

**SETTLEMENT AGREEMENT
AND
MUTUAL GENERAL RELEASE**

Parties.

This Settlement Agreement and Mutual General Release (hereinafter "Settlement Agreement") is entered into between Consumer Advocacy Group (hereinafter "CAG"), and United Exchange Corporation (hereinafter "United Exchange"). The aforementioned may also be referred to herein individually as a "Signatory" or collectively as the "Signatories".

Recitals.

WHEREAS, in or On December 3, 2008, plaintiff CAG filed a complaint in Los Angeles County Superior Court (the "Court"), entitled Consumer Advocacy Group v. United Exchange Corp. (the "Claims"), for civil penalties and injunctive relief pursuant to the provisions of Cal. Health & Safety Code §25249.5 *et seq.* ("Proposition 65"). CAG's Complaint named United Exchange and unnamed "Does" as defendants.

WHEREAS, the parties have agreed to compromise and settle all disputes against one another arising out of the Claims.

NOW, THEREFORE, in consideration of the foregoing facts and the terms and conditions set forth herein, the Signatories agree as follows:

Agreement.

1. Incorporation of Recitals. The foregoing Recitals are incorporated herein as part of this Settlement Agreement.

2. Payment. United Exchange, pursuant to the terms and conditions provided in the Consent Judgment (as defined below), hereby confirms payment in the total sum of Sixty Three Thousand Five Hundred and 00/100 Dollars (\$63,500.00) to CAG in the following manner:

\$21,166.66 upon execution of this Agreement (\$4,000 paid to CAG & remainder paid to Yerousahlmi & Associates");

\$21,166.66 within 40 days of execution of this Agreement made payable to Yerousahlmi & Associates; and

\$21,166.68 upon date of the approval of the "Consent Judgment" by the Court made payable to Yerousahlmi & Associates.

3. Consent Judgment. Concurrent with the execution and delivery of this Settlement Agreement, parties shall execute [Proposed] Consent Judgment attached hereto as Exhibit 1 ("Consent Judgment"). CAG shall, at its own costs and expense, take any and all appropriate actions to file a notice of settlement with the California Attorney General's office as

well as to obtain the Court's approval to the Consent Judgment through a noticed motion or any other appropriate court actions. In the event that California Attorney General's office or the Court disapproves the Settlement Agreement or the Consent Judgment, UEC's obligation to pay the settlement amount provided herein will terminate.

4. **Consideration.** In consideration for the foregoing acknowledgments, covenants and promises, CAG agrees to the following:

a) Obtain approval of Consent Judgment from any and all appropriate governing agencies, including the Court, for the "Covered Products" as defined in the Consent Judgment; for clarification purposes, the "Covered Products" listed on the Consent Judgment includes "Halsa ® Hair Color, a Permanent Cream Hairdye," (containing "Diaminotoluene (mixed)); Nu-Pore products such as Hairdye cream products known as "Nu-Pore® Hair Color, a Permanent Cream Hairdye" (containing Diaminotoluene (mixed)), and Hair straightening products known as "Nu-Pore® Straight & Simple Hair Straightening Treatment" (containing Bromate); "Men's Select 5 Minute Hair Color," which are Hair coloring dye products (containing Diaminotoluene (mixed)); and "Select Lash," which are Eyelash glue products (containing chemical ingredient known as "acrylonitrile").

b) Agree and confirm that CAG will terminate any all lawsuit, legal proceedings or actions, whether or not instituted, against 99 Cent Only Stores involving the "Covered Products";

c) Agree and confirm that CAG will not take or pursue any legal actions against United Exchange for additional products disclosed during the course of litigating the Claims, including any actions involving "Ultra Anti-bacterial Soap," "Cocoa Butter Soap," "Diaper Rash Creamy" and "Diaper Rash Ointment" containing the chemical "Talc" and "Anti-Wrinkle Gel Patch" product containing the chemical "Silica."

5. **Mutual General Release.** In consideration for the payment of the full sum specified in this Settlement Agreement and for the other promises made in this Settlement Agreement, the Signatories, and each of them, for themselves and on behalf of their predecessors, successors, parent companies, subsidiary companies, affiliates, directors, officers, shareholders, employees, partners, assigns, representatives, agents, attorneys, and any person or entity claiming through them, hereby fully, absolutely, and forever release and discharge the other Signatories, and each of them, and their respective predecessors, successors, parent companies, subsidiary companies, affiliates, directors, officers, shareholders, employees, partners, assigns, representatives, agents, attorneys, and each of them, of and from any and all suits, causes of action, claims, counterclaims, demands, damages, debts, liabilities, obligations, accounts, reckonings, expenses, liens, costs, of every kind and nature whatsoever, whether known or unknown, from the beginning of time through and including the date of this Settlement Agreement.

6. **Waiver of Civil Code § 1542.** Except as provided in this Settlement Agreement, the Signatories, and each of them, hereby waive the protection of California Civil Code § 1542 (and any substantively-similar federal statute, law, or rule), which provides:

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.

7. **No Admission of Fault or Liability.** The Signatories agree and acknowledge that this Settlement Agreement represents a compromise of disputed claims and counterclaims, and neither this Settlement Agreement nor any action taken in connection with it will be or should be construed to be an admission or acknowledgement of fault or liability on the part of any Signatory.

8. **No Other Claims Being Prosecuted; No Assignment.** The Signatories warrant: (i) that no other actions are presently being prosecuted by or against them, individually and/or collectively, which in any manner relate to the business relationships and/or business transactions previously entered into between or among the Signatories; and (ii) that none of their claims, counterclaims, or rights being asserted in this action have been assigned or transferred to anyone else.

9. **Materiality of Warranties.** The Signatories agree and acknowledge that the warranties herein are material terms to this Settlement Agreement.

10. **Advice of Counsel.** The Signatories acknowledge that they have been (and are) represented by independent legal counsel of their choice, and have had an adequate opportunity, prior to the execution hereof, to consult with counsel to make whatever inquiry they may deem necessary or desirable, and obtain appropriate legal advice, regarding the terms and legal effect of this Settlement Agreement.

11. **Authorized To Execute Settlement Agreement.** The Signatories warrant that each of the persons executing this Settlement Agreement, individually or on behalf of an entity, is duly empowered and authorized to do so.

12. **Settlement Agreement Deemed Mutually Drafted.** None of the Signatories hereto shall be deemed to have been the drafter of this Settlement Agreement, but it shall be deemed to have been jointly drafted by each of the Signatories hereto. Should any provision of this Settlement Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing it in favor of or against any Signatory, but rather construing the terms of this Settlement Agreement as a whole according to their fair meaning.

13. **Invalid Provisions Deemed Severed.** In the event any provision of this Settlement Agreement is deemed illegal, invalid, or unenforceable, such determination shall not affect the legality, validity, or enforceability of the remaining provisions, which shall remain in full force and effect.

14. **Entire Agreement; No Oral Modifications Allowed.** This Settlement Agreement contains the entire agreement among the Signatories, and supercedes and replaces all prior negotiations and agreements, written and/or oral. This Settlement Agreement cannot be modified or changed except by written instrument executed by all Signatories.

15. Attorney's Fee. Pursuant to Evidence Code 1152(b), this Settlement Agreement is enforceable, binding and admissible in a court of law. In the event that any proceeding of any nature be brought with respect to this Settlement Agreement, the prevailing party shall be entitled to costs and attorneys' fees. If a motion is brought by either party to enforce or interpret any part of this Settlement Agreement, attorneys' fee, costs and expenses may be awarded at such hearing by the Court presiding thereat.

16. Captions Not Controlling. The captions appearing throughout this Settlement Agreement are descriptive only and for convenience of reference. Should there be any conflict between any such caption and the Section to which it relates, the Section, and not such caption, shall control and govern the construction of this Settlement Agreement.

17. California Law. This Settlement Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

18. Execution in Counterparts; Validity of Facsimile Signatures. This Settlement Agreement may be executed in one or more counterparts and transmitted by facsimile copy, each one of which shall constitute an original and all of which shall constitute one and the same document. Each Signatory agrees that any copy of this Settlement Agreement bearing a signature on its (or his) behalf transmitted by facsimile to any other Signatory shall be deemed valid as an original as if an original were signed in such other Signatory's presence and delivered to it (or him) by hand. By their signatures below, the Signatories have approved this Settlement Agreement.

CONSUMER ADVOCACY GROUP, INC.



Lyn Marcus
President

Dated: _____ 2009

UNITED EXCHANGE CORP.

Eugene Choi
Chief Executive Officer/ President

Dated: _____ 2009

15. **Attorney's Fee.** Pursuant to Evidence Code 1152(b), this Settlement Agreement is enforceable, binding and admissible in a court of law. In the event that any proceeding of any nature be brought with respect to this Settlement Agreement, the prevailing party shall be entitled to costs and attorneys' fees. If a motion is brought by either party to enforce or interpret any part of this Settlement Agreement, attorneys' fee, costs and expenses may be awarded at such hearing by the Court presiding thereat.

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CONSUMER ADVOCACY GROUP, INC.



Lyn Marcus
President

Dated: _____, 2009

UNITED EXCHANGE CORP.



Eugene Choi
Chief Executive Officer/ President

Date: July 20th 2009

APPROVED AS TO FORM AND CONTENT:

Yeroushalmi & Associates

Dated: July ____, 2009

By: 

Dated: July ~~22~~ 2009

Law Offices of John P. Lee,
A Professional corporation

By: 

John P. Lee, Attorneys for
Defendant United Exchange Corp.