

SETTLEMENT AGREEMENT AND RELEASE

1. INTRODUCTION

1.1 **Plaintiff and Settling Defendants.** This Settlement Agreement and Release ("Settlement Agreement") is entered into by and between plaintiff Consumer Defense Group Action ("CDGA") and California National Bank ("CNB") with CDGA and CNB collectively referred to as the "Parties" and CDGA and CNB each being a "Party."

1.2 **General Allegations.** CDGA asserts that CNB has violated Proposition 65, the Safe Drinking Water and Toxic Enforcement Act (commencing with Health and Safety Code Section 25249.5) (" Proposition 65) by failing and refusing to post clear and reasonable warnings at its various facilities as well at its sister facilities all identified and listed on Exhibit A hereto (hereinafter the facilities) that CNB permits the smoking of tobacco products at the Facilities which exposes customers, visitors and employees to tobacco smoke in the areas where smoking is permitted. In particular the areas at issue are the entrances to the Facilities and the areas surrounding the partially-covered/uncovered ATM machines where CNB conducts business at the locations set forth in Exhibit A to this Settlement Agreement. CDGA claims that CNB's failure to post warnings in these areas is in violation of Proposition 65 so that CNB's customers, visitors, and employees, can be warned that upon entering and/or using the bank facilities in those areas , they may be exposed to tobacco smoke.

1.3 **Environmental Exposures.** CDGA asserts that CNB has violated Proposition 65 by not providing a clear and reasonable warning to the toxins and carcinogens set forth at Exhibit B to this Settlement Agreement.

1.4 **Plaintiff CDGA.** CDGA is a California Corporation residing in Orange County, California, which seeks to promote awareness of exposures to toxins and carcinogens and reduce such hazards. CDGA is and at all times set forth herein has been, acting as a private attorney general and in the public interest under provisions of Proposition 65.

1.5 **Notice of Violation.** On or about September 13, 2005, CDGA served CNB and various public enforcement agencies with documents, entitled "60 Day Notice of Violation" ("Notice") that provided CNB and such public enforcers with notice that alleged that CNB was in violation of Proposition 65 for failing to warn customers, employees, and visitors that upon entering and/or using the Facilities including partially-covered and uncovered ATM machines could result in exposure to tobacco smoke.

1.6 **No Admission.** CNB denies the material factual and legal allegations contained in Plaintiff's Notice and maintains that all of its Facilities have been and are in compliance with all laws. Nothing in this Settlement Agreement and Release shall be construed as an admission by CNB of any fact, finding, issue of law, or violation of law, nor shall compliance with the Agreement constitute or be construed as a an admission by CNB of any fact, finding, conclusion, issue of law or violation of law. Nothing in this Agreement shall prejudice, waive or impair any right, remedy, or defense that CNB may have in any other or further legal proceedings.

2. INJUNCTIVE RELIEF: PROPOSITION 65

No Smoking Signs. No later than May 1, 2006, CNB shall affix No Smoking signs at each ATM machine as well as in the areas leading up to or surrounding the ATM machines. The No Smoking signs 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 use.

3. PAYMENT

CDGA acknowledges receipt of \$17,500.00 which sum has been paid by CNB in exchange for: (1) settlement of all claims referenced in the Notice ; and, (2) all claims which could have been brought by CDGA as a result of its comprehensive review of CNB's facilities prior to the issuance of the Notice letter.

4. RELEASE OF ALL CLAIMS

4.1 **CDGA's Release of CNB.** This Settlement Agreement constitutes full and final settlement and release between CDGA, acting on behalf of the public interest pursuant to Health

and Safety Code Section 25429.7 (d), on the one hand, and CNB, on the other hand, and each of its present and past parents, affiliates, subsidiaries, divisions, directors, officers, employees, agents, representatives, insurance carriers, attorneys, contractors, predecessors, successors and assigns, as to any and all claims that have been or could have been alleged under Proposition 65, California Health and Safety Code Sections 25249.5 *et seq.*, the Unfair Competition Act, California Business and Professions Code Sections 17200 *et seq.*, California Health and Safety Code Section 41700, California Health and Safety Code Section 42402 *et seq.*, and any statutory, regulatory or common law that could have been asserted against CNB relating to any and all exposures to tobacco smoke and its component chemicals and emissions at or surrounding CNB's ATM machines and facilities. Compliance with the terms of this Agreement resolves any issue, now and in the future, concerning compliance by CNB and/or its affiliates, subsidiaries, divisions, successors, parents, and assigns with the requirements of Proposition 65 with respect to tobacco smoke and its component chemicals and emissions at or surrounding CNB's ATM machines and facilities.

4.2 In further consideration of the promises and agreements herein contained, and for the payments agreed upon and set forth at Paragraph 3, CDGA, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, and in the interest of the 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 CNB and each of its owners, purchasers parent companies, corporate affiliates, subsidiaries and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees (CNB's Releasees") arising under Proposition 65, Business and Professions Code Section 17200 *et seq.* and Business and

Professions Code Section 17500 *et seq.* related to CNB's or CNB's Releasees' alleged failure to warn about exposures to tobacco smoke at or near CNB's facilities.

The Parties further agree and acknowledge that this Settlement Agreement is a full, final, and binding resolution of any violation of Proposition 65, Business and Professions Code Sections 17200 *et seq.* and Business and Professions Code Sections 17500 *et seq.* that have been or could have been asserted against CNB for its alleged failure to provide clear and reasonable warnings of exposure to tobacco smoke.

In addition, CDGA, on behalf of itself, its attorneys, and their agents, waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against the CNB Releasees arising under Proposition 65, Business & Professions Code Sections 17200 *et seq.* and Business and Professions Code Sections 17500 *et seq.*, related to each of CNB's Releasees' alleged failures to warn about exposures to or identification of tobacco smoke and for all actions or statements made by CNB or its attorneys or representatives, in the course of responding to alleged violations of Proposition 65, Business and Professions Code Sections 17200 *et seq.* or Business and Professions Code Sections 17500 *et seq.* by CNB and the CNB Releasees. It is specifically understood and agreed that the Parties intend that CNB's and the CNB's Releasees' compliance with the terms of this Settlement Agreement resolves all issues and liability, now and in the future (so long as CNB complies with the terms of the Settlement Agreement) concerning CNB's and CNB's Releasees' compliance with the requirements of Proposition 65, Business and Professions Code Sections 17200 *et seq.* and Business and Professions Code Sections 17500 *et seq.* as to the alleged tobacco smoke exposure and CNB's Facilities.

4.3 CNB's Release of CDGA. CNB waives all rights to institute any form of legal action against CDGA or its attorneys or representatives for all actions taken or statements made by CDGA and its attorneys or representatives in the course of seeking enforcement of Proposition 65, Business and Professions Code Sections 17200 *et seq.* and Business and

Professions Code Sections 17500 et seq. as to the alleged tobacco smoke exposure and CNB's Facilities.

5. NO ASSIGNMENT

CDGA warrants that no cause of action involving the matters settled herein has been assigned to any other person or entity. If CDGA or anyone acting or purporting to act on its behalf, or any actual or alleged assignee or lienholder, hereafter commences any claim, demand, cause of action or suit against CNB arising out of, on account of, based upon or in connection with any of the matters hereinabove released, or in any manner asserts any or all of the matters hereinabove released against CNB, CDGA agrees to hold CNB harmless, to defend and indemnify CNB and to pay, in addition to any other costs and/or damages caused thereby, all attorneys' fees and costs incurred by CNB in defending or otherwise responding to each such claim, lien, demand, cause of action or suit.

6. COOPERATION

If any individual or organization hereafter commences any claim, demand, cause of action or suit against CNB arising out of, on account of, based upon or in connection with any of the matters hereinabove released on behalf of the general public or any member thereof, CDGA agrees to inform any court assigned to hear such claim, demand, cause of action or suit of the fact that it has previously investigated and resolved these issues in anticipation of litigation on behalf of the general public and of the settlement entered between CDGA and CNB.

7. WAIVER (Civil Code §1542)

Each of the parties acknowledges and warrants that its signing representatives have read and understand the provisions of California Civil Code §1542 and each of the parties expressly, voluntarily, and knowingly waives any and all rights it may have under Civil Code §1542 which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS
OR HER SETTLEMENT WITH THE DEBTOR.

8. 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.

9. 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.

10. 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 exposure of tobacco smoke at ATM machines or outside of CNB's facilities specifically, then CNB shall have no further obligation pursuant to this Settlement Agreement.

11. DRAFTING

The terms of this Settlement Agreement have been reviewed by respective counsel for the Parties prior to its signing, and each Party has had an opportunity to fully discuss the terms with counsel. The Parties agree that, in any subsequent interpretation and construction of the settlement agreement, the terms and provisions shall not be construed against either Party.

12. 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.

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 the terms and conditions of this Settlement Agreement.

Agreed To:

Date:

Feb 6, '06

By:

[Signature]
Consumer Defense Group Action

Approved As to Form:

Date:

Feb 28, 2006

By:

[Signature]
Anthony G. Graham

Attorney for Consumer Defense Group Action

Agreed To:

Date:

2/17/06

By:

[Signature] EVP/CFO
California National Bank

Approved as To Form:

Date:

2/23/06

LORD, BISSELL & BROOK LLP

By:

[Signature]
Jeri Kouse Looney
Attorneys for California National Bank

EXHIBIT A

Exhibit A California National Bank Locations

Branch Name	Street Address	City/State/Zip Code
Arcadia	1400 S. Baldwin Ave.	Arcadia, CA 91007
Azusa - Glendora	863 West Route 66	Glendora, CA 91740
Bellflower	15908 S. Bellflower Blvd.	Bellflower, CA 90706
Beverly Hills	9100 Wilshire Blvd.	Beverly Hills, CA 90212
Beverly/ Serrano	4500 W. Beverly Blvd.	Los Angeles, CA 90004
Brentwood	11777 San Vicente Blvd.	Los Angeles, CA 90049
Buena Park	8460 La Palma Ave.	Buena Park, CA 90620
Buena Park North	5470 Beach Blvd.	Buena Park, CA 90621
Burbank	240 North San Fernando Blvd.	Burbank, CA 91502
Calabasas	23642 Calabasas Rd, Bldg 2	Calabasas, CA 91302
Century City	1800 Avenue of the Stars, #110	Los Angeles, CA 90067
Encino	16830 Ventura Blvd.	Encino, CA 91436
Fairfax	145 South Fairfax Ave.	Los Angeles, CA 90036
Garden Grove	12112 Valley View St.	Garden Grove, CA 92845
Gardena	1600 W. Redondo Beach Blvd.	Gardena, CA 90247
Glendale	600 N. Brand Blvd.	Glendale, CA 91203
Hollywood	6922 Hollywood Blvd.	Hollywood, CA 90028
Huntington Beach	19900 Beach Blvd.	Huntington Beach, CA 92648
Huntington/Edinger	7222 Edinger Avenue	Huntington Beach, CA 92647
Irvine	4482 Barranca Pkwy.	Irvine, CA 92604
Irvine North	4860 Irvine Blvd.	Irvine, CA 92620
L.A. Downtown	221 South Figueroa St., Suite 100	Los Angeles, CA 90012
La Brea	736 N. La Brea Ave.	Los Angeles, CA 90038
La Crescenta	2649 Foothill Boulevard	La Crescenta, CA 91214
La Crescenta	3156 Foothill Boulevard	La Crescenta, CA 91214
Ladera Ranch	111 Corporate Drive, Suite 100	Ladera Ranch, CA 92694
Laguna Beach	310 Glenneyre St.	Laguna Beach, CA 92651
Lake Forest	22405 El Toro Rd.	Lake Forest, CA 92630
Larchmont	157 N. Larchmont Blvd.	Los Angeles, CA 90004
Long Beach	555 East Ocean Blvd.	Long Beach, CA 90802
Long Beach East	5767 E. Pacific Coast Hwy.	Long Beach, CA 90803
Los Feliz	1702 N. Vermont Ave	Los Angeles, CA 90027
Maywood	4449 East Slauson	Maywood, CA 90270
Monrovia	252 West Foothill Blvd.	Monrovia, CA 91016
Montebello	1611 West Beverly Blvd.	Montebello, CA 90640
Newport Beach	1515 Westcliff Dr.	Newport Beach, CA 92660
Newport Beach-Airport	1301 Dove St., Suite 101	Newport Beach, CA 92660
North Hollywood	6350 Laurel Canyon Blvd.	North Hollywood, CA 91606
Northridge	11111	

California Savings Bank - Branch/Loan Center Directory

<p>Burlingame, 10 - South Bay Region 1423 Burlingame Avenue Burlingame, CA 94010</p>	<p>Mill Valley, 20 - North Bay Region 71 Throckmorton Avenue Mill Valley, CA 94941</p>
<p>Campbell, 4 - South Bay Region 1998 South Bascom venue Campbell, CA 95008</p>	<p>Mission, 5 - South Bay Region 3000 Sixteenth Street San Francisco, CA 94103</p>
<p>Centerville, 3 - East Bay Region 37324 Fremont Boulevard Fremont, CA 94536</p>	<p>Montclair, 6 - East Bay Region 1998 Mountain Boulevard Oakland, CA 94611</p>
<p>Concord, 14 - North Bay Region 2401 Willow Pass Road Concord, CA 94519</p>	<p>Moraga, 18 - North Bay Region 1470 Moraga Road Moraga, CA 94556</p>
<p>Hayward, 21 - East Bay Region 22268 Foothill Boulevard Hayward, CA 94541</p>	<p>Mt. View, 8 - South Bay Region 820 East El Camino Real Mountain View, CA 94040</p>
<p>Irvington, 15 - East Bay Region 40587 Fremont Boulevard Fremont, CA 94538</p>	<p>Napa, 12 - North Bay Region 1300 First Street Napa, CA 94559</p>
<p>Lafayette, 11 - North Bay Region 3528 Mt. Diablo Boulevard Lafayette, CA 94549</p>	<p>Rossmoor, 22 - North Bay Region 1910 Tice Valley Boulevard Walnut Creek, CA 94595</p>
<p>Main Savings, 1 - South Bay Region 800 Market Street San Francisco, CA 94102</p>	<p>San Leandro, 23 - East Bay Region 1585 East 14th Street San Leandro, CA 94577</p>
<p>Menlo Park, 2 - South Bay RegionB 701 Santa Cruz Avenue Menlo Park, CA 94025</p>	<p>San Ramon, 19 - North Bay Region 2475 #3 San Ramon Valley Boulevard San Ramon, CA 94583</p>
<p>Sacramento Loan Center 777 Campus Commons Road Suite 200 Sacramento, CA 95825</p>	<p>Walnut Creek Loan Center 1676 N. California Boulevard Suite 420 Walnut Creek, CA 94596</p>
<p>CSB Headquarters 830 Market Street San Francisco, CA 94102</p>	

**SAN DIEGO NATIONAL BANK
FACILITIES LOCATIONS
FEBRUARY 15, 2005**

MAIN OFFICE

1420 KETTNER BOULEVARD
SAN DIEGO, CA 92101

CHULA VISTA BRANCH

398 H STREET
CHULA VISTA, CA 92019

MISSION VALLEY BRANCH

1455 FRAZEE ROAD #104
SAN DIEGO, CA 92108

LA JOLLA BRANCH

7877 IVANHOE (P.O. BOX 8188)
LA JOLLA, CA 92038

RANCHO BERNARDO BRANCH

16789 BERNARDO CENTER DRIVE
SAN DIEGO, CA 92128

SOUTHEASTERN (EUCLID) BRANCH

5100 FEDERAL BLVD
SAN DIEGO, CA 92105

NORTH PARK BRANCH

3180 UNIVERSITY AVE
SAN DIEGO, CA 92104

FLETCHER HILLS BRANCH

2755 NAVAJO ROAD
EL CAJON, CA 92020

CLAIREMONT BRANCH

5407 BALBOA AVE
SAN DIEGO, CA 92111

SAN MARCOS BRANCH

1642 W SAN MARCOS BLVD
SAN MARCOS, CA 92069

ESCONDIDO BRANCH

360 W GRAND AVE
ESCONDIDO, CA 92025

GOLDEN TRIANGLE (UTC) BRANCH

4270 EXECUTIVE SQUARE #100
LA JOLLA, CA 92037

CARLSBAD BRANCH

2520 EL CAMINO REAL
CARLSBAD, CA 92008

ENCINITAS BRANCH

131 N EL CAMINO REAL
ENCINITAS, CA 92008

SAN YSIDRO BRANCH

640 E SAN YSIDRO BLVD
SAN YSIDRO, CA 91911

POINT LOMA BRANCH

1075 ROSECRANS
SAN DIEGO, CA 92106

PACIFIC BEACH BRANCH

1945 GARNET AVE, STE A
SAN DIEGO, CA 92109

VISTA BRANCH

245 VISTA VILLAGE DRIVE
VISTA, CA 92083

RANCHO SAN DIEGO BRANCH

2910 JAMACHA ROAD
EL CAJON, CA 92019

MIRA MESA BRANCH

340 MIRA MESA BLVD
MIRA MESA, CA

OCEANSIDE BRANCH

165 OLD GROVE ROAD
OCEANSIDE, CA 92057

EXHIBIT B

LIST OF CARCINOGENS

Acetaldehyde	Acetamide
Acrylonitrile	4-Aminobiphenyl
(4-Aminodiphenyl)	Aniline
Ortho-Anisidine	Arsenic (inorganic arsenic compounds)
Benz[a]anthracene	Benzene
Benzo[b]fluoranthene	Benzo[j]fluoranthene
Benzo[k]fluoranthene	Cadmium
Captan	Chromium (hexavalent compounds)
Chrysene	Dichlorodiphenyltrichloroethane (DDT)
Bibenz[a,h]anthracene	7H-Dibenzo[c,g]carbazole
Dibenzo[a,e]pyrene	Dibenzo[a,h]pyrene
Dibenzo[a,i]pyrene	Dibenzo[a,l]pyrene
1,1-Dimethylhydrazine (UDMH)	Formaldehyde (gas)
Hydrazine	Lead and lead compounds
1-Naphthylamine	2-Naphthylamine
Nickel and certain nickel compounds	2-Nitropropane
N-Nitrosodi-n-butylamine	N-Nitrosodiethanolamine
N-Nitrosodiethylamine	N-Nitrosomethylethylamine
N-Nitrosomorpholine	N-Nitrosornicotine
N-Nitrosopiperidine	N-Nitrosopyrrolidine
Ortho-Toluidine	Tobacco Smoke
Urethane (Ethyl carbamate)	

LIST OF REPRODUCTIVE TOXINS

Arsenic (inorganic Oxides)	Cadmium
Carbon disulfide	Carbon monoxide
Lead	Nicotine
Toluene	Tobacco Smoke
Urethane	