

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
HOT KISS.

Consumer Advocacy Group, Inc. (“CAG”) and Hot Kiss (“Hot Kiss”), (CAG, and Hot Kiss collectively referred to as, the “Parties”) enter into this agreement (“Settlement Agreement”) to avoid prolonged and costly litigation and to settle CAG’s allegations that Hot Kiss violated Proposition 65. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the “Effective Date”).

1.0 Introduction

1.1 CAG is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 Hot Kiss previously sold, , HOTKISS® Necklace “Run #01”, “Date of Production 6/1/2010” (“Covered Product”).

1.3 CAG alleges that Covered Product contains Lead and that Hot Kiss did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code § 25249.5, et seq.* (“Proposition 65”)).

1.4 On February 27, 1987, the Governor of California added Lead and lead compounds to the list of chemicals known to the State to cause reproductive toxicity, and on October 1, 1992, the Governor added Lead and lead compounds to the list of chemicals known to the State to cause cancer.. This addition took place more than twenty (20) months before CAG served its “Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which is further described below.

1.5 Lead is referred to hereafter as the “Listed Chemical.”

1.6 On or about February 23, 2012, CAG served Hot Kiss and certain relevant public enforcement agencies with a document entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“Notice”). The Notice alleged that Hot Kiss violated Proposition 65 by failing to warn consumers in California that use of the Covered Product exposes persons to Lead.

1.7 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Product’s compliance with Proposition 65 or other laws and regulations or other claims with respect to the sale and distribution of the Covered Product (the “Dispute”).

1.8 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement

Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by Hot Kiss, its officers, directors, employees, representatives or parents, subsidiaries affiliates or parties related, directly or indirectly to them including, but not limited to, HK Worldwide, LLC (the owner of the Hot Kiss registered trademark), Blue Star Alliance LLC, Royalty Items, Inc and Royal Deluxe Accessories LLC, any of the Downstream Releasees, as defined Section 2 below or affiliates of any of them, in any administrative, regulatory or judicial proceeding or litigation in any court, agency, or forum. . .

2.0 Release

This Settlement Agreement is a full, final, and binding resolution between CAG, on the one hand, and (a) Hot Kiss, and its owners, parents, subsidiaries, sister and related companies, employees, shareholders, members, officers, directors, insurers, attorneys, predecessors, successors, and assigns and affiliates of any of them including the entities referenced in Section 1.8 of this Agreement (collectively “Releasees”) and (b) all entities to whom Releasees directly or indirectly provide, distribute or sell the Covered Product, including but not limited to distributors, wholesalers, customers, retailers, including but not limited to Big Lots Stores, Inc., its employees, shareholders, officers, directors, insurers, its owners, parents, subsidiaries, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns franchisees, cooperative members, and licensees and affiliates of any of them

(“Downstream Releasees”), on the other hand, of any violation or claimed violation of Proposition 65 or any statutory or common law claim that has been or could have been asserted against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising only in connection with the Covered Product manufactured, shipped and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. Hot Kiss’ compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for both Releasees and Downstream Releasees for any Covered Product distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees and affiliates of any of them, each hereby waives and releases with respect to the Covered Product, including but not limited to claims arising from the manufacture, sale, promotion or distribution of the Covered Product. all rights to institute or participate in, directly or indirectly, any form of legal action, 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) (collectively “Claims”), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted, only to the extent that such claims relate to Releasees’ and/or Downstream Releasees’ manufacture, sale or distribution of to the Covered Product, whether under Proposition 65 or otherwise or

any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Product.

It is intended by the Parties that the releases provided in this Paragraph 2.0 shall prevent CAG from asserting any Claims against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law, to the extent that such claims relate to Releasees' and/or Downstream Releasees or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical in the Covered Product or to any claims relating to the manufacture, sale, promotion or distribution of the Covered Product..

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, provide a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Releasees and Downstream Releasees arising under Proposition 65 or any other statutory or common law, including the failure to warn about alleged exposures to the Listed Chemical contained in the Covered Product sold by Releasees and/or Downstream Releasees through the Effective Date of this Settlement Agreement. The Downstream Releasees and the other entities referenced in Section 1.8 of this Settlement Agreement are deemed direct third party beneficiaries of this Settlement Agreement. CAG acknowledges that it is familiar with Section 1542 of Civil Code, 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.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees and affiliates of each of them expressly waive and relinquish any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

3.0 Future Sale of Product.

The Covered Product will not be sold in California again with a lead content, as alleged by CAG, in excess of 100 ppm.

4.0 Payments

4.1 Hot Kiss agrees, to pay a total of thirty thousand dollars (\$30,000.00) by separate checks apportioned as follows:

4.1.1 Payment to CAG: four thousand dollars (\$4,000.00) shall be paid

to Consumer Advocacy Group, Inc. The check shall be delivered to:

Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire

Boulevard, Suite 610E, Beverly Hills, California 90212. By the Effective

Date, CAG shall provide Hot Kiss with CAG's Employer Identification

Number.

4.1.2 Donation to Charity: Yeroushalmi & Associates is donating its

portion of its costs and fees for the amount of twenty-five thousand dollars

(\$25,000.00) of such payment shall be paid to the Cedars Sinai Medical Center in support of the Fund for Leukemia Research at the Samuel Oschin Comprehensive Cancer Institute. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212, or alternatively to Cedar Sinai Medical Center. .

4.1.3 Penalty: Hot Kiss shall issue two separate checks for a total amount of one thousand dollars (\$1,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of \$750.00, representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of \$250.00, 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 95184 (EIN: 68-0284486) in the amount of \$750.00. The second 1099 shall be issued in the amount of \$250.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212.

5.0 Authority to Enter Into Settlement Agreement

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 Hot Kiss represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Hot Kiss to this Settlement Agreement.

6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California

6.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

7.0 Execution in Counterparts and Facsimile

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original.

8.0 Entire Agreement

8.1 This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings whether oral or in writing. No other agreements, oral or otherwise, exist to bind any of the Parties.

9.0 Modification of Settlement Agreement

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

10.0 Application of Settlement Agreement

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, the CAG and the Releasees and Downstream Releasees identified in Section 2 above.

11.0 Enforcement of Settlement Agreement

11.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

11.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Hot Kiss by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific future acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below. Any notice to Hot Kiss must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without either reformulation or a Proposition 65 compliant warning, (c) the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

11.3 Should the parties be unable to resolve the dispute with respect to the interpretation of this Settlement Agreement or the rights and obligations of the parties hereunder, any party may seek relief under Section 11.1.

12.0 Notification Requirements

12.1 Any notice required or permitted hereunder shall be effective only if given in writing and delivered in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi
YEROUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 610E
Beverly Hills, CA 90212
Fax: 310.623.1930

For Hot Kiss:

David Sloan
Hot Kiss 1370 Broadway, Suite 1107
New York, New York 10018

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

13.0 SEVERABILITY

13.1 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.

14.0 GOVERNING LAW

14.1 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, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Product, then CAG shall provide written notice to Hot Kiss of any asserted change in the law, and Hot Kiss shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Product is so affected.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 30th day of November, 2012.

CONSUMER ADVOCACY GROUP, INC.

By: _____

Printed Name: _____

Title: _____

HOT KISS*

By:  _____

Printed Name ANIL SADH

Title: CONTROLLER

*Hot Kiss is a registered trademark of HK Worldwide LLC.

14.1 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, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Product, then CAG shall provide written notice to Hot Kiss of any asserted change in the law, and Hot Kiss shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Product is so affected.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 30th day of November, 2012.

CONSUMER ADVOCACY GROUP, INC.

By: _____

Printed Name: MICHEL JASSOON

Title: EXECUTIVE DIRECTOR

HOT KISS*

By: _____

Printed Name _____

Title: _____

*Hot Kiss is a registered trademark of HK Worldwide LLC.