

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony E. Held, Ph.D., P.E. and Punch Studio, LLC

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E. (“Held”) and Punch Studio, LLC (“Punch Studio”), with Held and Punch Studio collectively referred to as the “Parties.” Held is an individual residing in 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 products. Punch Studio 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 §§ 25249.5 *et seq.* (“Proposition 65”).

1.2 General Allegations

Held alleges that Punch Studio has manufactured, imported, sold and/or distributed for sale in California, cases with vinyl/PVC handles containing di(2-ethylhexyl)phthalate (“DEHP”) without the requisite Proposition 65 health hazard warnings. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

Pursuant to Proposition 65, on October 24, 2003, California identified and listed DEHP as a chemical known to cause birth defects and other reproductive harm. DEHP became subject to the “clear and reasonable warning” requirements of Proposition 65 one year later on October 24, 2004.

1.3 Product Description

The products that are covered by this Settlement Agreement are cases with vinyl/PVC handles and/or straps containing DEHP including, but not limited to, *The Gifted Line From The Kirshner Decorative Arts Collection Case, #50609, UPC #8 02126 50609 7* that are manufactured, imported, sold and/or distributed for sale in California by Punch Studio (hereinafter the “Products”).

1.4 Notice of Violation

On September 26, 2013, Held served Punch Studio 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 Punch Studio’s alleged failure to warn its customers, consumers, workers and other individuals that the Products exposed users in California to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Punch Studio denies the material factual and legal allegations contained in Held’s Notice and maintains, to the best of its knowledge, 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 Punch Studio 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 Punch Studio of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect Punch Studio’s obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean May 15, 2014.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Standards

Reformulated Products are defined as Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency (“EPA”) 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/Warnings Commitment

As of the Effective Date Punch Studio shall not enter into any agreements or contracts to purchase, manufacture or have manufactured on Punch's behalf, any Products intended for sale in the State of California other than Products that qualify as Reformulated Products as defined in Section 2.1 above, or in the alternative Products shall be accompanied by an appropriate Proposition 65 health hazard warning, affixed to the packaging, labeling, or directly on each Product, sufficient to render it likely to be read by an ordinary individual before purchasing or using the Products that states:

WARNING: This product contains DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

In addition, in the event that subsequent to thirty days from the Effective Date Punch Studio sells Products that were manufactured and/or purchased for sale in California by or on behalf of, Punch Studio and does so via mail order catalog and/or the internet, to consumers located in California then Punch Studio shall provide warnings for such Products sold via mail order catalog or the internet to California consumers. Warnings given in the mail order catalog or on the internet to California consumers then shall identify the *specific* Product to which the warning applies as further specified in Sections 2.2(a) and (b).

(a) Mail Order Catalog Warning. Any warning provided in a mail order catalog to consumers located in California shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

WARNING: This product contains DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, Punch Studio may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol"

with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, Punch Studio must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(b) Internet Website Warning. A warning shall be given in conjunction with the sale of the Products via the internet to California consumers, which warning shall appear either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

WARNING: This product contains DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

3. MONETARY PAYMENTS

3.1 Civil Penalties Pursuant To Health & Safety Code § 25249.7(B)

In settlement of all the claims referred to in this Settlement Agreement, Punch Studio shall pay a total of \$7,500 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) and (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 Held.

3.1.1 Initial Civil Penalty

On or before the Effective Date, Punch Studio shall pay an initial civil penalty in the amount of \$2,500. Punch Studio shall provide its payment in two checks to: (a) “OEHHA” in the amount of \$1,875; and (b) “The Chanler Group in Trust for Held” in the amount of \$625. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.1.2 Final Civil Penalty

On or before October 30, 2014, Punch Studio shall pay a final civil penalty in the amount of \$5,000. The final civil penalty shall be waived in its entirety, however, if an Officer of Punch Studio provides Held with written certification that as of the date of such certification and continuing into the future, all Products manufactured, imported, distributed, sold, and/or offered for sale in the State of California by, or on behalf of, Punch Studio are Reformulated Products. Held must receive any such certification on or before October 15, 2014, and time is of the essence. Unless waived, the final civil penalty shall be apportioned in accordance with California Health & Safety Code § 25249.12 (c)(1) & (d), with 75% of these funds remitted to OEHHA and the remaining 25% of the penalty remitted to Held, as provided by California Health & Safety Code § 25249.12(d). Unless waived, Punch Studio shall provide its payment in two checks to: (a) “OEHHA” in the amount of \$3,750; and (b) “The Chanler Group in Trust for Held” in the amount of \$1,250. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.2 Reimbursement of Fees and Costs

The parties acknowledge that Held 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, Punch Studio expressed a desire to resolve the fee and cost issue. The parties then attempted to (and did) reach an accord on the compensation due to Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed through the mutual execution of this agreement. Punch Studio shall pay \$23,500 for fees and costs incurred as a result of investigating, bringing this matter to Punch Studio's attention, negotiating a settlement in the public interest, and seeking court approval. Punch Studio shall make the check payable to "The Chanler Group" and shall deliver payment on or before May 15, 2014, to the address listed in Section 3.3.1(a) below.

3.3 Payment Procedures

3.3.1 Issuance of Payments

(a) All payments owed to Held and his counsel, 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 Section 3.1, shall be delivered directly to OEHHA (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

3.3.2 Proof of Payment. 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 3.3.1(a) above, as proof of payment to OEHHA.

3.3.3 Tax Documentation. Punch Studio shall issue a separate 1099 form for each payment required by this Section to: (a) Held, 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 3.3.1(a) above.

4. CLAIMS COVERED AND RELEASED

4.1 Held’s Release of Proposition 65 Claims

Held, acting on his own behalf releases Punch Studio, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Punch Studio directly or indirectly distribute or sell Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (“Releasees”), from all claims for violations of Proposition 65 up to thirty days from the Effective Date based on unwarned exposures to DEHP in the Products, as set forth in the Notice. Compliance with the terms of this Settlement Agreement up through the Termination Date (as defined in Section 12) constitutes compliance with Proposition 65 up through the Termination Date with respect to exposure to DEHP from the Products, as set forth in the Notice.

4.2 Held's Individual Releases of Claims

Held, in his individual capacity only and *not* in his representative capacity, provides a release herein to the Releasees 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 Held of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to DEHP in the Products manufactured, imported, distributed, or sold by Punch Studio up to thirty days from the Effective Date. Held acknowledges that he 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.

Held, in his individual capacity only and not in his representative capacity, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

4.3 Punch Studio's Release of Held

Punch Studio, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Held 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 Held and his attorneys and other representatives, whether

in the course of investigating claims or otherwise seeking to enforce Proposition 65 as to DEHP against it in this matter with respect to the Products. Punch Studio 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.

Punch Studio 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 Section 1542 of the California Civil Code 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. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

5. SEVERABILITY

If 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.

6. 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 Punch Studio shall provide written notice to Held 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 Punch Studio from any obligation to comply with any pertinent state or federal law, including all toxic control laws.

7. 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 Defendant Punch Studio, LLC:

Todd Kirshner, President
Punch Studio, LLC
6025 West Slauson Avenue
Culver City, CA 90230

To Plaintiff Anthony E. Held, Ph.D., P.E.:

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.

8. COUNTERPARTS; FACSIMILE AND 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.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

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

10. MODIFICATION

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

11. AUTHORIZATION

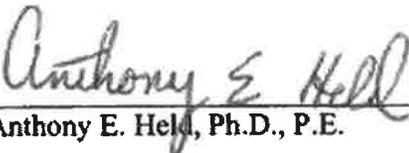
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

12. TERMINATION OF SETTLEMENT AGREEMENT

This Settlement Agreement shall terminate five (5) years from the Effective Date ("Termination Date"), and thereafter shall be of no further force or effect. This Settlement Agreement, however, shall not restrict or prohibit Held or any other citizen enforcer's rights and abilities to notice Punch Studio for Proposition 65 violations relating to the Products after the Termination Date, nor shall this Settlement Agreement restrict or prohibit Held or any other citizen enforcer's rights and abilities to bring suit against Punch Studio for Proposition 65 violations relating the Products after the Termination Date.

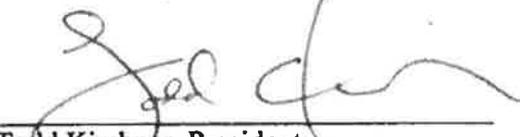
AGREED TO:

Date: May 1, 2014

By: 
Anthony E. Held, Ph.D., P.E.

AGREED TO:

Date: MAY 1, 2014

By: 
Todd Kirshner, President
Punch Studio, LLC