

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony E. Held, Ph.D., P.E., UNCAS Manufacturing Company

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E., (hereinafter "Held"), UNCAS Manufacturing Company (hereinafter, "UNCAS"), with Held and UNCAS collectively referred to as the "Parties." Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. UNCAS employs ten or more persons and is a person in the course of doing business for purposes of Proposition 65.

1.2 General Allegations

Held alleges that UNCAS has manufactured, distributed and/or sold in the State of California vinyl photo keychains containing Di(2-ethylhexyl)phthalate. Di(2-ethylhexyl)phthalate is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 *et seq.* ("Proposition 65"), as a chemical known to the State of California to cause birth defects and other reproductive harm. Di(2-ethylhexyl)phthalate is referred to herein as the "Listed Chemical."

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: vinyl photo keychains containing the Listed Chemical within, but not limited to, *SpongeBob*

Squarepants Photo PVC Keychains (#4 00011 96701 7). All such items shall be referred to herein as the “Products.”

1.4 Notice of Violation

On or about May 22, 2009, Held served UNCAS and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (the “Notice”) that provided UNCAS and such public enforcers with notice that alleged that UNCAS was in violation of California Health & Safety Code §25249.6 for failing to warn consumers and customers that the Products exposed users in California to the Listed Chemical. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

UNCAS denies the material factual and legal allegations contained in Held’s Notice and maintains that all products that it has sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by UNCAS of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by UNCAS of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by UNCAS. However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties of UNCAS under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean August 31, 2009.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Commitment

As of the Effective Date, UNCAS shall only manufacture or cause to be manufactured Products for sale in California that are Phthalate Free , as set forth below. For purposes of this Settlement Agreement, “Phthalate Free” shall mean products containing less than or equal to 1,000 ppm of DEHP when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or any method allowed by any state or federal agency to assess the DEHP content by weight of a solid substance.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, UNCAS shall pay \$1,200 in civil penalties to be apportioned in accordance with California Health & Safety Code §25192, with 75% of these funds remitted to the State of California’s Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Held as provided by California Health & Safety Code §25249.12(d). UNCAS shall issue two separate checks for the penalty payment: (a) one check made payable to Hirst & Chanler LLP in Trust for the State of California’s Office of Environmental Health Hazard Assessment (“Hirst & Chanler LLP in Trust for OEHHA”) in the amount of \$900 representing 75% of the total penalty and (b) one check to “Hirst & Chanler LLP in Trust for R. Held” in the amount of \$300 representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$900. The second 1099 shall be issued to Held in the amount of \$300, whose address

and tax identification number shall be furnished, upon request, at least five calendar days before payment is due. The payments shall be delivered on or before ten days after the Effective Date, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Held and his counsel under the private attorney general doctrine and contract law. Under these legal principles, UNCAS shall reimburse Held's counsel for fees and costs incurred as a result of investigating, bringing this matter to UNCAS' attention, and negotiating a settlement in the public interest. UNCAS shall pay Held and his counsel \$20,800 for all attorneys' fees, expert and investigation fees, and related costs. The payment shall be issued in a third separate check made payable to "Hirst & Chanler LLP" and shall be delivered on or before ten days after the Effective Date, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

UNCAS shall issue a separate 1099 for fees and cost paid in the amount of \$20,800 to Hirst & Chanler LLP, 2560 Ninth Street, Parker Plaza, Suite 214, Berkeley, CA 94710 (EIN: 20-3929984).

5. RELEASE OF ALL CLAIMS

5.1 Release of UNCAS and Downstream Customers

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Held, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, and in the interest of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including, but not limited to, investigation fees, expert fees and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against UNCAS and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "UNCAS Releasees"). This release is limited to those claims that arise under Proposition 65, as such claims relate to UNCAS' alleged failure to warn about exposures to or identification of DEHP contained in the Products.

In addition to the foregoing, Held, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, and *not* in his representative capacity hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against UNCAS and each of its Releasees. This additional release,

which Held is providing in his individual capacity, is limited to those Claims that arise with respect to Proposition 65, such as Claims that relate to UNCAS' alleged failure to warn about exposures to or identification of any chemicals listed under Proposition 65 contained in any products sold by UNCAS.

The Parties intend and agree that this Settlement Agreement shall be given full effect for purposes of precluding claims regarding the Products against UNCAS or the Releasees under Proposition 65 as covered under this release. If requested in writing by UNCAS (within twelve months of the Effective Date), UNCAS may ask Held to file a complaint and seek approval of this Settlement Agreement through a court approved consent judgment incorporating the terms of this Settlement Agreement pursuant to California Health and Safety Code Section 25249.7, or as may be otherwise allowed by law. If requested, Held agrees to reasonably cooperate with UNCAS and to use best efforts and that of his counsel to support the entry of a consent judgment incorporating the terms of this Settlement Agreement for approval by a superior court in California. Pursuant to CCP Sections 1021 and 1021.5, UNCAS will reimburse Held and his counsel for their reasonable fees and costs incurred in filing the complaint and seeking judicial approval of this Settlement Agreement, in an amount not to exceed \$15,000. No fees under this paragraph will be due and owing to Held or his counsel unless a written request is made by UNCAS to have Held file a complaint and seek a consent judgment. UNCAS will remit payment to Hirst & Chanler LLP, at the address set forth in Section 8 below. Such additional fees shall be paid by UNCAS within ten days after its receipt of monthly invoices from Held for work performed under this paragraph.

5.2 UNCAS' Release of Held

UNCAS waives any and all claims against Held, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Held and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then UNCAS shall provide written notice to Held of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class, registered or certified mail, return receipt requested; or (ii) overnight courier on any party

by the other party at the following addresses:

For UNCAS:

John M. Corsini, President
UNCAS Manufacturing Company
150 Niantic Avenue
Providence, RI 02907

With copies to:

John E. Dittoe
Reed Smith
1999 Harrison Street
Suite 2400
Oakland, CA 94612

For Held:

Proposition 65 Coordinator
Hirst & Chanler, LLP
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Held agrees to comply with the reporting form requirements referenced in Health & Safety

Code §25249.7(f).

11. **MODIFICATION**

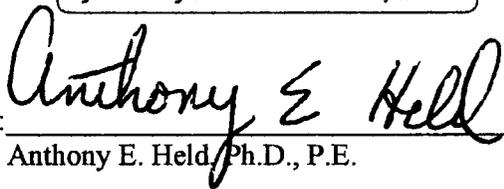
This Settlement Agreement may be modified only by a written agreement of the Parties.

12. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

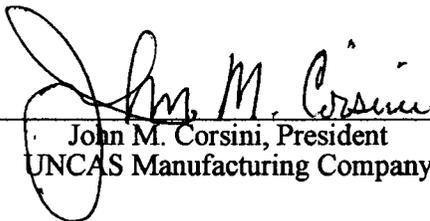
AGREED TO:

Date: **APPROVED**
By Anthony E Held at 11:04 am, 8/28/09

By: 
Anthony E. Held Ph.D., P.E.

AGREED TO:

Date: 9/3/09

By: 
John M. Corsini, President
UNCAS Manufacturing Company