

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Peter Englander (“Englander”) and Brentwood Originals, Inc. (“Brentwood”), with Englander and Brentwood collectively referred to as the “Parties.”

1.2 Englander

Englander is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer and commercial products.

1.3 Brentwood

For purposes of this Settlement Agreement, Brentwood is deemed to employ 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”).

1.4 General Allegations

1.4.1 Englander alleges that Brentwood manufactured, imported, sold and/or distributed for sale in California, products with foam filled seat cushions containing tris(1,3-dichloro-2-propyl) phosphate (“TDCPP”) without a Proposition 65 health hazard warnings.

1.4.2 Pursuant to Proposition 65, on October 28, 2011, California identified and listed TDCPP as a chemical known to cause cancer. TDCPP became subject to the “clear and reasonable warning” requirements of Proposition 65 one year later on October 28, 2012. Cal. Code Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b). TDCPP is also referred to herein as the “Listed Chemical.” Englander alleges that the Listed Chemical escapes from foam padding, leading to human exposures.

1.5 Product Description

The category of “Products” that are covered by this Settlement Agreement are seat cushions containing TDCPP manufactured or caused to be manufactured, imported, distributed for sale in California by Brentwood. Other than the polyurethane foam that is a component of the Products, polyurethane foam that is supplied, shaped or manufactured for use as a component of another product, but which is not itself a finished product, is specifically excluded from the definition of Products.

1.6 Notice of Violation

On March 18, 2013, Englander served Brentwood and certain requisite public enforcement agencies with a “60-Day Notice of Violation” (“Notice”) that provided the recipients with notice of alleged violations of Proposition 65 based on the alleged failure to warn customers, consumers, and workers in California that the Products expose users to the Listed Chemical. To the best of the Parties’ knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.7 No Admission

Brentwood denies the material factual and legal allegations contained in Englander’s Notice and maintains that all products that it has manufactured, imported, distributed, and/or sold in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Brentwood of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Brentwood of any fact, finding, conclusion, issue of law, or violation of law. However, this Section shall not diminish or otherwise affect Brentwood’s obligations, responsibilities, and duties under this Settlement Agreement.

2. DEFINITIONS

2.1 California Customers

“California Customer” shall mean any customer to whom Brentwood supplied the Products that is located in California, has a California warehouse or distribution center, maintains a retail outlet in California, or has made internet sales into California on or after January 1, 2011.

2.2 Detectable

“Detectable” shall mean containing more than 25 parts per million (“ppm”) (the equivalent of .0025%) of any one chemical in any material, component, or constituent of a subject product, when analyzed by a laboratory accredited by the State of California, a federal agency, NVLAP (National Volunteer Laboratory Accreditation Program), American Association for Lab Accreditation (A2LA), ANSI-ASQ National Accreditation Board (ANAB) – ACLASS brand (an ANAB company), International Accreditation Service, Inc. (IAS), Laboratory Accreditation Bureau (L-A-B), Perry Johnson Laboratory Accreditation, Inc. (PJLA), International Laboratory Accreditation Cooperation (ILAC), or similar nationally recognized accrediting organization (such laboratory referred hereinafter as an “Accredited Lab”) pursuant to EPA testing methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the presence, and measure the quantity, of TDCPP and/or tris(2-chloroethyl) phosphate (“TCEP”) in a solid substance.

2.3 Effective Date

“Effective Date” shall mean the date on which both Parties have signed and delivered this Settlement Agreement to the other Party.

2.5 Reformulated Products

“Reformulated Products” shall mean Products that contain no Detectable amount of TDCPP or TCEP.

2.6 Reformulation Standard

The “Reformulation Standard” shall mean containing no Detectable amount of TDCPP and TCEP.

3. INJUNCTIVE RELIEF: REFORMULATION

3.1 Reformulation Commitment

Commencing on the Effective Date, Brentwood shall not manufacture or import for distribution or sale to California Customers, or cause to be manufactured or imported for distribution or sale to California Customers, any Products that are not Reformulated Products.

3.2 Vendor Notification/Certification

On or before the Effective Date, Brentwood shall provide written notice to all of its then-current vendors of the Products that will be sold or offered for sale in California, or to California Customers, instructing each such vendor to use reasonable efforts to provide only Reformulated Products for potential sale in California. In addressing the obligation set forth in the preceding sentence, Brentwood shall not employ statements that will encourage a vendor to delay compliance with the Reformulation Standard. Brentwood shall subsequently obtain written certifications, no later than 60 days after the Effective Date, from such vendors, and any newly engaged vendors, that the Products manufactured by such vendors are in compliance with the Reformulation Standard. Certifications shall be held by Brentwood for at least two years after their receipt and shall be made available to Englander upon request.

3.3 Current Inventory

Any Products in, or manufactured and en route to, Brentwood's inventory as of or after the Effective Date, that do not qualify as Reformulated Products and that Brentwood has reason to believe may be sold or distributed for sale in California, shall contain a clear and reasonable warning as set forth in Section 3.4 below unless Section 3.5 applies.

3.4 Product Warnings: Product Labeling

Any warning provided under Section 3.3 above shall be affixed to the packaging, labeling, or directly on each Product. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase. Each warning

shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion.

A warning provided pursuant to this Settlement Agreement shall state:

WARNING: This product contains TDCPP, a flame retardant chemical known to the State of California to cause cancer.¹

Attached as Exhibit B are template warnings developed by Englander that are deemed to be clear and reasonable for purposes of this Settlement Agreement.² Provided that the other requirements set forth in this Section are addressed, including as to the required warning statement and method of transmission as set forth above, Brentwood remains free not to utilize the template warnings.

3.5 Alternatives to Interim Warnings

The obligations of Brentwood under Section 3.3 shall be relieved provided Brentwood certifies that as of the Effective Date only Exemplar Products meeting the Reformulation Standard were or will be offered for sale in California, or to California Customers for sale in California. The certification provided by this Section is a material term and time is of the essence.

¹ The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if Brentwood had begun to use it, prior to the Effective Date. If Brentwood seeks to use alternative warning language, other than the language specified above or the safe harbor warning specified in 27 CCR § 25603.2, or an alternate method of transmission of the warning, it must provide Englander and the Office of the California Attorney General with notice thirty (30) days prior to its use. The Parties agree that the following warning language shall not be deemed to meet the requirements of 27 CCR § 25601, et seq. and shall not be used pursuant to this Settlement Agreement: (a) "cancer or birth defects or other reproductive harm" and (b) "cancer, birth defects or other reproductive harm."

² The characteristics of the template warnings are as follows: (a) a yellow hang tag measuring 3" x 5", with no less than 12 point font, with the warning language printed on each side of the hang tag, which shall be affixed directly to the Product; (b) a yellow warning sign measuring 8.5" x 11", with no less than 32 point font, with the warning language printed on each side, which shall be affixed directly to the Product; and (c) for Products sold at retail in a box or packaging, a yellow warning sticker measuring 3" x 3", with no less than 12 point font, which shall be affixed directly to the Product packaging.

4. MONETARY PAYMENTS

4.1 Civil Penalties Pursuant to Health & Safety Code § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Brentwood shall pay the civil penalties shown for it on Exhibit A in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”), 25% of the penalty remitted to “The Chanler Group in Trust for Peter Englander.” Each penalty payment shall be delivered to the addresses listed in Section 4.5 below. Brentwood shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under this Section that are not received within five (5) business days of the due date.

4.1.1 Initial Civil Penalty. Within five (5) business days after the Effective Date, Brentwood shall make an initial civil penalty payment in the amount identified on Brentwood’s Exhibit A.

4.1.2 Second Civil Penalty. On or before 30 days after the Effective Date, Brentwood shall make a second civil penalty payment in the amount identified on Brentwood’s Exhibit A. The amount of the second penalty may be reduced according to any penalty waiver Brentwood is eligible for under Sections 4.1.4(i) below.

4.1.3 Third Civil Penalty. On or before November 30, 2014, Brentwood shall make a third civil penalty payment in the amount identified on Brentwood’s Exhibit A. The amount of the third penalty may be reduced according to any penalty waiver Brentwood is eligible for under Sections 4.1.4(ii) and 4.1.4(iii), below.

4.1.4 Reductions to Civil Penalty Payment Amounts. Brentwood may reduce the amount of the second and/or third civil penalty payments identified on Brentwood’s Exhibit A by providing Englander with certification of certain efforts undertaken to reformulate its Products or limit the ongoing sale of non-reformulated Products in California. The options to provide a written certification in lieu of making a portion of Brentwood’s civil penalty payment constitute material terms of this Settlement Agreement, and with regard to such terms, time is of the essence.

4.1.4(i) Partial Penalty Waiver for Accelerated Reformulation of Products Sold or Offered for Sale in California.

As shown on Brentwood's Exhibit A, a portion of the second civil penalty shall be waived, to the extent that it has agreed that, as of the Effective Date, and continuing into the future, it shall only manufacture or import for distribution or sale to California Customers or cause to be manufactured or imported for distribution or sale to California Customers, Reformulated Products. An officer or other authorized representative of Brentwood that has exercised this election shall provide Englander with a written certification confirming compliance with such conditions, which certification must be received by Englander's counsel on or before 30 days after the Effective Date.

4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.

As shown on Brentwood's Exhibit A, a portion of the third civil penalty shall be waived, to the extent that it has agreed that, as of the Effective Date, and continuing into the future, it shall only manufacture or import for distribution or sale in California or cause to be manufactured or imported for distribution or sale in California, Reformulated Products which also do not contain tris(2,3-dibromopropyl)phosphate ("TDBPP") in a detectable amount of more than 25 parts per million ("ppm") (the equivalent of .0025%) in any material, component, or constituent of a subject product, when analyzed by a NVLAP accredited laboratory pursuant to EPA testing methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the presence, and measure the quantity, of TDBPP in a solid substance. An officer or other authorized representative of Brentwood that has exercised this election shall provide Englander with a written certification confirming compliance with such conditions, which certification must be received by Englander's counsel on or before November 15, 2014.

4.1.4(iii) Partial Penalty Waiver for Termination of Distribution to California of Unreformulated Inventory.

As shown on Brentwood's Exhibit A, a portion of the third civil penalty shall be waived, if an officer or other authorized representative of Brentwood provides Englander with written certification, on or before 30 days after the Effective Date, confirming that, as of the Effective Date,

it has and will continue to distribute, offer for sale, or sell in California, or to California Customers, only Reformulated Products.

4.2 Representations

Brentwood represents that the sales data and other information concerning its size, knowledge of the Listed Chemical, and prior reformulation and/or warning efforts, it provided to Englander was truthful to its knowledge and a material factor upon which Englander has relied to determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this Settlement Agreement. If, within nine months of the Effective Date, Englander discovers and presents to Brentwood, evidence demonstrating that the preceding representation and warranty was materially inaccurate, then Brentwood shall have 30 days to meet and confer regarding the Englander's contention. Should this 30 day period pass without any such resolution between the Englander and Brentwood, Englander shall be entitled to file a formal legal claim including, but not limited to, a claim for damages for breach of contract.

Brentwood further represents that in implementing the requirements set forth in Sections 3.1 and 3.3 of this Settlement Agreement, it will voluntarily employ commercial best efforts to achieve reformulation of its Products on a nationwide basis and not employ statements that will encourage a vendor to limit its compliance with the Reformulation Standard to goods intended for sale to California Consumers.

4.3 Enforcement for Products that are not Reformulated Products

4.3.1 Stipulated Penalties for Certain Violations of the Reformulation Standard. If Englander provides notice and appropriate supporting information to Brentwood that levels of TDCPP, TCEP and/or TDBPP in excess of the Reformulation Standard have been detected in one or more Products labeled or otherwise marked in an identifiable manner as manufactured or imported after a deadline for meeting the Reformulation Standard has arisen for Brentwood under Sections 3.1 or 3.5 above, Brentwood may elect to pay a stipulated penalty to relieve any further potential liability under Proposition 65 under this Settlement Agreement as to Products sourced

from the vendor in question.³ The stipulated penalty shall be \$1,500 if the violation level for TDCPP, TCEP and/or TDBPP is below 100 ppm and \$3,000 if the violation level for TDCPP, TCEP and/or TDBPP is between 100 ppm and 249 ppm, this being applicable for any amount in excess of the Reformulation Standards but under 250 ppm.⁴ Englander and his counsel shall further be entitled to reimbursement of their associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. Brentwood under this Section must provide notice and appropriate supporting information relating to the purchase (e.g. vendor name and contact information including representative, purchase order, certification (if any) received from vendor for the exemplar or subcategory of products), test results, and a letter from a company representative or counsel attesting to the information provided, to Englander within 30 calendar days of receiving test results from Englander's counsel.

4.3.2 Additional Enforcement for Non-Reformulated Products. If, on or after March 31, 2014, Plaintiff provides notice that Brentwood offered for sale to California Consumers, Products containing TDCPP, TCEP and/or TDBPP at levels of 250 ppm or above ("Non-Reformulated Product"), then prior to Plaintiff serving a 60-Day Notice under Proposition 65 on Brentwood, Plaintiff shall provide a letter to Brentwood and the Parties shall then proceed pursuant to this Section 4.3.2. The letter shall contain the following information: (a) the date the alleged violation was observed and the Non-Reformulated Product was purchased, including a copy of the sales receipt; (b) the location or website at which the Non-Reformulated Product was offered for sale; (c) a description of the Non-Reformulated Product, including a picture thereof and a picture of identifying information appearing on the tag or label; and (d) data obtained by Plaintiff regarding the Non-Reformulated Product such as laboratory results associated with the testing of the product.

³ This Section shall not be applicable where the vendor in question had previously been found by Brentwood to have provided unreliable certifications as to meeting the Reformulation Standard in its Products on more than one occasion. Notwithstanding the foregoing, a stipulated penalty for a second exceedance by Brentwood's vendor at a level for TDCPP, TCEP and/or TDBPP between 100 and 249 ppm shall not be available after July 1, 2015.

⁴ Any stipulated penalty payments made pursuant to this Section should be allocated and remitted in the same manner as set forth in Sections 4.1 and 4.5, respectively.

(i) **Notice of Election.** Within 30 days of receiving a letter pursuant to Section 4.3.2(i), Brentwood shall serve a Notice of Election on Plaintiff. The Notice of Election shall identify the manufacturers of the Non-Reformulated Product and its component parts and include either: (a) a statement that Brentwood elects not to proceed under this Section 4.3.2, in which case Plaintiff may take further action including issuance of a 60-Day Notice under Proposition 65; or (b) a statement that Brentwood elects to proceed under this Section 4.3.2.

(ii) A party's disclosure pursuant to this Section 4.3.2 of any (i) test reports, (ii) confidential business information, or (iii) other information that may be subject to a claim of privilege or confidentiality, shall not constitute a waiver of any such claim of privilege or confidentiality, provided that the Party disclosing such information shall clearly designate it as confidential. Any Party receiving information designated as confidential pursuant to this Section 4.3.2 shall not disclose such information to any unrelated person or entity, and shall use such information solely for purposes of resolving any disputes under this Consent Judgment.

(iii) If Brentwood elects not to proceed under Section 4.3.2, then neither Brentwood nor Plaintiff have any further duty under this Section 4.3.2 and either may pursue any available remedies under Proposition 65 or otherwise.

(iv) If Brentwood elects to proceed under this Section 4.3.2, Brentwood shall within five business days of the election: (i) terminate its further distribution for sale of the Non-Reformulated Product in California, (ii) pay a statutory penalty in the amount of \$6,000 pursuant to Health and Safety Code Section 25249.7(b), and (iii) pay \$15,000 in reimbursement of a portion of attorneys' fees and costs incurred by Plaintiff with respect to the notice.

4.4 **Reimbursement of Fees and Costs**

The Parties acknowledge that Englander and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee reimbursement issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, Brentwood expressed a desire to resolve the fee and cost issue. Brentwood then agreed to pay Englander 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, including the fees and costs incurred as a result of investigating, bringing this matter to Brentwood's attention and negotiating a settlement in the public interest. In addition, the negotiated fee and cost figure expressly includes the anticipated significant amount of time Englander's counsel will incur to monitor various provisions in this agreement over the next two years. Brentwood more specifically agreed to pay Englander's counsel the amount of fees and costs indicated on Brentwood's Exhibit A within five (5) business days of the Effective Date.

4.5 Payment Procedures

4.5.1 Issuance of Payments.

(a) All payments owed to Englander and his counsel, pursuant to Sections 4.1, 4.3 and 4.4 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 OEHHHA (EIN: 68-0284486), pursuant to Sections 4.1 and 4.3, shall be delivered directly to OEHHHA (Memo line "Prop 65 Penalties") at one of the following addresses, as appropriate:

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

4.5.2 Proof of Payment to OEHHA. A copy of each check payable to OEHHA shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in Section 4.5.1(a) above, as proof of payment to OEHHA.

4.5.3 Tax Documentation. Brentwood shall issue a separate 1099 form for each payment required by this Section to: (a) Peter Englander, whose address and tax identification number shall be furnished upon request after this Settlement Agreement has been fully executed by the Parties; (b) OEHHA, who shall be identified as "California Office of Environmental Health Hazard Assessment" (EIN: 68-0284486) in the 1099 form, to be delivered directly to OEHHA, P.O. Box 4010, Sacramento, CA 95814, and (c) "The Chanler Group" (EIN: 94-3171522) to the address set forth in Section 4.5.1(a) above.

5. CLAIMS COVERED AND RELEASED

5.1 Englander's Release of Proposition 65 Claims

Englander, acting on his own behalf and in the public interest, releases Brentwood, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Brentwood directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to the Listed Chemical in the Products, as set forth in the Notice. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposures to the Listed Chemical from the Products, as set forth in the Notice. The Parties further understand and agree that this Section 5.1 release shall not extend upstream to any entities, other than Brentwood, that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Brentwood.

5.2 Englander's Individual Releases of Claims

Englander, in his individual capacity only and *not* in his representative capacity, provides a 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 Englander of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to TDCPP, TCEP, and/or TDBPP in the Products manufactured, imported, distributed, or sold by Brentwood prior to the Effective Date. The Parties further understand and agree that this Section 5.2 release shall not extend upstream to any entities that manufactured the Products, or any component parts thereof, or any distributors or suppliers who sold the Products, or any component parts thereof to Brentwood. Nothing in this Section affects Englander's rights to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Brentwood's Products.

5.3 Brentwood's Release of Englander

Brentwood, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Englander 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 Englander and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

6. POST EXECUTION CONVERSION TO CONSENT JUDGMENT

Within twelve months of the complete execution of this Settlement Agreement by the Parties, Brentwood may send Englander a written request to draft and file a complaint, incorporate the terms of this Settlement Agreement into a proposed consent judgment, and to seek court approval of this Settlement Agreement in the form of a consent judgment pursuant to California Health & Safety Code § 25249.7, or as may be otherwise allowed by law. If requested, Englander agrees to reasonably cooperate with Southern Exchange and to use his best efforts, and that of his counsel, to obtain approval of the Parties' settlement by a Superior Court in California and an entry of judgment in accordance with the terms set forth herein.

Pursuant to California Code of Civil Procedure §§ 1021 and 1021.5, Brentwood will reimburse Englander and his counsel for the reasonable fees and costs incurred in 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 \$10,000, exclusive of fees and costs that may be incurred on any appeal. Within ten days after its receipt of monthly invoices from Englander for work performed under this Section, Brentwood will remit payment to The Chanler Group at the address set forth in Section 4.5.1(a) above.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Products, then Brentwood may provide written notice to Englander 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 so affected. Nothing in this Settlement Agreement shall be interpreted to relieve Brentwood from any obligation to comply with any pertinent state or federal law or regulation.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (i) personal delivery, (ii) first-class registered or certified mail, return receipt requested; or (iii) overnight courier to any party by the other party at the following addresses:

To Brentwood:

Loren Sweet, President
Brentwood Originals, Inc.
20639 South Fordyce Avenue
Carson, CA 90810

Copy on behalf of Brentwood:

David Sadwick
Tatro Tekosky Sadwick LLP
333 S. Grand Avenue, Ste. 4270
Los Angeles, CA 90071

To Englander:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any Party, from time to time, may specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or pdf signature shall be as valid as the original.

10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)

Englander and his attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

11. MODIFICATION

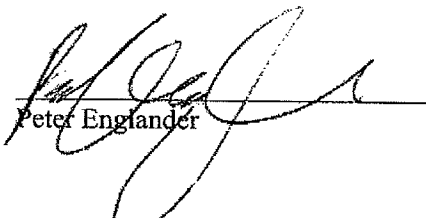
This Settlement Agreement may be modified only by written agreement of the Parties.

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:


Peter Englander

Loren Sweet, President
Brentwood Originals, Inc.

Date: March 25, 2014

Date: March __, 2014

Any Party, from time to time, may specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

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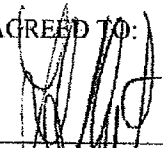
12. AUTHORIZATION

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:

Peter Englander

AGREED TO:



Lorn Sweden, President
Brentwood Originals, Inc.

Date: March __, 2014

Date: March 31, 2014

EXHIBIT A

I. Name of Settling Defendant:

Brentwood Originals, Inc.
20639 South Fordyce Avenue
Carson, CA 90810

III. Types of Covered Products Applicable to Brentwood Originals, Inc.

Foam-cushioned pads for children and infants to lie on, such as rest mats

Upholstered furniture

Foam-filled mattresses, mattress toppers, pillows, cushions, travel beds

Car seats, strollers

Other (specify): Seat Cushions

IV. Brentwood's Required Settlement Payments:

A. Penalties for Brentwood are \$25,500, as follows:

\$7,500 initial payment due on the Effective Date;

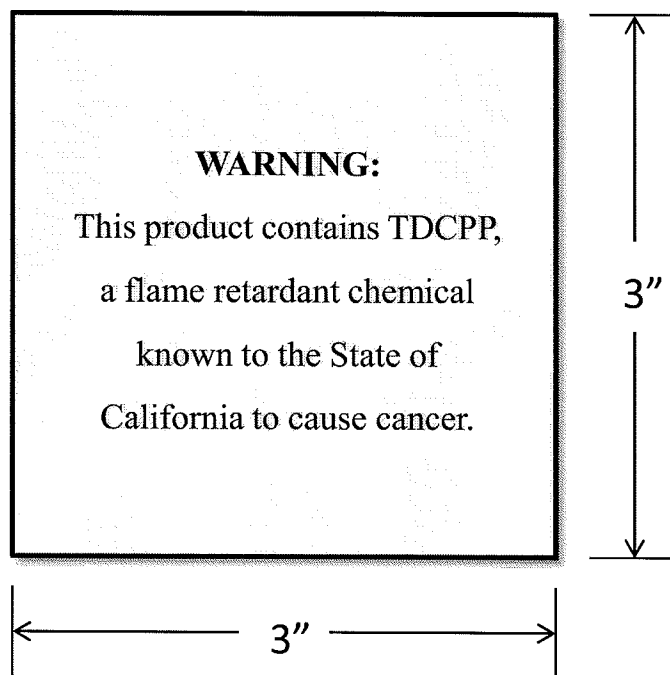
\$6,000 second payment due on or before 30 days after the Effective Date, which may be waived pursuant to Section 4.1.4(i); and

\$12,000 third payment due on or before November 30, 2014, of which \$6,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be waived pursuant to Section 4.1.4(iii).

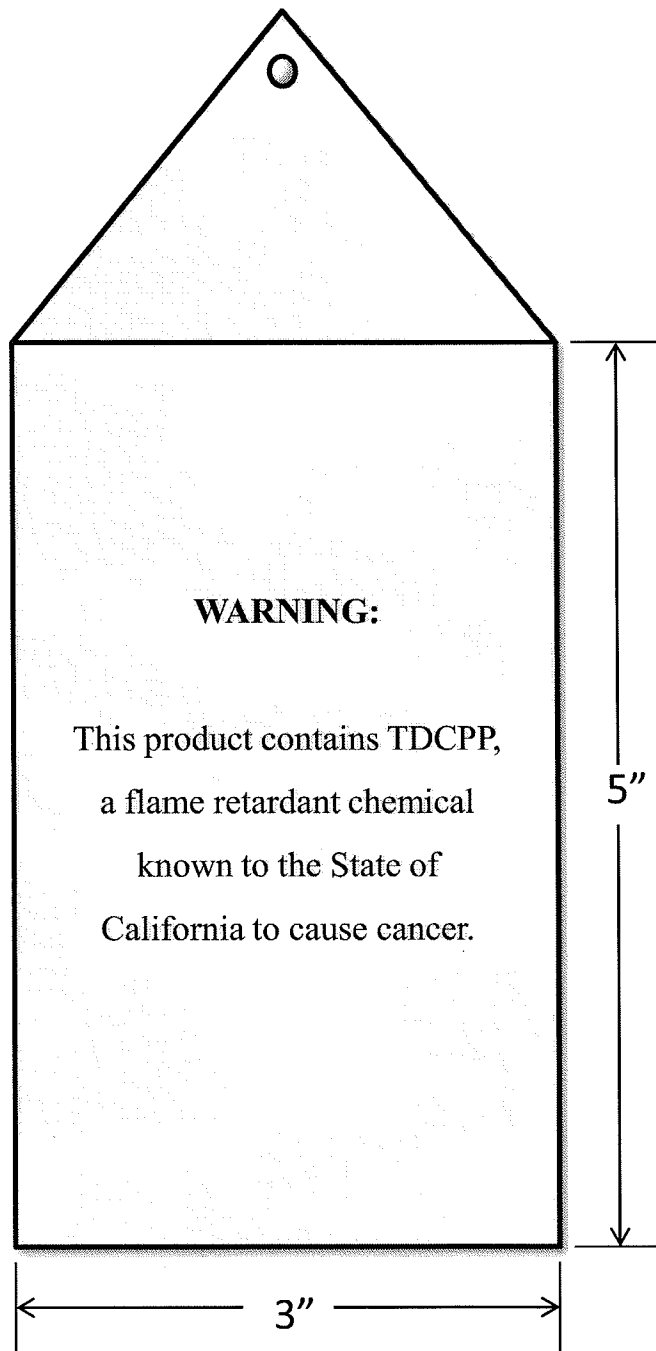
B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs:

Fees and Costs for Brentwood are: \$27,000.

EXHIBIT B
(ILLUSTRATIVE WARNINGS)



INSTRUCTIONS: Minimum 12 pt. font. "WARNING:" text must be bold.

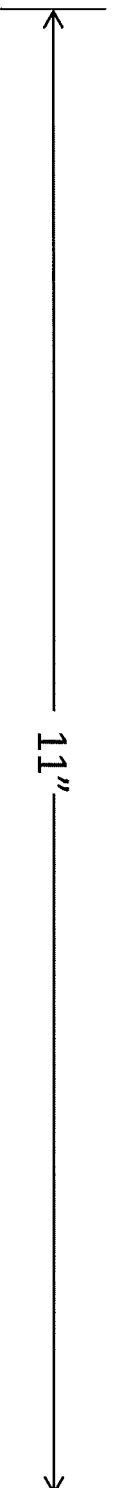


INSTRUCTIONS: Print warning on each side of hang tag.
Minimum 12 pt. font. "WARNING:" text must be bold.

WARNING:

This product contains TDCCPP, a flame retardant 8.5"

chemical known to the State of California to
cause cancer.



INSTRUCTIONS: Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.