

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK**

IN RE FORCEFIELD ENERGY, INC.
DERIVATIVE LITIGATION

This Document Relates to:

ALL ACTIONS

Lead Case No. 1:15- CV-2782-ARR-ST

**NOTICE TO CURRENT
FORCEFIELD STOCKHOLDERS**

TO: ALL OWNERS OF FORCEFIELD ENERGY, INC. (“FORCEFIELD”) COMMON STOCK (TICKER SYMBOL: FNRG) AS OF SEPTEMBER 26, 2017, WHO CONTINUE TO OWN SUCH SHARES.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF STOCKHOLDER DERIVATIVE LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS ACTION.

IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE ACTION, STOCKHOLDERS OF FORCEFIELD WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE SETTLED CLAIMS.

THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS RESPECTING THE MERITS OF THE ACTION. THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

YOU ARE HEREBY NOTIFIED, pursuant to Federal Rule of Civil Procedure 23.1 and an Order from the Honorable Allyne R. Ross of the U.S. District Court for the Eastern District of New York (the “Court”), that a proposed settlement agreement has been reached among Plaintiffs,¹

¹ For purposes of this Notice, the Court incorporates by reference the definitions in the Settling Parties’ Stipulation and Agreement of Settlement, fully executed as of September 26, 2017 (the “Stipulation”), and all capitalized terms used herein, unless otherwise defined herein, shall have the same meanings as set forth in the Stipulation. A copy of the Stipulation may be inspected at the Clerk of the Court’s Office for the United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201, by visiting the investor relations portion

derivatively on behalf of ForceField Energy, Inc. (“ForceField” or the “Company”), the Individual Settling Defendants, and ForceField in connection with the above-captioned consolidated stockholder derivative action titled *IN RE FORCEFIELD ENERGY, INC. DERIVATIVE LITIGATION*, Case No. 1:15-cv-2782-ARR-ST (the “Action”).

Plaintiffs filed the Action derivatively on behalf of ForceField to remedy the alleged harm caused to the Company by the Individual Defendants’ alleged breach of their fiduciary duties and other alleged misconduct. The proposed Settlement, if approved by the Court, would fully, finally and forever resolve the Action on the terms set forth in the Stipulation and summarized in this Notice, including the dismissal of the Action with prejudice.

As explained below, a Settlement Hearing shall be held before the Court on January 30, 2017 at 11:00 a.m., before the Honorable Allyne R. Ross, at the U.S. District Court for the Eastern District of New York, Courtroom 8C S, 225 Cadman Plaza East, Brooklyn, New York 11201, to determine whether, *inter alia*, the proposed Settlement is fair, reasonable, and adequate, and should be finally approved by the Court and whether Plaintiffs’ Counsel’s Fee Award, including Service Awards to the Plaintiffs, should be finally approved. You have the right to object to the Settlement and the Fee Award in the manner provided herein. If you fail to object in the manner provided herein ***at least twenty-one (21) days prior to the Settlement Hearing***, you will be deemed to have waived your objections and will be forever bound by the Judgment to be entered and the releases to be given, unless otherwise ordered by the Court.

This Notice is not intended to be and should not be construed as an expression of any opinion by the Court with respect to the merits of the claims made in the Action, but is merely to

of ForceField’s website at www.forcefieldenergy.com, or by visiting the websites of Plaintiffs’ Counsel at www.thebrownlawfirm.net and <http://www.hfesq.com/>, respectively.

advise one of the proposed Settlement and of one's rights if he, she or it owned ForceField stock as of September 26, 2017 and continues to hold ForceField stock through the date of the Settlement Hearing ("Current ForceField Stockholder").

I. BACKGROUND

A. Factual Background of the Action

ForceField is a Nevada corporation that purports to have its principal executive offices located in New York, New York and to be a designer, distributor and licensee of alternative energy products and solutions. Plaintiffs allege in the Action that the Individual Defendants breached their fiduciary duties by: (1) engaging in a scheme to manipulate the price and trading volume of ForceField's stock by using undisclosed nominee accounts to purchase and sell the stock and by using stock promoters and broker dealers who failed to disclose to potential investors that they had been paid by the Individual Defendants to promote the purchase of the stock and whose reports were reviewed by ForceField's management before publication; (2) by failing to maintain for the Company adequate internal and financial controls; and (3) by making false and misleading statements by failing to disclose to the investing public (a) the above scheme, (b) that certain members of ForceField's management have troubling histories with fraudulent companies, and (c) that the Company lacked adequate internal and financial controls.

B. Procedural Background

On May 13, 2015, plaintiff Brown, derivatively on behalf of ForceField, filed a verified shareholder derivative complaint in this Court, initiating the action captioned *Brown v. St-Julien et al.*, Case No. 1:15-cv-02782 (the "*Brown Action*").

On May 29, 2015, plaintiff Su, derivatively on behalf of ForceField, filed a verified shareholder derivative complaint in the U.S. District Court for the Southern District of New York,

initiating the action captioned *Su v. St-Julien, et al.*, Case No. 1:15-cv-04174 (the “Initial *Su* Action”).

On June 26, 2015, lead plaintiff in the related securities class action filed in the U.S. District Court for the Southern District of New York captioned *IN RE FORCEFIELD ENERGY INC. SECURITIES LITIGATION*, Case No. 1:15-cv-3020 (the “Securities Class Action”), filed a motion requesting the United States Judicial Panel on Multidistrict Litigation (the “MDL Panel”) to transfer and coordinate or consolidate for pretrial proceedings related actions, including the Initial *Su* Action and the *Brown* Action, in the Eastern District of New York (the “Transfer Motion”).

On July 10, 2015, plaintiff *Su*, derivatively on behalf of ForceField, re-filed his verified shareholder derivative complaint in this Court, initiating the action captioned *Su v. St-Julien, et al.*, Case No. 1:15-cv-04080 (the “*Su* Action”).

On July 13, 2015, plaintiff *Su* voluntarily dismissed the Initial *Su* Action without prejudice.

On July 15, 2015, plaintiff *Su* filed a brief in response to the Transfer Motion.

On July 20, 2015, plaintiff *Brown* filed a brief in response to the Transfer Motion.

On July 20, 2015, Defendants filed their opposition to the Transfer Motion.

On August 19, 2015, plaintiffs *Su* and *Brown* filed an unopposed motion to consolidate the *Su* Action and the *Brown* Action into the Action and appoint The Brown Law Firm, P.C. and Harwood Feffer LLP as co-lead counsel in the Action (the “Motion to Consolidate”).

On October 13, 2015, the MDL Panel issued an order denying the Transfer Motion.

The Court so ordered the Motion to Consolidate on January 12, 2016.

On March 16, 2016, the Settling Parties filed a stipulation to stay proceedings, staying the Action pending the resolution of motions to dismiss filed in the Securities Class Action. The Court so ordered the stipulation to stay on April 27, 2016.

On March 29, 2017, the motion to dismiss the third amended complaint made by the Company and defendants Natan and Williams in the Securities Class Action was granted, in part, and denied in part.

C. Settlement Negotiations

Plaintiffs' Counsel, Defendants' Counsel, and counsel for the lead plaintiff in the Securities Class Action, formally commenced settlement negotiations in an in-person meeting at the office of Defendants' Counsel on April 25, 2017. After engaging in further extensive negotiations that included numerous email exchanges and telephonic conferences, the Settling Parties reaching an agreement in principle to resolve the Action. The Settling Parties agree that the resolution of the Action was a material factor in the settlement of the Securities Class Action. Specifically, the resolution of the Action was a material factor in the Company's insurers' decision in consideration for settling the Securities Class Action to pay the sum of three hundred and fifty-six thousand dollars (\$356,000.00) for the benefit of all persons who purchased or otherwise acquired the common stock of the Company during the period from August 20, 2013 through and including April 20, 2015, and were damaged thereby, excluding certain persons. The Settling Parties vigorously negotiated, at arm's-length, the attorneys' fees and reimbursement of expenses to be paid to Plaintiffs' Counsel (the "Fee Award"), in light of the substantial benefits that will be conferred upon the Company as a result of the settlement of the Action. The Settling Parties agreed to the Fee Award in the amount of forty-four thousand dollars (\$44,000.00), subject to approval by the Court.

II. PLAINTIFFS' COUNSEL'S INVESTIGATION AND RESEARCH, PLAINTIFFS' CLAIMS, AND THE BENEFIT OF SETTLEMENT

Plaintiffs' Counsel conducted investigations relating to the claims and the underlying events alleged in Action, including, but not limited to: (1) reviewing and analyzing the Company's

public filings with the United States Securities and Exchange Commission (“SEC”), press releases, announcements, transcripts of investor conference calls, and news articles; (2) reviewing and analyzing the allegations contained in the Securities Class Action; (3) researching and drafting shareholder derivative complaints; (4) researching and drafting briefs in response to the Transfer Motion; (5) researching the applicable law with respect to the claims in the Action and the potential defenses thereto; and (6) engaging in extensive settlement discussions with Defendants’ Counsel.

Plaintiffs’ Counsel believe that the claims asserted in the Action have merit and that their investigation supports the claims asserted. Without conceding the merit of any of Defendants’ defenses or the lack of merit of any of their own allegations, and in light of the benefits of the Settlement as well as to avoid the potentially protracted time, expense, and uncertainty associated with continued litigation, including potential trials and appeals, Plaintiffs have concluded that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Plaintiffs and Plaintiffs’ Counsel recognize the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Settling Defendants through trials and possible appeals. Plaintiffs’ Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially complex litigation such as the Action, as well as the difficulties and delays inherent in such litigation. Based on their evaluation, and in light of the significant benefits conferred upon the Company and its shareholders as a result of the Settlement, Plaintiffs and Plaintiffs’ Counsel have determined that the Settlement is in the best interests of Plaintiffs, ForceField, and Current ForceField Stockholders, and have agreed to settle the Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Individual Settling Defendants have denied, and continue to deny, each and every claim and contention alleged by Plaintiffs in the Action and affirm that they have acted properly, lawfully, and in full accord with their fiduciary duties, at all times. Further, the Individual Settling Defendants have denied expressly, and continue to deny, all allegations of wrongdoing, fault, liability, or damage against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action and deny that they have ever committed or attempted to commit any violations of law, any breach of fiduciary duty owed to ForceField or its shareholders, or any wrongdoing whatsoever. Had the terms of the Stipulation not been reached, the Individual Settling Defendants would have continued to contest vigorously Plaintiffs' allegations, and the Individual Settling Defendants maintain that they had and have meritorious defenses to all claims alleged in the Action. Without admitting the validity of any of the claims that Plaintiffs have asserted in the Action, or any liability with respect thereto, Defendants have concluded that it is desirable that the claims be settled on the terms and subject to the conditions set forth herein. Defendants are entering into this Settlement because it will eliminate the uncertainty, distraction, disruption, burden, and expense of further litigation of the Action, and because Defendants have determined that the Settlement confers substantial benefits upon ForceField and Current ForceField Stockholders.

Neither the Stipulation, nor any of its terms or provisions, nor any act performed or document executed pursuant to or in furtherance of the Settlement: (a) is, may be construed as, or may be used as an admission of, or evidence of, the truth or validity of any of the Released Claims, of any claims or allegations made in the Action, or of any purported acts or omissions by the Defendants; (b) is, may be construed as, or may be used as an admission of, or evidence of, any

fault, omission, negligence, or wrongdoing by the Defendants, or any concession of liability whatsoever; or (c) is, may be construed as, or may be used as an admission of, or evidence of, a concession by any Defendant of any infirmity in the defenses that Defendants asserted or could have asserted in this Action or otherwise.

IV. THE SETTLEMENT HEARING

The Settlement Hearing will be held before the Honorable Allyne R. Ross on January 30, 2017 at 11:00 a.m. in Courtroom 8C S of the U.S. District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York 11201 to determine: (i) whether the proposed Settlement, upon the terms set forth in the Stipulation, should be finally approved in all respects as fair, reasonable, and adequate; (ii) whether the Judgment approving the Settlement, substantially in the form of Exhibit C attached to the Stipulation, should be entered, dismissing the Action with prejudice and releasing and enjoining the prosecution of any and all Released Claims; and (iii) whether Plaintiffs' Counsel's Fee Award, including any Service Awards, should be finally approved. At the Settlement Hearing, the Court may hear or consider such other matters as the Court may deem necessary and appropriate. The Court may adjourn the date of the Settlement Hearing without further notice to Current ForceField Stockholders, and the Settlement Hearing may be continued by the Court at the Settlement Hearing, or at any adjourned session thereof, without further notice.

V. THE SETTLEMENT

The Settling Parties agree that the resolution of the Action was a material factor in the settlement of the Securities Class Action. Specifically, the resolution of the Action was a material factor in the Company's insurers' decision in consideration for settling the Securities Class Action to pay the sum of \$356,000 for the benefit of all persons who purchased or otherwise acquired

the common stock of the Company during the period from August 20, 2013 through and including April 20, 2015, and were damaged thereby, excluding certain persons.

VI. DISMISSAL AND RELEASES

In connection with the Court's approval of the Settlement, the Settling Parties will jointly request entry of the Judgment by the Court, dismissing with prejudice all claims that Plaintiffs have alleged in the Action and any other Released Claims.

Upon the Effective Date, ForceField, Plaintiffs, derivatively on behalf of ForceField, and each of ForceField's stockholders shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims (including Unknown Claims) against the Released Persons and any and all derivative claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action against the Released Persons. ForceField, Plaintiffs, and each of ForceField's stockholders shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue any Released Person with respect to any Released Claims, and shall be permanently barred and enjoined from instituting, commencing or prosecuting the Released Claims against the Released Persons except to enforce the releases and other terms and conditions contained in the Stipulation and/or the Judgment entered pursuant thereto.

Upon the Effective Date, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged each and all of Plaintiffs, their beneficiaries, and Plaintiffs' Counsel from any and all Defendants' Released Claims.

VII. ATTORNEYS' FEES AND EXPENSES

In recognition of the substantial benefits provided to ForceField and Current ForceField Stockholders as a result of the settlement of the Action, ForceField has agreed to cause its insurers to pay to Plaintiffs' Counsel an award of attorneys' fees and expenses in the total amount of forty-four thousand dollars (\$44,000.00) (the "Fee Award"), subject to approval by the Court. The Fee Award is the product of vigorous, arm's-length negotiations between the Settling Parties. The Settling Parties agree that the Fee Award is fair and reasonable in light of the substantial benefits conferred upon ForceField and Current ForceField Stockholders by the Settlement. In light of the substantial benefits they have helped to create for all Current ForceField Stockholders, the Plaintiffs may apply for Court-approved service awards in the amount of five hundred dollars (\$500.00) each (the "Service Awards"). Each Service Award, to the extent that it is applied for and approved in whole or part, shall be funded from the portion of the Fee Award distributed to that Plaintiff's counsel.

VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE SETTLEMENT HEARING

Any Current ForceField Stockholder may object and/or appear and show cause, if he, she, or it has any concern, why the Settlement should not be approved as fair, reasonable, and adequate, why Judgment should not be entered thereon, or why the Fee Award, including any Service Awards, should not be finally approved; provided, however, unless otherwise ordered by the Court, that no Current ForceField Stockholder shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered approving the Settlement, or the Fee Award, unless that Stockholder has, *at least twenty-one (21) days prior to the Settlement Hearing*: (1) filed with the Clerk of the Court a written objection to the Settlement setting forth: (a) the nature of the objection; (b) proof of ownership of ForceField common stock

on September 26, 2017 and through the date of the Settlement Hearing, including the number of shares of ForceField common stock held and the date of purchase; (c) any and all documentation or evidence in support of such objection; and (d) the identities of any cases, by name, court, and docket number, in which the stockholder or his, her, or its attorney has objected to a settlement in the last three years; and (2) if a Current ForceField Stockholder intends to appear and requests to be heard at the Settlement Hearing, such stockholder must have, in addition to the requirements of (1) above, filed with the Clerk of the Court: (a) a written notice of such stockholder's intention to appear at the Settlement Hearing; (b) a statement that indicates the basis for such appearance; (c) the identities of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony; and (d) any and all evidence that would be presented at the Settlement Hearing. If a Current ForceField Stockholder files a written objection and/or written notice of intent to appear, such stockholder must also simultaneously serve copies of such notice, proof, statement, and documentation, together with copies of any other papers or briefs such stockholder files with the Court (either by hand delivery or by first class mail) upon each of the following:

Timothy W. Brown
THE BROWN LAW FIRM, P.C.
240 Townsend Square
Oyster Bay, NY 11771

Co-Lead Counsel for Plaintiffs

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022

Co-Lead Counsel for Plaintiffs

Martin H. Kaplan
GUSRAE KAPLAN NUSBAUM
PLLC
120 Wall Street
New York, NY 10005

Counsel for Defendants

Any Current ForceField Stockholder who does not make his, her, or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be

foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement and the Fee Award, including any Service Awards, as set forth in the Stipulation, unless otherwise ordered by the Court, but shall be forever bound by the Judgment to be entered, the dismissal of the Action with prejudice, and any and all of the releases set forth in the Stipulation.

IX. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation, which requires, among other things: (1) entry of the requested Judgment by the Court; (2) the payment of the Fee Award; and (3) the Judgment has become Final. If, for any reason, any one of the conditions described in the Stipulation is not met and/or the entry of the Judgment does not occur, the Stipulation might be terminated and, if terminated, will become null and void; and the Settling Parties to the Stipulation will be restored to their respective positions as of the date immediately preceding the date of the Stipulation.

X. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the terms of the Settlement. For a more detailed statement of the matters involved in the Action, reference is made to the Stipulation, which may be inspected at the Clerk of the Court's Office, U.S. District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York 11201, during business hours of each business day, by visiting the investor relations portion of ForceField's website at www.forcefieldenergy.com, or by visiting the websites of Plaintiffs' Counsel at www.thebrownlawfirm.net and <http://www.hfesq.com/>, respectively.

Any other inquiries regarding the Settlement or the Action should be addressed in writing to Co-Lead Counsel for Plaintiffs in the Action: Timothy W. Brown, The Brown Law Firm, P.C., 240 Townsend Square, Oyster Bay, NY 11771, Telephone: (516) 922-5427, Facsimile: (516) 344-

6204; or Robert I. Harwood, Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022,
Telephone: (212) 935-7400, Facsimile: (212) 753-3630.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.