

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Paul Wozniak (“Wozniak”) and JBC Safety Plastic, Inc. (“JBC”), with Wozniak and JBC collectively referred to as the “Parties.” Wozniak is an individual residing in California who asserts that he seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Wozniak 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

Wozniak alleges that JBC has manufactured, distributed, sold and/or offered for sale in California traffic cones containing lead without the requisite Proposition 65 health hazard warnings. Lead is listed pursuant to Proposition 65 as a chemical known to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as traffic cones containing lead including, but not limited to, the *Traffic Cone*, Sherwin-Williams Company #190783, FC280, (JBC #RS70032CT), which were manufactured, distributed, sold and/or offered for sale in California by JBC, hereinafter referred to as the “Products.”

1.4 Notice of Violation

On or about February 7, 2014, Wozniak served JBC and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”), alleging that JBC was in violation of Proposition 65 for failing to warn its customers and consumers in California that the Products exposed users to lead. 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

JBC denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has sold and distributed 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 JBC 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 JBC of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by JBC. This Section shall not, however, diminish or otherwise affect JBC'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 AND WARNINGS

2.1 Reformulated Standards and Commitment

As of the Effective Date, JBC shall only manufacture, distribute, sell, and/or offer for sale in California either Products that are Reformulated Products or Products that comply with the warning requirements found in Section 2.3 below. 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; and (2) less than 100 parts per million lead when analyzed pursuant to EPA testing methodologies 3050B and 6010B.

2.2 Products No Longer in JBC's Control

No later than thirty (30) days after the Effective Date, JBC shall send a letter, electronic or otherwise ("Notification Letter") to each California retailer and/or customer that JBC reasonably understands to be selling the *Traffic Cone, #190783, FC280* (JBC #RS70032CT) ("Exemplar Products") in California. The Notification Letter shall advise the recipient that the Exemplar Product contains lead, 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 for sale in California, or to California consumers, pursuant to Section 2.3 below; or (b) return, at JBC's sole expense, all Exemplar Products held for sale in California, or to California consumers, to JBC or a party JBC has otherwise designated. The Notification Letter shall require a response from the recipient within twenty (20) days confirming whether the Exemplar Products will be labeled or returned. JBC 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 Wozniak's written request.

2.3 Product Warnings

2.3.1 Product Labeling

Any warning provided under Section 2.1 or Section 2.2 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 lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

2.3.2 Internet Website Warning

A warning shall be given in conjunction with the sale of the Products to California, or California consumers, via the internet, which warning shall appear on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall: (a) appear adjacent to or immediately following the display, description, or price of the Product; (b) appear as a pop-up box; or (c) otherwise appear automatically to the consumer. The warning text shall be the same type size or larger than the Product description text:

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

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

In settlement of all claims referred to in this Settlement Agreement, JBC shall pay a total of \$15,000 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 Wozniak, as follows:

3.1 Initial Civil Penalty

JBC shall pay an initial civil penalty of \$7,000 on or before the Effective Date. JBC shall issue two separate checks to: (a) “OEHHA” in the amount of \$5,250; and (b) “Paul Wozniak, Client Trust Account” in the amount of \$1,750. All penalty payments shall be delivered to the address listed in Section 3.3.1(a) below.

3.2 Final Civil Penalty

JBC shall pay a final civil penalty of \$8,000 on or before December 15, 2014.

The final civil penalty shall be waived in its entirety, however, if, no later than December 1, 2014, an officer of JBC provides Wozniak with written certification that, as of the date of such certification and continuing into the future, JBC has met the reformulation standard specified in Section 2.1 above, such that all Products manufactured, imported, distributed, sold and offered for sale in California by JBC 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. The certification shall also state that JBC has administered its own independent testing of the Products verifying that the Products are Reformulated Products. JBC's independent testing shall consist of sampling of multiple units of Products from each manufacturer and/or distributor at intervals reasonably necessary to ensure that the Products comply with the reformulation standard. The independent test results obtained by JBC verifying that the Products are Reformulated Products shall be made available to Wozniak at his request and any such test results shall not be disclosed by Wozniak or his counsel to any person, nor shall any such test results be used for any purpose other than to enforce the provisions of this Section. JBC shall issue two separate checks for its final civil penalty payments to: (a) "OEHHA" in the amount of \$6,000; and (b) "Paul Wozniak, Client Trust Account" in the amount of \$2,000.

3.3 Payment Procedures

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

(a) All payments owed to Wozniak, 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, pursuant to Sections 3.1 and 3.2, shall be delivered directly to OEHHA (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 OEHHA mailed to The Chanler Group at the address set forth above in 3.3.1(a), as proof of payment to OEHHA.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Wozniak 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 issue to be resolved after the material terms of the agreement had been settled. JBC 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 Wozniak and his 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. JBC shall pay \$25,000 for all fees and costs incurred as a result of

investigating, bringing this matter to JBC's attention, and negotiating a settlement in the public interest. JBC shall issue a check payable to "The Chanler Group" and shall deliver payment on or before the Effective Date, to the address listed in Section 3.3.1(a) above.

5. RELEASES

5.1 Wozniak's Release of JBC

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

In further consideration of the promises and agreements herein contained, Wozniak, in his individual capacity only, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all his rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that he 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, but exclusive of fees and costs on appeal -- limited to and arising under Proposition 65 with respect to lead in the Products manufactured, distributed, sold and/or offered for sale by JBC before the Effective Date, against JBC and Releasees.

5.2 JBC's Release of Wozniak

JBC on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Wozniak, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Wozniak 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, 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: (i) personally delivered; (ii) sent by first-class, registered or certified mail, return receipt requested; or (iii) sent by overnight courier on any party by the other party at the following addresses:

To JBC:

Alexander Chen, Esq.
InHouse Co. Law Firm
7700 Irvine Center Drive, Suite 800
Irvine, CA 92618

To Wozniak:

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

With copy to:

Jackson Kuo, President
JBC Safety Plastic, Inc.
710 Nogales Street
City of Industry, CA 91748

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 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. MODIFICATION

This Settlement Agreement may be modified only by 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.

AGREED TO:

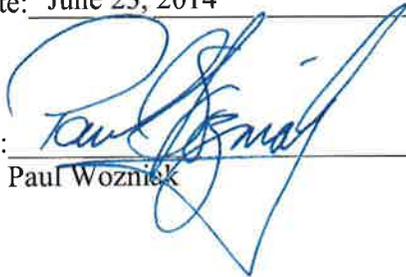
AGREED TO:

Date: June 23, 2014

Date: 6/20/14

By: _____

Paul Wozniak



By: _____

Jackson Kuo, President
JBC Safety Plastic, Inc.

