

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 John Moore and Paris Accessories, Inc.

This Settlement Agreement is entered into by and between John Moore (“Moore”) and Paris Accessories, Inc. (“Paris”) with Moore and Paris collectively referred to as the “parties.” Moore is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Paris employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Moore alleges that Paris has manufactured, distributed, and/or offered for sale in California adult footwear containing the phthalate chemicals di(2-ethylhexyl) phthalate (“DEHP”) and di-n-butyl phthalate (“DBP”) without providing a clear and reasonable warning in violation of Proposition 65. DEHP and DBP are listed pursuant to Proposition 65 as chemicals known to the State of California to cause birth defects and other reproductive harm, and are referred to hereinafter as the “Listed Chemicals.”

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as adult footwear containing the Listed Chemicals sold or offered for sale in California by, or on behalf of Paris including, but not limited to, the *Color Essentials Flip Flops, #9005747 (#0 39174 56654 8)* (hereinafter “Products”).

1.4 Notice of Violation

On or about March 17, 2011, Moore served Paris and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”) that provided Paris and public enforcers with notice that Paris was alleged to be in violation of California Health & Safety Code § 25249.6 for failing to warn consumers and other individuals in California that the Products it sold exposed users to the Listed Chemicals. To the best of the parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Paris denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products 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 Paris of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Paris of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Paris. However, this section shall not diminish or otherwise affect Paris’ obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean July 15, 2011.

2. STATEMENTS RE: PRIOR ENFORCEMENT

2.1 Prior Notice

On or about February 12, 2010, Paris and various public enforcement agencies received a “60-Day Notice of Violation” (“2010 Notice”) which alleged that Paris was in violation of California Health & Safety Code § 25249.6 for failing to warn consumers and other individuals in California that certain children’s shoes it sold in California exposed users to DEHP.

2.2 Prior Settlement

On or about June 7, 2010, Paris entered into a settlement agreement resolving all of the violations alleged in the 2010 Notice. In that settlement Paris committed that, as of June 15, 2010, it would only manufacture or cause to be manufactured for sale in California, children’s footwear containing no more than 1,000 parts per million (“ppm”) DEHP content when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C.

3. STATEMENTS RE: PROPOSITION 65 COMPLIANCE & TESTING

Paris represents that, upon executing the agreement resolving the 2010 Notice, it implemented a compliance program by which it applied the same strict, 1000 ppm DEHP content standard it agreed to for children’s footwear to all footwear, including the Products. The compliance program includes provisions for supplier certification, product testing, and customer commitments to guarantee that non-compliant products are not to be shipped for sale in California. Despite the implementation of the above-referenced compliance program, Moore was able to obtain Products that did not comply with the 1,000 ppm standard Paris established for all footwear.

4. REFORMULATION

As of the Effective Date, Paris shall only distribute, ship, sell, or offer to ship for sale or use in California, Products that are “Reformulated Products”. For purposes of this Settlement Agreement, “Reformulated Products” shall mean Products containing no more than 1,000 ppm of DEHP and no more than 1,000 ppm of DBP when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C or equivalent methodologies used for determining the content of DEHP or DBP in a solid substance.

Without limiting or modifying Paris’ obligation under this Agreement to reformulate as set forth above, Paris may, in their sole and exclusive judgment, still apply a Proposition 65 compliant warning label on products which otherwise would pass the 1,000 ppm standard established by Paris in their testing protocol.

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

Pursuant to California Health & Safety Code § 25249.7(b) and in settlement of all claims alleged in the Notice and referred to in this Settlement Agreement, Paris shall pay \$1,500 in civil penalties. This penalty amount reflects a credit of \$4,500 agreed to by Moore as a result of Paris’ commitment to Proposition 65 compliance, including the safeguards and protocols it put in place as part of a comprehensive compliance program following the resolution of the 2010 Notice, and for its cooperation in the resolution of the claims alleged in the Notice.

Penalty payments are to be allocated according to California Health & Safety Code §§ 25249.12(c)(1) & (d) with seventy-five percent of the penalty funds paid to the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining

twenty-five percent of the penalty amount remitted to Moore. Paris shall issue two checks for the penalty payment to: (a) “The Chanler Group in Trust for OEHHA” in the amount of \$1,125.00; and (b) “The Chanler Group in Trust for John Moore” in the amount of \$375.00.

Two 1099 forms shall also be issued for the above payments to: (a) California Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided upon request five (5) days before the payment is due.

Payment shall be delivered to Moore’s counsel on or before the Effective Date at the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

6. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Moore and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Paris shall reimburse Moore’s counsel for fees and costs, incurred as a result of investigating, bringing this matter to Paris’ attention, and negotiating a settlement in the public interest. Paris shall pay \$14,000 for all attorneys’ fees, expert and investigation fees, and related costs. The payment shall be issued in a third check made payable to “The Chanler Group” and delivered on or before the Effective Date, at the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214

Berkeley, CA 94710

Paris shall issue a third 1099 form for attorney's fees and costs paid to The Chanler Group (EIN: 94-3171522).

7. CLAIMS COVERED AND RELEASED

7.1 Full, Final and Binding Resolution of Proposition 65 Allegations

This Settlement Agreement is a full, final, and binding resolution between Moore, on behalf of himself and behalf of the public, and Paris, of any violation of Proposition 65 that was or could have been asserted by Moore against Paris, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Paris directly or indirectly distributes or sells the Products including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Releasees"), based on their failure to warn about alleged exposures to the Listed Chemicals contained in the Products that were sold by Paris.

7.2 Moore's Public Release of Proposition 65 Claims

In further consideration of the promises and agreements herein contained, Moore 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, without limitation, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 (collectively "Claims"), against Paris and Releasees. This release is specifically limited to those claims that

were brought or could have been brought for Paris' alleged failure to warn about the Listed Chemicals contained in the Products sold without warning by Paris, as alleged in the Notice.

7.3 Moore's Individual Release of Claims

Moore also, in his individual capacity only and *not* in his representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all Claims, liabilities, and demands of Moore of any nature, character, or kind arising out of alleged or actual exposures to the Listed Chemicals in the Products manufactured, distributed or sold by Paris. This release is specifically limited to those Claims that have been brought or could have been brought against Paris and/or the Releasees with respect to the Listed Chemicals contained in the Products.

7.4 Paris' Release of Moore

Paris on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Moore, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Moore and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

8. 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.

9. 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 Paris may provide written notice to Moore 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.

10. NOTICES

Unless specified herein, all correspondence and notice required to be provided pursuant to this settlement agreement shall be in writing and: (i) personally delivered; or (ii) sent by first-class, registered or certified mail, return receipt requested; or (iii) overnight courier on any party by the other party at the following addresses:

To Paris:

Donald Oberfield
Paris Accessories, Inc.
1385 Broadway, 21st Floor
New York, NY 10018

With copy to:

Andrew V. Jablon, Esq.
Resch, Polster & Berger LLP
9200 Sunset Blvd., 9th Floor
Los Angeles, CA 90069

To Moore:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

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

11. 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. A facsimile or optically scanned image of a party's signature shall be valid, as if original.

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

Moore and his attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

13. MODIFICATION

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

14. AUTHORIZATION

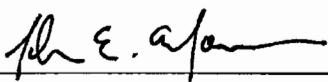
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective party and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: JULY 11, 2011

Date: _____

By: 
John Moore

By: _____
Donald Oberfield, President

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

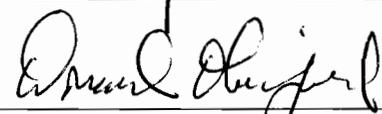
AGREED TO:

Date: _____

By: _____
John Moore

AGREED TO:

Date: July 6, 2011

By: 
Donald Oberfield, President

Paris Accessories, Inc.