

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Dr. Whitney R. Leeman (“Leeman”) and T. Christy Enterprises (“T. Christy”), with Leeman and T. Christy collectively referred to as the “Parties.” Leeman is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. T. Christy 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

Leeman alleges that T. Christy manufactures, distributes, sells, and/or offers for sale vinyl/PVC knife grips containing di(2-ethylhexyl)phthalate (“DEHP”) and lead in California without the requisite Proposition 65 health hazard warning. DEHP and lead (hereinafter referred to collectively as the “Listed Chemicals”) are listed pursuant to Proposition 65 as chemicals known to California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as vinyl/PVC knife grips containing the Listed Chemicals including, but not limited to, the *Christy’s Heavy Duty Sod Knife, Part No. 33-090, UPC #0 44752 00133 5*, which are manufactured, distributed, sold and/or offered for sale in California by T. Christy, hereinafter referred to as the “Products.”

1.4 Notice of Violation

On or about December 30, 2013, Leeman served T. Christy and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”), alleging that T. Christy was in violation of Proposition 65 for failing to warn its consumers in

California that the Products exposed users to the Listed Chemicals. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

T. Christy denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has manufactured, distributed, sold and/or offered for sale 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 T. Christy of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by T. Christy of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by T. Christy. This Section shall not, however, diminish or otherwise affect T. Christy'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 July 1, 2014.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Standards and Commitment

As of the Effective Date, T. Christy shall only manufacture, distribute, sell and/or offer for sale in California Products that are Reformulated Products. For purposes of this Settlement Agreement, "Reformulated Products" shall mean Products containing components that may be handled, touched or mouthed by a consumer, and which components yield: (1) less than 1.0 microgram of lead when using a wipe test pursuant to NIOSH Test Method 9100; (2) less than 100 parts per million ("ppm") lead when analyzed pursuant to EPA testing methodologies 3050B and 6010B or equivalent methodologies utilized by federal and state agencies for the purpose of determining lead content in a solid substance; and (3) contain less than or equal to 1,000 ppm

(0.1%) DEHP when analyzed pursuant to EPA testing methodologies 3580A and 8270C or equivalent methodologies utilized by federal and state agencies for the purpose of determining DEHP content in a solid substance.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, T. Christy shall pay a total of \$13,000 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) & (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 Leeman, as follows:

3.1 Initial Civil Penalty

T. Christy shall pay an initial civil penalty in the amount of \$3,000 on or before June 1, 2014. T. Christy shall issue two separate checks to: (a) “OEHHA” in the amount of \$2,250; and (b) “Whitney R. Leeman, Client Trust Account” in the amount of \$750. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.2 Final Civil Penalty

T. Christy shall pay a final civil penalty of \$10,000 on or before September 15, 2014. The final civil penalty shall be waived in its entirety, however, if, no later than September 1, 2014, an officer of T. Christy provides Leeman with written certification that, as of the date of such certification and continuing into the future, T. Christy has met the reformulation standard specified in Section 2.1 above, such that all Products manufactured, distributed, sold and/or offered for sale in California by T. Christy are Reformulated Products. The certification in lieu of a final civil penalty payment provided by this Section is a material term, and time is of the essence. T. Christy shall issue two separate checks for its final civil penalty payments to: (a) “OEHHA” in the amount of \$7,500; and (b) “Whitney R. Leeman, Client Trust Account” in the amount of \$2,500.

3.3 Payment Procedures

3.3.1 Issuance of Payments. Payments shall be delivered as follows:

(a) All payments owed to Leeman, 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 OEHHHA, pursuant to Sections 3.1 and 3.2, shall be delivered directly to OEHHHA (Memo line "Prop 65 Penalties") at the following addresses:

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

With a copy of the checks payable to OEHHHA mailed to The Chanler Group at the address set forth above in 3.3.1(a), as proof of payment to OEHHHA.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Leeman and her 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 issue to be resolved after the material terms of the agreement had been settled.

T. Christy then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach an accord on the compensation due to Leeman and her 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. T. Christy shall pay \$22,500 for fees and costs incurred as a result of investigating, bringing this matter to T. Christy's attention, and negotiating a settlement in the public interest. T. Christy shall make the check payable to "The Chanler Group" and shall deliver payment on or before June 1, 2014, to the address listed in Section 3.3.1(a) above.

5. RELEASES

5.1 Leeman's Release of T. Christy

This Settlement Agreement is a full, final and binding resolution between Leeman, in her individual capacity and not on behalf of the public, and T. Christy, of any violation of Proposition 65 that was or could have been asserted by Leeman on behalf of herself, her past and current agents, representatives, attorneys, successors, and/or assignees, against T. Christy, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom T. Christy directly or indirectly distributes or sells Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on their failure to warn about alleged exposures to the Listed Chemicals contained in the Products that were manufactured, distributed, sold, and/or offered for sale by T. Christy in California before the Effective Date.

In further consideration of the promises and agreements herein contained, Leeman, in her individual capacity only, on behalf of herself, her past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all her rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that she may have, 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 -- limited to and arising

under Proposition 65 with respect to the Listed Chemicals in the Products manufactured, distributed, sold and/or offered for sale by T. Christy before the Effective Date, against T. Christy and the Releasees.

5.2 T. Christy's Release of Leeman

T. Christy, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Leeman and her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Leeman and her attorneys and other representatives, whether in the course of investigating Leeman's claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision is 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 California and apply within California.

8. NOTICES

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

To T. Christy:

Jonathan Christy, President
T. Christy Enterprises
655 East Ball Road
Anaheim, CA 92805

To Leeman:

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

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

9. COUNTERPARTS; FACSIMILE SIGNATURES

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

10. POST-EXECUTION ACTIVITIES

Leeman agrees to comply with the reporting form requirements referenced in Health & Safety Code § 25249.7, subdivision (f).

11. MODIFICATION

This Settlement Agreement may be modified only by a 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:

Date: 5/14/14

Date: 5-14-14

By: Whitney R. Leeman
Dr. Whitney R. Leeman

By: Jonathan Christy
Jonathan Christy, President
T. Christy Enterprises