

SETTLEMENT AGREEMENT BETWEEN CONSUMER ADVOCACY GROUP, INC.

AND J. H. FITZMAURICE, 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 J. H. Fitzmaurice, Inc., sued erroneously as J H Fitzmaurice Inc ("Fitzmaurice"), (collectively, "Parties") enter into this agreement ("Settlement Agreement") to settle the case entitled *Consumer Advocacy Group, Inc. v. International Pavement Solutions, Inc., et al.*, and pending in the Superior Court of California for the County of Alameda, Case No. RG07363352 ("Lawsuit"), as follows:

**1.0 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. Fitzmaurice disputes this.

1.2 CAG alleges that Fitzmaurice is a company that employs ten or more persons and acts primarily as a paving contractor. Fitzmaurice disputes this.

1.3 CAG alleges that Fitzmaurice 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]fluoranthene; benzo[k]fluoranthene; 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 diisocyanate; trichloroethylene; carbon disulfide; mercury and mercury compounds; and toluene (collectively, "Covered Chemicals"). Fitzmaurice disputes this.

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 August 29, 2006, CAG served public enforcement agencies and Fitzmaurice with a document entitled "60-Day Notice of Intent to Sue Under Health & Safety Code Section 25249.6" ("Notice"). The Notice alleged that

Fitzmaurice violated Proposition 65 by failing to warn its employees and other persons in California that some of the paving materials used by Fitzmaurice expose those persons to Covered Chemicals. Fitzmaurice disputes the sufficiency of such Notice.

1.6 On December 27, 2007, CAG filed the Lawsuit alleging Fitzmaurice, 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 "consumer product," "occupational," and "environmental" exposures pursuant to California Code of Regulations, title 22, section 12601. Fitzmaurice 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 all claims between the Parties as alleged in the CAG Complaint and Notice to avoid prolonged and costly litigation between the Parties. This Settlement Agreement is intended to preclude all future claims relating to or which could have been raised in the Lawsuit concerning Proposition 65, asphalt products and Covered Chemicals by any individual, trust, joint stock company, corporation, company, partnership, limited liability company, association or government entity (hereinafter collectively "Persons").

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 Fitzmaurice, its officers, directors, employees, or parent, subsidiary or affiliated corporations, in any administrative or judicial proceeding or litigation.

## **2.0 Release**

2.1 Upon judicial approval of the settlement between the Parties and the expiration of time in which to appeal the same, CAG releases and forever discharges Fitzmaurice 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, "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 Fitzmaurice 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. CAG understands and acknowledges that the significance and consequence of its release and waiver of California Civil Code section 1542 is that if either CAG, or any Person or entity on whose behalf CAG purports to act or could act, including one or more members of the general public, suffers future damages or harm, or becomes entitled to injunctive relief, arising out of, resulting from, or related directly or indirectly to, in whole or in part, the matters covered in this Settlement Agreement ("Damages"), such Persons will not be able to make any claim for such Damages against Fitzmaurice. CAG acknowledges that this waiver was separately bargained for and will be construed as broad as possible. 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.

### **3.0 Claims Covered**

3.1 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.

### **4.0 Defendant's Duties**

4.1 Posting of Warning. Within sixty days after entering into this Settlement Agreement, Fitzmaurice shall post the warning to its employees described in Exhibit A ("Warning"). Fitzmaurice shall: (i) post a sign containing the Warning in a conspicuous location, such as a locker room where employees store their gear, or near a time clock where employees check in and out regularly, or where other legally required employment notices are posted, and under conditions that make it likely to be read and understood by employees prior to the alleged exposure for which the Warning is given; and (ii) distribute the Warning in writing to all employees receiving training as part of its Hazard Communication Program pursuant to Paragraph 4.2.

4.2 Hazard Communication Program. At the time Fitzmaurice executes this Settlement Agreement, it shall simultaneously execute a declaration under penalty of perjury, in the form attached as Exhibit B to the Settlement Agreement, certifying that it has a Hazard Communication Program. Fitzmaurice shall then submit the signed declaration to CAG.

4.3 Alternative Warning Requirements. The Legislature may amend Proposition 65 or administrative agencies of the State of California, including the Attorney General or the OEHHA, may initiate or promulgate regulations under Proposition 65 or issue other interpretive guidance, including a safe-use determination, which may affect the requirement to provide warnings under Proposition 65 for the Covered Chemicals. If any action by any public entity permits any form(s) of warning other than the Warning attached hereto, or varies the form or content of the Warning, then Fitzmaurice may satisfy the obligations under Paragraph 4.1 by providing warnings in a manner consistent with such subsequently promulgated law, regulation or interpretive guidance. Nothing in this Settlement Agreement, however, shall relieve Fitzmaurice from the obligation to comply with any new requirement imposed by the State of California after the Parties execute this Settlement Agreement. If other statutes require warnings, Fitzmaurice shall provide those warnings as required by those laws. If any law, rule, regulation, or final decision of any legislative, judicial or executive body renders invalid or unenforceable the warning requirements of Paragraph 4.1, Fitzmaurice has no further obligations under Paragraph 4.1. Should CAG disagree it may petition the Court for enforcement of the Settlement Agreement. Notwithstanding any other provision of this Settlement, should Fitzmaurice cease to implement or modify the warning required here due to the occurrence of the events described in this Paragraph, it shall provide written notice to CAG of its intent to do so no less than 30 days in advance. CAG shall notify Fitzmaurice in writing of any objection within 30 days of its receipt of such notice.

4.4 No Other Warnings Required. In the interests of a full and final resolution of this matter, the Parties agree that the Warning is sufficient. Fitzmaurice maintains that law requires no warning. CAG maintains that law requires

additional warnings beyond those provided here. Specifically, CAG maintains that environmental warnings are required for exposure to the Covered Chemicals in addition to the occupational warnings provided for here. Nonetheless, in recognition of and in consideration for the measures below that Fitzmaurice will adopt and the effect those measures will have, CAG releases Fitzmaurice from any obligation to warn for exposure to the Covered Chemicals other than as provided here. CAG reserves the right to allege that persons, other than Fitzmaurice, are obligated to provide warnings for exposure to the Covered Chemicals.

4.5 New Scientific Data. Any warning obligation under Section 4 for any Covered Chemical may be eliminated if new scientific data causes: (a) the deletion of that Covered Chemical from the list published by the State pursuant to Health and Safety Code section 25249.8 or any successor legislation, or (b) that Covered Chemical to qualify for an exemption pursuant to Health and Safety Code section 25249.10 or any successor legislation. Fitzmaurice may modify or remove the Warning to reflect that deletion or exemption, unless Fitzmaurice exposes or causes to be exposed any individual to any other Covered Chemical requiring a Warning pursuant to this Settlement Agreement. Should CAG not agree with the modification or removal of a Warning pursuant to this paragraph, CAG may petition the Court.

4.6 Safe Use Determination. Notwithstanding any other provision of this Settlement Agreement, at any time after Fitzmaurice executes this Settlement Agreement, Fitzmaurice may seek a Safe Use Determination ("SUD") for one or more of the Covered Chemicals from the OEHHA (or its successor) pursuant to Section 12204 of Title 22 of the California Code of Regulations (or any successor legislation or regulation). In such event, the terms of this Settlement Agreement shall not operate with any prejudice to the SUD. Provided Fitzmaurice furnishes notice to CAG at least 30 days before filing the SUD application with the OEHHA, which shall include a copy of the application, so as to provide CAG a meaningful opportunity to comment to OEHHA on the matter, then, should OEHHA issue a SUD that there is no obligation to provide warnings under Proposition 65 with respect to the Covered Chemical(s) identified in the application, Fitzmaurice shall have no obligation pursuant to Paragraph 4.1 as to the Covered Chemical(s) identified in the SUD.

4.7 Exposure Reduction Measures. Fitzmaurice shall institute certain measures related to the use of the asphalt products in order to reduce or mitigate occupational or environmental exposure to one or more of the Covered Chemicals. Because of the benefits of these measures CAG will not insist upon warnings for "environmental" exposures. To reduce potential exposure to the Covered Chemicals and reduce pollution in California, Fitzmaurice shall limit the representative temperature of asphalt products in its control to either (a) no greater than 375°F, or (b) 25°F below the product's "flash point" (as determined by the

AASHTO test method T48 or ASTM test method D92). Fitzmaurice may choose between measures (a) and (b) at its discretion. No party shall deem either measure to be more effective than the other. The actions taken by Fitzmaurice pursuant to this Paragraph are solely for purposes of compliance with this Settlement Agreement and are not meant to, and do not, change any manufacturer's or other project specifications. As with every other provision in this Settlement Agreement, only the Parties may enforce compliance with this Paragraph.

4.8 **Enforcement of Exposure Reduction Measures.** CAG intends to monitor compliance with Paragraph 4.7 through whatever measures it deems appropriate, so long as such measures do not violate any law. Should CAG believe that Fitzmaurice is not complying with its obligations under Paragraph 4.7, CAG shall serve written notice stating the factual basis of such alleged non-compliance by first class mail and facsimile on the attorney for Fitzmaurice. Fitzmaurice shall thereafter have fifteen (15) business days from receipt of the written notice to provide a written response contesting the alleged non-compliance and/or to cure the alleged non-compliance without incurring any fines, costs, penalties, or liabilities (including attorneys' fees and or costs related to such alleged non-compliance). If the issue of compliance is not resolved to either Party's satisfaction within fifteen (15) business days following the original fifteen-day notice period, then the Party may seek enforcement of this Settlement Agreement.

## 5.0 **Payments**

5.1 **Defendants' Payment in Lieu of Civil Penalties.** Within 15 days following court approval of the Settlement Agreement, Fitzmaurice shall pay CAG, a corporation commenced for the purpose of furthering environmental causes, \$500.00. Payment shall be to "Consumer Advocacy Group, Inc." CAG will use the payment for such projects and purposes related to environmental protection, worker health and safety, or reduction of human exposure to hazardous substances (including administrative and litigation costs arising from such projects), as CAG may choose. CAG will provide its address and federal tax identification number to Fitzmaurice.

5.2 **Payment to Yeroushalmi & Associates.** Within 15 days following court approval of the Settlement Agreement, Fitzmaurice shall pay \$14,500.00 to CAG for all attorney fees, costs, filing fees, penalties, and any other costs or expenses that may arise or be incurred to effectuate the intentions of the parties to obtain the full benefit of this Settlement Agreement. 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. Fitzmaurice does not object to this

allocation. Yeroushalmi & Associates will provide its address and federal tax identification number to Fitzmaurice.

**6.0 Authority to Enter Into Settlement Agreement**

6.1 CAG, acting on behalf of the general public, 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. Fitzmaurice represents that the signatories to this Settlement Agreement have the authority to enter into this Settlement Agreement on behalf of Fitzmaurice and to bind legally Fitzmaurice.

6.2 CAG and Fitzmaurice allege to be the true owners of all rights to the proceeds and benefits, as well as the any outstanding obligations, if any, of the Complaint and the Litigation.

6.3 The Parties warrant and represent to each other that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein, and agree to indemnify, defend and hold each other harmless from and against any and all claims based on or arising out of any such assignment or transfer, or purported assignment or transfer, of the claims or any portion thereof or interest therein.

**7.0 Attorney General Review**

7.1 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.

**8.0 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 signature shall be as valid as the original.

**9.0 Judicial 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 in the event the Court does not approve this settlement as required by Health and Safety Code section 25249.7, subdivision (f)(4)(A)-(C). It is understood that the payment of the funds under paragraph 5.2 above is subject to proof of such costs and such accounting as the Attorney General and the Court may require.

**10.0 Entire Agreement**

10.1 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.

**11.0 Modification of Settlement Agreement**

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

**12.0 Application of Settlement Agreement**

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

**13.0 Severability**

13.1 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.

**14.0 Governing Law**

14.1 The laws of the State of California shall govern the terms of this Settlement Agreement. The venue for the resolutions of any disputes arising out of this Settlement Agreement shall be Oakland, California.

**15.0 Attorney Fees**

15.1 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.

**16.0 Notification Requirements**



16.1 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

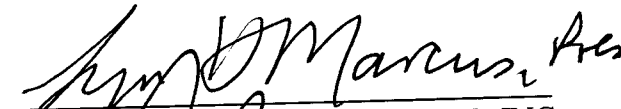
For Fitzmaurice:

Timothy R. Fitzmaurice, Esq.  
J H Fitzmaurice, Inc.  
2857 Hannah St  
Oakland, CA 94608  
Fax: 510.444.1344

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

**17.0 Further Documents:** CAG agree to prepare and file, and the Parties agree to execute, such further documents as may be required to effectuate the purposes and intent of this Settlement Agreement.

Dated: 9/5/08

By:   
CONSUMER ADVOCACY GROUP, INC.

Dated: 8/22/08

By:   
J. H. FITZMAURICE, INC.

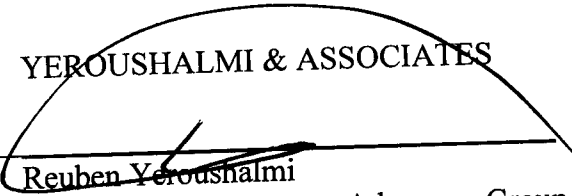


As to form only:

Dated: 9/5/08

By:

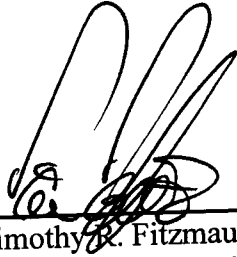
YEROUSHALMI & ASSOCIATES

  
Reuben Yeroushalmi

Attorneys for Consumer Advocacy Group, Inc.

Dated: 8/22/08

By:

  
Timothy R. Fitzmaurice, Esq.

Attorney for J. H. Fitzmaurice, Inc.



## EXHIBIT A – OCCUPATIONAL WARNING

WARNING: CHEMICALS KNOWN TO THE STATE OF CALIFORNIA TO CAUSE CANCER AND BIRTH DEFECTS OR OTHER REPRODUCTIVE HARM ARE PRESENT IN YOUR WORK AREA. Asphalt, sand, diesel engine exhaust and other materials in your work area contain chemicals known to the State of California to cause cancer and/or reproductive harm. Exposure to some or all of these chemicals occurs during paving operations and related activities. Always familiarize yourself with the hazards of the materials and equipment you are using and follow the precautions indicated on product labels, Material Safety Data Sheets and your health and safety training program.



## EXHIBIT B – DECLARATION REGARDING HCP

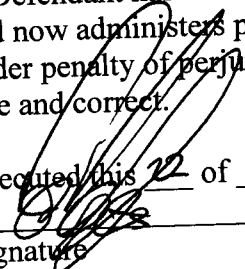
I, Timothy R. Fitzmaurice, declare and state as follows:

1. I am the President of J.H. Fitzmaurice, Inc. ("Defendant"), which has elected to enter into the Settlement Agreement with Consumer Advocacy Group, Inc. that is intended to provide the protections against suits or actions, relating to or alleging violations of Proposition 65, that would be provided if J.H. Fitzmaurice, Inc. had been permitted to join the Consent Judgment in the action *Consumer Advocacy Group, Inc., and Environmental World Watch, Inc., in the interest of, and on Behalf of the Public v. All American Asphalt, Astro Paving and Does 1-1,000*, filed in the Superior Court of the State of California for the County of Alameda under Case No. RG 03097307, and I have the authority to make this declaration on Defendant's behalf.

2. I have personal knowledge of the matters stated herein and, if called upon to testify, could competently testify thereto.

3. Defendant has in effect a Hazard Communication Program, which Defendant adopted and now administers pursuant to California law and the governing regulations. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 22 of August, 2008, at Oakland, California.

  
\_\_\_\_\_  
Signature

Print name: Timothy R. Fitzmaurice

For: J.H. Fitzmaurice, Inc.  
Name of Defendant