

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E., (“Held”), and Global Design Concepts, Inc. (“Global Design”), with Held and Global Design 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. Global Design employs ten or more persons and is a person in the course of doing business for purposes of Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 et seq. (“Proposition 65”).

1.2 General Allegations

Held alleges that Global Design has manufactured, distributed, and/or sold in the state of California, women’s handbags containing the phthalate chemical di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical that is known to the state of California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as women’s handbags containing DEHP sold by Global Design in California, including, without limitation, the *Global Design Concepts Handbag, Lot No. 13225, #400060247849* (hereinafter “Products”).

1.4 Notice of Violation

On March 31, 2011, Held served Global Design and various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients that Global Design was allegedly in violation of California Health & Safety Code § 25249.6 for failing to warn its customers and consumers in California that the Products expose users to the DEHP. 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

Global Design denies the material, factual, and legal allegations contained in the Notices and maintains that all of the products that it has sold 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 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 of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Global Design. This Agreement is entered into for purposes of settlement of a disputed matter and is not admissible in any other proceeding. This section shall not, however, diminish or otherwise affect Global Design's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean February 3, 2012.

2. PRIOR ENFORCEMENT

2.1 2008 Notices

On or about June 5, 2008, and November 7, 2008 Held served Global Design and various public enforcement agencies with a "60-Day Notice of Violation" and a "Supplemental 60-Day Notice of Violation" ("2008 Notices") which alleged that Global Design was in violation of California Health & Safety Code § 25249.6 for unwarned exposures to DEHP contained in children's vinyl toys, child-care products, and children's products sold by Global Design in California (the "2008 Products").

2.2 Prior Settlement

On or about January 7, 2009, the Parties entered into a settlement agreement resolving the violations alleged in the 2008 Notices. Pursuant to the settlement terms, Global Design paid a civil penalty of \$4,000 and agreed to reformulate the 2008 Products so that they contain no more than 1,000

parts per million (“ppm”) DEHP content, and reimbursed Held \$26,000 for attorneys fees and costs associated with the investigation of Global Design children’s products and related enforcement activity.

2.3 Proposition 65 Compliance

For purposes of this Agreement, Global Design agrees to modify the definition of the term 2008 Products to include the Products set forth under this Agreement, and to meet the Reformulation Standard established by Section 3 below for the Products.

3. INJUNCTIVE RELIEF: REFORMULATION

Commencing on the Effective Date and continuing thereafter, Global Design shall only ship, sell, or offer to ship for sale in California Products that comply with the Reformulation Standard. For purposes of this Settlement Agreement, the Reformulation Standard shall mean Products that contain no more than 1,000 ppm (0.1%) of DEHP by weight in any accessible component part when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, or equivalent methodologies as may be allowed under Proposition 65. The term accessible component means a poly vinyl chloride or other soft plastic, vinyl, or synthetic leather component of a Product that could be touched by a person during reasonably foreseeable use.

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

Pursuant to Health & Safety Code § 25249.7(b), and in settlement of all of the claims and violations alleged in the Notice and referred to in this Settlement Agreement, Global Design shall pay \$1,000 in civil penalties. The penalty amount reflects a credit of \$4,000 agreed to by Held in response to Global Design’s commitment to Proposition 65 compliance, including its agreement to comply with the Reformulation Standard established by Section 3.

Civil penalties shall be allocated according to Health & Safety Code § 25249.12(c)(1) & (d), with seventy-five percent (75%) of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining twenty-five percent (25%) remitted to Held. Global Design shall issue two checks for the following amounts payable to: (a) “The Chanler Group in Trust for OEHHA” in the amount of \$750; and (b) “The Chanler Group in Trust for Anthony Held” in the amount of \$250. Two 1099 forms shall also be provided

to: (a) Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486); and (b) Anthony Held, whose address and tax identification number shall be furnished upon request five days before payment is due. Payments made pursuant to this Section shall be delivered to Held's counsel within five days of the Effective Date at the following address:

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

5. REIMBURSEMENT OF FEES AND COSTS

The parties acknowledge that Held and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving the issue to be resolved after the other terms of this agreement had been settled. Shortly after the other settlement terms had been finalized, Global Design expressed a desire to resolve the fee and cost issue. The parties then attempted to (and did) reach an accord on the compensation due to Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure ("CCP") § 1021.5 for all work performed through the mutual execution of this agreement. Global Design shall pay \$14,000 for fees and costs incurred as a result of investigating, bringing this matter to Global Design's attention, and negotiating a settlement in the public interest. Global Design shall provide the payment in the form of a check payable to "The Chanler Group" and shall issue a separate 1099 form for fees and costs (EIN: 94-3171522).

Payment shall be delivered to Held's counsel within five days of the Effective Date at the following address:

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

6. CLAIMS COVERED AND RELEASED

6.1 Held's Release of Global Design

This Settlement Agreement is a full, final and binding resolution between Held, and Global Design of any violation of Proposition 65 that was or could have been asserted by Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against Global Design, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys ("Global Design Releasees"), and each entity to whom Global Design directly or indirectly distributed or sold the Products, including, without limitation, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, licensees, corporate affiliates, subsidiaries and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees and their successors and assigns ("Downstream Releasees") of any violation of Proposition 65 that was or could have been asserted by Held against Global Design, the Global Design Releasees and/or the Downstream Releasees, based on Global Design's alleged failure to warn about exposures to DEHP contained in Products purchased, imported, manufactured, supplied or sold by Global Design or any Downstream Releasees in California.

In further consideration of the promises and agreements contained herein, Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of his rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that he may have, 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, against Global Design, the Global Design Releasees and the Downstream Releasees arising under Proposition 65 (collectively "Claims") for alleged or actual unwarned exposures to DEHP contained in Products manufactured, distributed, sold and/or offered for sale by Global Designs or any Downstream Releasees.

6.2 Global Design's Release of Held

Global Design on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Held and 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, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

6.3 Court Approval of Settlement upon Request

If requested in writing by Global Design (within twenty-four months of the Effective Date), Held shall draft, seek input from Global Design and file a complaint and seek judicial approval of this Settlement Agreement (or a Consent Judgment incorporating the terms herein) by a superior court in California, and an entry of judgment in accordance with the terms and conditions contained herein. In doing so, Held and Global Design agree to reasonably cooperate and Held shall use reasonable best efforts, and that of his counsel, to support the entry of this Settlement Agreement as a consent judgment and to obtain judicial approval in a timely manner.

Pursuant to CCP §§ 1021 & 1021.5, Global Design will reimburse Held and his counsel for the reasonable fees and costs incurred filing the complaint and seeking judicial approval of this Settlement Agreement in an amount not to exceed twelve thousand dollars (\$12,000). No fees under this Section will be due and owing to Held or his counsel unless a written request is made by Global Design to have Held file a complaint and seek a consent judgment. If requested, Global Design will remit payment to The Chanler Group at the address set forth in Section 4. Such additional fees shall be paid by Global Design within ten days after its receipt of monthly invoices for work performed under this Section. In the event a third-party were to appeal an entry of a consent judgment sought pursuant to this Section, Held and his counsel shall be entitled to seek their fees and costs incurred in connection with all such appellate work pursuant to CCP § 1021.5.

7. SEVERABILITY

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

8. 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 Global Design 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. Nothing in this Settlement Agreement shall be interpreted to relieve Global Design from any obligation to comply with any pertinent state or federal toxics control law.

9. NOTICE

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (i) personal delivery; (ii) first-class, registered or certified mail, return receipt requested; or (iii) a recognized overnight courier to one party by the other party at the following addresses:

For Global Design:

Dan Sabbah, President
Global Design Concepts, Inc.
10 West 33rd Street, Suite 1100
New York, NY 10001

and

Mark R. Kaster, Esq.
Dorsey & Whitney, LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

For Held:

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 or portable document format (PDF) signature each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

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

Held agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

13. MODIFICATION

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

14. AUTHORIZATION

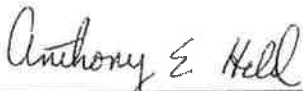
The undersigned are authorized to execute this Settlement Agreement and have read, understood, and agree to all of the terms and conditions contained herein.

AGREED TO:

AGREED TO:

Date: 2/6/12

Date: _____

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

By: _____
Dan Sabbah, President
Global Design Concepts, Inc.

For Held:

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

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The undersigned are authorized to execute this Settlement Agreement and have read, understood, and agree to all of the terms and conditions contained herein.

AGREED TO:

Date: _____

By: _____

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

AGREED TO:

Date: _____ 2/2/12

By: _____

Dan Sabbah, President
Global Design Concepts, Inc.