

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

AEROSPACE COMMUNICATIONS HOLDINGS, CO., LTD.

Consumer Advocacy Group, Inc. ("CAG") and Aerospace Communications Holdings, Co., Ltd. ("Aerospace"), (CAG and Aerospace collectively referred to as, the "Parties" or "Party") enter into this agreement ("Settlement Agreement") for the purpose of avoiding prolonged and costly litigation to settle CAG's Proposition 65 allegations. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the "Effective Date").

1.0 Introduction

1.1 CAG is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 Aerospace previously manufactured and/or sold, at various times, Black Steering Wheel Covers with white stitched curved design, Bar Code: 8 86345 00041 3 (referred to throughout as the "Covered Products"). For the avoidance of any doubt, Covered Products are limited only to those manufactured or sold by Aerospace.

1.3 CAG alleges that Covered Products contain Di (2-ethylhexyl) phthalate, also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate (individually or collectively, "DEHP") and were sold in California without an

adequate warning pursuant to 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” dated December 19, 2013 (“Notice”), which is further described below.

1.5 DEHP is referred to hereafter as the “Listed Chemical”.

1.6 On or about December 20, 2013 CAG served, Wal-Mart Stores, Inc., Walmart, 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 Covered Products containing the Listed Chemical.

1.7 The Notice alleged that Wal-Mart Stores, Inc., Walmart and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

1.8 The Parties enter into this Settlement Agreement to settle the disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”).

1.9 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 any admission or evidence of any fault, wrongdoing, or liability by Aerospace or Wal-Mart Stores, Inc. and their officers, directors, employees, or parents, subsidiaries or affiliates, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised herein, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG has or may have against Aerospace or Wal-Mart Stores, Inc. or that Aerospace or Wal-Mart Stores, Inc. has or may have against CAG in any pending legal proceeding.

1.10 The existence of this Settlement Agreement, the contents hereof, and/or compliance with its terms does not and shall not in any manner whatsoever be used to subject Aerospace, its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, or assigns to the jurisdiction of any United States Court or any state court in any future administrative or judicial proceeding or litigation. For the avoidance of any doubt, the fact that Aerospace enters into

this Settlement Agreement cannot be used as evidence that Aerospace is subject to court jurisdiction within the United States or any individual state.

2.0 Release

2.1 This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, on the one hand, and (a) Aerospace, and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Products, including but not limited to distributors, wholesalers, customers, retailers (including but not limited to Wal-Mart Stores, Inc. and its affiliates and subsidiaries), franchisees, cooperative members, and licensees (individually and collectively "Downstream Releasees"), on the other hand, 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 and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed within sixty (60) days after the Effective Date, even if sold by Downstream Releasees thereafter.

2.2 CAG and its past and current agents, representatives, attorneys, successors, and/or assignees hereby waive and release 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 and/or sold to Downstream Releasees within sixty (60) days after the Effective Date, including without limitation to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

2.3 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 waive and relinquish any and all rights and benefits which they may have under, or which may be conferred on them 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 they may lawfully waive such rights or benefits pertaining to the released matters. In connection with such waiver and relinquishment, the Parties hereto each acknowledge that they may hereafter discover claims or facts in addition to or different from those which they now know or believe to exist with respect to the subject matter of this Agreement, but that it is each Party's intention hereby fully, finally and forever to settle and release any and all related matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore have existed between the Parties in connection with this Agreement. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete general release, notwithstanding the discovery or existence of any such additional or different claims or facts.

3.0 Aerospace's Duties

3.1 Aerospace agrees, promises, and represents that within sixty (60) days after the Effective Date, Aerospace shall reformulate the outer ring of any Covered Products it manufactures and offers for sale in California to a point where the level of DEHP, in the outer ring does not exceed 0.1% (1,000 parts per million).

3.2 Aerospace agrees, promises, and represents that within sixty (60) days after the Effective Date, to the extent it manufactures and sells in California any Covered Products that have inner rings that have not been reformulated, it will provide Proposition 65 compliant warnings on such Covered Products offered for sale in California. The warnings shall be provided in a conspicuous and

prominent manner to assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of purchase. The Parties agree that product labeling stating that "WARNING: This product contains chemicals known to the State of California to cause cancer, or birth defects, or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for any Covered Products with inner rings that have not been reformulated.

4.0 Payments

4.1 Aerospace agrees, to pay a total of forty-four thousand dollars (\$44,000.00) as follows:

4.1.1 Payment to CAG: Within five (5) days after the Effective Date, CAG shall provide Aerospace with CAG's Employer Identification Number ("EIN"). Within twenty (20) days of Aerospace's receipt of CAG's EIN, or within twenty (20) days of the Effective Date, whichever is later, FIFTEEN THOUSAND DOLLARS (\$15,000.00) 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.

4.1.2 Attorneys' Fees and Costs: Within five (5) days after the Effective Date, CAG shall provide Aerospace with Yeroushalmi & Associates' EIN. Within twenty (20) days of Aerospace's receipt of Yeroushalmi & Associates' EIN, or within twenty (20) days of the Effective Date, whichever is later, TWENTY-EIGHT THOUSAND DOLLARS

(\$28,000.00) shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Aerospace's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

4.1.3 Penalty: Within twenty (20) days of Aerospace's receipt of Yeroushalmi & Associates' EIN, or within twenty (20) days of the Effective Date, whichever is later, Aerospace shall issue two (2) separate checks for a total amount of one thousand dollars (\$1,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one (1) check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of seven hundred fifty dollars (\$750.00), representing 75% of the total penalty; and (b) one (1) check to Consumer Advocacy Group, Inc. in the amount of two hundred fifty dollars (\$250.00), 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 by Aerospace for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$750.00. The second 1099 shall be issued in the amount of \$250.00 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 Aerospace represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Aerospace 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 Parties' execution of this Settlement Agreement.

7.0 Execution in Counterparts and Facsimile

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original.

8.0 Entire Agreement

8.1 This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

9.0 Modification of Settlement Agreement

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

10.0 Application of Settlement Agreement

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Releasees and Downstream Releasees identified in Section 2 above.

11.0 Enforcement of Settlement Agreement

11.1 Any Party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing Party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

11.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Aerospace by CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, unless the Party seeking enforcement or alleging a violation notifies the other Party of the specific acts alleged to be in breach of this Settlement Agreement at least ninety (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 Aerospace must contain (a) the name of the product, (b) specific dates when the product was manufactured and/or sold sixty (60) days 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, Aerospace shall either (1) send the store or other place at which the product was available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to Aerospace for full credit, including shipping costs, 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 CAG:

Reuben Yeroushalmi,
YERUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For Aerospace:

Malcolm C. Weiss, Esq.
HUNTON & WILLIAMS LLP
550 South Hope Street, Suite 2000
Los Angeles, CA 90071

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 Aerospace 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.

CONSUMER ADVOCACY GROUP, INC.

Dated: 4-14-14

By: 

Printed Name: Michel Sassoon

Title: Executive Director

**AEROSPACE COMMUNICATIONS HOLDINGS,
CO., LTD.**

Dated: Apr 14, 2014

By: 

Printed Name: Paul Chen

Title: VP of General Import and Export