

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Russell Brimer And The Gerson Company

This Settlement Agreement is entered into by and between Russell Brimer (hereafter "Mr. Brimer") and The Gerson Company and Gerson International, (hereafter collectively "Gerson"), with Mr. Brimer and Gerson collectively referred to as the "Parties".

1.2 Mr. Brimer

Mr. Brimer is an individual residing in Northern California, who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products. Mr. Brimer is acting on behalf of the public as a public enforcer of Proposition 65 and has served a 60-Day Notice of Violation on Gerson with the intention of bringing a legal action on behalf of the general public in the event that the parties are unable to resolve the alleged violations of Proposition 65 identified in the 60-Day Notice.

1.3 The Gerson Company

The Gerson Company and Gerson International are companies that have manufactured, distributed and/or sold stained glass lamps to customers in California.

1.4 General Allegations

Mr. Brimer alleges that Gerson has sold in the State of California certain stained glass lamps (containing lead) in the solder or "came" used on the lamps. Lead is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 *et seq.* ("Proposition 65"), as a chemical known to the State of California to cause birth defects and other reproductive harm. Lead shall be referred to herein as the "Listed Chemical."

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1.5 Product Description

The products that are covered by this Settlement Agreement are defined as follows: stained glass lamps with lead solder or "came" including, but not limited to: Mission Gallery 14" H Stained Glass Lamp #1076430 (#6 87293 02516 5). All such stained glass lamps containing lead "came" shall be referred to herein as the "Products".

1.6 Notices of Violation

On or about August 18, 2005, Mr. Brimer served Gerson and various public enforcement agencies with a document entitled "60-Day Notice of Violation" (the "Notice") that provided Gerson and such public enforcers with notice that alleged that Gerson was in violation of California Health & Safety Code §25249.6 for failing to warn consumers and customers that the Products that Gerson sold exposed users in California to the Listed Chemical.

1.7 No Admission

Gerson denies the material, factual and legal allegations contained in Mr. Brimer's Notice and maintains that the Products that it sold in California have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Gerson of any fact, finding, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Gerson of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Gerson. Nothing in this Settlement Agreement shall apply to, or be used as evidence regarding alleged compliance for, any other product furnished, sold, or offered for sale, by Gerson with Proposition 65 or any other statute or regulation. However, this Section shall not diminish or otherwise affect the obligations, responsibilities and duties of Gerson under this Settlement Agreement.

1.8 Consent to Jurisdiction

For purposes of this Settlement Agreement only, the Parties stipulate that the Superior Court of the State of California for the County of Alameda has jurisdiction to enforce the

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provisions of this Settlement Agreement.

1.9 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean November 4, 2005.

2. INJUNCTIVE RELIEF

2.1 After the Effective Date, Gerson shall not sell, ship or cause to be shipped for sale in California the Products containing the Listed Chemical unless such Products comply with Sections 2.2 or 2.3. Any Products still in Gerson's care, custody, or control, as of the Effective Date of this Agreement, shall not be sold in California, directly or indirectly, unless such Products comply with Sections 2.2 or 2.3 below.

2.2 Product Warnings

Subject to Section 2.3, after the Effective Date, Gerson shall not distribute, ship or otherwise cause to be sold any Products in California, unless warnings are provided as set forth below in Section 2.2.1.

2.2.1 Warning on the Products or Product Packaging

Where required under this Settlement Agreement, warnings for the Products shall be provided by the following method:

A warning is affixed to the packaging, labeling or directly to or on the Products by Gerson, or the manufacturer, importer, or distributor of the Product, that states:

WARNING: The solder or "came" used on this product contains lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

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Warnings issued for the Products pursuant to this subsection shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase. Any changes to the language or format of the warning required by this subsection shall only be made with the approval of Mr. Brimer.

2.3 Reformulated Products

The following Products shall be deemed to comply with Proposition 65 and be exempt from any Proposition 65 warning requirements under Sections 2.2:

Any Product containing 0.1 percent (.1%) lead or less (by weight) in each material used in the Products (such as solder and "came"); or

Any Product that yields a result of less than 5 micrograms (ugs) of lead by a GhostWipe test conducted on all metal portions of the perimeter or other surface area of the Product, performed as outlined in NIOSH method of detection 9100.

3. MONETARY PAYMENTS

3.1 Penalties Pursuant to Health & Safety Code §25249.7(b)

Pursuant to Health & Safety Code §25249.7(b), Gerson shall pay \$1,400 in civil penalties on or before November 14, 2005. Said payment shall be made payable to the "Chanler Law Group in Trust For Russell Brimer" and shall be delivered to plaintiff's counsel at the following address:

CHANLER LAW GROUP
Attn: Clifford A. Chanler
71 Elm Street, Suite 8
New Canaan, CT 06840

3.2 Apportionment of Penalties Received

All penalty monies received shall be apportioned by Mr. Brimer in accordance with Health & Safety Code §25192, with 75% of these funds remitted by Mr. Brimer to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these

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penalty monies retained by Mr. Brimer as provided by Health & Safety Code §25249.12(d). Mr. Brimer shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this Section.

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that Mr. Brimer and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Gerson then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties have reached an accord on the compensation due to Mr. Brimer and his counsel under the private attorney general doctrine codified at California Code of Civil Procedure §1021.5 for all work performed through the Effective Date of this Settlement Agreement. Under the private attorney general doctrine, Gerson shall reimburse Mr. Brimer and his counsel for fees and costs incurred as a result of investigating, bringing this matter to Gerson's attention, and negotiating a settlement in the public interest. Gerson shall pay Mr. Brimer and his counsel \$16,400 for all attorneys' fees, expert and investigation fees, and related costs. The payment shall be made payable to the Chanler Law Group and shall be delivered on or before November 14, 2005 at the following address:

CHANLER LAW GROUP
Attn: Clifford A. Chanler
71 Elm Street, Suite 8
New Canaan, CT 06840

5. **RELEASE OF ALL CLAIMS**

5.1 **Release of Gerson and Downstream Customers**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Mr. Brimer, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, and in the interest of the

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general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including, but not limited to, investigation fees, expert fees and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against Gerson and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers (specifically including Richard's Arts Crafts & Framing; Richard's Crafts, Inc. and Beverly Fabrics, Inc.), franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively, "Releasees") arising under Proposition 65, related to Gerson's alleged failures to warn about exposures to or identification of the Listed Chemical contained in the specific Products subject to this Settlement Agreement.

In addition, Mr. Brimer, on behalf of himself, his attorneys, and his agents, waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against any Releasee arising under Proposition 65. This waiver and release is null and void if Gerson does not comply with any of the terms of this Settlement Agreement, and Mr. Brimer shall remain free to institute any form of legal action to enforce the provisions of this Settlement Agreement and to seek damages for the breach of this Settlement Agreement by Gerson.

The Parties further agree and acknowledge that this Settlement Agreement is a full, final, and binding resolution of any violation of Proposition 65 that have been or could have been asserted against Gerson for its alleged failure to provide clear and reasonable warnings of exposure to or identification of the Listed Chemical in the specific Products which are the subject of this Settlement Agreement. Provided however, Mr. Brimer shall remain free to

institute any form of legal action to enforce the provisions of this Settlement Agreement.

It is specifically understood and agreed that the Parties intend that Gerson's compliance with the terms of this Settlement Agreement resolves all issues and liability, now and in the future (so long as Gerson complies with the terms of the Settlement Agreement) concerning Gerson's compliance with the requirements of Proposition 65 as to the Listed Chemical in the specific Products which are the subject of this Settlement Agreement.

Gerson acknowledges that this release does not extend to any persons or entities which may have provided the Products to Gerson.

5.2 Gerson's Release of Mr. Brimer

Gerson waives all rights to institute any form of legal action against Mr. Brimer, his attorneys or representatives, for all actions taken or statements made by Mr. Brimer and his attorneys or representatives, in the course of seeking enforcement of Proposition 65.

6. SEVERABILITY

If any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. ATTORNEYS' FEES

In the event that a dispute arises with respect to any provision(s) of this Settlement Agreement, the prevailing party shall, except as otherwise provided herein, be entitled to recover reasonable and necessary costs and reasonable attorneys' fees incurred from the resolution of such dispute.

8. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the specific Products

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subject to this Settlement Agreement, then Mr. Brimer and Gerson shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

9. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class, registered, certified mail, return receipt requested or (ii) overnight courier on any Party by the others at the following addresses:

To Gerson:

John Hjalmarson
The Gerson Company
1450 S. Lone Elm
Olathe, KS 66061

To Mr. Brimer:

Clifford A. Chanler, Esq.
Chanler Law Group
71 Elm Street, Suite 8
New Canaan, CT 06840

Any Party, from time to time, may specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

10. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Mr. Brimer agrees to comply with the reporting form requirements referenced in

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Health & Safety Code §25249.7(f). Pursuant to regulations promulgated under that section, Mr. Brimer shall present this Settlement Agreement to the California Attorney General's Office within five (5) days after receiving all of the necessary signatures.

12. MODIFICATION

This Settlement Agreement may be modified only by written agreement of the Parties. The Attorney General shall be served with notice of any proposed modification to this Settlement Agreement.

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

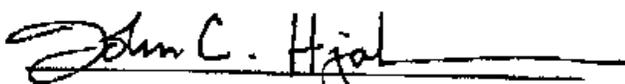
AGREED TO:

DATE: _____

Russell Brimer

AGREED TO:

DATE: 11/7/05



John Hjalmarson, Chairman and CEO
For The Gerson Company and Gerson International

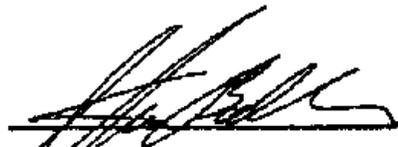
APPROVED AS TO FORM:

DATE: _____

Daniel Bornstein, Esq.
Paras Law Group
Attorneys for Russell Brimer

APPROVED AS TO FORM:

DATE: 11/8/05



Stuart Bodker, Esq.
Attorney for The Gerson Company and Gerson
International

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Health & Safety Code §25249.7(f). Pursuant to regulations promulgated under that section, Mr. Briner shall present this Settlement Agreement to the California Attorney General's Office within five (5) days after receiving all of the necessary signatures.

12. MODIFICATION

This Settlement Agreement may be modified only by written agreement of the Parties. The Attorney General shall be served with notice of any proposed modification to this Settlement Agreement.

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

DATE: 11.9.05



Russell Briner

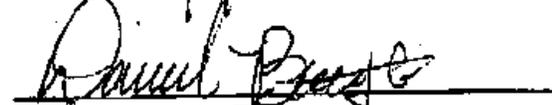
AGREED TO:

DATE: _____

John Hjalmacsson, Chairman and CEO
For The Gerson Company and Gerson International

APPROVED AS TO FORM:

DATE: 11/9/05



Daniel Bornstein, Esq.
Paras Law Group
Attorneys for Russell Brimer

APPROVED AS TO FORM:

DATE: _____

Stuart Bodker, Esq.
Attorney for The Gerson Company and Gerson
International