

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

DOMAY SALES INC.

Consumer Advocacy Group, Inc. ("CAG") and Domay Sales Inc. ("Domay") (CAG and Domay, collectively, the "Parties") enter for the purpose of avoiding prolonged and costly litigation into this agreement ("Settlement Agreement") to settle CAG's allegations that Domay 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 Domay previously branded, sold and/or distributed, at various times, placemats ("Covered Products"). For purposes of this release, the Covered Product is explicitly limited to placemats branded, sold and/or distributed by Domay.

1.3 CAG alleges that the Covered Products contain Di (2-ethylhexyl) phthalate (DEHP), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate (the "Listed Chemicals"), and that Domay 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 January 1, 1988, the Governor of California added Di (2-ethylhexyl) phthalate (DEHP) to the list of chemicals known to the State of California to cause cancer, and on October 24, 2003, the Governor of California added Di (2-ethylhexyl) phthalate (DEHP) to the list of chemicals known to the State of California to cause developmental male reproductive toxicity. All additions 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 On or about February 23, 2012, CAG served Jennifer Garant Studios, LLC ("Garant"), Galaxy of Graphics, LTD ("Galaxy") and Wild Apple Graphics, LTD ("Wild Apple") (encompassed as Upstream Releasees in Section 2.0 of this Settlement Agreement), Anna's Linens Co., Inc. ("Anna's") (encompassed as a Downstream Releasee in Section 2.0 of this Settlement Agreement), 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" number 2012-00100 ("Notice"). The Notice alleged that Garant, Galaxy, Wild Apple and Anna's violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemicals.

1.6 On or about February 27, 2012, CAG served Garant (encompassed as an Upstream Releasee in Section 2.0 of this Settlement Agreement), noticed retailers

Ross Stores, Inc. ("Ross") and Ross Dress for Less, Inc. ("Dress") (encompassed as Downstream Releasees in Section 2.0 of this Settlement Agreement), 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" number 2012-00110 ("Notice"). The Notice alleged that said noticed parties violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemicals

1.7 On or about February 28, 2012, CAG served Domay, noticed retailer The TJX Companies, Inc. dba TJ Maxx ("Maxx") (encompassed as a Downstream Releasee in Section 2.0 of this Settlement Agreement), 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" number 2012-00122 ("Notice"). The Notice alleged that Domay and Maxx violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemicals.

1.8 On or about March 15, 2012, CAG served Garant (encompassed as an Upstream Releasee in Section 2.0 of the Settlement Agreement), noticed retailers Ross and Dress (encompassed as Downstream Releasees in Section 2.0 of this Settlement Agreement), 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" number 2012-00186 ("Notice"). The Notice alleged that Garant, Ross and Dress violated Proposition

65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemicals.

1.9 The Parties enter into this Settlement Agreement to settle disputed Claims between the Parties as set forth below concerning the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute").

1.10 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 the applicability, or any violation, of Proposition 65, or any other statute, regulation, 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 Domay, its officers, directors, employees, or parent, subsidiary or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or other forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Domay may have against one another in any other pending legal proceeding as to allegations unrelated to the Dispute or Claims released herein.

2.0 Release

This Settlement Agreement is a full, final, and binding resolution between CAG, on the one hand, and (a) Domay and its owners, its parent, subsidiary, affiliate, sister and

related companies, its employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively, "Releasees") and (b) all persons and entities to whom Releasees directly or indirectly provide, distribute or sell the Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees, including but not limited to Dress, Ross, Maxx, and Anna's (collectively, "Downstream Releasees"), and all entities and persons that are licensors to Releasees, in connection with the Covered Products, including but not limited to Garant, Galaxy and Wild Apple (collectively, "Upstream Releasees") on the other hand, of any violation or claimed violation of Proposition 65 or any statutory, regulatory, or common law or equitable Claim that has been or could have been asserted against the Releasees, Downstream Releasees or Upstream 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 Products manufactured, shipped and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees, or licensed by the Upstream Releasees, after the Effective Date. Domay's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to the Listed Chemical in connection with the Covered Products for the Releasees, Downstream Releasees and Upstream Releasees for any Covered Products distributed and/or sold by the Releasees or Downstream Releasees, or licensed by the Upstream Releasees, after the Effective Date.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waive and release with respect to the Covered Products any and 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 of any nature, character or kind, known or unknown, suspected or unsuspected (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively, "Claims"), against Releasees, Downstream Releasees and/or Upstream Releasees that arise under Proposition 65 or any other statutory, regulatory or common law or equitable Claims that were or could have been asserted, only to the extent that such Claims relate to Releasees', Downstream Releasees' or Upstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products or any failure by Releasees, Downstream Releasees and/or Upstream Releasees' to warn about exposures to the Listed Chemical contained in the Covered Products.

It is intended by the Parties that the releases provided in this Section 2.0 shall prevent CAG from asserting any Claims against Releasees, Downstream Releasees and/or Upstream Releasees' that arise under Proposition 65 or any other statutory, regulatory, common law or equitable doctrine, to the extent that such claims relate to Releasees', Downstream Releasees' and/or Upstream Releasees' alleged exposure of persons to the Listed Chemical or any failure by Releasees, Downstream Releasees or Upstream Releasees to warn about exposures to the Listed Chemical in the Covered Products. The Release is explicitly limited to the Covered Products as defined in Paragraph 1.2.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby provide a full and final general release and discharge which shall be effective as a full and final accord and satisfaction and as a bar to all Claims against

Releasees, Downstream Releasees or Upstream Releasees arising under Proposition 65, only to the extent that such Claims relate to Releasees', Downstream Releasees' and/or Upstream Releasees' alleged exposure of persons to the Listed Chemical in the Covered Products, and the failure to warn about exposures to the Listed Chemical contained in the Covered Products sold by Releasees and/or Downstream Releasees, or licensed by Upstream Releasees, through the Effective Date 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 hereby expressly waive and relinquish any and all rights and benefits which any of them 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, regulation or common law or equitable principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

3.0 Domay's Duties

3.1 Domay agrees, promises, and represents that by the tenth day after the Effective Date of this Settlement Agreement, it will reformulate the Covered Products to a point where the level of DEHP in the Covered Products do not exceed 0.1%.

3.2 Domay agrees, promises, and represents that, as of the Effective Date, to the extent it ships any Covered Products in its inventory that have not been reformulated, it will provide warnings on such Covered Products that comply with Proposition 65. The warnings shall be provided in such a conspicuously and prominent manner that will assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling stating that "This product contains chemicals known to the State of California to cause cancer, and/or birth defects, or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for any Covered Products in its inventory that had not been reformulated and was distributed and/or sold by Releasees or Downstream Releasees, or licensed by Upstream Releasees, after the Effective Date.

4.0 Payments

4.1 Within ten business (10) days after the Effective Date, Domay agrees to pay as a full and final payment a total of thirty-two thousand dollars (\$32,000.00) by separate checks apportioned as follows:

4.1.1 Payment to CAG: Five hundred dollars (\$500.00) of such payment shall be paid to CAG. 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 Domay with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Thirty-one thousand dollars

(\$31,000.00) of such payment shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Domay's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide Domay with its Employer Identification Number.

4.1.3 Penalty: Domay shall issue two separate checks for a total amount of five hundred dollars (\$500.00) 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 three hundred and seventy-five dollars (\$375.00), representing 75% of the total penalty; and (b) one check to CAG in the amount of one hundred and twenty-five dollars (\$125.00), representing 25% of the total penalty.

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 Domay represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Domay 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 supercedes and replaces all related prior discussions, negotiations, commitments, and understandings. 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, CAG, the Releasees, the Downstream Releasees and the Upstream Releasees.

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 Domay 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 Domay 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 Within 30 days of receiving a notice described in Section 11.2, Domay shall either: (1) send the store or other place at which the product was available for sale to the public a letter directing that the offending product be immediately removed from inventory until appropriately labeled, or destroyed, or removed

from California or returned to Domay for full credit, including shipping costs, or

(2) refute the information provided under Section 11.2

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 Domay:

Douglas Mayoff
Domay Sales, Inc.
9475 Meilleur, Suite 101
Montreal, H2N2C5
Quebec, Canada

With a copy to:

Carolyn Collins
Nixon Peabody
One Embarcadero Center, 18th Floor
San Francisco, CA 94111
T.415.984.8200
F.415.984.8300

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 Products, then Domay shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: _____

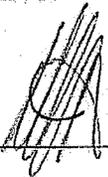
By: _____

Printed Name: _____

Title: _____

DOMAY SALES INC.

Dated: MAY 9, 2012

By: 

Printed Name: DOUGLAS MAYOCK

Title: PRESIDENT

(#1293571-v3)

CONSUMER ADVOCACY GROUP, INC.

Dated: 5-9-12

By: 

Printed Name: MICHAEL SASSOON

Title: EXECUTIVE DIRECTOR

DOMAY SALES INC.

Dated: _____

By: _____

Printed Name: _____

Title: _____

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