

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 John Moore and Sales & Product Solutions, Inc.

This Settlement Agreement is entered into by and between John Moore (“Moore”) and Sales & Product Solutions, Inc. (“S&P”), collectively referred to as the “Parties.” Moore 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. S&P 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 section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Moore alleges that S&P has manufactured, distributed, and/or sold in the state of California footwear containing di-n-butyl phthalate (“DBP”) without the requisite Proposition 65 warning. DBP 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 defined as follows: footwear alleged to or that may contain DBP that is manufactured, imported, distributed, and/or sold in California by S&P, including, but not limited to, *Studio 35 Ladies’ Zori Thin Strap*, #476898 (#0 49022 48950 9) (herein “Products”).

1.4 Notices of Violation

On or about August 2, 2011, Moore served S&P and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”) that alleged violations of

Proposition 65 against S&P for failing to warn consumers that the Products exposed users in California to DBP. To the best of the Parties' knowledge, no public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

S&P denies the material factual and legal allegations contained in Moore's Notice and maintains that all of the products it has manufactured, imported, distributed, and/or sold in California, including the Products, to its knowledge, have been and are in compliance with all laws, including Proposition 65. Nothing in this Settlement Agreement shall be construed as an admission by S&P of any fact, finding, conclusion, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by S&P of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by S&P. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of S&P under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean October 14, 2011.

2. INJUNCTIVE RELIEF: FORMULATON COMMITMENT

Commencing on the Effective Date, S&P shall cease manufacturing, distributing, shipping, selling or offering to be shipped for sale in California any Products unless the products contain less than or equal to 1,000 parts per million of DBP when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or any method allowed by any state or federal agency to assess the DBP content by weight of a solid substance.

3. MONETARY PAYMENTS

Pursuant to Health & Safety Code section 25249.7, subsection (b) the total civil penalty assessed shall be \$ 10,000. Civil penalties are to be apportioned in accordance with California Health & Safety Code section 25249.12, subsections (c) and (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% to Moore.

S&P shall issue two checks for the penalty payment: (a) one check made payable to "The Chanler Group in Trust for the Office of Environmental Health Hazard Assessment" in the amount of \$7,500, representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for John Moore" in the amount of \$2,500, representing 25% of the total penalty.

Two 1099s shall be issued for the above payments: The first 1099 shall be issued to Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$7,500. The second 1099 shall be issued to Moore in the amount of \$2,500. Moore's address and tax identification number shall be furnished, upon request, three calendar days before payment is due. Payment shall be delivered on November 14, 2011, at the "Payment Address":

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

4. REIMBURSEMENT OF FEES AND COSTS

The Parties have reached an accord on compensation to Moore and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work performed in this matter. Under these legal

principles, S&P shall pay the total of \$30,000 for fees and costs incurred as a result of investigating, bringing this matter to the attention of S&P, and negotiating a settlement in the public interest. S&P shall make a separate check payable to "The Chanler Group," issue a separate 1099 for fees and costs (EIN: 94-3171522), and deliver payment on November 14, 2011 to the Payment Address.

5. RELEASE OF ALL CLAIMS

5.1 Moore's Release of S&P

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Moore, on behalf of himself, his past and current agents, representatives, attorneys, including, without limitation, The Chanler Group, 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 (collectively "Claims") that were brought or could have been brought against S&P or its subsidiaries or affiliates, and S&P's downstream customers, distributors, wholesalers, retailers, licensors, licensees, or any other person in the course of doing business, and the successors and assigns of any of them, who may use, maintain, manufacture, distribute, advertise, market or sell Products, and the officers, directors, managers, employees, members, shareholders, agents, insurers and representatives of each of them (collectively "Releasees") that arise or could have arisen under Proposition 65, as such claims relate to S&P's alleged failure to warn about exposures to DBP contained in the Products sold in California, as set forth in the Notice. The

Parties further understand and agree that 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 S&P.

Compliance with the terms of this Settlement Agreement resolves any issue, now and in the future, concerning compliance by S&P's Releasees with the requirements of Proposition 65 with respect to alleged exposure to DBP from the Products distributed or sold by S&P.

5.2 S&P's Release of Moore

S&P waives any and all claims against Moore, his attorneys, and other representatives, for any and all actions taken or statements made by Moore, 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.

8. NOTICES

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

For S&P:

Katherine Kimmerle, President
Sales & Product Solutions, Inc.
3180 MacArthur Boulevard
Northbrook, IL 60062

copy to: Thomas L. Gemmell
Husch Blackwell Sanders LLP
120 South Riverside Plaza, 22nd Floor
Chicago, IL 60606

For Moore:

Proposition 65 Coordinator
The Chanler Group
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 portable document format (.pdf) or 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 SECTION 25249.7(f)

Moore agrees to comply with the reporting form requirements referenced in Health & Safety Code section 25249.7, subsection (f).

11. MODIFICATION

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

12. AUTHORIZATION

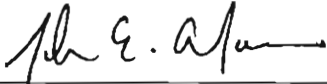
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 11/11/11

Date: 11/14/11

By: 
John Moore

By: 
Sales & Product Solutions, Inc.