

SETTLEMENT AGREEMENT  
BETWEEN  
CONSUMER ADVOCACY GROUP, INC.  
AND  
FAMILY DOLLAR, INC.

Consumer Advocacy Group, Inc. ("CAG") and Family Dollar, Inc. (hereinafter referred to as "Family Dollar"), (CAG and Family Dollar collectively referred to as, the "Parties") enter into this agreement ("Settlement Agreement") for the purpose of avoiding prolonged and costly litigation to settle CAG's allegations that Family Dollar violated Proposition 65 in connection with footwear manufactured and/or supplied by Xiamen Sunshine Trade Co., Ltd ("Xiamen") and vinyl bath mats manufactured and/or supplied by Ningbo Taizhong Mould ("Ningbo"). The effective date of this Settlement Agreement shall be the last 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 Family Dollar previously sold, at various times, Vinyl Bath Mats ("Bath Mats"), including but not limited to (1) "Vinyl Bath Mat, INTERIORS by DESIGN® Tub Mat, "13.4 in x 24.8 in", SKU 2802552 V104374 "Distributed by: Midwood Brands, LLC 10611 Monroe Rd., Matthews, NC28105" Barcode: 0

32251 03464 0". Family Dollar also previously sold at various times, Flip Flops ("Flip Flops"), including but not limited to (2) "Purple and orange geometric design Tropic Sun Geo- Live Love Flip Flop S(5/6) 802327" "ALL MAN MADE MATERIAL MADE IN CHINA", (3) "Yellow and white polka-dot Tropic Sun Geo- Live Love Flip Flop S(5/6) 802327 "ALL MAN MADE MATERIAL MADE IN CHINA" (both Vinyl Bath Mats and Flip Flops are referred to throughout as the "Covered Products"). The Covered Products are limited to those manufactured and/or supplied by Xiamen and/or Ningbo, and sold by Family Dollar, its parents, subsidiaries, and affiliated companies, only.

1.3 CAG alleges that Bath Mats contain Di (2-ethylhexyl) phthalate ("DEHP"), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate. CAG also alleges that the Flip Flops contain Di-n-butyl Phthalate ("DBP"), and that Family Dollar 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 DEHP to the list of chemicals known to the State to cause cancer, and on October 24, 2003, the Governor added DEHP to the list of chemicals known to the State to cause developmental male reproductive toxicity. These 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 December 2, 2005, the Governor of California added DBP to the list of chemicals known to the State to cause developmental, female, and male reproductive toxicity. These 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.

1.6 DEHP and DBP are referred to hereafter as the "Listed Chemicals".

1.7 On or about September 12, 2013, CAG served, Family Dollar Stores, Inc., Family Dollar Stores of Michigan, Inc., Midwood Brands, LLC, Family Services, Inc., Family Dollar Store #10469 and certain relevant public enforcement agencies with documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" regarding the Flip Flops containing DBP.

1.8 On or about December 13, 2013, CAG served Family Dollar Stores, Inc., Family Dollar Stores of Michigan, Inc., Midwood Brands, LLC, Family Services, Inc., Family Dollar Store #09367 and certain relevant public enforcement agencies with documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" regarding the Bath Mats containing DEHP.

1.9 The Sixty-Day Notices above (referred to as the "Notices") alleged that the Noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemicals.

1.10 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties and to resolve and moot the allegations CAG presented to the Noticed parties concerning the Covered Products' compliance with Proposition 65 (the "Dispute") based on the terms set forth below.

1.11 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 Family Dollar or the Noticed parties or their respective officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG, Family Dollar or the Noticed parties may have against one another in any other 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, (a) Family Dollar, and its owners, parents,

subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") of any violation(s) or claimed violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees regarding exposing persons to the Listed Chemicals and the failure to warn about exposure to the Listed Chemicals arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed by Xiamen and/or Ningbo, and sold by Family Dollar or its Releasees, prior to the Effective Date, even if sold after the Effective Date. The Covered Products are limited to those manufactured, distributed, and/or supplied by Xiamen and/or Ningbo, and sold by Family Dollar or its Releasees only.

CAG, its past and current agents, representatives, 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, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), 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 in respect of any Covered Products manufactured, distributed by Xiamen and/or Ningbo, and sold by Family Dollar or its Releasees up to the Effective Date, including without limitation to the extent

that such claims relate to Releasees' alleged exposure of persons to the Listed Chemicals contained in the Covered Products or any failure by Releasees to warn about exposures to the Listed Chemicals contained in the Covered Products. CAG acknowledges that it is familiar with Section 1542 of Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

CAG, its past and current agents, 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 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. The release in this section shall have no force or effect until the full amount of payments set forth in Section 4.0 below are paid in full.

**3.0 Family Dollar's Duties**

3.1 Family Dollar, promises, and represents that within sixty (60) days from the Effective Date it will not sell any Covered Product manufactured and/or distributed by Xiamen and/or Ningbo, unless Xiamen and/or Ningbo reformulates any Covered Products which are manufactured after the Effective Date and

offered for sale in California to a point where the level of DEHP and DBP in the Covered Products does not exceed 0.1% (or shall cease importing or selling the Covered Products.)

3.2 Family Dollar agrees, promises, and represents that, as of the Effective Date, any Covered Products that are in existing inventory, will be destroyed in a fashion that complies with California Health and Safety Standards.

#### 4.0 Payments

4.1 Within ten (10) days of the Effective Date, Family Dollar agrees to pay a total of forty thousand dollars (\$40,000.00), [twenty thousand (\$20,000.00) as settlement of the notice to Family Dollar regarding Xiamen, and twenty thousand (\$20,000.00) as settlement of the notice to Family Dollar regarding Ningbo] by separate checks, apportioned as follows:

4.1.1 Payment to CAG: Four Thousand dollars (\$4,000.00) shall be paid to Consumer Advocacy Group, Inc. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, CAG shall provide Family Dollar with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Thirty-two thousand dollars (\$32,000.00) of such payment shall be paid to Yerousbalmi & 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 Family Dollar's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide Family Dollar with its Employer Identification Number.

4.1.3 Penalty: Family Dollar shall issue two separate checks for a total amount of Four thousand dollars (\$4,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of Three thousand dollars (\$3,000.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of One thousand dollars (\$1,000.00), representing 25% of the total penalty. Both checks shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. Additionally, two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$3,000.00. The second 1099 shall be issued in the amount of \$1,000.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

**5.0 Authority to Enter Into Settlement Agreement**

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 Family Dollar represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Family Dollar 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.

**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, Family Dollar, and the 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 in such suit 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 Family Dollar by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below. Any notice to Family Dollar or the Releasees must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without reformulation, (c) the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

11.3 Within 30 days of receiving the notice described in Section 11.2, Family Dollar shall either (1) remove the offending product from inventory at the store from which the product was available for sale to the public, or (2) refute the information provided under Section 11.2. 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 Consumer Advocacy Group, Inc.:

Reuben Yeroushalmi, Esq.  
YEROUSHALMI & ASSOCIATES  
9100 Wilshire Boulevard, Suite 240W  
Beverly Hills, CA 90212

For Family Dollar:

Stephanie Forman, Esq.  
THARPE & HOWELL, LLP  
15250 Ventura Boulevard, 9<sup>th</sup> Floor  
Sherman Oaks, CA 91403

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**

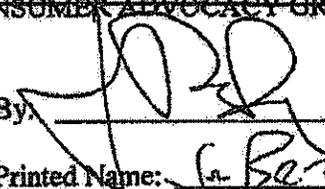
13.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

**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 Family Dollar shall provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.

FAMILY DOLLAR, INC.  
CONSUMER ADVOCACY GROUP, INC.

Dated: 3-4-15

By: 

Printed Name: Janice

Title: DGC-VP

CONSUMER ADVOCACY GROUP, INC.  
FAMILY DOLLAR, INC.

Dated: 3-6-15

By: 

Printed Name: Melva Jackson

Title: Executive Director