

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 11, 2023 (August 8, 2023)**

STARCO BRANDS, INC.

(Exact name of Company as specified in its charter)

Nevada

(State or other jurisdiction
of Incorporation)

000-54892

(Commission
File Number)

27-1781753

(IRS Employer
Identification Number)

250 26th Street, Suite 200

Santa Monica, CA 90402

(Address of principal executive offices)

323-266-7111

(Registrant's Telephone Number)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Class A common stock

Trading Symbol(s)

STCB

Name of each exchange on which registered

OTC Markets Group OTCQB tier

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Item 1.01 Entry into a Material Definitive Agreement

On August 8, 2023, Starco Brands, Inc. (the “Company”) and Ross Sklar, the Company’s Chief Executive Officer (“Sklar”), agreed to enter into a consolidated secured promissory note (the “Consolidated Secured Promissory Note”) to consolidate certain outstanding loan obligations and, among other things, waive any events of default and extend the maturity date for when payment of the outstanding principal amount of the following loans, which were to be repaid by the Company:

1. First Amended and Restated Promissory Note issued in favor of Ross Sklar, dated July 18, 2022, in the original principal amount of \$100,000, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “Commission”) on July 20, 2022 (“Note 1”);

2. Promissory Note issued in favor of Ross Sklar, dated June 28, 2021, in the original principal amount of \$100,000, filed as Exhibit 6.12 to the Company’s Regulation A+ offering statement filed with the Commission on October 20, 2021 (“Note 2”);

3. Promissory Note issued in favor of Ross Sklar, dated September 17, 2021, in the original principal amount of \$500,000, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on September 23, 2021 (“Note 3”);

4. Promissory Note issued in favor of Ross Sklar, dated December 13, 2021, in the original principal amount of \$500,000, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on December 15, 2021 (“Note 4”);

5. Secured Promissory Note issued in favor of Ross Sklar, dated December 29, 2022, in the original principal amount of \$2,000,000, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on January 5, 2023 (“Note 5”);

6. Secured Promissory Note issued in favor of Ross Sklar, dated March 3, 2023, in the original principal amount of \$800,000, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on March 9, 2023 (“Note 6”, and together with Note 1, Note 2, Note 3, Note 5 and Note 5, collectively, the “Prior Notes”).

In consideration of the Company’s offer to, among other things, pay the accrued interest under the Prior Notes, set a new interest rate and execute a Security Agreement (as amended or restated from time to time, the “Security Agreement”), which grants Sklar a security interest in the Company’s assets in connection with the Consolidated Secured Promissory Note, Sklar agreed to consolidate the Prior Notes, waive any and all events of default existing under the Prior Notes and delay repayment of the principal due thereon. The Consolidated Secured Promissory Note and the Security Agreement (collectively, the “Loan Documents”) were approved by the disinterested members of the Board of Directors of the Company at a board meeting.

Consolidated Secured Promissory Note

The Consolidated Secured Promissory Note was issued to Sklar on August 11, 2023, in the principal sum of \$4,000,000.00 and provides for the delay in the Company’s repayment of \$4,000,000.00 due to Sklar under outstanding loan obligations relating to the Prior Notes until December 31, 2024 (the “Maturity Date”). The Consolidated Secured Promissory Note carries a floating interest rate comprised of the Wall Street Journal Prime Rate (re-assessed on the first day of each month) plus 2% (for a current floating interest rate of 10.5%) (the “Interest Rate”). The Consolidated Secured Promissory Note matures on the Maturity Date but automatically extends for a 90-day period in which the parties may attempt to amend or restructure the Consolidated Secured Promissory Note, and has a default interest rate equal to the then current Interest Rate plus 5%. The Company, at its option, may prepay the Consolidated Secured Promissory Note, in whole or in part, without prepayment penalty of any kind. In connection with the Consolidated Secured Promissory Note, the Company entered into the Security Agreement to secure the Consolidated Secured Promissory Note obligations.

The foregoing summary of the terms of the Consolidated Secured Promissory Note does not purport to be complete and is qualified in its entirety by reference to the Consolidated Secured Promissory Note, a copy of which is filed as Exhibit 10.1 to this Report and is incorporated herein by reference.

Security Agreement

In connection with the Consolidated Secured Promissory Note, the Company entered into the Security Agreement, by and between the Company and Sklar to provide a security interest in the assets of the Company to Sklar in order to secure the obligations underlying the Consolidated Secured Promissory Note. A security interest in the Collateral (as defined in the Security Agreement) has been granted to Sklar to secure the repayment of all principal, interest, costs, expenses and other amounts now or hereafter due under the Consolidated Secured Promissory Note by the Maturity Date. Sklar is authorized to file financing statements to perfect the security interest in the Collateral without authentication by the Company. As part of consolidating the outstanding loan obligations the parties entered into the Amended and Restated Consolidated Security Agreement to consolidate (i) that certain Security Agreement, by and between the Company and Sklar, dated December 29, 2022, filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed with the Commission on January 5, 2023 (the “December 29th Security Agreement”), and (ii) that certain Security Agreement, by and between the Company and Sklar, dated March 3, 2023, filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed with the Commission on March 9, 2023 (the “March 3rd Security Agreement”) and together with the December 29th Security Agreement, the “Prior Security Agreements”) into the Security Agreement. The Company and Sklar agree that the Prior Security Agreements were which merged, integrated and consolidated into the Security Agreement, which supersedes the Prior Security Agreements, and that no party shall look to the Prior Security Agreements in an attempt to enforce any right, warranty, obligation or cause of action.

The foregoing summary of the terms of the Security Agreement does not purport to be complete and is qualified in its entirety by reference to the Security Agreement, a copy of which is filed as Exhibit 10.2 to this Report and is incorporated herein by reference.

Capitalized terms used in this Item 1.01 but not otherwise defined shall have the meaning given to such terms in the Consolidated Secured Promissory Note and the Security Agreement, as applicable.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosures set forth in Item 1.01 with respect to the *Consolidated Secured Promissory Note* and *Security Agreement* are hereby incorporated into this Item 2.03 by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

The following exhibits are filed with this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Description</u>
10.1	<u>Consolidated Secured Promissory Note of Starco Brands, Inc., issued in favor of Ross Sklar, dated August 11, 2023.</u>
10.2	<u>Security Agreement, by and between Starco Brands, Inc. and Ross Sklar, dated August 11, 2023.</u>
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STARCO BRANDS, INC.

Dated: August 11, 2023

/s/ Kevin Zaccardi

Kevin Zaccardi

Interim-Chief Financial Officer

CONSOLIDATED SECURED PROMISSORY NOTE

\$4,000,000.00

August 11, 2023

FOR VALUE OF RECEIVED STARCO BRANDS, INC., a Nevada corporation, its successors and assigns (“Borrower”), enter into this Consolidated Secured Promissory Note (this “Consolidated Secured Promissory Note”) to consolidate the Prior Notes (as defined below). Borrower promises to pay to the order of ROSS SKLAR, an individual (“Sklar” or “Lender”), at Lender’s current address of 250 26th Street, Suite 200, Santa Monica, California 90402, or at such other addresses as Lender may from time to time designate in writing to Borrower, the principal sum of FOUR MILLION DOLLARS AND ZERO CENTS (\$4,000,000.00 (the “Loan Amount”), together with interest thereon and all other sums due and/or payable under any Loan Document (the “Loan”); such principal and other sums to be calculated and payable as provided in this Consolidated Secured Promissory Note.

WHEREAS, Borrower and Lender are parties to the promissory notes set forth below:

1. First Amended and Restated Promissory Note issued in favor of Ross Sklar, dated July 18, 2022, in the original principal amount of \$100,000, filed as Exhibit 10.1 to Borrower’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “Commission”) on July 20, 2022 (“Note 1”);

2. Promissory Note issued in favor of Ross Sklar, dated June 28, 2021, in the original principal amount of \$100,000, filed as Exhibit 6.12 to the Borrower’s Regulation A+ offering statement filed with the Commission on October 20, 2021 (“Note 2”);

3. Promissory Note issued in favor of Ross Sklar, dated September 17, 2021, in the original principal amount of \$500,000, filed as Exhibit 10.1 to the Borrower’s Current Report on Form 8-K filed with the Commission on September 23, 2021 (“Note 3”);

4. Promissory Note issued in favor of Ross Sklar, dated December 13, 2021, in the original principal amount of \$500,000, filed as Exhibit 10.1 to the Borrower’s Current Report on Form 8-K filed with the Commission on December 15, 2021 (“Note 4”);

5. Secured Promissory Note issued in favor of Ross Sklar, dated December 29, 2022, in the original principal amount of \$2,000,000, filed as Exhibit 10.1 to the Borrower’s Current Report on Form 8-K filed with the Commission on January 5, 2023 (“Note 5”);

6. Secured Promissory Note issued in favor of Ross Sklar, dated March 3, 2023, in the original principal amount of \$800,000, filed as Exhibit 10.1 to the Borrower’s Current Report on Form 8-K filed with the Commission on March 9, 2023 (“Note 6”, and together with Note 1, Note 2, Note 3, Note 4 and Note 5, collectively, the “Prior Notes”).

WHEREAS, in consideration of Borrower, among other things, paying the accrued interest under the Prior Notes, setting a new interest rate under this Consolidated Secured Promissory Note and executing a Security Agreement (as amended or restated from time to time, the “Security Agreement”) of even date herewith, which grants Lender a security interest pursuant to this Consolidated Secured Promissory Note, Lender agrees to waive any and all events of default existing under the Prior Notes, extend the maturity date of the Loan obligations under the Prior Notes, and consolidate the Prior Notes into this Consolidated Secured Promissory Note as set forth herein; and

WHEREAS, this Consolidated Secured Promissory Note and the Security Agreement (collectively, the “Loan Documents”) consolidate the obligations evidenced by the Prior Notes which are hereby cancelled and deemed null and void and merged with and into this instrument.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender hereto agree as follows:

1. Interpretation. For purposes of this Consolidated Secured Promissory Note (a) the words “include,” “includes,” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder” refer to this Consolidated Secured Promissory Note as a whole. The definitions given for any defined terms in this Consolidated Secured Promissory Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. Unless the context otherwise requires, references herein to: (x) Schedules, Exhibits, and Sections mean the Schedules, Exhibits, and Sections of this Consolidated Secured Promissory Note; (y) an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Consolidated Secured Promissory Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

2. Interest. The entire outstanding Loan Amount of this Consolidated Secured Promissory Note shall accrue at an interest rate equal to the Wall Street Journal Prime Rate (the "Prime Rate") (which currently stands at 8.5%) plus two percent (2%) (for a current interest rate of ten and one-half percent (10.5%), subject to adjustment) per annum, compounded monthly (the "Interest Rate"), from the date hereof until this Consolidated Secured Promissory Note shall have been repaid in full; provided, however, that, if any Event of Default shall occur, the then outstanding principal amount of this Consolidated Secured Promissory Note shall thereafter bear interest at a rate equal to the Interest Rate plus five percent (5%) (for a current default rate of fifteen and one-half percent (15.5%), subject to adjustment) per annum, compounded daily (the "Default Rate"), until all such principal and accrued interest due on this Consolidated Secured Promissory Note is repaid in full. The Prime Rate will be reset on the 1st day of each month during the term of this Consolidated Secured Promissory Note.

3. Payments; Maturity Date.

a. Payment. Except as otherwise provided in this Consolidated Secured Promissory Note, principal shall be paid on or before the Maturity Date, and all accrued and unpaid interest, if any shall be paid from the Lender to Borrower on the first business day of each month for the accrued interest of the prior month. Borrower shall have the absolute and unilateral right, at any time from the date of this Consolidated Secured Promissory Note through the Maturity Date, to satisfy all, or any part of the entire indebtedness evidenced by this Consolidated Secured Promissory Note by payment of the entire principal balance, or any portion thereof, and all accrued and unpaid interest without pre-payment penalty. Any partial repayment shall be credited first towards any accrued and unpaid interest, if any, with any remaining amounts credited towards the outstanding principal balance. Upon prepayment of the entire principal balance, the Consolidated Secured Promissory Note will be satisfied and paid in full and of no further force and effect.

b. Maturity Date. The aggregate unpaid Loan Amount, all accrued and unpaid interest, and all other amounts payable under this Consolidated Secured Promissory Note shall be due and payable on December 31, 2024 (the "Maturity Date"); *provided, however*, that if any amounts remain due and payable under this Consolidated Secured Promissory Note as of the Maturity Date, the term of this Consolidated Secured Promissory Note shall automatically be extended until March 31, 2025 (the "Extended Maturity Date") and the time between the Maturity Date and the Extended Maturity Date, the "Renegotiation Period"). The Borrower and Lender agree that during the Renegotiation Period, each party will discuss in good faith potential restructurings of this Consolidated Secured Promissory Note, *provided, however*, that if the parties do not come to mutual agreement on a restructuring or amendment to this Consolidated Secured Promissory Note, Borrower shall be obligated to pay all principal and accrued and unpaid interest due to Lender on the Extended Maturity Date. For purposes of making payments hereunder, if the payment date shall fall on a Saturday, Sunday, or day on which federal banks are closed, then the payment date shall be the ensuing business day.

4. Event of Default.

a. Upon the occurrence of an Event of Default, the Loan Amount shall (a) become due and payable, and (b) bear interest at the Default Rate. Borrower will also pay to Lender, after an Event of Default occurs, all reasonable costs of collecting, securing, or attempting to collect or secure this Consolidated Secured Promissory Note, including, without limitation, court costs and reasonable attorneys' fees (including reasonable attorneys' fees on any appeal by either Borrower or Lender and in any bankruptcy proceedings).

b. Notice of Default and Cure Period. If Borrower fails to comply with any of its obligations, representations, and/or covenants under this Consolidated Secured Promissory Note or any other provision of this Consolidated Secured Promissory Note, Lender shall provide written notice of breach to Borrower (the "Breach Notice") consistent with the notice requirements set forth in this section. Borrower shall then have five (5) business days from the date of receipt of the Breach Notice to cure the breach (the "Grace Period") or provide written proof that no breach existed, the sufficiency of which shall be in Lender's reasonable discretion. If Borrower fails to cure any such breach within the Grace Period or fails to provide proof that no claimed breach existed, then Lender shall have all rights to proceed with its remedies as specified below.

c. Acceleration; Events of Default. It is hereby expressly agreed that the entire unpaid principal balance of the Loan Amount, together with all interest and other sums of any nature whatsoever which may or shall become due to the Lender in accordance with the provisions of this Consolidated Secured Promissory Note, shall, upon proper notice to Borrower as specified in the preceding subsection, and failure of Borrower to cure within the Grace Period, become immediately due and payable without necessity for further presentment and demand for payment, further notice of protest, demand and dishonor or nonpayment of this Consolidated Secured Promissory Note, all of which are hereby expressly waived by the Borrower after the expiration of the Grace Period, upon any default by the Borrower in making any payment when due hereunder or any other default hereunder or upon the occurrence of any of the following events, circumstances or conditions (each an "Event of Default"):

- i. any Interest and/or portion of the Loan Amount is not paid when due;
 - ii. Borrower shall make an assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;
 - iii. Lender's security interest is subordinated, nullified, voided or otherwise invalidated through no fault of Lender;
 - iv. a receiver, liquidator or trustee shall be appointed for Borrower; or Borrower shall be adjudicated bankrupt or insolvent; or any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower; or any proceeding for the dissolution or liquidation of Borrower shall be instituted; provided, however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower, only upon the same not being discharged, stayed or dismissed within thirty (30) days;
 - v. Borrower ceases to (a) (i) be required to file financial statements with the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "34 Act"), or (ii) maintain a listing of its Class A common stock (or any other stock or equity exchanged thereof) on a national trading market (such as the OTC, NYSE, NYSE American or NASDAQ), and (b) Borrower fails to provide Lender equivalent financial statements as were previously filed under the '34 Act within 60 days following each of the first three fiscal quarters of the year, and 120 days following the fourth fiscal quarter of the year;
 - vi. any event or circumstance occurs (whether by merger, consolidation, reorganization or other similar transaction) pursuant to which Borrower ceases existing and the successor entity is incapable or unwilling to (i) assume this Consolidated Secured Promissory Note and the Security Agreement and (ii) provide Lender with first priority security interest in all of the assets of the successor entity;
 - vii. a default occurs under any term, covenant or provision set forth herein which specifically contains a notice requirement and such notice has been given;
 - viii. a default occurs under any term, covenant or provision of any Loan Document; and/or
 - ix. a default occurs under any other loan agreement of Borrower or its subsidiaries.
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5. Method and Place of Payments; Borrower Obligations Absolute.

a. Except as otherwise specifically provided herein, all payments under this Consolidated Secured Promissory Note shall be made to Lender not later than four (4) p.m., Pacific Standard Time, on the date when due, and shall be made in lawful money of the United States of America by wire transfer of immediately available funds to the Lender's account at a bank specified by the Lender in writing to the Borrower from time to time, and any funds received by Lender after such time, for all purposes hereof, shall be deemed to have been paid on the next succeeding business day.

b. All sums payable by Borrower shall be paid without notice, demand, counterclaim (other than mandatory counterclaims), setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction.

6. Waivers. With respect to the amounts due pursuant to this Consolidated Secured Promissory Note, Borrower waives the following: (a) all rights of exemption of property from levy or sale under execution or other process for the collection of debts under the Constitution or laws of the United States or any State thereof; and (b) any further receipt by Lender or acknowledgment by Lender of any collateral now or hereafter deposited as security for the Loan. In addition, Borrower agrees and acknowledges that no release of any security for the Loan or Loan Amount, or extension of time for payment of this Consolidated Secured Promissory Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Consolidated Secured Promissory Note, shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, any guarantor, or any other person who may become liable for the payment of all or any part of the Loan or Loan Amount, under this Consolidated Secured Promissory Note, unless in writing and signed by Borrower and Lender. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action as provided for in this Consolidated Secured Promissory Note.

7. Interest Rate Limitation. This Consolidated Secured Promissory Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the Loan Amount at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum rate of interest designated by applicable laws relating to payment of interest and usury (the "Maximum Amount"). If, by the terms of this Consolidated Secured Promissory Note, Borrower is at any time required or obligated to pay interest on the Loan Amount at a rate in excess of the Maximum Amount, the Interest Rate shall be deemed to be immediately reduced to the Maximum Amount and all previous payments in excess of the Maximum Amount shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

8. Modifications; Remedies Cumulative; Setoffs. Lender shall not by any act, delay, omission or otherwise be deemed to have modified, amended, waived, extended, discharged or terminated any of its rights or remedies, and no modification, amendment, waiver, extension, discharge or termination of any kind shall be valid unless in writing and signed by Lender and Borrower. All rights and remedies of Lender under the terms of this Consolidated Secured Promissory Note and applicable statutes or rules of law shall be cumulative, and may be exercised successively or concurrently. The agreements contained herein shall remain in full force and be applicable notwithstanding any changes in the shareholders comprising, or the officers and directors relating to, the corporation, and the term "Borrower" as used herein, shall include any alternative or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder. Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such corporation.

9. Severability. Wherever possible, each provision of this Consolidated Secured Promissory Note shall be interpreted in such manner as to be effective and valid under any applicable laws, but if any provision of this Consolidated Secured Promissory Note shall be prohibited by or invalid under any applicable laws, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Consolidated Secured Promissory Note.

10. Governing Law; Submission to Jurisdiction. **This Consolidated Secured Promissory Note shall be governed by and construed and enforced in accordance with the laws (without giving effect to the conflict of law principles thereof) of the State of California. Any legal action or proceeding with respect to this Consolidated Secured Promissory Note shall exclusively be brought in the in the appropriate county, state or federal courts located exclusively in Los Angeles County, California, and, by execution and delivery hereof, the Borrower hereby accepts, generally and unconditionally, the jurisdiction of the aforesaid courts.** The Borrower and its heirs, successors, executors, administrators, and assigns, collectively and each of them individually, shall be jointly and severally responsible and liable for the performance of each and every term, covenant and condition on the part of the Borrower to be performed under this Consolidated Secured Promissory Note.

11. Waiver of Jury Trial. BORROWER AND LENDER TO THE FULLEST EXTENT THAT THEY MAY LAWFULLY DO SO, WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY TORT ACTION, BROUGHT BY ANY PARTY HERETO WITH RESPECT TO THIS CONSOLIDATED SECURED PROMISSORY NOTE. EACH OF BORROWER AND LENDER AGREES THAT THE OTHER MAY FILE A COPY OF THIS WAIVER WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT OF THE OTHER IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY, AND THAT, TO THE FULLEST EXTENT THAT IT MAY LAWFULLY DO SO, ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

12. Representations and Warranties. Borrower hereby represents and warrants to Lender on the date hereof as follows:

a. Existence; Power and Authority; Compliance with Laws. Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the state of its jurisdiction of Nevada. Borrower is capable of entering into the Consolidated Secured Promissory Note, and has the requisite power and authority to execute and deliver this Consolidated Secured Promissory Note, and to perform its obligations hereunder.

b. Authorization; Execution and Delivery. The execution and delivery of this Consolidated Secured Promissory Note by Borrower and the performance of its obligations hereunder and thereunder have been duly authorized by all necessary corporation action in accordance with all applicable laws. Borrower has duly executed and delivered this Consolidated Secured Promissory Note.

c. No Approvals. No consent or authorization of, filing with, notice to, or other act by, or in respect of, any governmental authority or any other person is required in order for Borrower to execute, deliver, or perform any of its obligations under this Consolidated Secured Promissory Note.

d. No Violations. The execution and delivery of this Consolidated Secured Promissory Note and the consummation by Borrower of the transactions contemplated hereby and thereby do not and will not (a) violate any law applicable to the Borrower or by which any of its properties or assets may be bound; or (b) constitute a default under any material agreement or contract by which the Borrower may be bound.

e. Enforceability. This Consolidated Secured Promissory Note is a valid, legal, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

f. No Litigation. No action, suit, litigation, investigation, or proceeding of, or before, any arbitrator or governmental authority is pending or threatened by or against Borrower or any of its property or assets (a) with respect to the Consolidated Secured Promissory Note or any of the transactions contemplated hereby or (b) that could be expected to materially adversely affect Borrower's financial condition or the ability of Borrower to perform its obligations under the Consolidated Secured Promissory Note.

13. Notice. Except as expressly provided herein, any notice to be given hereunder shall be in writing and shall be either delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid or sent by common courier (e.g., Federal Express), addressed: (a) if to the Borrower, to Borrower's address set forth below; or (b) if to the Lender, at the Lender's address set forth in the introduction, or as to any party, at such other address as shall be designated by such party by notice to the other party given in the manner set forth in this Section 13. Each such notice shall be effective: (i) if delivered personally, at the time of delivery to the address specified in this paragraph; or (ii) if given by mail or if sent by courier, on the day actually received.

a. If to Borrower:

Starco Brands, Inc.
250 26th Street, Suite 200
Santa Monica, California 90402

With a copy to:

Buchalter, APC
1000 Wilshire Blvd, Ste. 1500
Los Angeles, California 90017
Attn: Peter Hogan, Esq.

14. Further Assurances. Upon the request of Lender, Borrower shall promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Consolidated Secured Promissory Note.

[Signature Page to Follow]

“Borrower”

STARCO BRANDS, INC.

By: /s/ Kevin Zaccardi

Name: Kevin Zaccardi

Title: Interim-Chief Financial Officer

Accepted on and as of the date of this Consolidated Secured Promissory Note:

/s/ Ross Sklar

Ross Sklar

[Signature Page to Consolidated Secured Promissory Note]

AMENDED AND RESTATED CONSOLIDATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED CONSOLIDATED SECURITY AGREEMENT (this "Agreement" is made as of August 11 2023, by Starco Brands, Inc., a Nevada corporation, its successors and assigns (the "Borrower"), whose address is 250 26th Street, Suite 200, Santa Monica, CA 90402, and Ross Sklar, an individual (the "Lender").

RECITALS

WHEREAS, Borrower and Lender are parties to that (i) that certain Security Agreement, by and between Borrower and Lender, dated December 29, 2022, filed as Exhibit 10.2 to Borrower's Current Report on Form 8-K, filed with the Securities and Exchange Commission (the "Commission") on January 5, 2023 (the "December 29th Security Agreement"), and (ii) that certain Security Agreement, by and between Borrower and Lender, dated March 3, 2023, filed as Exhibit 10.2 to Borrower's Current Report on Form 8-K, filed with the Commission on March 9, 2023 (the "March 3rd Security Agreement" and together with the December 29th Security Agreement, the "Prior Security Agreements");

WHEREAS, in consideration of Borrower and the Lender executing a Consolidated Secured Promissory Note (as amended, extended or renewed from time to time, the "Note") of even date herewith in the original principal amount of \$ \$4,000,000.00 in favor of the Lender, the parties hereto wish to amend, restate and consolidate the Prior Security Agreement; and

WHEREAS, this Agreement and the Note (collectively, the "Loan Documents") consolidate the security interests and obligations evidenced by the Prior Security Agreements which are hereby merged, integrated and consolidated with and into this Agreement, and this Agreement shall constitute the sole Security Agreement between Borrow and Lender, and no party hereto shall look to the Prior Security Agreements in an attempt to enforce any right, warranty, obligation or cause of action, whether known or unknown, or hereafter discovered, pursuant to the Prior Security Agreements.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined that are defined in the UCC shall have the meaning set forth therein. In addition to any other terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

"Accounts" shall mean all accounts as that term is defined in the UCC and all rights of the Borrower now existing and hereafter acquired to payment for goods sold or leased or for services rendered that are not evidenced by an Instrument or Chattel Paper, whether or not earned by performance, together with (i) all security interests or other security held by or granted to the Borrower to secure such rights to payment, (ii) all other rights related thereto (including rights of stoppage in transit) and (iii) all rights in any of such sold or leased goods that are returned or repossessed.

"Chattel Paper" shall mean all chattel paper as that term is defined in the UCC and any document or documents that evidence both a monetary obligation and a security interest in, or a lease or consignment of, specific goods (except, however, that when a transaction is evidenced both by a security agreement or a lease and by an Instrument or series of Instruments, the group of documents taken together constitute Chattel Paper).

“Collateral” shall mean all tangible and intangible personal property and Fixtures, wherever located, in which the Borrower now has or hereafter acquires any right, title or interest. The Collateral includes, without limitation, all of the following assets (whether now owned or existing or hereafter acquired or arising): (a) all of the Borrower’s Accounts, Chattel Paper, Contract Rights, Deposit Accounts, Documents, Equipment, Fixtures, General Intangibles, Receivables, Instruments, Inventory and Stock Rights; (b) all of the Borrower’s cash, bank accounts, special collateral accounts, uncertificated securities (as that term is defined in the UCC) and insurance policies; (c) all of the Borrower’s books and records (in whatever form or medium), customer lists, credit files, computer files, programs, printouts, source codes, software and other computer materials and records related to any of the foregoing; (d) all monies and property of the Borrower in the possession or under the control of the Lender or any agent or affiliate thereof; and (e) all Proceeds (including, without limitation, all proceeds as that term is defined in the UCC), insurance proceeds, unearned premiums, tax refunds, rents, profits and products thereof. The Collateral shall exclude, however, any Intellectual Property, but shall not exclude any royalty income received from the licensing or transfer of such intellectual property, except as specifically set forth herein.

“Contract Rights” shall mean any right to payment under a contract not yet earned by performance and not evidenced by an Instrument or Chattel Paper.

“Deposit Accounts” shall mean all deposit accounts and all moneys, securities, instruments and other assets therein from time to time.

“Documents” shall mean all documents as that term is defined in the UCC and all documents of title and goods evidenced thereby (including, without limitation, all bills of lading, dock warrants, dock receipts, warehouse receipts and orders for the delivery of goods), together with any other document that in the regular course of business or financing is treated as adequately evidencing that the person or entity in possession of it is entitled to receive, hold and dispose of such document and the goods it covers.

“Equipment” shall mean all equipment as that term is defined in the UCC and all equipment (including, without limitation, all machinery, vehicles, tractors, trailers, office equipment, communications systems, computers, furniture, tools, molds and goods) owned, used or bought for use in the Borrower’s business whether now owned, used or bought for use or hereafter acquired, used or bought for use and wherever located, together with all accessories, accessions, attachments, parts and appurtenances thereto.

“Fixtures” shall mean all fixtures as that term is defined in the UCC and all goods that are or are to be attached to real property in such a manner that their removal would cause damage to the real property and that have therefore taken on the character of real property.

“General Intangibles” shall mean all general intangibles as that term is defined in the UCC and all payment intangibles and all intangible personal property of every kind and nature other than Accounts (including, without limitation, all Contract Rights, other rights to receive payments of money, choses in action, security interests, indemnification claims, judgments, tax refunds and tax refund claims, royalty and product rights, inventions, work in progress, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, permits, licenses, franchises, leasehold interests in real or personal property, rights to receive rentals of real or personal property or payments under letters of credit, insurance proceeds, know-how, trade secrets, other items of intellectual property and Intellectual Property, goodwill (whether or not associated with any of the foregoing), computer software and guarantee claims).

“Instruments” shall mean all negotiable instruments (as that term is defined in the UCC), certificated securities (as that term is defined in the UCC) and any replacements therefor and Stock Rights related thereto, and other writings that evidence rights to the payment of money (whether absolute or contingent) and that are not themselves security agreements or leases and are of a type that in the ordinary course of business are transferred by delivery with any necessary endorsement or assignment (including, without limitation, all checks, drafts, notes, bonds, debentures, government securities, certificates of deposit, letters of credit, preferred and common stocks, options and warrants).

“Intellectual Property,” means all (i) patents, patent applications, patent disclosures and inventions, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations and applications for registration thereof, together with the goodwill of the business connected with the use of, and symbolized by, the foregoing of this term, (iii) copyrights and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) computer software, data, data bases and documentation, (vi) trade secrets and other confidential information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information), (vii) other intellectual property rights; (viii) copies and tangible embodiments thereof (in whatever form or medium); and (ix) any licenses relating to the foregoing.

“Inventory” shall mean all inventory as that term is defined in the UCC and all goods (as that term is defined in the UCC) other than Equipment and Fixtures (including, without limitation, goods in transit, goods held for sale or lease or furnished or to be furnished under contracts for service, raw materials, work in process and materials used or consumed in the Borrower’s business, finished goods, returned or repossessed goods and goods released to the Borrower or to third parties under trust receipts or similar Documents).

“Permitted Lien” means (i) any lien for Taxes, governmental charges or levies not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any imperfections of title, easements, rights of way or similar liens, zoning laws or land use restrictions as normally exist with respect to property similar in character to the property affected thereby and which individually or in the aggregate with other such liens, zoning laws or land use restrictions do not materially impair the value or marketability of the property subject to such liens, zoning laws or land use restrictions or interfere with the use of such property in the conduct of the business of the Company and which do not secure obligations for money borrowed, (iii) liens imposed by any law, such as mechanic’s, materialman’s, landlord’s, warehouseman’s and carrier’s liens, securing obligations incurred in the ordinary course of business which are not yet overdue or which are being diligently contested in good faith by appropriate proceedings and, with respect to such obligations which are being contested, for which the Company has set aside adequate reserves, if appropriate, and (iv) any lien resulting from purchase by the Company of goods in the ordinary course of business as to which liens are not filed of record.

“Proceeds” shall mean all proceeds (as that term is defined in the UCC) and any and all amounts or items of property received when any Collateral or proceeds thereof are sold, exchanged, collected or otherwise disposed of, both cash and non-cash, including proceeds of insurance, indemnity, warranty or guarantee paid or payable on or in connection with any Collateral.

“Receivables” shall mean all Accounts, Chattel Paper, payment intangibles and Contract Rights and all Instruments representing rights to receive payments.

“Stock Rights” shall mean any stock or security, any dividend or other distribution and any other right or property that the Borrower shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any and all shares of stock and other Instruments and uncertificated securities, any right to receive or acquire any Instrument or uncertificated security and any right to receive earnings, in which the Borrower now has or hereafter acquires any right.

“UCC” shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

2. Security Interest. The Borrower hereby gives the Lender a continuing and unconditional security interest (the “Security Interest”) in the Collateral.

3. Obligations Secured. The Security Interest secures payment when due of all Secured Obligations (as defined herein) to the Lender. As used in this Agreement, the term “Secured Obligations” means: (a) all principal, interest, costs, expenses and other amounts now or hereafter due under the Note (including, without limitation, all principal amounts advanced thereunder before, on or after the date hereof); and (b) all other amounts now or hereafter payable by the Borrower under any of the Loan Documents.

4. Warranties of Borrower. The Borrower warrants and so long as this Agreement continues in force shall be deemed continuously to warrant that:

(a) The Borrower is the owner of the Collateral free of all security interests or other encumbrances, except for the Security Interest and except for Permitted Liens. The Intellectual Property is valid and enforceable and, to the Borrower’s knowledge, does not infringe, misappropriate or misuse the rights of third parties.

(b) The Borrower is authorized to enter into the Security Agreement.

(c) The Collateral is used or bought for use primarily in business or professional operations.

(d) The Collateral is or will be located at the Borrower’s address set forth above.

(e) The chief executive office of the Borrower is at the address set forth above.

(f) The exact legal name of the Borrower is set forth in the introductory paragraph hereof, and the jurisdiction of organization or incorporation of the Borrower is set forth in the introductory paragraph hereof.

5. Covenants of Borrower. So long as this Agreement has not been terminated as provided hereafter, the Borrower: (a) will defend the Collateral against the claims of all other persons; (b) will keep the Collateral free from all security interests or other encumbrances, except for the Security Interest and except for Permitted Liens; (c) will not assign, deliver, sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein without the prior written consent of the Lender, except that prior to an Event of Default, the Borrower may sell or lease Inventory in the ordinary course of the Borrower's business and dispose of worn out or obsolete Equipment in the ordinary course of the Borrower's business; (d) will keep in accordance with generally accepted accounting principles consistently applied, accurate and complete records concerning the Collateral and upon the Lender's request will mark any of such records and all or any other Collateral to give notice of the Security Interest and will permit the Lender or its agents to inspect the Collateral and to audit and make abstracts of such records or any of the Borrower's books, ledgers, reports, correspondence and other records; (e) upon demand, will deliver to the Lender any Documents and any Chattel Paper representing or relating to the Collateral or any part thereof, schedules, invoices, shipping or delivery receipts, purchase orders, contracts or other documents representing or relating to purchases or other acquisitions or sales or leases or other dispositions of the Collateral and Proceeds thereof and any and all other schedules, documents and statements that the Lender may from time to time request; (f) will keep the Collateral at the Borrower's address set forth above until the Lender is notified in writing of any change in its location, and will not change the location of the Borrower's chief executive office without the written consent of the Lender; (g) will notify the Lender promptly in writing of any change in the Borrower's address, name or identity from that specified above or of any change in the location of the Collateral; (h) will not change its legal name or reincorporate or reorganize itself under the laws of any other jurisdiction; (i) will permit the Lender or its agents to inspect the Collateral; (j) will keep the Collateral in good condition and repair and will not use the Collateral in violation of any provisions of this Agreement, any applicable statute, regulation or ordinance or any policy of insurance insuring the Collateral; (k) will execute and deliver to the Lender such financing statements, landlord waivers and other documents requested by the Lender, and take such other action and provide such further assurances as the Lender may deem advisable to evidence, perfect or enforce the Security Interest created by this Agreement; (l) will pay all taxes, assessments and other charges of every nature that may be levied or assessed against the Collateral (unless the same are being contested in good faith); (m) will insure the Collateral against risks by obtaining policies (none of which shall be cancellable without at least 30 days prior written notice to the Lender) in coverage, form and amount and with companies reasonably satisfactory to the Lender, containing a loss payee provision in favor of the Lender, and at the Lender's request will deliver each policy or certificate of insurance therefor to the Lender; and (n) will prevent any part of the Collateral from becoming an accession to other goods not covered by this Agreement.

6. Verification. The Lender may verify any Collateral in any manner and through any medium that the Lender may deem appropriate, and the Borrower shall furnish such assistance as the Lender may require in connection therewith.

7. Default.

(a) Each of the following shall constitute an "Event of Default" hereunder: (i) failure by the Borrower to perform any material obligations under this Agreement, the Note or any other agreement between the Borrower and the Lender or by the Borrower in favor of the Lender, time being of the essence; (ii) the commencement of any bankruptcy or insolvency proceedings by or against the Borrower; (iii) material falsity in any certificate, statement, representation, warranty or audit at any time furnished by or on behalf of the Borrower or any endorser or guarantor or any other party liable for payment of all or part of the Secured Obligations, pursuant to or in connection with this Agreement or otherwise to the Lender, including warranties in this Agreement and including any omission to disclose any substantial contingent or liquidated liabilities or any material adverse change in facts disclosed by any certificate, statement, representation, warranty or audit furnished to the Lender; or (iv) any attachment or levy against the Collateral or any other occurrence that inhibits the Lender's free access to the Collateral.

(b) Upon the occurrence of an Event of Default, the Lender may exercise such remedies and rights as are available hereunder, under the Note or otherwise. This paragraph is not intended to affect or impair any rights of the Lender with respect to any Secured Obligations that may now or hereafter be payable on demand.

(c) Upon the occurrence of any Event of Default, the Lender's rights with respect to the Collateral shall be those of a secured party under the UCC and any other applicable law in effect from time to time. The Lender shall also have any additional rights granted herein and in any other agreement now or hereafter in effect between the Borrower and the Lender. If requested by the Lender after the occurrence of an Event of Default, the Borrower will assemble the Collateral and make it available to the Lender at a place to be designated by the Lender.

(d) Upon the occurrence of any Event of Default, the Lender shall be entitled to exercise any and all rights with respect to the Collateral and to sell all or any part of the Collateral at public or private sale in accordance with the UCC, without advertisement, in such manner and order as the Lender may elect subject to complying with the UCC. The Lender may purchase the Collateral for its own account at any such sale. The Lender shall give the Borrower such notice of any public or private sale as may be required by the UCC, provided that to the extent notice of any such sale is required by the UCC, the Borrower agrees that at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and provided further that, if the Lender fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC. The Borrower acknowledges that Collateral may be sold at a loss to the Borrower, and that, in such event, the Lender shall have no liability or responsibility to the Borrower for such loss. The Borrower further acknowledges that a private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that no such private sale shall, to the extent permitted by applicable law, be deemed not to be "commercially reasonable" solely as a result of such prices and other sale terms. Upon any such sale, the Lender shall have the right to deliver, assign and transfer to the buyer thereof the Collateral so sold. Each buyer at any such sale shall hold the Collateral so sold absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Borrower that may be waived or any other right or claim of the Borrower, and the Borrower, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal that the Borrower has or may have under any law now existing or hereafter adopted. Without limiting any other rights and remedies available to the Lender, the Borrower expressly acknowledges and agrees that with respect to Collateral consisting of notes, bonds or other securities which are not sold on a recognized market, the Lender shall be deemed to have conducted a commercially reasonable sale of such Collateral if (a) such sale is conducted by any nationally recognized broker-dealer (including any affiliate of the Lender), investment banker or any other method common in the securities industry, and (b) if the purchaser is the Lender or any affiliate of the Lender, the sale price received by the Lender or any such affiliate in connection with such sale is reasonably supported by quotations received from one or more other nationally recognized broker-dealers, investment bankers or other financial institutions.

(e) The Borrower shall pay all costs and expenses incurred by the Lender in enforcing this Agreement, realizing upon any Collateral and collecting any Secured Obligations (including attorneys' fees) whether suit is brought or not and whether incurred in connection with collection, trial, arbitration, appeal or otherwise and, to the extent of the Borrower's liability for repayment of any of the Secured Obligations, shall be liable for any deficiencies in the event the Proceeds of disposition of the Collateral do not satisfy the Secured Obligations in full. Nothing contained herein shall be deemed to require the Lender to proceed against the Collateral or any part thereof before or as a condition to the pursuit of any of its other rights and remedies with respect to the Secured Obligations.

8. Miscellaneous.

(a) The Borrower authorizes the Lender to file financing statements and continuation statements and amendments thereto with respect to the Collateral without authentication by the Borrower to the extent permitted by law and the Borrower consents to and ratifies any filings made by the Lender prior to the date hereof. The Borrower authorizes the Lender to use a generic description of the Collateral (such as "all assets" or "all personal property") in any financing statements. The Borrower agrees not to file any financing statement, amendment or termination statement with respect to the Collateral prior to the payment and satisfaction in full of all Secured Obligations. The Borrower irrevocably appoints the Lender as the Borrower's attorney-in-fact to execute any such financing statements in the Borrower's name (if the Lender determines that any such execution is required) and to perform all other acts that the Lender deems appropriate to perfect and to continue perfection of the Security Interest.

(b) The Borrower hereby irrevocably consents to any act by the Lender or its agents in entering upon any premises for the purposes of either (i) inspecting the Collateral or (ii) taking possession of the Collateral after any Event of Default in any commercially reasonable manner. The Borrower hereby waives its right to assert against the Lender or its agents any claim based upon trespass or any similar cause of action for entering upon any premises where the Collateral may be located.

(c) The Borrower authorizes the Lender to collect and apply against the Secured Obligations any refund of insurance premiums or any insurance proceeds payable on account of the loss or damage to any of the Collateral and appoints the Lender as the Borrower's attorney-in-fact to endorse any check or draft representing such proceeds or refund.

(d) Upon the Borrower's failure to perform any of its duties hereunder, the Lender may, but it shall not be obligated to, perform any of the duties and the Borrower shall forthwith upon demand reimburse the Lender for any expenses incurred by the Lender in so doing.

(e) No delay or omission by the Lender in exercising any right hereunder or with respect to any Secured Obligations shall operate as a waiver of that or any other right, and no single or partial exercise of any right shall preclude the Lender from any other or further exercise of the right or the exercise of any other right or remedy. The Lender may cure any Event of Default by the Borrower in any reasonable manner without waiving the Event of Default so cured and without waiving any other prior or subsequent Event of Default by the Borrower. All rights and remedies of the Lender under this Agreement and under the UCC shall be deemed cumulative.

(f) The Lender shall exercise reasonable care in the custody and preservation of the Collateral to the extent required by law and it shall be deemed to have exercised reasonable care if it takes such action for that purpose as the Borrower shall reasonably request in writing. However, no omission to do any act not requested by the Borrower shall be deemed a failure to exercise reasonable care and no omission to comply with any requests by the Borrower shall of itself be deemed a failure to exercise reasonable care. The Lender shall have no obligation to take and the Borrower shall have the sole responsibility for taking any steps to preserve rights against all prior parties to any Instrument or Chattel Paper in the Lender's possession as Collateral or as Proceeds of the Collateral. The Borrower waives notice of dishonor and protest of any Instrument constituting Collateral at any time held by the Lender on which the Borrower is in any way liable and waives notice of any other action taken by the Lender.

(g) The Borrower shall, upon request of the Lender, direct each of its Account Debtors (as defined herein) to remit payment of all Accounts to such lockbox, post office box or other address as the Lender may designate from time to time. From and after the occurrence of any Event of Default, the Lender may notify each Account Debtor of the Security Interest and may also direct such Account Debtor to make all payments on the Collateral to the Lender. All payments on and other Proceeds from the Collateral received by the Lender directly or from the Borrower shall be applied to the Secured Obligations in such order and manner and at such time as the Lender shall in its sole discretion determine. Unless the Lender notifies the Borrower in writing that it dispenses with one or more of the following requirements, any payments on or other Proceeds of the Collateral received by the Borrower before or after notification to any Account Debtor shall be held by the Borrower in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Borrower and shall be turned over to the Lender not later than the next business day following the day of their receipt. From and after the occurrence of an Event of Default, the Borrower shall also promptly notify the Lender of the return to or repossession by the Borrower of goods underlying any Collateral. For purposes hereof, an “Account Debtor” shall mean any person or entity who is obligated to pay the Borrower any amounts under any Receivables, Accounts, notes, Instruments, Chattel Paper or General Intangibles or other Collateral.

(h) The Borrower authorizes the Lender without affecting the Borrower’s obligations hereunder from time to time: (i) to take from any party and hold collateral (other than the Collateral) for the payment of the Secured Obligations or any part thereof, and to exchange, enforce or release such collateral or any part thereof; (ii) to accept and hold the endorsement or guaranty of payment of the Secured Obligations or any part thereof and to release or substitute any such endorser or guarantor or any party who has given any security interest in any collateral as security for the payment of the Secured Obligations or any part thereof or any party in any way obligated to pay the Secured Obligations or any part thereof; and (iii) upon the occurrence of any Event of Default to direct the manner of the disposition of the Collateral and any other collateral and the enforcement of any endorsements or guaranties relating to the Secured Obligations or any part thereof as the Lender in its sole discretion may determine.

(i) The Lender may demand, collect and sue for all Proceeds (either in the Borrower’s name or the Lender’s name at the Lender’s option), with the right to enforce, compromise, settle or discharge any Proceeds. The Borrower irrevocably appoints the Lender as the Borrower’s attorney-in-fact to endorse the Borrower’s name on all checks, commercial paper and other Instruments pertaining to the Proceeds before or after the occurrence of an Event of Default.

(j) The rights and benefits of the Lender under this Agreement shall, if the Lender agrees, inure to any party acquiring an interest in the Secured Obligations or any part thereof.

(k) The terms “Lender” and “Borrower” as used in this Agreement include the heirs, personal representatives and successors or assigns of those parties.

(l) This Agreement may not be modified or amended nor shall any provision of it be waived except in writing signed by the Borrower and by an authorized officer of the Lender.

(m) This Agreement shall be governed and construed by California law and any other applicable laws in effect from time to time.

(n) This Agreement is a continuing agreement that shall remain in force until the last to occur of: (i) the payment in full of all Secured Obligations if such payment of the Secured Obligations has become final and is not subject to being refunded as a preference or fraudulent transfer under the Bankruptcy Code or other applicable law; and (ii) the termination of all agreements or obligations (whether or not conditional) of the Lender to extend credit to, or pay or accept drafts on behalf of, the Borrower.

9. Dispute Resolution Provision. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision". This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

(i) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS AGREEMENT IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

10. **NOTICE OF FINAL AGREEMENT.** THIS WRITTEN SECURITY AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

11. **Waiver.** IF AN EVENT OF DEFAULT SHOULD OCCUR, THE BORROWER WAIVES ANY RIGHT THE BORROWER MAY HAVE TO NOTICE AND A HEARING BEFORE THE LENDER TAKES POSSESSION OF THE COLLATERAL BY SELF-HELP, REPLEVIN, ATTACHMENT, SETOFF OR OTHERWISE.

[Signature Pages to Follow]

EXECUTED and delivered as of the day and year first above written.

STARCO BRANDS, INC.

By: /s/ Kevin Zaccardi

Name: Kevin Zaccardi

Title: Interim-Chief Financial Officer

LENDER

/s/ Ross Sklar

Ross Sklar
