

**SETTLEMENT AGREEMENT BETWEEN CONSUMER ADVOCACY GROUP, INC.
HALF MOON BAY GRADING & PAVING, INC.**

Consumer Advocacy Group, Inc., on behalf of itself and suing in the public interest pursuant to Health and Safety Code section 25249.7, subdivision (d) ("CAG") and Half Moon Bay Grading & Paving, Inc. ("Half Moon Bay"), (CAG and Half Moon Bay, collectively, "Parties") enter into this agreement ("Settlement Agreement") to settle the amount of fees and costs to which CAG is entitled under Paragraph 5.6 of the Corrected Consent Judgment entered in *Consumer Advocacy Group, Inc. and Environmental World Watch, Inc. v. All American Asphalt, Astro Paving and Does 1-1000*, in the Alameda County Superior Court, Case No. RG03097307 on April 27, 2005 (hereinafter referred to as the "Consent Judgment"), but as a result of case consolidation was actually entered into the case *People of the State of California v. Blue's Roofing Company, Inc., et al.*, pending in the Superior Court of California for the County of Alameda, Case No. RG03082954, with which *Consumer Advocacy Group, Inc. v. RE Contractor Company, Inc., et al.*, Superior Court of California for the County of Alameda, Case No. RG08386836 was consolidated ("Lawsuit").

The Parties agree as follows:

1. Introduction

1.1 CAG is an entity based in Los Angeles, California that 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.

1.2 CAG alleges that Half Moon Bay is a company that employs ten or more persons and acts primarily as a paving contractor.

1.3 CAG alleges that Half Moon Bay uses paving materials, some of which contain asphalt or coal tar, the use of which is alleged to expose persons to acetaldehyde; arsenic (inorganic arsenic compounds); benz[a]anthracene; benzene; benzo[a]pyrene; benzo[b]flouranthene; benzo[k]flouranthene; beryllium and beryllium compounds; 1,3-butadiene; cadmium and cadmium compounds; carbazole; chromium (hexavalent compounds); chrysene; dibenz[a,j]acridine; dibenz[a,h]anthracene; dibenzo[a,e]pyrene; dibenzo[a,h]pyrene; dibenzo[a,i]pyrene; dibenzo[a,l]pyrene; dichloromethane (methylene chloride); formaldehyde (gas); indeno[1,2,3-cd]-pyrene; lead and lead compounds; 5-methylchrysene; nickel and nickel compounds; silica, crystalline; tetrachloroethylene (perchloroethylene); toluene diioscyanate; trichloroethylene; carbon disulfide; mercury and mercury compounds; and toluene (collectively, "Covered Chemicals").

1.4 The Covered Chemicals are substances listed in the regulations promulgated under the California Safe Drinking Water and Toxic Enforcement Act (Health & Saf. Code, §§ 25249.5, et seq.) ("Proposition 65") as chemicals known to the State of California to cause cancer or reproductive harm.

1.5 On March 9, 2006, CAG served public enforcement agencies and Half Moon Bay with a document entitled "60-Day Notice of Intent to Sue Under Health & Safety Code Section 25249.6" ("Notice"). The Notice alleged that Half Moon Bay violated Proposition

65 by failing to warn its employees and other persons in California that some of the paving materials used by Half Moon Bay expose those persons to Covered Chemicals.

1.6 On May 12, 2008, CAG filed the Lawsuit alleging Half Moon Bay, among other entities, violated Proposition 65 by exposing employees and others to Covered Chemicals contained in asphalt paving products without providing "clear and reasonable" warnings. The alleged exposures constitute "occupational" and "environmental" exposures pursuant to California Code of Regulations, title 22, section 12601. Half Moon Bay denies the material allegations of the Lawsuit and liability for the cause of action alleged in the complaint.

1.7 The Parties enter into this Settlement Agreement for settlement of the amount of fees and costs to which CAG is entitled under Paragraph 5.6 of the Consent Judgment, in order to avoid prolonged and costly litigation between the Parties.

1.8 By execution of this Settlement Agreement, the Parties admit no facts or conclusions of law, including those regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, including any admission concerning the meaning of the terms "knowingly and intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section 25249.6. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed as evidence of an admission or evidence of fault, wrongdoing, or liability by Half Moon Bay, its officers, directors, employees, or parent, subsidiary or affiliated corporations, in any administrative or judicial proceeding or litigation. Except for the cause of action and allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Half Moon Bay may have against one another in any other pending legal proceeding.

2. Release

2.1 CAG releases and forever discharges Half Moon Bay and its affiliates, subsidiary and parent corporations, or their affiliated companies, and each of their officers, directors, agents, servants, partners, stockholders, attorneys, employees, representatives, and each of their respective successors and assigns (collectively, the "Released Parties") from rights, claims, causes of action, damages, suits, penalties, liabilities, injunctive relief, declaratory relief, and attorney fees, costs and expenses related to or arising out of the facts and claims alleged in the Lawsuit. Without limiting the foregoing, the Parties intend the scope of this release to cover all Claims Covered (as defined in Section 3.1 below) as to the Released Parties put in controversy by the Lawsuit.

2.2 CAG is aware of the contents of Section 1542 of the Civil Code. CAG acknowledges that the claims released in this Lawsuit include known and unknown claims and hereby waives any protections provided for by Section 1542 of the Civil Code. Section 1542 of the Civil Code 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.

To confer upon Half Moon Bay a broad release of claims, CAG expressly waives all rights and benefits conferred upon it by Civil Code Section 1542, as well as any other similar state or federal statute or common law principle, to the fullest extent it may lawfully waive such right or benefits pertaining to the claims released above. This Release shall be given full force and effect in accordance with all of its expressed terms and provisions, relating to unknown or unsuspected claims, demands, causes of action, if any, to the same effect as those terms and provisions relating to any other claims, demands, and causes of action whichever be brought against one another, under any circumstance.

3. Claims Covered

This Settlement Agreement is a final and binding resolution between the CAG and the Released Parties of the following claims and causes of action: All claims, known or unknown, which were or could have been asserted in the Lawsuit arising out of allegations that the Released Parties violated Proposition 65 or any other law because of Released Parties' operations.

4. Defendant's Duties

Opting Into Consent Judgment. At the time of the execution of this agreement, Half Moon Bay has opted-in and complied with all the requirements set forth in the Consent Judgment, within 40 days of its acceptance of service of CAG's complaint.

5. Payments

Payment to Yeroushalmi & Associates. Half Moon Bay shall pay \$16,000.00 to CAG for attorney fees and costs by June, 2010. Payment shall be to "Yeroushalmi & Associates." CAG represents and warrants that CAG has authorized the payment of attorney fees and costs, and that the payment and any application or distribution of such payment will not violate any agreement between CAG and its attorneys with any other person or entity. Half Moon Bay does not object to this allocation.

6. Authority to Enter Into Settlement Agreement

CAG represents that the signatory to this Settlement Agreement has the authority to enter into this Settlement Agreement on behalf of CAG and to bind legally CAG. Half Moon Bay represents that the signatories to this Settlement Agreement have the authority to enter into this Settlement Agreement on behalf of Half Moon Bay and to bind legally Half Moon Bay.

7. Attorney General Review

Consistent with section 3003(a) of Title 11 of the California Code of Regulations, CAG shall submit this Settlement Agreement to the Attorney General's Office for review within five days of the Parties' execution of this Settlement Agreement.

8. Execution in Counterparts and Facsimile

This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or .PDF signature shall be as valid as the original.

9. Approval of Settlement Agreement Required

9.1 CAG shall submit this Settlement Agreement to the Court for consideration as required by Health and Safety Code section 25249.7, subdivision (f)(4). CAG will provide the Court with the necessary information to allow the Court to make the findings required by Health and Safety Code section 25249.7, subdivision (f)(4)(A)-(C).

9.2 This Settlement Agreement shall be void should the Court not ultimately approve this settlement as required by Health and Safety Code section 25249.7, subdivision (f)(4)(A)-(C).

10. Entire Agreement

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

11. Modification of Settlement Agreement

Any modification to this Settlement Agreement shall be in writing by the Parties.

12. Application of Settlement Agreement

This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, the CAG and the Released Parties identified above.

13. Severability

In the event that a court of competent jurisdiction finds unenforceable any of the provision of this Settlement, such finding shall not affect adversely the validity of the enforceable provisions.

14. Governing Law

The laws of the State of California shall govern the terms of this Settlement Agreement.

15. Attorney Fees

In the event that a dispute arises concerning any provision(s) of the Settlement Agreement, and such disputes are resolved by the Court or through any alternative dispute resolution proceeding, the prevailing party in such action or proceeding shall be entitled to recover costs and reasonable attorney fees.

16. Notification Requirements

Any notice required or permitted hereunder shall be effective only if in writing and delivered in person or sent by telecopy, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi
Yeroushalmi & Associates
3700 Wilshire Blvd., Suite 480
Los Angeles, CA 90010
Fax: 213.382.3430

For Half Moon Bay:

Catherine W. Johnson, Esq.
William C. Acevedo
Wendel, Rosen, Black & Dean LLP
1111 Broadway, 24th floor
Oakland, CA 94607
Fax: (949) 660-0022

Any party may change its designee(s) for purposes of notification by providing notice of such change pursuant to this section.

Dated: _____

By: _____
Lyn Marcus, President
CONSUMER ADVOCACY GROUP, INC.

Dated: 5-5-10

By: Cynthia J. Giovannoni
Cynthia J. Giovannoni, Secretary-treasurer
HALF MOON BAY GRADING &
PAVING, INC.

As to form only:

Dated: 5-5-10

YERUSHALMI & ASSOCIATES
By: _____
Reuben Yeroushalmi
Attorneys for Consumer Advocacy Group,
Inc.

16. Notification Requirements

Any notice required or permitted hereunder shall be effective only if in writing and delivered in person or sent by telecopy, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi
Yeroushalmi & Associates
3700 Wilshire Blvd., Suite 480
Los Angeles, CA 90010
Fax: 213.382.3490

For Half Moon Bay:

Catherine W. Johnson, Esq.
William C. Acevedo
Wendel, Rosen, Black & Dean LLP
1111 Broadway, 24th floor
Oakland, CA 94607
Fax: (949) 660-0022

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Dated: _____

By: *Lyn Marcus*
Lyn Marcus, President
CONSUMER ADVOCACY GROUP, INC.

Dated: 5-5-10

By: *Cynthia J. Giovannoni*
Cynthia J. Giovannoni, Secretary-treasurer
HALF MOON BAY GRADING &
PAVING, INC.

As to form only:

Dated: 5-5-10

YEROUSHALMI & ASSOCIATES
By: *Reuben Yeroushalmi*
Reuben Yeroushalmi
Attorneys for Consumer Advocacy Group,
Inc.