

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between Peter Englander (“Englander”) and GF Health Products, Inc. (“GF Health”) with Englander and GF Health collectively referred to as the “Parties.” 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. GF Health employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6, *et seq.* (“Proposition 65”).

#### **1.2 General Allegations**

Englander alleges that GF Health manufactured, imported, sold and/or distributed for sale in California, stools with vinyl/PVC upholstery containing di(2-ethylhexyl)phthalate (“DEHP”) and stools with foam padding containing tris(1,3-dichloro-2-propyl) phosphate (“TDCPP”) without the requisite Proposition 65 health hazard warnings. DEHP is a plasticizer commonly used in vinyl/PVC upholstery. TDCPP is an additive flame retardant used in both soft and rigid polyurethane foam, plastics and fabric backings.

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. Cal. Code Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b). Englander alleges that DEHP escapes from vinyl/PVC upholstery, leading to human exposures.

Pursuant to Proposition 65, on October 18, 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). Englander alleges that TDCPP escapes from foam padding, leading to human exposures.

### **1.3 Product Description**

The products that are covered by this Settlement Agreement are defined as stools with vinyl/PVC upholstery containing DEHP and stools with foam padding containing TDCPP including, but not limited to, the *Grafco Revolving Exam Stool with Foot Ring, Black, Item 1834 B UPC #7 17076 05141 5* manufactured, imported, sold and/or distributed for sale in California by GF Health (“Products”).

### **1.4 Notice of Violation**

On October 18, 2013, Englander served GF Health, 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 DEHP and TDCPP.

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**

GF Health denies the material factual and legal allegations contained in Englander’s Notice and maintains that all products 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 GF Health 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 GF Health of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect GF Health’s obligations, responsibilities, and duties under this Settlement Agreement.

## **2. DEFINITIONS**

### **2.1 California Customers**

“California Customer” shall mean any customer that GF Health reasonably understands 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 TDCPP in any material, component, or constituent of a subject product, when analyzed by an 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 TDCPP.

## **2.3 Effective Date**

“Effective Date” shall mean March 31, 2014.

## **2.4 Private Label Covered Products**

“Private Label Covered Products” means Products that bear a brand or trademark owned or licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of California.

## **2.5 Reformulated Products**

“Reformulated Products” shall mean Products that contain no Detectable amount of TDCPP and no more than 1,000 ppm (the equivalent of .1%) of DEHP in any material, component, or constituent of a subject product, when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining DEHP content in a solid substance.

## **2.6 Reformulation Standard**

The “Reformulation Standard” shall mean containing no more than 1,000 ppm for DEHP and no more than 25 ppm for TDCPP.

## **2.7 Retailer**

“Retailer” means an individual or entity that offers a Product for retail sale to consumers in the State of California.

### **3. INJUNCTIVE RELIEF: REFORMULATION**

#### **3.1 Reformulation Commitment**

Commencing on the Effective Date, GF Health 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 February 15, 2014, GF Health shall provide written notice to all of its then-current vendors of the Products, instructing each such vendor to use reasonable efforts to provide it with only Reformulated Products. In addressing the obligation set forth in the preceding sentence, GF Health shall not employ statements that will encourage a vendor to delay compliance with the Reformulation Standard. GF Health shall subsequently obtain written certifications, no later than April 1, 2014, 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 GF Health for at least two years after their receipt and shall be made available to Englander upon request.

#### **3.3 Products No Longer in GF Health's Control**

On or before February 15, 2014, GF Health shall send a letter, electronic or otherwise ("Notification Letter") to: (1) each California Customer and/or Retailer to which it supplied the *Grafco Revolving Exam Stool with Foot Ring, Black, Item 1834 B UPC #7 17076 05141 5* ("Exemplar Product") after October 18, 2011; and (2) any California Customer and/or Retailer that GF Health understands or believes had any inventory for resale in California of Exemplar Products as of the notice date. The Notification Letter shall advise the recipient that the Exemplar Product "contains TDCPP, a chemical known to the State of California to cause cancer, and DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm," and request that the recipient either: (a) label the Exemplar Products remaining in inventory pursuant to Section 3.5; or (b) return all units of the Exemplar Product held for sale in California, or to California Customers, to GF Health or a party that GF Health has otherwise designated at GF

Health's sole expense. The Notification Letter shall require a response from the recipient within 20 days confirming whether the Exemplar Product will be labeled or returned to GF Health. GF Health shall maintain records of all correspondence or other communications generated pursuant to this Section for two years after the Effective Date and shall promptly produce copies of such records upon Englander's written request.

### **3.4 Current Inventory**

Any Products in, or manufactured and en route to, GF Health's inventory as of, or after March 15, 2014, that do not qualify as Reformulated Products and that GF Health 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 3.5 below unless Section 3.6 applies.

### **3.5 Product Warnings**

#### **3.5.1 Product Labeling**

Any warning provided under Section 3.3 or 3.4 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 and DEHP. TDCPP is a flame retardant chemical known to the State of California to cause cancer. DEHP is a plasticizer known to the State of California to cause birth defects and other reproductive harm.<sup>1</sup>

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<sup>1</sup> The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if GF Health had begun to use it, prior to the Effective Date. 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."

Attached as Exhibit B are template warnings developed by Englander that are deemed to be clear and reasonable for purposes of this Settlement Agreement.<sup>2</sup> 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, GF Health remains free not to utilize the template warnings.

### **3.6 Alternatives to Interim Warnings**

The obligations of GF Health under Section 3.3 shall be relieved provided GF Health certifies on or before February 15, 2014, that only Exemplar Products meeting the Reformulation Standard will be offered for sale in California, or to California Customers for sale in California, after June 30, 2014. The obligations of GF Health under Section 3.4 shall be relieved provided GF Health certifies on or before February 15, 2014, that, after June 30, 2014, it will only distribute or cause to be distributed for sale in, or sell in California, or to California Customers for sale in California, Products (i.e., Products beyond the Exemplar Product) meeting the Reformulation Standard. The certifications provided by this Section are material terms and time is of the essence.

## **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, GF Health shall pay the 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 (“OEHHHA”), and the remaining 25% of the penalty remitted to “The Chanler Group in Trust for Englander.” Each penalty payment shall be made within two business days of the date it is due and be delivered to the addresses listed in Section 4.5 below. GF Health shall be liable for payment of interest, at a rate of 10% simple

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<sup>2</sup> 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.

interest, for all amounts due and owing under this Section that are not received within two business days of the due date.

**4.1.1** Initial Civil Penalty. On or before February 15, 2014, GF Health shall make an initial civil penalty payment in the amount identified on Exhibit A.

**4.1.2** Second Civil Penalty. On or before May 15, 2014 GF Health shall make a second civil penalty payment in the amount identified on Exhibit A. The amount of the second penalty may be reduced according to any penalty waiver GF Health is eligible for under Sections 4.1.4(i) and 4.1.4(iii), below.

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

**4.1.4** Reductions to Civil Penalty Payment Amounts. GF Health may reduce the amount of the second and/or third civil penalty payments by providing Englander with certification of certain efforts undertaken to reformulate their 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 a 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.**

If GF Health so elects on Exhibit A, a portion of the second civil penalty shall be waived, to the extent that it has agreed that, as of February 15, 2014, 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 a GF Health 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 February 15, 2014.

#### **4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.**

If GF Health so elects, a portion of the third civil penalty shall be waived, to the extent that it has agreed that, as of March 31, 2014, 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 ppm (the equivalent of .0025%) in any material, component, or constituent of a subject product, when analyzed by an 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 GF Health 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 April 15, 2014.

#### **4.1.4(iii) Partial Penalty Waiver for Withdrawal of Unreformulated Exemplar Products from the California Market.**

If GF Health so elects, a portion of the second civil penalty shall be waived, if an officer or other authorized representative of a GF Health provides Englander with written certification, by March 31, 2014, confirming that each individual or establishment in California to which it supplied the Exemplar Product after October 18, 2011, has elected to return all remaining Exemplar Products held for sale in California.<sup>3</sup>

#### **4.1.4(iv) Partial Penalty Waiver for Termination of Distribution to California of Unreformulated Inventory.**

If GF Health so elects, a portion of the third civil penalty shall be waived, if an officer or other authorized representative of a GF Health provides Englander with written certification, on or before November 15, 2014, confirming that, as of July 1, 2014, it has and will continue to

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<sup>3</sup> For purposes of this Section, the term Exemplar Products shall further include Products for which Englander has, prior to December 1, 2013, provided GF Health with test results from an accredited laboratory showing the presence of TDCPP at a level in excess of 250 ppm pursuant to EPA testing methodologies 3545 or 8270C.

distribute, offer for sale, or sell in California, or to California Customers, only Reformulated Products.

#### **4.2 Representations**

GF Health represents that the sales data and other information concerning its size, knowledge of TDCPP and DEHP, 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 GF Health, evidence demonstrating that the preceding representation and warranty was materially inaccurate, then GF Health shall have 30 days to meet and confer regarding Englander's contention. Should this 30 day period pass without any such resolution between Englander and GF Health, Englander shall be entitled to file a formal legal claim including, but not limited to, a claim for damages for breach of contract. GF Health further represents that in implementing the requirements set forth in Sections 3.1 and 3.2 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 Stipulated Penalties for Certain Violations of the Reformulation Standard.**

If Englander provides notice and appropriate supporting information to GF Health that levels of TDCPP 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 GF Health under Sections 3.1 or 3.6 above, GF Health may elect to pay a stipulated penalty to relieve any further potential liability under Proposition 65 or sanction under this Settlement Agreement as to Products containing TDCPP sourced from the vendor in question.<sup>4</sup> The stipulated penalty shall be \$1,500 if the

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<sup>4</sup> This Section shall not be applicable where the vendor in question had previously been found by GF Health 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 GF Health's vendor at a level between 100 and 249 ppm for TDCPP shall not be available after July 1, 2015.

violation level is below 100 ppm for TDCPP and \$3,000 if the violation level is between 100 ppm and 249 ppm for TDCPP, this being applicable for any amount in excess of the Reformulation Standards but under 250 ppm for TDCPP.<sup>5</sup> Englander shall further be entitled to reimbursement of his associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. GF Health 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. In the event that Englander's test results vary from those provided by GF Health and GF Health's test result demonstrate less than 25 ppm for TDCPP, the parties shall agree to test the Products by a third independent laboratory to be mutually agreed upon. The expenses of the third laboratory shall be borne by the party whose test results are the furthest from those of the third laboratory. The results of the third laboratory shall be deemed conclusive.

#### **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, GF Health expressed a desire to resolve the fee and cost issue. GF Health 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 section 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 GF Health'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. GF

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<sup>5</sup> 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.

Health, more specifically, agreed to pay Englander's counsel the amount of fees and costs indicated on Exhibit A. GF Health further agreed to tender and shall tender its full required payment under this Section to a trust account at The Chanler Group (made payable "In Trust for The Chanler Group") within two business days of the Effective Date. Such funds shall be released from the trust account upon the execution of this Settlement Agreement.

#### **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 OEHHA (EIN: 68-0284486), pursuant to Section 4.1, 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

##### **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**

GF Health 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, releases GF Health, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom GF Health directly or indirectly distribute or sell 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 TDCPP and DEHP 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 TDCPP and DEHP 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 GF Health, that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to GF Health, except that entities upstream of GF Health that is a Retailer of a Private Labeled Covered Product shall be released as to the Private Labeled Covered Products offered for sale in California, or to California Customers, by the Retailer in question.

### **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 and DEHP in the Products manufactured, imported, distributed, or sold by GF Health 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 GF Health, except that entities upstream of GF Health that is a Retailer of a Private Labeled Covered Product shall be released as to the Private Labeled Covered offered for sale in California by the Retailer in question. Nothing in this Section affects Englander's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve GF Health's Products.

### **5.3 GF Health's Release of Englander**

GF Health, 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 execution of this Settlement Agreement, GF Health may ask Englander, in writing, to file a complaint in the public interest, to incorporate the terms of this Settlement Agreement into a proposed Consent Judgment, and to seek the court's approval of the Consent Judgment pursuant to Health and Safety Code section 25249.7, or as may be otherwise allowed by law. If so requested, Englander agrees to reasonably cooperate with GF Health and the Parties agree to use their best efforts, and that of their counsel, to support the entry of a Consent Judgment by a superior court in California. Pursuant to Code of Civil Procedure sections 1021 and 1021.5, GF Health will reimburse Englander and his counsel for their reasonable fees and costs incurred in filing the complaint, converting the Settlement Agreement into a proposed Consent Judgment and seeking judicial approval of the Consent Judgment, in an amount not to exceed

\$15,000, exclusive of fees and costs that may be incurred on appeal. GF Health will remit payment to The Chanler Group, at the address set forth in Section 4.5.1(a) above. Such additional fees shall be paid by GF Health within ten days after its receipt of monthly invoices from Englander for work performed under this paragraph.

### **6.1 Severability**

If, subsequent to the Court's approval of a conversion from Settlement Agreement to Consent Judgment, and entry of said Consent Judgment, any of the provisions of this Settlement Agreement or the submitted Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

## **7. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California. 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 GF Health 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 GF Health 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 GF Health:

Kenneth Spett, President  
GF Health Products, Inc.  
2935 Northeast Parkway  
Atlanta, GA 30360

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 section 25249.7(f).

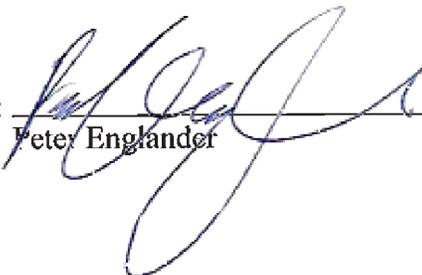
**11. MODIFICATION**

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

**12. AUTHORIZATION**

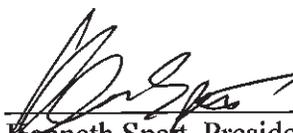
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

By:   
Peter Englander

Date: February 18, 2014

AGREED TO:

By:   
Kenneth Spett, President  
GF Health Products, Inc.

Date: FEB. 6, 2014

EXHIBIT A

- I. Name of Settling Defendant: GF HEALTH PRODUCTS, INC.
- II. Names of Releasees (optional/partial):
- III. Types of Covered Products Applicable to GF Health Products, Inc.:
  - a) stools with vinyl/PVC upholstery containing DEHP; and
  - b) stools with foam padding containing TDCPP.
- IV. Types of Additional Products GF Health Products, Inc. elects to Address (if any):
- V. GF Health Products, Inc.'s Required Settlement Payments
  - A. Penalties of \$48,000, as follows:
    - \$10,000 initial payment due on or before February 15, 2014;
    - \$24,000 second payment due on or before May 15, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(i) and \$10,000 may be waived pursuant to Section 4.1.4(iii); and
    - \$14,000 third payment due on or before November 30, 2014, of which \$8,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be waived pursuant to Section 4.1.4(iv).
  - B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs attributable to GF Health Products, Inc.: \$35,000.
- VI. Person(s) to receive Notices pursuant to Section 8

Kenneth Spett  
Name

President  
Title

GF Health Products, Inc.  
Company/Firm Name

Address GF Health Products, Inc.

2935 Northeast Parkway

Atlanta, Georgia 3036

SCHEDULE 1

**Notice for California Customers-**

**California Proposition 65 WARNING: This product contains a chemical known to the State**

**of California to cause cancer and reproductive or developmental harm.**