

SETTLEMENT AGREEMENT BETWEEN CONSUMER ADVOCACY GROUP, INC.
AND CP AUTO PRODUCTS, 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 CP Auto Products, Inc. ("CP Auto") (collectively, "Parties") enter into this agreement ("Settlement Agreement") to settle the case entitled *Consumer Advocacy Group, Inc. v. CP Auto Products, Inc.*, filed on August 13, 2008, and pending in the Superior Court of California for the County of Los Angeles, Case No. BC396267 (the "Lawsuit"), as follows:

1.0 Introduction

1.1 CAG is a California-based entity 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 CP Auto was a distributor of a consumer product known as CP Automotive 75150 Stick-On Wheels, 6.5 oz, designed for stabilizing the balance of automobile wheels ("Stick-On Wheels"):

1.3 CAG alleges that Stick-On Wheels contains lead, a chemical designated by the State of California to cause cancer and reproductive toxicity. Lead is subject fully to the discharge prohibitions and warning requirements of Proposition 65.

1.4 On March 24, 2008, CAG served public enforcement agencies and CP Auto with a "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" ("Notice"). The Notice alleged that CP Auto violated Proposition 65 by failing to warn consumers in California that use of Stick-On Wheels exposes persons to lead.

1.5 On August 13, 2008, CAG filed the Lawsuit alleging CP Auto violated Proposition 65 by exposing persons to the lead found in Stick-On Wheels without providing "clear and reasonable" warnings of such. The alleged exposures constitute "consumer product" exposures.

1.6 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below.

1.7 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including any facts or conclusions of law 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. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by CP Auto, its officers, directors, employees, or parent, subsidiary or affiliated corporations, in any administrative or judicial proceeding in any court, agency, or forum. 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 and CP Auto may have against one another in any other pending legal proceeding as to allegations unrelated to those alleged in the Lawsuit.

2.0 Release

2.1 Upon court approval of the settlement between the Parties, execution of the obligations under this Settlement Agreement, and the expiration of time to appeal the same, CAG fully releases and forever discharges CP Auto, its related affiliates, predecessors, successors, and assigns and all officers, directors, and employees of any of the released entities (collectively, "Released Parties") from all known and unknown 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 below) as to the Released Parties put in controversy by the Lawsuit.

2.2 CAG has full knowledge of the contents of Section 1542 of the Civil Code. CAG acknowledges that the claims released in section 2.1 above may include unknown claims and waives Section 1542 as to any such unknown claims. Section 1542 reads 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.

CAG acknowledges and understands the significance and consequences of this specific waiver of Civil Code Section 1542.

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 cause of action:

All Proposition 65 and other related claims that were or could have been asserted in the Lawsuit arising from allegations that the Released Parties exposed users of Stick-On Wheels and others in proximity to such use to lead without first giving clear and reasonable warning of such to persons exposed up to the effective date of entry of Judgment approving this settlement.

4.0 Defendant's Duties

4.1 CP Auto agrees, promises, represents, and warrants that upon execution of this Settlement Agreement (1) it will not sell, distribute, or otherwise participate in the dissemination of automotive products containing lead included but not limited to Stick-On Wheels.

5.0 Payments

5.1 CP Auto shall pay in settlement of this matter the total amount of \$36,000 to be allocated as follows:

5.1.1 Payment in Lieu of Civil Penalties. CP Auto shall pay CAG, incorporated for the purpose of furthering environmental causes, \$1,000. 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.

5.1.2 Payment to Yeroushalmi & Associates. CP Auto shall pay CAG \$35,000 for its attorney fees and costs incurred in this matter. The check shall be to "Yeroushalmi & Associates."

6.0 Authority to Enter Into Settlement Agreement

6.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of CAG and to bind legally CAG. CP Auto represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of CP Auto and to bind legally CP Auto.

7.0 Attorney General Review

7.1 Consistent with section 3003, subdivision (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.

7.2 Following submittal to the Attorney General, the Parties shall proceed as set forth in this Settlement Agreement.

8.0 Execution in Counterparts and Facsimile

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

9.0 Entry of Judgment Pursuant to 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).

10.0 Modification of Settlement Agreement

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

11.0 Application of Settlement Agreement

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

12.0 Notification Requirements

12.1 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 Ste 480
Los Angeles, CA 90010
Fax: 213.382.3430

For CP Auto:

Randall W. Wenker, Esq.
Allan R. Schroth, Esq.
MAGDLEN, WENKER & SCHROTH
1631 Beverly Boulevard
Los Angeles, CA 90026-5746
Fax: 213.482-8250

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

Dated: 4/20/09

By: *Jim Marcus, Pres.*
CONSUMER ADVOCACY GROUP, INC.

Dated: 4/20/09

By: *JK*
CP AUTO PRODUCTS, INC.

As to form only:

YEROUSHALMI & ASSOCIATES

Dated: 4/20/09

By: *[Signature]*
Reuben Yeroushalmi
Attorneys for plaintiff,
Consumer Advocacy Group, Inc.

MAGDLEN, WENKER & SCHROTH

Dated: 4/20/09

By: *[Signature]*
Randall W. Wenker, Esq.
Attorneys for defendant,
CP Auto Products, Inc.