

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

CROSCILL HOME, LLC, CROSCILL, INC. AND CROSCILL ACQUISITION, LLC,

Consumer Advocacy Group, Inc. (“CAG”) and Croscill Home, LLC, Croscill, Inc. and Croscill Acquisition, LLC (collectively “Croscill”), (CAG and Croscill are sometimes referred to hereinafter collectively as the “Parties” and individually as a “Party”) enter into this agreement (“Settlement Agreement”) to settle CAG’s allegations that Croscill, Patriarch Partners, LLC (“Patriarch”), Ross Dress for Less, Ross Dress for Less, Inc. and Ross Stores, Inc. (collectively “Ross”) 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 Croscill had previously manufactured, imported, distributed or sold Bath Mats, including, but not limited to, Croscill Home, Sea Floor Bath Mat “100% Vinyl”, RN #21857 and any and all other models and types of bath mats whether or not vinyl and of various product numbers, descriptions, dimensions,

and purchase types, which contain Di (2-ethylhexyl) phthalate (DEHP), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate (collectively the "Listed Chemical"), and which were produced, directly distributed, shipped or sold by Croscill to customers or clients in the State of California or produced, shipped, distributed or sold by Croscill to distribution centers in other states with the purpose and intent of Croscill that the bath mats be sold by its respective customers or clients in the State of California (hereinafter referred to throughout as the "Covered Products" where containing the Listed Chemical in excess of the Section 3.1 limit and including bath mats directly or indirectly distributed to or sold in the State of California, but excluding products similar to the Covered Products manufactured and distributed or sold by Croscill's competitors, as "Covered Products" are only limited to those sold or produced directly or indirectly by Croscill and its affiliates including Patriarch and its affiliates).

1.3 CAG alleges that the Covered Products contain the Listed Chemical and that Croscill, Patriarch and Ross 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 the Listed Chemical to the list of chemicals known to the State to cause cancer, and on October 24, 2003, the Governor added the Listed Chemical to the list of chemicals known to the State 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 March 25, 2013, CAG served Croscill, Patriarch, Ross 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” (the “Notice”). The Notice alleged that Croscill, Patriarch, and Ross violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to the Listed Chemical. Croscill denies the allegations contained in the Notice and is informed and believes that Patriarch and Ross also deny the allegations contained in the Notice.

1.6 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”).

1.7 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 Croscill, its officers, directors, employees, shareholders, members, principals, agents, parents, subsidiaries, affiliated corporations or entities including Patriarch, 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 Croscill, 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, acting in its individual capacity on the one hand, and (a) Croscill and its respective owners, parents, subsidiaries, affiliated corporations or entities, including Patriarch and its affiliated corporations or entities and subsidiaries, employees, shareholders, members, officers, employees, directors, insurers, attorneys, accountants, agents, principals, predecessors, successors, and assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute or sell the Covered Products, including, but not limited to, distributors, wholesalers, customers, retailers including Ross, franchisees, cooperative members, licensors, and licensees and their owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, members, officers, directors, insurers, attorneys, accountants, agents, principals, predecessors, successors, and assigns (collectively "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 Products manufactured, imported, shipped and/or otherwise sold or distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date, except as otherwise provided herein including Section 3.1 of this Settlement Agreement. CAG and Croscill agree that, Croscill's 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 Products manufactured, imported, distributed and/or sold by Releasees or Downstream Releasees after the Effective Date. Where applicable, the Downstream Releasees and any other Releasees shall be deemed third party beneficiaries of the Settlement Agreement.

CAG, its past and current agents, principals, representatives, affiliates, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products 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, notices and notices of intent to sue, including 60-Day Notices of Violation of California Proposition 65, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees), including the claims or allegations contained in the Notice or comprising the Dispute, 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 against Releasees and/or Downstream Releasees (collectively "Claims"), only to the extent that such Claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products or any failure by Releasees and Downstream 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 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' alleged exposure of persons to the Listed Chemical in the Covered Products or any failure by Releasees and/or Downstream Releasees to warn about exposures to the Listed Chemical in the Covered Products.

CAG, its past and current agents, principals, representatives, affiliates, 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 Claims including all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, penalties, liabilities, notices and notices of intent to sue, including 60 Day Notices of Violation of California Proposition 65, and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Releasees and Downstream Releasees arising under Proposition 65, only to the extent that such Claims relate to Releasees' and/or Downstream 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, manufactured, imported, shipped, or otherwise distributed or sold by Releasees and/or Downstream Releasees through the Effective Date of this Settlement Agreement, even if Downstream Releasees sell or distribute the Covered Products, received on or before the Effective Date, after the Effective Date, except as otherwise provided at Section 3.0 herein regarding the right of Croscill to reformulate the Covered Products on or before thirty (30) days after the Effective Date and to provide clear and reasonable warnings on the Covered Products in existing inventory no later than thirty (30) days after the Effective Date. CAG acknowledges that it is familiar with Section 1542 of the California 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, its past and current agents, principals, representatives, attorneys, successors, and/or 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, California 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 Croskill's Duties

3.1 Croskill agrees, promises, and represents that by the thirtieth (30th) day after the Effective Date of this Settlement Agreement, it will not ship, sell or distribute any Covered Products in the State of California, unless Covered Products are reformulated to the extent that the level of the Listed Chemical in the Covered Products does not exceed 0.1%. As to any Covered Products that Croskill has in its existing inventory as of the Effective Date, Croskill will provide compliant Proposition 65 warnings on the Covered products within the thirtieth (30th) day after the Effective Date of this Settlement Agreement. The warnings on its existing inventory of the Covered Products 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 "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 for purposes of this Subsection 3.1.

4.0 Payments

4.1 Within ten (10) days from the Effective Date, Croskill agrees to pay a total of thirty-four thousand dollars (\$34,000.00) 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. On or before the Effective Date, CAG shall provide Croscill with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Twenty-eight thousand dollars (\$28,000.00) 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 Croscill's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. On or before the Effective Date, Yeroushalmi & Associates shall provide Croscill with its Employer Identification Number.

4.1.3 Penalty: Croscill 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 with the \$750 check delivered to that address. The second 1099 shall be issued to CAG in the amount of \$250.00 and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212 with the \$250 check delivered to that address.

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 Croscill represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Croscill 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 Effective Date of the 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. 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, Croscill, 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 Croscill, Releasees or Downstream Releasees 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 Croscill, Releasees, or Downstream Releasees 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 the notice described in Section 11.2, Croscill, Releasees, or the Downstream Releasees 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 Croscill, for full credit, including shipping costs, or (2) refute the information provided under Section 11.2. Should Croscill, Releasees, or Downstream Releasees not take the action described at Section 11.3(1) and instead take the action in described at Section 11.3(2), and 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 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
Fax: 310.623.1930

For Croscill:

Robert J. Parks
Buchanan, Ingersoll, & Rooney LLP
600 West Broadway, Ste. 1100
San Diego, CA 92101
Fax: 619.702.3898

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

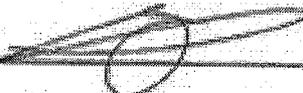
14.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by

reason of law generally, or as to the Listed Chemical and/or the Covered Products, then Croscill 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 and/or Listed Chemical are so affected.

[Remainder of this Page Intentionally Left Blank; Signature Page to Follow]

CONSUMER ADVOCACY GROUP, INC.

Dated: 4-18-14

By: 

Printed Name: Maura Sassow

Title: Executive Director

CROSCILL HOME, LLC, CROSCILL,
INC. AND CROSCILL ACQUISITION,
LLC.

Dated: 4/10/14

By: 

Printed Name: Andrew Skobe

Title: EVP & CFO