

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between John Moore (“Moore”) and The Import Collection (“TIC”), with Moore and TIC collectively referred to as the “Parties.”

1.2 General Allegations

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. TIC 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”). Moore alleges that TIC manufactured, imported, distributed, sold and/or offered for sale in the State of California stools with vinyl/PVC seats containing di(2-ethylhexyl)phthalate (“DEHP”) without the requisite Proposition 65 health hazard warning. 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 stools with vinyl/PVC seats containing DEHP, specifically limited to the *Stool, Item #60-690 (#7 01353 60690 0)*, distributed, sold and/or offered for sale in California by TIC, and hereinafter referred to as the “Products.”

1.4 Notice of Violation

On or about August 31, 2012, Moore served TIC and various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients that TIC was alleged to be in violation of Proposition 65 for failing to warn its customers and consumers in California that the Product exposes users to DEHP. Moore and TIC are not aware that any public enforcer has commenced or is prosecuting the allegations set forth in the Notice.

1.5 No Admission

TIC denies the material, factual, and legal allegations contained in the Notice and maintains that the Product complied/complies with all laws. Nothing in this Settlement Agreement shall be construed as an admission by TIC of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall any action taken by TIC in connection with or in compliance with this Settlement Agreement constitute or be construed as an admission by TIC of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by TIC. This section shall not, however, diminish or otherwise affect TIC's contractual obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean October 22, 2013.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Standards

"Reformulated Products" are defined as those Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

2.2 Reformulation Commitment

Commencing on the Effective Date, any Product, as described in Section 1.3, above, manufactured, imported, distributed, sold or offered for sale in the State of California by TIC shall qualify as a Reformulated Product, as defined in Section 2.1 above.

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

In settlement of all the claims referred to in this Settlement Agreement, TIC shall pay a total not to exceed \$6,000 in civil penalties in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1)

& (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to Moore, as follows:

3.1 Initial Civil Penalty

TIC shall pay an initial civil penalty in the amount of \$2,000 within no later than 10 days after the Effective Date. TIC (or its counsel) shall issue two separate checks to: (a) “OEHHA” in the amount of \$1,500; and (b) “The Chanler Group in Trust for John Moore” in the amount of \$500. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.2 Final Civil Penalty

Unless waived as detailed below, TIC shall pay a final civil penalty of \$4,000 on or before December 15, 2013. The final civil penalty shall be waived in its entirety, however, if, no later than December 1, 2013, an authorized representative of TIC provides Moore with written certification that provides either: (a) that as of the date of such certification and continuing into the future, TIC has met the reformulation standard specified in Section 2.1 above with regard to the Product, and that to the extent that the Product is being manufactured, imported, distributed, sold and offered for sale in California by TIC as of that date, the Product is a Reformulated Product; or (b) that as of the date of such certification, TIC has voluntarily stopped the manufacturing, importing, distribution or sale of the Product in California and that if, at a future date, TIC re-initiates manufacturing, importing, distribution or sale of the Product in California, the Product is a Reformulated Product. The certification in lieu of a final civil penalty payment provided by this Section is a material term, and time is of the essence. If the final civil penalty is not waived in connection with the foregoing terms, then TIC (or its counsel) shall issue two additional separate checks for its final civil penalty payments to: (a) “OEHHA” in the amount of \$3,000; and (b) “The Chanler Group in Trust for John Moore” in the amount of \$1,000.

3.3 Payment Procedures

3.3.1 Issuance of Payments. Payments shall be delivered as follows:

(a) All payments owed to Moore, pursuant to Sections 3.1 and 3.2, shall be delivered to the following payment address:

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

(b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to Sections 3.1 and 3.2, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

With a copy of the checks payable to OEHHA mailed to The Chanler Group at the address set forth above in 3.3.1(a), as proof of payment to OEHHA.

3.3.2 Issuance of 1099 Forms. After each penalty payment, TIC shall issue separate 1099 forms for each payment to Moore, whose address and tax identification number shall be furnished upon request after this Settlement Agreement has been fully executed by the Parties, and OEHHA at the addresses listed in Section 3.3.1 above.

3.3.3 Representation. TIC represents that the sales data and other information provided to Moore was materially truthful to its knowledge and a material factor upon which Moore has relied to determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this Settlement Agreement. If, within three months of the Effective Date, Moore discovers and presents to TIC, evidence demonstrating that the preceding representation and warranty was materially inaccurate, then TIC shall have 30 days to meet and confer regarding Moore's contention. Should this 30 day period pass without any such

resolution between the Parties, Moore shall be entitled to file a formal legal claim for breach of this Agreement.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to Moore and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. TIC shall pay a total of \$10,000 for fees and costs incurred as a result of investigating, bringing this matter to TIC's attention, and negotiating a settlement in the public interest. TIC shall issue a separate 1099 for fees and costs (EIN: 94-3171522), shall make the check payable to "The Chanler Group" and shall deliver payment within ten days after the Effective Date, to the address listed in Section 3.3.1 above.

5. RELEASES

5.1 Moore's Release of TIC

This Settlement Agreement is a full, final, and binding resolution between Moore and TIC, of any violation of Proposition 65 that was or could have been asserted by Moore on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against TIC, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom TIC directly or indirectly distributes or sells any Products including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees ("Releasees"), based on their failure to warn about alleged exposures to DEHP contained in the Products that were manufactured, imported, distributed, sold and/or offered for sale by TIC in California before the Effective Date.

In further consideration of the promises and agreements herein contained, Moore 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 Moore 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, but exclusive of fees and costs on appeal -- limited to and arising under Proposition 65 with respect to DEHP in the Products manufactured, imported, distributed, sold and/or offered for sale by TIC prior to the Effective Date of this Settlement Agreement (collectively "claims"), against TIC and Releasees.

5.2 TIC's Release of Moore

TIC on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Moore 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 Moore 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. 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 TIC shall provide written notice to Moore 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 affected.

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 on any party by the other party at the following addresses:

For TIC:

The Import Collection
7885 Nelson Road
Panorama City, CA 91402
Attention: Hermine Abkarian

For Moore:

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

With copy to:

H. Joseph Nourmand, Esq.
Law Offices of H. Joseph Nourmand
1801 Century Park East
Suite 1830
Los Angeles, CA 90067

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. POST-EXECUTION ACTIVITIES

Within twelve months of the execution of this Settlement Agreement, TIC may send Moore a written request to draft and file a complaint, to incorporate the terms of this Settlement Agreement into a proposed consent judgment that provides a release in the public interest for the released Products, and to seek court approval of the consent judgment pursuant to Health & Safety Code § 25249.7, or as may be otherwise allowed by law. If so requested, Moore and TIC agree to reasonably cooperate, and to use their best efforts and that of their 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.

If so requested by TIC in writing, pursuant to Code of Civil Procedure §§ 1021 and 1021.5, then TIC will reimburse Moore and his counsel for their reasonable fees and costs incurred drafting and filing the complaint, converting this Settlement Agreement into a proposed consent judgment, and seeking judicial approval of the settlement in an amount not to exceed \$16,000, exclusive fees and costs incurred on appeal, if any. TIC shall remit payment to The

Chanler Group at the payment address provided in Section 3.3 within five business days of receiving a monthly invoice from Moore's counsel for work performed under this section.

11. MODIFICATION

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

12. AUTHORIZATION

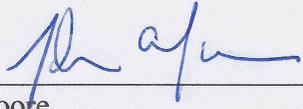
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: OCTOBER 23, 2013

Date: _____

By: 
John Moore

By: _____
The Import Collection

Chanler Group at the payment address provided in Section 3.3 within five business days of receiving a monthly invoice from Moore's counsel for work performed under this section.

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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:

AGREED TO:

Date: _____

Date: 10/17/13

By: _____
John Moore

By:  _____
The Import Collection