class Counsel, through the Claims Administrator, shall take all reasonable efforts to give notice to nominees or custodians who held DS Healthcare securities traded on NASDAQ during the Settlement Class Period as record owners but not as beneficial owners. Such nominees or custodians shall, within seven (7) calendar days of receipt of the Notice and Proof of Claim and Release Form, either (i) request additional copies of the Notice and Proof of Claim and Release Form sufficient to send the Notice and Proof of Claim and Release Form to all beneficial owners for whom they are nominee or custodian, and within seven (7) calendar days after receipt thereof send copies to such beneficial owners; or (ii) provide the Claims Administrator with lists of the names, last known addresses and email addresses (to the extent known) of such beneficial owners, in which event the Claims Administrator shall promptly deliver the Notice and Proof of Claim and Release Form to such beneficial owners. Nominees or custodians who elect to send the Notice and Proof of Claim and Release Form to their beneficial owners shall send a written certification to the Claims Administrator confirming that the mailing has been made as directed. Additional copies of the Notice and Proof of Claim shall be made available to any nominee or custodian requesting same for the purpose of distribution to beneficial owners. The Claims Administrator shall, if requested, reimburse nominees or custodians out of the Settlement Fund solely for their

reasonable out-of-pocket expenses incurred in providing notice to beneficial owners, which expenses would not have been incurred except for the sending of such notice, up to a maximum of \$0.75 per notice, and subject to further order of this Court with respect to any dispute concerning such reimbursement.

16. Class Counsel shall, at least seven (7) calendar days before the Settlement Hearing, serve upon counsel for Defendants and file with the Court proof of the mailing of the Notice and Proof of Claim and Release Form as required by this Order.

17. Class Counsel, through the Claims Administrator, shall cause the Settlement Stipulation and its exhibits, this Order, and a copy of the Notice to be posted on the Claims Administrator's website within sixteen (16) calendar days after entry of this Order.

18. Class Counsel, through the Claims Administrator, shall cause the Summary Notice to be published electronically once on the *GlobeNewswire* and in print once in the *Investor's Business Daily* within sixteen (16) calendar days after the entry of this Order. Class Counsel shall, at least seven (7) calendar days before the Settlement Hearing, serve upon counsel for Defendants and file with the Court proof of publication of the Summary Notice.

19. The forms and methods set forth herein of notifying the Settlement Class Members of the Settlement and its terms and conditions meet the requirements of due process, Rule 23 of the Federal Rules of Civil Procedure, and Section 21D(a)(7) of the Exchange Act, 15 U.S.C. 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995; constitute the best notice practicable under the circumstances; and constitute due and sufficient notice to all persons and entities entitled thereto. No Settlement Class Member will be relieved from the terms and conditions of the Settlement, including the releases provided for therein, based upon the contention or proof that such Settlement Class Member failed to receive actual or adequate notice.

20. In order to be entitled to participate in recovery from the Net Settlement Fund after the Effective Date, each Settlement Class Member shall take the following action and be subject to the following conditions:

(a) A properly completed and executed Proof of Claim and Release Form must be submitted to the Claims Administrator, at the Post Office Box indicated in the Notice, postmarked no later than \_\_\_\_\_, 2017 (forty four (44) calendar days prior to the Settlement Hearing). Such deadline may be further extended by Order of the Court. Each Proof of Claim and Release Form shall be deemed to have been submitted when legibly postmarked (if properly addressed and mailed by first class mail) provided such Proof of Claim and Release Form is actually received before the filing of a motion for an Order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim and Release Form submitted in any other manner shall be deemed to have been submitted when it was actually received by the Claims Administrator at the address designated in the Notice.

(b) The Proof of Claim and Release Form submitted by each Settlement Class Member must satisfy the following conditions: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Claims Administrator or Class Counsel; (iii) if the person executing the Proof of Claim and Release Form is acting in a representative capacity, a certification of his current authority to act on behalf of the Settlement Class Member must be provided with the Proof of Claim and Release Form; and (iv) the Proof of

Claim and Release Form must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) Once the Claims Administrator has considered a timely submitted Proof of Claim and Release Form, it shall determine whether such claim is valid, deficient or rejected. For each claim determined to be either deficient or rejected, the Claims Administrator shall send a deficiency letter or rejection letter as appropriate, describing the basis on which the claim was so determined. Persons who timely submit a Proof of Claim and Release Form that is deficient or otherwise rejected shall be afforded a reasonable time (at least ten (10) calendar days) to cure such deficiency if it shall appear that such deficiency may be cured. If any Claimant whose claim has been rejected in whole or in part wishes to contest such rejection, the Claimant must, within ten (10) calendar days after the date of mailing of the notice, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's ground for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If an issue concerning a claim cannot be otherwise resolved, Class Counsel shall thereafter present the request for review to the Court.

(d) As part of the Proof of Claim and Release Form, each Settlement Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted, and shall, upon the Effective Date, release all claims as provided in the Settlement Stipulation. No discovery shall be allowed on the merits of the Action or the Settlement in connection with processing of the Proof of Claim and Release Forms, nor shall any discovery from or of Defendants be allowed on any topic.

21. All Settlement Class Members who do not submit valid and timely Proof of Claim and Release Forms will be forever barred from receiving any payments from the Net Settlement

Fund, but will in all other respects be subject to and bound by the provisions of the Settlement Stipulation and the Order and Final Judgment, if entered.

22. Settlement Class Members shall be bound by all determinations and judgments in this Action, whether favorable or unfavorable, unless such Persons request exclusion from the Settlement Class in a timely and proper manner, as hereinafter provided. A Settlement Class Member wishing to make such request for exclusion shall mail it, in written form, by first class mail, postage prepaid, or otherwise deliver it, so that it is received no later than \_\_\_\_\_, 2017 (forty four (44) calendar days prior to the Settlement Hearing) (the “Exclusion Deadline”), to the addresses listed in the Notice. In order to be valid, such request for exclusion (A) must clearly indicate the name and address and phone number and e-mail contact information (if any) of the Person seeking exclusion, and state that the sender specifically “requests to be excluded from the Settlement Class in *In re DS Healthcare Group, Inc. Securities Litigation* (S.D. Fla.), Case No. 16-60661-CIV-DIMITROULEAS”, and (B) state the date, number of shares and dollar amount of each DS Healthcare Common Stock purchase or acquisition during the Settlement Class Period, and any sale transactions, and (ii) the number of shares of DS Healthcare securities held by the Person as of April 3, 2016. In order to be valid, such request for exclusion must be submitted with documentary proof (i) of each purchase or acquisition and, if applicable, sale transaction of DS Healthcare securities during the Settlement Class Period and (ii) demonstrating the Person’s status as a beneficial owner of the DS Healthcare securities. Any such request for exclusion must be signed and submitted by the beneficial owner under penalty of perjury. The request for exclusion shall not be effective unless it provides the required information, is legible, and is made within the time stated above, or the exclusion is otherwise accepted by the Court. Class Counsel

may contact any Person filing a request for exclusion, or their attorney if one is designated, to discuss the exclusion.

23. The Claims Administrator shall provide all requests for exclusion and supporting documentation submitted therewith (including untimely requests) to counsel for the Settling Parties as soon as possible and no later than the Exclusion Deadline or upon the receipt thereof (if later than the Exclusion Deadline). The Settlement Class will not include any Person who delivers a valid and timely request for exclusion.

24. Any Person who submits a request for exclusion may thereafter submit to the Claims Administrator a written revocation of that request for exclusion, provided that it is received no later than two (2) Business Days before the Settlement Hearing, in which event that Person will be included in the Settlement Class.

25. All Persons who submit a valid, timely and unrevoked request for exclusion will be forever barred from receiving any payments from the Net Settlement Fund.

26. The Court will consider comments and/or objections to the Settlement, the Plan of Allocation, or the Fee and Expense Application, provided, however, that no Settlement Class Member or other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement or, if approved, the Order and Final Judgment, or any other order relating thereto, unless that Person has served copies of any objections, papers and briefs to the following counsel at least fourteen (14) calendar days prior to the Hearing Date:

CLASS COUNSEL:

Laurence M. Rosen, Esq.  
The Rosen Law Firm, P.A.  
275 Madison Avenue, 34th Floor  
New York, NY 10016

To be valid, any such objection must contain the Settlement Class Member's (1) name, address, and telephone number, (2) a list of all purchases and sales of DS Healthcare securities during the Settlement Class Period in order to show membership in the Settlement Class, (3) all grounds for the objection, including any legal support known to the Settlement Class Member and/or his, her, or its counsel, (4) the name, address and telephone number of all counsel who represent the Settlement Class Member, including former or current counsel who may be entitled to compensation in connection with the objection, and (5) the number of times the Settlement Class Member and/or his, her, or its counsel has filed an objection to a class action settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case.

Attendance at the Settlement Hearing is not necessary but Persons wishing to be heard orally in opposition to the approval of the Settlement Stipulation, the Plan of Allocation, and/or the Fee and Expense Application are required to indicate in their written objection (or in a separate writing that is submitted in accordance with the deadline and after instruction pertinent to the submission of a written objection) that they intend to appear at the Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Settlement Hearing. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

27. Any Settlement Class Member who does not object in the manner prescribed above shall be deemed to have waived all such objections and shall forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the Settlement, the Order and Final Judgment to be entered approving the Settlement, the Plan of Allocation, and/or the Fee and Expense Application, unless otherwise ordered by the Court; shall be bound by all the terms and

provisions of the Settlement Stipulation and by all proceedings, orders and judgments in the Action; and shall also be foreclosed from appealing from any judgment or order entered in this Action.

28. The Court reserves the right to adjourn the Settlement Hearing without any further notice other than entry of an Order on the Court's docket, and to approve the Settlement without further notice to the Settlement Class.

29. All papers in support of the Settlement, the Plan of Allocation and/or the Fee and Expense Application shall be filed and served no later than twenty eight (28) calendar days before the Settlement Hearing.

30. Any submissions filed in response to any objections or in further support of the Settlement, the Plan of Allocation and/or the Fee and Expense Application shall be filed no later than seven (7) calendar days prior to the Settlement Hearing.

31. Defendants, their counsel, their insurers and other Released Parties shall have no responsibility for the Plan of Allocation or any application for attorneys' fees or expenses or payments to the Class Representatives submitted by Class Counsel, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

32. Pending final determination of whether the Settlement should be approved, all Releasing Parties shall be enjoined from commencing, prosecuting, or attempting to prosecute any Released Claims against any Released Party in any court or tribunal or proceeding. Unless and until the Settlement Stipulation is cancelled and terminated pursuant to the Settlement Stipulation, all proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement Stipulation, are hereby stayed and suspended until further order of the Court.

33. All funds held by the Escrow Agents shall be deemed and considered to be in the custody of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed or returned pursuant to the Settlement Stipulation and Plan of Allocation and/or further order(s) of the Court.

34. Neither the Settlement Stipulation, nor any of its terms or provision, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by Defendants, their counsel, their insurers or any of the other Released Parties of the truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing or any kind and shall not be construed as, or deemed to be evidence of or an admission or concession that Class Representatives or any Settlement Class Members have suffered any damages, harm, or loss. Further, neither the Settlement Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, nor this Order shall be construed as an admission or concession by the Class Representatives of the validity of any factual or legal defense or of the infirmity of any of the claims or facts alleged in this Action.

35. In the event the Settlement is not consummated in accordance with the terms of the Settlement Stipulation, then the Settlement Stipulation and this Order (including any amendment(s) thereof, and except as expressly provided in the Settlement Stipulation or by order of the Court) shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or used in any action or proceeding by any Person against the Settling Parties or the Released Parties, and each Settling Party shall be restored to his, her or its respective litigation positions as they existed prior to May [##], 2017, pursuant to the terms of the Settlement Stipulation.

36. The Court retains exclusive jurisdiction over the Action to consider all further matters arising out of, or relating to, the Settlement Stipulation, including by way of illustration and not limitation, any dispute concerning any Proof of Claim and Release Form submitted and any future requests by one or more of the Parties that the Order and Final Judgment, the releases and/or the permanent injunction set forth in the Settlement Stipulation be enforced.

Dated: \_\_\_\_\_, 2017

\_\_\_\_\_  
HON. WILLIAM P. DIMITROULEAS  
UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 16-60661-CIV-DIMITROULEAS

In re DS Healthcare Group, Inc.  
Securities Litigation

/

**NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF CLASS ACTION**

If you purchased or otherwise acquired the securities of DS Healthcare Group, Inc. (“DS Healthcare”) on NASDAQ from May 15, 2014 through April 3, 2016, both dates inclusive, (the “Settlement Class Period”), you could get a payment from a class action settlement (the “Settlement”).

*Under law, a federal court has authorized this Notice. This is not attorney advertising.*

- If approved by the Court, the settlement will provide two million dollars one hundred thousand dollars (\$2,100,000) (the “Settlement Amount”) gross, plus interest as it accrues, minus attorneys’ fees, costs, administrative expenses, and net of any taxes on interest, to pay claims of investors who purchased DS Healthcare securities during the Settlement Class Period.
- The Settlement represents an average gross recovery of \$0.223 per share of DS Healthcare securities for the approximately 9.4 million damaged shares during the Settlement Class Period. This is not an estimate of the actual recovery per share you should expect. Your actual recovery, if any, will depend on the total amount of allowed claims, as well as the amount of attorneys’ fees, costs and administrative expenses awarded by the court.
- Attorneys for Class Representatives (“Class Counsel”) intend to ask the Court to award them fees of up to one-third of the Settlement Amount or seven hundred thousand dollars (\$700,000), reimbursement of litigation expenses of no more than \$25,000 and an award to Class Representatives not to exceed \$5,000 each. Collectively, the attorneys’ fees and expenses are estimated to average \$0.0782 per damaged share of DS Healthcare securities. If approved by the Court, these amounts will be paid from the Gross Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.145 per damaged share of DS Healthcare securities. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased and sold DS Healthcare securities, the purchase and sales prices, and the total number and amount of claims filed.
- The Settlement resolves the Action concerning whether DS Healthcare and individual defendants (the “Defendants”) violated the federal securities laws by making

misrepresentations and omissions of material fact in various filings with the U.S. Securities and Exchange Commission that related to revenue recognition, violations of corporate by-laws and related party transactions. Defendants deny each and every claim and contention alleged in the Action and deny any misconduct or wrongdoing whatsoever.

- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this Notice carefully.

### YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

|  |  |
|--|--|
| <b>SUBMIT A CLAIM FORM<br/>NO LATER THAN<br/>_____, 2017</b> | The only way to get a payment.   |
| <b>EXCLUDE YOURSELF<br/>NO LATER THAN<br/>_____, 2017</b>    | Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants about the legal claims in this case. |
| <b>OBJECT NO LATER THAN<br/>_____, 2017</b>                  | Write to the Court about why you do not like the Settlement.   |
| <b>GO TO A HEARING ON<br/>_____, 2017</b>                    | Ask to speak in Court about the fairness of the Settlement.  |
| <b>DO NOTHING</b>  | Get no payment. Give up rights.  |

### INQUIRIES

**Please do not contact the Court regarding this Notice.** All inquiries concerning this Notice, the Proof of Claim and Release Form, or any other questions by Settlement Class Members should be directed to:

In re DS Healthcare Group, Inc.  
Securities Litigation  
c/o Strategic Claims Services  
600 N. Jackson St., Ste. 3  
P.O. Box 230  
Media, PA 19063  
Tel.: 866-274-4004  
Fax: 610-565-7985  
info@strategicclaims.net

or

THE ROSEN LAW FIRM, P.A.  
275 Madison Avenue, 34<sup>th</sup> Floor  
New York, NY 10016  
Tel.: 212-686-1060  
Fax: 212-202-3827  
info@rosenlegal.com

## DEFINITIONS

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation of Settlement, dated May [##], 2017 (the “Settlement Stipulation”).

## COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

### 1. Why did I get this Notice?

You or someone in your family may have acquired DS Healthcare securities on NASDAQ from May 15, 2014 through April 3, 2016, both dates inclusive.

### 2. What is this lawsuit about?

The case is known as *In re DS Healthcare Group, Inc. Securities Litigation*, Case No. 16-60661-CIV-DIMITROULEAS (S.D. Fla.) (the “Action”), and the Court in charge of the case is the United States District Court for the Southern District of Florida.

The Action involves alleges Defendants violated the federal securities laws by making misrepresentations or omissions of material fact concerning improper revenue recognition, violations of corporate by-laws and related party transactions. The complaint asserts that the alleged misstatements artificially inflated the price of DS Healthcare securities and the price of DS Healthcare securities dropped in response to certain subsequent disclosures. Defendants have denied and continue to deny the allegations in the complaint and all charges of wrongdoing or liability. The Settlement resolves all of the claims in the Action.

### 3. Why is this a class action?

In a class action, one or more persons and/or entities, called plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a class, and these individual persons and/or entities are known as class members. One court resolves all of the issues for all class members, except for those class members who exclude themselves from the class.

### 4. Why is there a Settlement?

Class Representatives and Defendants do not agree regarding the merits of Class Representatives’ allegations and Defendants’ defenses with respect to liability or the average amount of damages per share, if any, that would be recoverable if Class Representatives were to prevail at trial on each claim. The issues on which Class Representatives and the Defendants disagree include: (1) whether the challenged statements were materially false or misleading or otherwise actionable under federal securities law; (2) whether the Defendants acted with scienter; (3) whether the alleged disclosures were corrective disclosures; (4) the causes of the loss in the value of the DS Healthcare securities; and (5) the amount of alleged damages, if any, that could be recovered at trial.

This matter has not gone to trial and the Court has not decided in favor of either Class Representatives or any of the Defendants. Instead, Class Representatives and Defendants have agreed to settle the case. Class Representatives and Class Counsel believe the Settlement is best for all Settlement Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. Among the reasons that Class Representatives and Class Counsel believe the Settlement is fair is the fact that there is uncertainty about whether they will be able to prove that the alleged misstatements and omissions actually caused the Settlement Class any damages, and the amount of damages, if any.

Even if Class Representatives were to win at trial, and also prevail on any on appeal,

Class Representatives might not be able to collect some, or all, of any judgment they are awarded. Moreover, while litigation of this type is usually expensive, even if Class Representatives' allegations are eventually found to be true, the total amount of damages to which Settlement Class Members would be entitled could be substantially reduced.

**5. How do I know if I am part of the Settlement?**

The Settlement Class consists of all Persons (including, without limitation, their beneficiaries) who purchased DS Healthcare securities on NASDAQ from May 15, 2014 through April 3, 2016, inclusive.

**6. Are there exceptions to being included?**

Yes. Excluded from the Settlement Class are (i) Opt-Outs, *i.e.*, those Persons who timely and validly request exclusion from the Settlement Class, and (ii) Defendants; (iii) former officers, directors, and consultants of DS Healthcare and of any other Released Parties; (iv) DS Healthcare HK Limited; (v) parents, spouses, or children living in the household of any person excluded under (ii) or (iii) above; (vi) any legal entity more than 50% owned by any person excluded under (ii) and (iii) above; and (vii) the heirs, successors and assigns of any person excluded under (ii) and (iii) above.

**7. I am still not sure whether I am included.**

If you are still not sure whether you are included, you can ask for free help. For more information, you can contact the Claims Administrator, Strategic Claims Services, by phone at (866) 274-4004 or by facsimile at (610) 565-7985, visit the website [www.strategicclaims.net](http://www.strategicclaims.net), or fill out and return the Proof of Claim and Release Form described in Question 9, to see if you qualify.

**8. What does the Settlement provide?**

**a. What is the settlement fund?**

The proposed Settlement provides that Defendants will cause the Defendants' insurers to pay two million one hundred thousand dollars (\$2,100,000) into a settlement fund. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the settlement fund will be used to pay attorneys' fees and reasonable litigation expenses to Class Counsel and any award to the Class Representatives. A portion of the settlement fund also will be used to pay taxes due on interest earned by the settlement fund, if necessary, and the costs of the claims administration, including the costs of printing and mailing this Notice and the costs of publishing notice. After the foregoing deductions from the settlement fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Settlement Class Members who submit timely, valid claims, according to the Plan of Allocation to be approved by the Court.

**b. What can you expect to receive under the proposed Settlement?**

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold DS Healthcare securities on NASDAQ; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Class Counsel for attorneys' fees, costs, and expenses and to Class Representatives.

The Claims Administrator will determine each Settlement Class Member's pro rata share

of the Net Settlement Fund based upon each Settlement Class Member's valid "Recognized Loss," as defined in the Plan of Allocation set forth below. The Recognized Loss formula is not intended to be an estimate of the amount that a Settlement Class Member might have been able to recover after a trial; it also is not an estimate of the amount that will be paid to Settlement Class Members pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants.

**PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND  
AMONG CLASS MEMBERS**

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market and industry-wide factors, or Company-specific factors unrelated to the alleged fraud.

The Plan of Allocation was created with the help of a damages expert, and assumes that the price of DS Healthcare common stock was artificially inflated throughout the Settlement Class Period. The computation of the estimated alleged artificial inflation in the price of DS Healthcare common stock during the Settlement Class Period is based on the price change of DS Healthcare common stock in reaction to the public announcements that allegedly corrected the alleged misrepresentations set out in the complaint.

To have been damaged by the alleged violations of the federal securities laws, you must have held DS Healthcare common stock purchased during the Settlement Class Period during a period of time when its price declined from disclosure of information allegedly correcting a misleading statement. Lead Plaintiffs and Class Counsel have determined that such price declines occurred on March 24, 2016, and after DS Healthcare resumed trading on March 20, 2017.

**THE BASIS FOR CALCULATING YOUR RECOGNIZED LOSS:**

- (I) Recognized Loss for the Company's Common Stock Purchased or Otherwise Acquired During the Class Period will be calculated as follows:**
- (A) For shares purchased or otherwise acquired during the Class Period and sold during the Class Period, the Recognized Loss per share will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below) less the inflation per share upon sale (as set forth in Inflation Table A below); or (2) the purchase price per share minus the sales price per share.
  - (B) For shares purchased or otherwise acquired during the Class Period and held as of the close of trading on March 20, 2017, the Recognized Loss will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the purchase price per share minus the sales price per share.

| <b>INFLATION TABLE A</b>   |                  |
|--|------------------|
| DS Healthcare Common Stock Purchased or Acquired During the Class Period |                  |
| <b>Period</b>  | <b>Inflation</b> |
| May 15, 2014 to March 23, 2016, inclusive                                | \$.75 per share  |
| March 24, 2016 to March 28, 2016, inclusive                              | \$.28 per share  |
| March 29, 2016 to April 3, 2016, inclusive                               | \$.17 per share  |

To the extent you had a trading gain or “broke even” from your overall transactions in DS Healthcare’s shares during the Class Period, the value of your Recognized Loss will be zero and you will not be entitled to a share of the Net Settlement Fund. To the extent you suffered a trading loss on your overall transactions in DS Healthcare’s shares during the Class Period, but that trading loss was less than your Recognized Loss calculated above, then your Recognized Loss shall be limited to the amount of your actual trading loss.

For purposes of calculating your Recognized Loss, the date of purchase, acquisition or sale is the “contract” or “trade” date and not the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of DS Healthcare shares shall not be deemed a purchase, acquisition or sale of shares for the calculation of your Recognized Loss. The covering purchase of a short sale is not an eligible purchase.

For purposes of calculating your Recognized Loss, all purchases, acquisitions and sales shall be matched on a First In First Out (“FIFO”) basis in chronological order. Therefore, on the Proof of Claim enclosed with this Notice, you must provide all of your purchases and acquisitions of the Company shares during the time period May 15, 2014 through and including April 3, 2016.

#### **9. How can I get a payment?**

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release Form.” This Proof of Claim and Release Form is attached to this Notice. You may also obtain a claim Proof of Claim and Release Form on the Internet at [www.strategicclaims.net](http://www.strategicclaims.net). Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than \_\_\_\_\_, 2017, to the Claims Administrator, at the address appearing on page 2 of this Notice. The Claims Administrator will process your claim and determine whether you are an Authorized Claimant.

#### **10. What am I giving up to get a payment or stay in the Class?**

Unless you exclude yourself from the Settlement Class by the [date] deadline, you will remain a member of the Settlement Class and will be bound by the release of claims against the Defendants and other Released Parties if the Settlement is approved. That means you and all other Settlement Class Members and each of their respective parent entities, associates, affiliates, subsidiaries, predecessors, successors, assigns, attorneys, immediate family members heirs, representatives, administrators, executors, devisees, legatees, and estates will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) as against the Defendants and other Released Parties any and all claims which arise out of, are based upon or relate in any way to the purchase, acquisition, sale, or ownership of DS Healthcare securities on NASDAQ during the Settlement Class Period. It means that all of the Court’s orders will apply to you and legally bind you. That means you will accept a share of the Net Settlement Fund as sole compensation for any losses you suffered in the purchase, acquisitions, sale or ownership of DS Healthcare

securities on NASDAQ during the Settlement Class Period. The specific terms of the release are included in the Stipulation.

### **11. How do I get out of the Settlement?**

To exclude yourself from the Settlement, you must mail a letter that (A) clearly indicates your name, address, phone number and e-mail contact information (if any) and states that you “request to be excluded from the Settlement Class in *In re DS Healthcare Group, Inc. Securities Litigation*, Case No. 16-60661-CIV-DIMITROULEAS (S.D. Fla.)”, and (B) states the date, number of shares and dollar amount of each of your of your DS Healthcare securities purchases, acquisitions, and sales on NASDAQ during the Settlement Class Period, as well as the number of shares of DS Healthcare you held as of May 15, 2014 and April 3, 2016. You must sign and submit the request as the beneficial owner under penalty of perjury. You must mail your exclusion request, to be received no later than \_\_\_\_ \_\_, 2017, to the Claims Administrator at:

In re DS Healthcare Group, Inc. Securities Litigation  
c/o Strategic Claims Services  
600 N. Jackson St., Ste. 3  
P.O. Box230  
Media, PA 19063  
Tel.: 866-274-4004  
Fax: 610-565-7985  
info@strategicclaims.net

You cannot exclude yourself by telephone or by e-mail.

If you properly exclude yourself, you will not receive a payment from the Net Settlement Fund, you cannot object to the Settlement, and you will not be legally bound by the judgment in this case.

If you do not exclude yourself by following the procedure outlined above, you will be bound by all orders entered in the Action and you will give up any right to sue the Defendants or other Released Parties for the claims being released in this Settlement. If you have a pending lawsuit related to any Released Claims (as that term is defined in the Settlement Stipulation), speak to your lawyer in that case immediately, since you must timely exclude yourself from this Settlement Class to continue your own lawsuit.

### **12. Do I have a lawyer in this case?**

The Court appointed The Rosen Law Firm, P.A. and as Class Counsel, to represent you and the other Settlement Class Members. Contact information for Class Counsel is provided below. If you want to be represented by your own lawyer, you may hire one at your own expense.

### **13. How will the lawyers be paid?**

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the case themselves. They have not been paid attorneys’ fees or reimbursed for their expenses in advance of this Settlement. Class Counsel have done so with the expectation that, if they are successful in recovering money for the Settlement Class,

they will receive attorneys' fees and be reimbursed for their litigation expenses from the settlement fund, as is customary in this type of litigation. Class Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the settlement fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys' fees in an amount not to exceed \$700,000, for reimbursement of reasonable litigation expenses not to exceed \$25,000, and an award to Class Representatives in an amount not to exceed \$10,000 in total. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the settlement fund.

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

If you are a Settlement Class Member, you can object to the Settlement, any part of the Settlement, Class Counsel's motion for attorneys' fees and expenses and application for an award to Class Representatives. To do so, you must object in a writing, stating that you object to the Settlement in *In re DS Healthcare Group, Inc. Securities Litigation*, Case No. 16-60661-CIV-DIMITROULEAS (S.D. Fla.). You must also include (1) your name, address, telephone number and email address (if any), (2) documentation showing all of your purchases and sales of DS Healthcare securities on NASDAQ during the Settlement Class Period in order to show your membership in the Settlement Class, (3) all grounds for the objection, including any legal support known to you or your counsel, (4) the name, address and telephone number of all counsel who represent you, including your former or current counsel who may be entitled to compensation in connection with the objection, and (5) the number of times each of you and/or your counsel has filed an objection to a class action settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case. You must serve copies of any objections, papers and briefs to the following counsel, to be received no later than \_\_\_\_\_, 2017:

Laurence M. Rosen, Esq.  
 The Rosen Law Firm, P.A.  
 275 Madison Avenue  
 34th Floor  
 New York, NY 10016

*Class Counsel*

The Court has ordered that Class Counsel file your objection with the Court promptly upon receiving it. Should you wish instead to file an objection directly with the Court, you may do so at: Clerk of Court, U.S. District Court for the Southern District of Florida, 299 East Broward Boulevard, Fort Lauderdale, FL 33301.

Any Person who does not timely submit a written objection complying with the terms set forth above shall be deemed to have waived, and shall be foreclosed from raising, any objection to the Settlement, and any untimely objections will be barred.

If you exclude yourself from the Settlement Class, you cannot object to the Settlement because it no longer concerns you. If you stay in the Settlement Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

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

The Court will hold a Settlement Hearing on \_\_\_\_\_, 201\_, at \_\_:\_\_.m., at the United States District Court for the Southern District of 299 East Broward Boulevard, Fort Lauderdale, FL 33301, Courtroom 205b. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses and how much to award to Class Representatives.

**16. Do I have to come to the hearing?**

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

**17. What happens if I do nothing at all?**

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the Release Claims (as defined in the Settlement Stipulation) ever again.

**18. How do I get more information about the proposed Settlement?**

This Notice summarizes the proposed Settlement. More details are in the Settlement Stipulation dated \_\_\_\_\_. You can get a copy of the Settlement Stipulation by visiting the website [www.strategicclaims.net](http://www.strategicclaims.net), by contacting the Claims Administrator at the address/number listed on page 2 above or by contacting Class Counsel at the address/number listed on page 2 above. In addition, the pleadings, Settlement Stipulation, other documents and orders in the Action can be inspected at the Clerk's Office, U.S. District Court for the Southern District of Florida, 299 East Broward Boulevard, Fort Lauderdale, FL 33301.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If, from May 15, 2014 through April 3, 2016, inclusive, you purchased, otherwise acquired, or sold the common stock of DS Healthcare Group, Inc. on NASDAQ for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such DS Healthcare securities during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim form directly to the beneficial owners of the DS Healthcare securities. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable out-of-pocket expenses actually incurred in connection with the foregoing, up to a maximum of \$0.75 per notice. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications regarding the foregoing should be addressed to the Claims Administrator at the address listed on page 2 above.

BY ORDER OF THE UNITED STATES DISTRICT  
COURT FOR THE DISTRICT OF MASSACHUSETTS

**PROOF OF CLAIM AND RELEASE FORM**

**Deadline for Submission:** \_\_\_\_\_

IF YOU PURCHASED THE SECURITIES OF DS HEALTHCARE GROUP, INC. ("DS HEALTHCARE") ON THE NASDAQ DURING THE PERIOD FROM MAY 15, 2014 THROUGH APRIL 3, 2016, INCLUSIVE (THE "SETTLEMENT CLASS PERIOD"), YOU ARE A "SETTLEMENT CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. (EXCLUDED FROM THE CLASS ARE: (I) DEFENDANTS; (II) FORMER OFFICERS, DIRECTORS, AND CONSULTANTS OF DS HEALTHCARE AND OF ANY OTHER RELEASED PARTIES; (III) DS HEALTHCARE HK LIMITED; (IV) PARENTS, SPOUSES, OR CHILDREN LIVING IN THE HOUSEHOLD OF ANY PERSON EXCLUDED UNDER (I) OR (II) ABOVE; (V) ANY LEGAL ENTITY MORE THAN 50% OWNED BY ANY PERSON EXCLUDED UNDER (I) AND (II) ABOVE; AND (VI) THE HEIRS, SUCCESSORS AND ASSIGNS OF ANY PERSON EXCLUDED UNDER (I) AND (II) ABOVE.)

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE FORM ("PROOF OF CLAIM AND RELEASE FORM") AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN \_\_\_\_\_, 2017 TO STRATEGIC CLAIM SERVICES, THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

In re DS Healthcare Group, Inc. Securities Litigation  
c/o Strategic Claims Services  
600 N. Jackson St., Ste. 3  
P.O. Box 230  
Media, PA 19063  
Tel.: 866-274-4004  
Fax: 610-565-7985  
info@strategicclaims.net

YOUR FAILURE TO SUBMIT YOUR CLAIM BY \_\_\_\_\_, 2017 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOU FROM RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR. IF YOU ARE A SETTLEMENT CLASS MEMBER AND DO NOT SUBMIT A PROPER PROOF OF CLAIM AND RELEASE FORM, YOU WILL NOT SHARE IN THE SETTLEMENT BUT YOU NEVERTHELESS WILL BE BOUND BY THE ORDER AND FINAL JUDGMENT OF THE COURT UNLESS YOU EXCLUDE YOURSELF.

SUBMISSION OF A PROOF OF CLAIM DOES NOT ASSURE THAT YOU WILL SHARE IN THE PROCEEDS OF THE SETTLEMENT.

**I. CLAIMANT INFORMATION**

|   |                 |   |
|---|-----------------|---|
| Name:                                     |                 |   |
|   |                 |   |
| Address:                                  |                 |   |
|   |                 |   |
| City                                      | State           | ZIP   |
| Foreign Province                          | Foreign Country |   |
| Day Phone                                 | Evening Phone   |   |
| Email                                     |                 |   |
|   |                 |   |
| Social Security Number (for individuals): | OR              | Taxpayer Identification Number (for estates, trusts, corporations, etc.): |
|   |                 |   |

**II. SCHEDULE OF TRANSACTIONS IN DS HEALTHCARE COMMON STOCK**

Please supply all required details of your transaction(s) in DS Healthcare common stock. Broker confirmations, brokerage statements reflecting your purchases, or other documentation of your transactions in DS Healthcare common stock should be attached to your claim. If you do not have documentation from your broker, you may also attach any documents or schedules that you attached to any federal tax return that reflect Settlement Class Period purchases, acquisitions or sales of DS Healthcare common stock. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

If you are acting in a representative capacity on behalf of a Settlement Class Member (e.g., as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Settlement Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.

**Beginning Holdings:**

- A. State the total number of shares of DS Healthcare securities on NASDAQ held at the close of trading on May 14, 2014 (*must be documented*). If none, write “zero” or “0.”

|  |
|--|
|  |
|--|

**Purchases/Acquisitions:**

B. Separately list each and every purchase or acquisition of DS Healthcare securities on NASDAQ from May 15, 2014 through April 3, 2016, both dates inclusive, and provide the following information (*must be documented*):

| Trade Date<br>(List Chronologically)<br>(Month/Day/Year) | Number of Shares<br>Purchased/Acquired | Price per Share | Total Cost<br>(Excluding Commissions,<br>Taxes, and Fees) |
|--|--|-----------------|---|
|  |  |                 |   |
|  |  |                 |   |
|  |  |                 |   |
|  |  |                 |   |

**Sales:**

C. Separately list each and every sale of DS Healthcare securities on NASDAQ from May 15, 2014 through April 3, 2016, both dates inclusive, and provide the following information (*must be documented*):

| Trade Date<br>(List Chronologically)<br>(Month/Day/Year) | Number of Shares Sold | Price per Share | Amount Received<br>(Excluding Commissions,<br>Taxes, and Fees) |
|--|-----------------------|-----------------|--|
|  |                       |                 |  |
|  |                       |                 |  |
|  |                       |                 |  |
|  |                       |                 |  |

**Ending Holdings:**

D. State the total number of shares of DS Healthcare common stock held at the close of trading on April 3, 2016 (*must be documented*).

|  |
|--|
|  |
|--|

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

**III. SUBSTITUTE FORM W-9**

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

|  |           |   |
|--|-----------|---|
| Social Security Number (for individuals) | <b>or</b> | Taxpayer Identification Number<br>(for estates, trusts, corporations, etc.) |
|--|-----------|---|

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

**IV. CERTIFICATION**

I (We) submit this Proof of Claim and Release Form under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Southern District of Florida, with respect to my (our) claim as a Settlement Class Member and for purposes of enforcing the release and covenant not to sue set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in this Action. I (We) have not submitted any other claim covering the same purchases or sales of DS Healthcare common stock during the Settlement Class Period and know of no other Person having done so on my (our) behalf.

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)  
Check here if proof of authority to file is enclosed.  
(See Item 2 under Claimant’s Statement)

Date: \_\_\_\_\_

**REMINDER CHECKLIST**

- Please be sure to sign this Proof of Claim and Release Form on page 4. If this Proof of Claim and Release Form is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim and Release Form or any supporting documents.
- If you move or change your address, telephone number or email address, please submit the new information to the Claims Administrator, as well as any other information that will assist us in contacting you. NOTE: Failure to submit updated information to the Claims Administrator may result in the Claims Administrator's inability to contact you regarding issues with your claim or delivery payment to you.

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 16-60661-CIV-DIMITROULEAS

In re DS Healthcare Group, Inc.  
Securities Litigation

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**SUMMARY NOTICE OF PENDENCY AND  
PROPOSED CLASS ACTION SETTLEMENT**

**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED SECURITIES OF DS HEALTHCARE GROUP, INC. ON NASDAQ FROM MAY 15, 2014 THROUGH APRIL 3, 2016, INCLUSIVE.**

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Southern District of Florida, that a hearing will be held on \_\_\_\_\_, 2017 , at \_\_:\_\_ .m. before the Honorable William P. Dimitrouleas, United States District Judge of the Southern District of Florida, 299 East Broward Boulevard, Fort Lauderdale, FL 33301, Courtroom # 205b, for the purpose of determining: (1) whether the proposed settlement of the claims in the above-captioned Action for consideration including the sum of \$2,100,000 should be approved by the Court as fair, reasonable, and adequate; (2) whether the proposed plan to distribute the settlement proceeds is fair, reasonable, and adequate; (3) whether the application of Co-Class Counsel for an award of attorneys' fees of up to one third of the Settlement Amount, reimbursement of expenses of not more than \$25,000, and an incentive payment of no more than \$10,000 in aggregate to Class Representatives, should be approved; and (4) whether this Action should be dismissed with prejudice as set forth in the Stipulation of Settlement dated May [##], 2017 (the "Settlement Stipulation").

If you purchased the securities of DS Healthcare Group Inc. ("DS Healthcare") on the NASDAQ during the period from May 15, 2014 through April 3, 2016, both dates inclusive (the "Settlement Class"), your rights may be affected by this Settlement, including the release and

extinguishment of claims you may possess relating to your ownership interest in DS Healthcare securities. If you have not received a detailed Notice of Pendency and Proposed Settlement of Class Action (“Notice”) and a copy of the Proof of Claim and Release Form, you may obtain copies by writing to or calling In re DS Healthcare Group, Inc. Securities Litigation, c/o Strategic Claims Services, 600 N. Jackson St., Ste. 3, P.O. Box 230, Media, PA 19063; (Tel) (866)274-4004; (Fax) (610)565-7985; info@strategicclaims.net, or going to the website, www.strategicclaims.net. If you are a member of the Settlement Class, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release Form postmarked no later than \_\_\_\_\_, 2017, establishing that you are entitled to recovery. Unless you submit a written exclusion request, you will be bound by any judgment rendered in the Action whether or not you make a claim.

If you desire to be excluded from the Settlement Class, you must submit a request for exclusion so that it is received no later than \_\_\_\_\_, 2017, in the manner and form explained in the detailed Notice to the Claims Administrator. All members of the Settlement Class who have not requested exclusion from the Settlement Class will be bound by any judgment entered in the Action pursuant to the Settlement Stipulation.

Any objection to the Settlement, Plan of Allocation, or Class Counsel’s request for an award of attorneys’ fees and reimbursement of expenses and award to Class Representatives must be in the manner and form explained in the detailed Notice and received no later than \_\_\_\_\_, 201\_, to the following:

Laurence M. Rosen, Esq.  
The Rosen Law Firm, P.A.  
275 Madison Avenue, 34th Floor  
New York, NY 10016

*Class Counsel*

If you have any questions about the Settlement, you may call or write to the Claims Administrator or Class Counsel at the addresses provided above.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.**

Dated: \_\_\_\_\_, 2017

\_\_\_\_\_  
BY ORDER OF THE UNITED STATES  
DISTRICT COURT FOR THE SOUTHERN  
DISTRICT OF FLORIDA

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 16-60661-CIV-DIMITROULEAS

In re DS Healthcare Group, Inc.  
Securities Litigation

\_\_\_\_\_ /

**[PROPOSED] ORDER AND FINAL JUDGMENT**

On the \_\_\_\_ day of \_\_\_\_\_, 2017, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation of Settlement dated May [##], 2017 (the “Settlement Stipulation”) are fair, reasonable and adequate for the settlement of all claims asserted by the Settlement Class against the Defendants (as defined in the Settlement Stipulation), including the release of the Released Claims against the Released Parties, and should be approved; (2) whether judgment should be entered dismissing this Action with prejudice; (3) whether to approve the proposed Plan of Allocation as a fair and reasonable method to allocate the Net Settlement Fund among Settlement Class Members; (4) whether and in what amount to award Class Counsel as fees and reimbursement of expenses; and (5) whether and in what amount to award Plaintiffs as incentive fees; and

The Court having considered all matters submitted to it at the hearing and otherwise; and

It appearing in the record that the Notice substantially in the form approved by the Court in the Court’s Order Granting Plaintiffs’ Motion for Preliminary Approval of Class Action Settlement, dated \_\_\_\_\_, 2017 (“Preliminary Approval Order”) was mailed to all reasonably identifiable Settlement Class Members and posted to the website of the Claims Administrator, both in accordance with the Preliminary Approval Order and the specifications of the Court; and

It appearing in the record that the Summary Notice substantially in the form approved by the Court in the Preliminary Approval Order was published in accordance with the Preliminary Approval Order and the specifications of the Court;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. All capitalized terms used herein have the same meanings as set forth and defined in the Settlement Stipulation.

2. The Court has jurisdiction over the subject matter of the Action, Plaintiffs, all Settlement Class Members, and the Defendants.

3. The Court finds that the prerequisites for a class action under Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Settlement Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Settlement Class; (c) the claims of the Plaintiffs are typical of the claims of the Settlement Class they seek to represent; (d) Plaintiffs fairly and adequately represent the interests of the Settlement Class; (e) questions of law and fact common to the members of the Settlement Class predominate over any questions affecting only individual members of the Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of this Action. The Settlement Class is being certified for settlement purposes only.

4. The Court hereby finally certifies this action as a class action for purposes of the Settlement, pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of all Persons (including, without limitation, their beneficiaries) who purchased the securities of DS Healthcare on the NASDAQ during the period from May 15, 2014 through April 3, 2016, inclusive, except that excluded from the Settlement Class are all: (i) Defendants; (ii) former officers, directors, and consultants of DS Healthcare and of any other Released Parties; (iii) DS Healthcare HK Limited; (iv) parents, spouses, or children living in the household of any person excluded under (i) or (ii) above; (v) any legal entity more than 50% owned by any person excluded under (i) and (ii) above; and (vi) the heirs, successors and assigns of any person excluded under (i) and (ii) above. (the "Settlement Class Members").

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, Plaintiffs are certified as the class representatives on behalf of the Settlement Class (“Class Representatives”) and Plaintiffs’ Counsel previously selected by Plaintiffs and appointed by the Court are hereby appointed as Class Counsel for the Settlement Class (“Class Counsel”).

6. In accordance with the Court’s Preliminary Approval Order, the Court hereby finds that the forms and methods of notifying the Settlement Class of the Settlement and its terms and conditions met the requirements of due process, Rule 23 of the Federal Rules of Civil Procedure, and Section 21D(a)(7) of the Exchange Act, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995; constituted the best notice practicable under the circumstances; and constituted due and sufficient notice of these proceedings and the matters set forth herein, including the Settlement and Plan of Allocation, to all persons and entities entitled to such notice. No Settlement Class Member is relieved from the terms and conditions of the Settlement, including the releases provided for in the Settlement Stipulation, based upon the contention or proof that such Settlement Class Member failed to receive actual or adequate notice. A full opportunity has been offered to the Settlement Class Members to object to the proposed Settlement and to participate in the hearing thereon. The Court further finds that the notice provisions of the Class Action Fairness Act, 28 U.S.C. § 1715, were fully discharged. Thus, it is hereby determined that all Settlement Class Members are bound by this Order and Final Judgment except those persons listed on Exhibit A to this Order and Final Judgment.

7. The Settlement is approved as fair, reasonable and adequate, and in the best interests of the Settlement Class. This Court further finds that the Settlement set forth in the Settlement Stipulation is the result of good faith, arm’s-length negotiations between experienced counsel representing the interests of the Class Representatives, Settlement Class Members and

Defendants. The Settling Parties are directed to consummate the Settlement in accordance with the terms and provisions of the Settlement Stipulation.

8. The Action and all claims contained therein, as well as all of the Released Claims, are dismissed with prejudice as against each and all of the Defendants. The Parties are to bear their own costs, except as otherwise provided in the Settlement Stipulation.

9. The Releasing Parties, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, regardless of whether any such Releasing Party ever seeks or obtains by any means, including without limitation by submitting a Proof of Claim and Release Form, any disbursement from the Settlement Fund, shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Parties. The Releasing Parties shall be deemed to have, and by operation of this Order and Final Judgment shall have, covenanted not to sue the Released Parties with respect to any and all Released Claims in any forum and in any capacity. The Releasing Parties shall be and hereby are permanently barred and enjoined from asserting, commencing, prosecuting, instituting, assisting, instigating, or in any way participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any Released Claim, in any capacity, against any of the Released Parties. Nothing contained herein shall, however, bar the Releasing Parties from bringing any action or claim to enforce the terms of the Settlement Stipulation or this Order and Final Judgment.

10. Defendants, on behalf of themselves, their heirs, executors, predecessors, successors and assigns, shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged Plaintiffs, Settlement

Class Members and Class Counsel from all Claims which arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Defendants (the “Defendant Released Claims”), and shall be permanently enjoined from prosecuting the Defendant Released Claims against the Plaintiffs, Settlement Class Members and Class Counsel. Nothing contained herein shall, however, bar the Defendants or any Released Party from bringing any action or claim to enforce the terms of the Settlement Stipulation or this Order and Final Judgment.

11. To the fullest extent permitted by law, all Persons shall be permanently enjoined, barred and restrained from bringing, commencing, prosecuting or asserting any claims, actions, or causes of action for contribution, indemnity or otherwise against any of the Released Parties seeking as damages or otherwise the recovery of all or any part of any liability, judgment or settlement which they pay or are obligated to pay or agree to pay to the Settlement Class or any Settlement Class Member arising out of, relating to or concerning such Persons’ participation in any acts, facts, statements or omissions that were or could have been alleged in the Action, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, third-party claims or otherwise, in the Court or any other federal, state, or foreign court, or in any arbitration proceeding, administrative agency proceeding, tribunal, or any other proceeding or forum. Further, nothing in the Settlement Stipulation or this Order and Final Judgment shall apply to bar or otherwise affect any claim for insurance coverage by any Defendant.

12. The Court hereby finds that the proposed Plan of Allocation is a fair and reasonable method to allocate the Net Settlement Fund among Settlement Class Members, and Class Counsel and the Claims Administrator are directed to administer the Plan of Allocation in accordance with its terms and the terms of the Settlement Stipulation.

13. The Court finds that all Settling Parties and their counsel have complied with all requirements of Rule 11 of the Federal Rules of Civil Procedure and the Private Securities Litigation Record Act of 1995 as to all proceedings herein.

14. Neither this Order and Final Judgment, the Settlement Stipulation (nor the Settlement contained therein), nor any of its terms and provisions, nor any of the negotiations, documents or proceedings connected with them:

(a) is or may be deemed to be, or may be used as an admission, concession, or evidence of the validity or invalidity of any Released Claims, the truth or falsity of any fact alleged by the Plaintiffs, the sufficiency or deficiency of any defense that has been or could have been asserted in the Action, or of any wrongdoing, liability, negligence or fault of the Defendants, the Released Parties, or any of them;

(b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault, or misrepresentation or omission with respect to any statement or written document attributed to, approved or made by any of the Defendants or Released Parties in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal;

(c) is or may be deemed to be or shall be used, offered or received against the Settling Parties, Defendants or the Released Parties, or each or any of them, as an admission, concession or evidence of the validity or invalidity of the Released Claims, the infirmity or strength of any claim raised in the Action, the truth or falsity of any fact alleged by the Plaintiffs or the Settlement Class, or the availability or lack of availability of meritorious defenses to the claims raised in the Action;

(d) is or may be deemed to be or shall construed as or received in evidence as an admission or concession against Defendants, or the Released Parties, or each or any of them, that any of Plaintiffs' or Settlement Class Members' claims are with or without merit, that a litigation class should or should not be certified, that damages recoverable in the Action would have been greater or less than the Settlement Fund or that the consideration to be given pursuant to the Stipulation represents an amount equal to, less than or greater than the amount which could have or would have been recovered after trial.

15. The Released Parties may file the Settlement Stipulation and/or this Order and Final Judgment in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

16. Except as otherwise provided herein or in the Settlement Stipulation, all funds held by the Escrow Agents shall be deemed to be in *custodia legis* and shall remain subject to the jurisdiction of the Court until such time as the funds are distributed or returned pursuant to the Settlement Stipulation and/or further order of the Court.

17. Exclusive jurisdiction is hereby retained over the Settling Parties and the Settlement Class Members for all matters relating to the Action, including the administration, interpretation, effectuation or enforcement of the Settlement Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the Settlement Class Members.

18. Without further order of the Court, the Defendants and Class Representatives may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Stipulation.

19. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

20. The finality of this Order and Final Judgment shall not be affected, in any manner, by rulings that the Court may make on Class Counsel's application for an award of attorneys' fees and expenses or an award to the Class Representatives.

21. Class Counsel are hereby awarded \_\_\_\_\_% of the Settlement Amount in fees, which the Court finds to be fair and reasonable, and \$\_\_\_\_\_ in reimbursement of expenses. Defendants shall have no responsibility for any allocations of attorneys' fees and expenses, and shall have no liability to Class Counsel or any other person in connection with the allocation of attorneys' fees and expenses. Class Representatives are each hereby awarded \$\_\_\_\_\_, which the Court finds to be fair and reasonable.

22. In the event the Settlement is not consummated in accordance with the terms of the Settlement Stipulation, then the Settlement Stipulation and this Order and Final Judgment (including any amendment(s) thereof, and except as expressly provided in the Settlement Stipulation or by order of the Court) shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or used in any action or proceeding by any Person against the Settling Parties or the Released Parties, and each Settling Party shall be restored to his, her or its respective litigation positions as they existed prior to April \_\_, 2017, pursuant to the terms of the Settlement Stipulation.

Dated: \_\_\_\_\_, 2017

\_\_\_\_\_  
HON. WILLIAM P. DIMITROULEAS  
UNITED STATES DISTRICT JUDGE