

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
DYLAN'S CANDYBAR, LLC

Consumer Advocacy Group, Inc. (“CAG”) and Dylan’s Candybar, LLC (also known as Dylan's Candy Bar) (hereto referred to as “Dylan’s Candybar”), CAG and Dylan’s Candybar (collectively referred to as, the “Parties”) enter into this agreement (“Settlement Agreement”) to settle CAG’s allegations that Dylan’s Candybar violated Proposition 65 for the purpose of avoiding prolonged and costly litigation. 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 Dylan’s Candybar previously sold, distributed, and/or shipped, at various times, Footwear specifically including all adult and children's sandals and flip-flops (referred to throughout as the “Covered Products”), including but not limited to “Dylan’s Candy Bar Sandals, UPC #842606034245, turquoise in color” and “Dylan’s Candy Bar Sandals, UPC#842606034252, turquoise in color.” The Covered Products are limited to those sold, distributed, or directly or indirectly

provided to distributors, consumers, wholesalers, customers, retailers, franchisees, and licensees by Dylan's Candybar.

1.3 CAG alleges that Covered Products contain Di-n-Butyl Phthalate (DBP) and that Dylan's Candybar 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 December 2, 2005, the Governor of California added DBP to the list of chemicals known to the State to cause developmental, female, and male reproductive toxicity. 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 DBP is referred to hereafter as the "Listed Chemical".

1.6 On or about December 11, 2012, CAG served Dylan's Candybar, LLC, and certain relevant public enforcement agencies with documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" regarding Covered Products containing the Listed Chemical, a true and correct copy of which is attached as Exhibit A.

1.7 On or about March 27, 2014, CAG served Dylan's Candybar, LLC and Marriot International, Inc., Marriot Shadow Ridge, 408 Marketplace, and Marriot Vacations Worldwide Corporation (collectively "Marriot") and certain relevant public enforcement agencies with documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act

of 1986” regarding Covered Products containing the Listed Chemical, a true and correct copy of which is attached as Exhibit B.

1.8 The Sixty-Day Notices (referred to as “Notices”) alleged that Dylan’s Candybar and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

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 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 any Party 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 Dylan’s Candybar or its officers, directors, employees, agents, owners, members, parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or 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 Dylan’s Candybar 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) Dylan's Candybar, and its owners, members, parents, subsidiaries, affiliates, sister and related companies, employees, agents, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees"), (b) all entities to or for whom Releasees directly or indirectly provide, package, distribute, ship or sell the Covered Products, including but not limited to Marriot and other Dylan's Candybar distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees, ("Downstream Releasees"), and (c) all entities that manufactured, packaged, distributed, shipped or sold the Covered Products to Dylan's Candybar for all products that Dylan's Candybar then sold, shipped or distributed and that had a Dylan's Candybar brand on it ("Upstream Releasees"), on the other hand, of any and all direct or derivative violations (or claimed violations) of Proposition 65 or its implementing regulations or any statutory or common law 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/or the failure to warn about exposure to the Listed Chemical arising in connection with Covered Products manufactured, packaged, shipped, distributed and/or sold prior to the Effective Date, even if sold by Downstream Releasees after the

Effective Date. Dylan's Candybar's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for Releasees, Downstream Releasees, and Upstream Releasees for any Covered Products manufactured, shipped, distributed, packaged, and/or sold by Releasees or Downstream Releasees after the Effective Date.

CAG, on behalf of itself and its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases any and all actions and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, restitution, costs, fines, penalties, payments in lieu of civil penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), whether asserted pursuant to Proposition 65 or any other statutory or common law theory or basis, whether currently known or unknown, discovered or undiscovered, against Releasees, Downstream Releasees, and/or Upstream Releasees that arise from or are otherwise logically connected to any actual or alleged exposure to the Listed Chemical contained in the Covered Products and/or any failure to warn about exposures to the Listed Chemical contained in the Covered Products prior to the Effective Date (the "Released Claims"). This waiver and release includes but is not limited to a waiver and release of all Claims asserted in or arising from facts asserted in the Notices attached as Exhibits A and B, hereto. With respect to Upstream Releasees only, this release and the Released Claims are limited to

Covered Products that Dylan's Candybar sold, shipped or distributed and that had a Dylan's Candybar brand on it.

CAG, on behalf of itself and its past and current agents, representatives, attorneys, successors, and/or assignees, further agrees not to prosecute, institute or participate in, directly or indirectly, any form of Claim against Releasees, Downstream Releasees, and/or Upstream Releasees that arises from the Released Claims.

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 OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

CAG, on behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, expressly waives and relinquishes 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 Claims.

3.0 Dylan's Candybar's Duties

3.1 Dylan's Candybar agrees, promises, and represents that immediately after the Effective Date of this Settlement Agreement, except for existing inventory addressed in Section 3.2, below, it will either (a) reformulate the Covered Products to a point where the level DBP in the Covered Products does not exceed 0.1%, or (b) cease distributing or selling the Covered Products to California consumers.

3.2 Dylan's Candybar agrees, promises, and represents that, as of the Effective Date, to the extent it ships or sells any Covered Products in existing inventory that have not been reformulated to California consumers, 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 reasonably 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 a product labeling stating that "WARNING: This product contains chemicals known to the State of California to cause cancer, 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 existing inventory that are not reformulated and are distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

4.0 Payments

4.1 Dylan's Candybar agrees, to pay a total of forty-five thousand dollars (\$45,000.00) within ten (10) days of the Effective Date by separate checks apportioned as follows:

4.1.1 Payment to CAG: Five thousand dollars (\$5,000.00) shall be paid to Consumer Advocacy Group, Inc. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, CAG shall provide Dylan's Candybar with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Thirty-five thousand dollars (\$35,000.00) 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 Dylan's Candybar's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide Dylan's Candybar with its Employer Identification Number.

4.1.3 Penalty: Dylan's Candybar shall issue two separate checks for a total amount of five thousand dollars (\$5,000.00) 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 three thousand seven hundred fifty dollars (\$3,750.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of one thousand two hundred fifty dollars (\$1,250.00), representing 25% of the total penalty. Both checks shall be delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. 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 \$3,750.00. The second 1099 shall be issued in the amount of \$1,250.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, 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 and its past and current agents, representatives, attorneys, successors, and/or assignees, to this Settlement Agreement.

5.2 Dylan's Candybar represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Dylan's Candybar 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 entire agreement of the Parties with respect to the entire subject matter hereof. 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 and be binding upon the Parties and their respective officers, directors, employees, agents, successors and assigns. It shall inure to the benefit of the Parties as well as the Releasees, Downstream Releasees, and Upstream Releasees identified in Section 2 above. For Upstream Releasees, the benefit is limited to Covered Products that Dylan's Candybar sold, shipped or distributed and that had a Dylan's Candybar brand on it

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 Dylan's Candybar by CAG, unless the Party seeking enforcement or alleging violation notifies the other Party of the specific 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 Dylan's Candybar must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without reformulation, (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 the notice described in Section 11.2, Dylan's Candybar 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 and returned to Dylan's Candybar for full credit, including shipping costs, or (2) refute the information provided under

Section 11.2. As long as Dylan's Candybar complies with subpart (1) of the foregoing sentence, it shall be in compliance with this Agreement. Should the Parties be unable to resolve the dispute, 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 both by (a) email, and (b) 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 240W
Beverly Hills, CA 90212
email: reuben@yeroushalmi.com

For Dylan's Candybar:

Howard Slavitt
COBLENTZ PATCH DUFFY & BASS LLP
One Ferry Building, Suite 200
San Francisco, CA 94111
email: has@cpdb.com

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 Dylan's Candybar shall provide written notice to CAG 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 Covered Products are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: 5-16-14

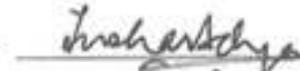
By:  _____

Printed Name: Michel Sasso

Title: Executive Director

DYLAN'S CANDYBAR, LLC

Dated: 05/15/14

By:  _____

Printed Name: TUSHAR ADYA

Title: PRESIDENT & COO

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Settlement Agreement Between
Consumer Advocacy Group, Inc. and Dylan's Candybar, LLC