

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Anthony E. Held, PhD., P.E. (“Held”) and Styles for Less, Inc. (“Styles for Less”), with Held and Styles for Less 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. Styles for Less 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

Held alleges that Styles for Less manufactures, distributes, and/or sells in the state of California, belts containing di(2-ethylhexyl)phthalate (“DEHP”) without first providing a clear and reasonable warning as required by Health & Safety Code § 25249.6. DEHP is listed pursuant to Proposition 65 as a chemical 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 belts containing DEHP manufactured, imported, distributed, and/or sold in California by Styles for Less, including, but not limited to, the *Pyramid Stud Bow Belt*, #416000006100, #1000005430 (collectively “Products”).

1.4 Notice of Violation

On or about April 25, 2011, Held served Styles for Less and various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients of Held’s allegation that Styles for Less was in violation of Proposition 65 for failing to warn its customers and consumers in California that the Products expose users to 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

Styles for Less denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products 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 by Styles for Less 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 Styles for Less of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by Styles for Less. This section shall not, however, diminish or otherwise affect Styles for Less'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 June 15, 2012.

2. INJUNCTIVE RELIEF

Commencing on the Effective Date and continuing thereafter, Styles for Less shall only manufacture, distribute, ship, sell or offer to ship for sale in California, Products that contain a maximum DEHP content of 1,000 parts per million (0.1%) when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or equivalent methodologies utilized by state or federal agencies for the purpose of determining DEHP content in a solid substance.

3. MONETARY PAYMENTS

3.1 Payments Pursuant to Health & Safety Code §25249.7(b)

Pursuant to Health & Safety Code § 25249.7(b) Styles for Less shall pay \$2,500 in civil penalties. This amount reflects a penalty credit of \$5,500 agreed to by Held in response to Styles for Less's commitment to Proposition 65 compliance, reducing the DEHP in the Products to comply with the maximum content limit established by Section 2.

Civil penalties shall be allocated according to California 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 and the remaining twenty-five percent (25%) remitted to Held.

Styles for Less shall issue two checks made payable as follows: (a) to “The Chanler Group in Trust for OEHHA” in the amount of \$1,875; and (b) to “The Chanler Group in Trust for Anthony Held” in the amount of \$625. Two 1099 forms shall also be provided for the payments to: (a) the “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 after this Settlement Agreement is fully executed by the Parties. Payment shall be delivered to Held’s counsel on or before the Effective Date at the Payment address provided in Section 3.3.

3.2 Reimbursement of Fees and Costs

The Parties reached an accord on the compensation due 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 in this matter. Under these legal principles, Styles for Less shall pay \$18,000 for all fees and costs incurred investigating, bringing this matter to the attention of Styles for Less, and negotiating a settlement in the public interest. Styles for Less shall provide its payment in the form of a check payable to “The Chanler Group”, issue a separate 1099 for fees and costs (EIN: 94-3171522), and deliver payment on or before the Effective Date at the Payment Address provided in Section 3.3.

3.3 Payment Address

All payments and tax documentation required by this Section 3 shall be delivered to Held’s counsel at the following address:

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

4. CLAIMS COVERED AND RELEASED

4.1 Held's Release of Styles for Less

This Settlement Agreement is a full, final, and binding resolution between Held and Styles for Less, its owners, subsidiaries, affiliates, sister and related companies, employees, shareholders, directors, insurers, attorneys, successors, and assigns (the "Styles Releasees"), and all entities to whom they directly or indirectly distribute or sell Products, of claims for violations of Proposition 65 that has been or could have been asserted against the Styles Releasees regarding the failure to warn about exposures to DEHP contained in the Products. The penalties, reformulation commitment and attorneys' fees paid by Styles for Less in connection with this settlement are intended to resolve all issues concerning any alleged violations of Proposition 65 with respect to exposures to DEHP in the Products. Styles for Less's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to alleged or actual exposures to DEHP contained in the Products sold by the Styles Releasees after the Effective Date.

Held, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, 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, 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 (collectively "Claims") against the Styles Releasees, and further provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all Claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, as such Claims relate to exposures to DEHP in Products sold by the Styles Releasees in California. Held further acknowledges that he is familiar with Civil Code § 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH
THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN
HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE,

WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY
AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Held, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code, as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to exposures to DEHP in the Products sold by Styles Releases.

The Parties further understand and agree that, except as provided for above, this release shall not extend upstream to any third parties that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Styles for Less.

4.2 Styles for Less's Release of Held

Styles for Less on behalf of itself and its past and current agents, representatives, attorneys, successors, and 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 related to alleged DEHP in the Products, otherwise seeking to enforce Proposition 65 against it in this matter related to alleged DEHP in the Products, or with respect to alleged DEHP in the Products.

Styles for Less further acknowledges it is familiar with Civil Code § 1542, which provides as follows:

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THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN
HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE,
WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY
AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Styles for Less, on behalf of itself, and its past and current its owners, subsidiaries, affiliates, sister and related companies, employees, shareholders, directors, insurers, attorneys, successors,

and assigns expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code, as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to alleged exposures to DEHP in the Products.

5. POST-EXECUTION CONVERSION TO CONSENT JUDGMENT

Within twelve months of the execution of this Settlement Agreement, Styles for Less may send Held a written request to draft and file a complaint, incorporating the terms of this Settlement Agreement into a proposed consent judgment, and to seek the court approval of the consent judgment pursuant to Health and Safety Code section 25249.7, or as may be otherwise allowed by law. If so requested, Held agrees to reasonably cooperate with Styles for Less and to use his best efforts, and that of his counsel, to support the entry of the terms of this Settlement Agreement as a consent judgment by a superior court in California in a timely manner.

Pursuant to Code of Civil Procedure sections 1021 and 1021.5, Styles for Less will reimburse Held and his counsel for their reasonable fees and costs incurred drafting and filing the complaint, converting the Settlement Agreement into a proposed consent judgment, and seeking judicial approval of the consent judgment, in an amount not to exceed \$10,000, exclusive of fees and cost incurred on appeal, if any. Styles for Less will remit payment to The Chanler Group, at the Payment Address provided in Section 3.3. Such additional fees shall be paid by Styles for Less within ten days after its receipt of monthly invoices from Held's counsel for work performed under this Section 5.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision is 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 and/or DEHP, then Styles for Less 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 by this Settlement Agreement shall be sent by: (i) personal delivery; (ii) first-class, registered, or certified mail, return receipt requested; or (iii) a recognized overnight courier to any party by the other party at the following addresses:

For Styles for Less:

Styles for Less, Inc.
1205 N. Miller St.
Anaheim, CA 92861
Attention: Augie DeAngelo

and

James Robert Maxwell, Esq.
Rogers Joseph O'Donnell, LLP
311 California Street, 10th Floor
San Francisco, CA 94104

For Held:

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

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.

9. 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.

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

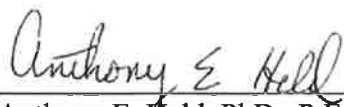
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: June 7, 2012

Date: _____

By: 
Anthony E. Held, PhD., P.E.

By: _____
Augie DeAngelo, CFO and Corporate
Secretary
Styles for Less, Inc.

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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: _____

By: _____

Anthony E. Held, PhD., P.E.

AGREED TO:

Date: 6-7-12

By: 

Augie DeAngelo, CFO and Corporate
Secretary
Styles for Less, Inc.