

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.,

AND

CALLAHAN WHOLESALE HARDWARE COMPANY

Consumer Advocacy Group, Inc. ("CAG"),(hereinafter "the Plaintiff" or "CAG") , on behalf of itself and suing in the public interest on the one hand, and defendant Callahan Wholesale Hardware Company, Inc., individually and doing business as Jennings & Agnew Hardware("Callahan") (hereinafter "Defendant" or "Callahan"), on the other hand, enter into this agreement ("Settlement Agreement") to resolve all claims related to the Notices of Violation sent by CAG on or about August 11, 2008 and March 6, 2009 (the "Notices"), and the lawsuit originally filed by CAG on June 25, 2009, entitled Consumer Advocacy Group, Inc., in the public interest, Plaintiff, v. Callahan Wholesale Hardware Co., a California Corporation, Jennings & Agnew Hardware, an Unknown Business Entity, and Does 1-50, Defendants, Los Angeles Superior Court Case No. BC416535 (This Litigation), as follows:

1.0 Introduction

1.1 CAG and Defendant ("Parties") enter into this Settlement Agreement to settle disputed claims between the Parties as set forth hereafter.

1.2 Plaintiff claims that the Notices allege violations of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code sections 25249.5-25249.13 ("Proposition 65"). Defendant denies the material allegations of the Notices, and denies liability for any claim that was or could have been raised in the Notices.

1.3 The Parties do not admit any facts or conclusions of law, including, but not limited to, 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 Defendant, its , officers, directors, employees, or parents, attorneys, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Defendant denies that it manufactured, distributed, carried or sold the Products listed or otherwise referenced in the Notices, or either of them.

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Defendant denies all wrongdoing and liability and is entering into this Settlement Agreement solely for the purpose of avoiding further expense and inconvenience from defending against any and all claims of the Plaintiff.

2.0 Release

2.1 Upon Court approval of the settlement agreement between the Parties, and execution of this settlement agreement, CAG, on behalf of itself and in the public interest, hereby releases and discharges Defendant, its related affiliates, customers, retailers, distributors, predecessors, successors and assigns, and all officers, directors, employees, servants, agents, attorneys, administrators, shareholders, subsidiaries, principles, owners, partners, representatives, affiliates, joint venturers, and each of them (collectively, "Released Parties") from any and all claims asserted, or that could have been asserted, in This Litigation arising from the alleged failure to provide Proposition 65 warnings regarding the exposure of individuals to lead and/or lead compounds in battery terminals, including, but not limited to, two lead-containing products, Lead Battery Terminals, including Part No. BT - 10, and Lead Battery Terminal, Product No. W1686B ("Products"). This includes All Proposition 65 claims that were or could have been asserted in the Notices arising from allegations related to lead battery terminals and/or any other products listed in the Notices that the Released Party exposed, knowingly and intentionally, Defendant's employees, users of Defendant's products and others in proximity to such use to lead, and/or lead compounds, a chemical designated by the State of California to cause cancer, birth defects, and other reproductive harms, without first giving clear and reasonable warnings of such to persons exposed up to the effective date of this settlement agreement. CAG, on behalf of itself its predecessors, successors, employees, agents, attorneys and assigns only, hereby releases and discharges the Released Parties from any and all known and unknown past, present, and future rights, claims, causes of action, damages, suits, penalties, liabilities, injunctive relief, declaratory relief, and attorney fees, costs, and expenses, of every kind and nature, in law and in equity, direct or derivative, known or unknown, fixed, liquidated or contingent, in tort, contract, common counts, statutory or mixed, whether or not related to or arising out of the facts and claims asserted, or that could have been asserted, under state or federal law in This Litigation whether or not arising from or related to the Products or the facts alleged in Plaintiff's Proposition 65 Notices or the Complaint or the Amended Complaint on file in This Litigation, including without limitation any and all claims concerning exposure of any person to lead in the Products.

2.2 Compliance with the terms of this Settlement Agreement shall constitute compliance by the Released Parties with Proposition 65 with respect to exposures to the Products manufactured and/or distributed by Defendant. This release does not limit or affect the obligations of any party created under this Settlement Agreement.

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2.3 CAG has full knowledge of the contents of the California Civil Code section 1542 ("Section 1542"). 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 California Civil Code section 1542. CAG expressly waives and relinquishes any and all rights or benefits it may have under, or which may be conferred upon it by, the provisions of Section 1542 of the California Civil Code and any similar law of any state or territory of the United States to the fullest extent that they may lawfully waive such rights or benefits pertaining to the subject matter of this Agreement and the release contained herein.

3.0 Defendant's Duties

Following execution of this Settlement Agreement and its submission, by Plaintiff, to the Attorney General's Office and approval by the Court, Defendant agrees, promises, and represents that Defendant will provide Proposition 65 compliant warnings on all individual packages of the Products (described in Paragraph 2.1) sold or distributed, by Defendant, in California indicating that the Products contain lead, a chemical designated by the state to cause cancer, reproductive toxicity and birth defects. Within Sixty (60) days of approval of this settlement by the Court (the "Compliance Date"), Defendant shall not engage in any California sale of the Products without providing the following, or something substantially similar to the following, warning language, printed conspicuously on the individual packages of the Products:

WARNING: This product contains lead, a chemical known to the State of California to cause cancer, birth defects, and other reproductive harms.

4.0 Payments

Following entry of this settlement agreement by the Court, Defendant shall pay twenty-six thousand dollars (\$26,000) to Yeroushalmi & Associates, as reimbursement to CAG's attorneys for reasonable investigation fees and costs,

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attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to Defendant's attention, litigating, and negotiating a settlement in the public interest.

5.0 Authority to Enter Into Settlement Agreement

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. Defendant represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of the Defendant. CAG represents and warrants that, it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, partnership, firm, trust, trustee or corporation whatsoever, any claim, debt, liability, demand, judgment, obligation, cost, expense, action or cause of action covered by this Settlement Agreement. The Parties acknowledge and agree that this warranty and representation is an essential and material term of this Settlement Agreement, without which none of the consideration received, or to be received, in connection herewith would have been made or delivered.

6.0 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. CAG shall also seek court approval of the settlement.

7.0 Court Approval

7.1 If this Settlement Agreement is not approved by the Court, it shall be of no further force or effect.

7.2 CAG shall comply with Health and Safety Code section 25249.7(f) and with Title 11 California Code of Regulations section 3003.

8.0 Execution in Counterparts, and Facsimile and PDF

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

9.0 Modification of Settlement Agreement

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

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10.0 Application of Settlement Agreement

This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Released Parties identified in Section 2.1 above.

11. Attorney Fees and Costs

Except as otherwise set forth herein, each of the parties hereto agrees to bear all of their own costs, expenses, and attorneys' fees incurred in connection with the claims settled by this Settlement Agreement and the preparation of this Settlement Agreement. If any action or proceeding is brought to enforce any term or condition of this Agreement, the prevailing party in that action shall be entitled to its cost of suit, including reasonable attorney fees.

12.

Notification Requirements

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

For Consumer Advocacy Group, Inc: For Callahan Wholesale Hardware Company:

Reuben Yeroushalmi
Yeroushalmi & Associates
9100 Wilshire Blvd., Suite 610E
Beverly Hills, CA 90212
Facsimile No. 310-623-1930

Harvey I. Levin, Esq.
LAW OFFICES OF HARVEY I. LEVIN
15760 Ventura Blvd., Suite 700
Encino, California 91436-3016
Facsimile No. (818) 995-9445

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

Dated: _____

By: _____
CONSUMER ADVOCACY GROUP, INC.

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Reuben Yeroushalmi
Yeroushalmi & Associates
9100 Wilshire Blvd., Suite 610E
Beverly Hills, CA 90212
Facsimile No. 310-623-1930

Harvey I. Levin, Esq.
LAW OFFICES OF HARVEY I. LEVIN
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Encino, California 91436-3016
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Dated: 9/27/10

By: *Tom H. Marcus, Pres.*
CONSUMER ADVOCACY GROUP, INC.

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Dated: Sept. 22, 2010

By: M G Walsh for Callahan Wh.
CALLAHAN WHOLESALE HARDWARE
COMPANY

As to form only:

YERUSHALMI & ASSOCIATES

Dated: 9/27/2010

By: Reuben Yerushalmi

LAW OFFICES OF HARVEY I. LEVIN

Dated: 9/27/2010

By: Harvey I. Levin

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