

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Private Settlement Agreement (hereinafter "Private Settlement") is hereby entered into by and between Kingpun Cheng acting on behalf of the public interest (hereinafter "Cheng") and FNA Group Inc., (hereinafter "FNA Group"). FNA Group and Cheng shall be collectively referred to as the "Parties" and each of them as a "Party." Cheng 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. Defendants employ ten or more persons and each is a person in the course of doing business for purposes of Proposition 65, Cal. Health & Safety Code §§ 25249.6 et seq.

1.2 Allegations and Representations

Cheng alleges that Defendant has offered for sale in the State of California and has sold in California, adjustable pressure regulators containing lead, and that such sale have not been accompanied by Proposition 65 warnings. Lead is listed under Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm. Cheng has cited Simpson Dial-N-Wash Universal Adjustable Pressure Regulator" UPC879399001369, hereafter ("Pressure Regulator") as a specific example of the adjustable pressure regulator/outdoor goods that are the subject of his allegations.

1.3 Product Description

The products that are covered by this Private Settlement are defined as replacement universal adjustable pressure regulators, containing exposed brass or other metals containing lead that are distributed by FNA Group to Lowe's Home Centers (hereinafter "Lowe's") and others and sold in California. All such items shall be referred to herein as the "Products."

1.4 Notices of Violation

On or about August 21, 2014, Cheng served FNA Group, Lowe's, and various public enforcement agencies with a document entitled "60-Day Notice of Violation" pursuant to Health & Safety Code §25249.7(d) (the "Notice"), alleging that FNA Group and Lowe's were in violation of Proposition 65 for failing to warn consumers and customers that the Products exposed users in California to lead. No public enforcer diligently prosecuted the claims threatened in the Notice within sixty days plus service time relative to the provision of the Notice to them by Cheng.

SETTLEMENT AGREEMENT

1.5 Stipulation as to Jurisdiction/No Admission

For purposes of this Private Settlement only, the Parties stipulate that in the event that enforcement of this Private Settlement or a dispute arises regarding this Private Settlement, the Superior Court of California, County of San Diego has proper jurisdiction over Defendant as to the allegations contained in the in the 60 day notice served on the Defendant on or about August 21, 2014, that venue is proper in the County of San Diego, and that this Court has jurisdiction to approve, enter, and oversee the enforcement of this Private Settlement.

FNA Group denies the material allegations contained in Cheng's Notice and maintains that it has not violated Proposition 65. Nothing in this Private Settlement shall be construed as an admission by FNA Group of any fact, finding, issue of law, or violation of law; nor shall compliance with this Private Settlement constitute or be construed as an admission by FNA Group of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by FNA Group. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of FNA Group under this Private Settlement.

1.6 Effective Date

For purposes of this Private Settlement, the term "Effective Date" shall mean October 21, 2014.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION

Commencing on the Effective Date, FNA Group shall not ship, sell, or offer to sell in California a Product(s) that is/are manufactured, distributed or sold by FNA Group containing more than 100ppm lead unless those Products provide a warning as set forth in Section 2.2 and 2.3 below.

2.1 Reformulation Option. The Products shall be deemed to comply with Proposition 65 with regard to lead and be exempt from any Proposition 65 warning requirements for lead if the exposed brass or other metal components that are part of the Products meet the following criteria: (a) the alloy from which the components are made shall have no lead as an intentionally added constituent; and (b) the alloy from which the components are made shall have a lead content by weight of no more than 0.01% (100 parts per million, or "100 ppm"). FNA Group may comply with the above requirements by relying on information obtained from its suppliers regarding the content of the alloy from which the components are made, provided such reliance is in good faith. Obtaining test results showing that the lead content is no more than 100 ppm shall be deemed to establish good faith reliance.

2.2 Warning Alternative. Commencing on the Effective Date, Products that FNA Group ships, sells or offers for sale in California that do not meet the warning exemption standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. Providing the warnings as set forth herein shall constitute compliance with Proposition 65.

2.3 Warnings. Where required under Section 2.2 above, FNA Group shall provide Proposition 65 warnings as follows:

SETTLEMENT AGREEMENT

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

OR

WARNING: This product contains chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

Nothing contained herein shall be interpreted to prevent FNA Group from providing additional Proposition 65 or other warnings on its Products.

2.4 Where utilized as an alternative to meeting the criteria set forth in Section 2.1, FNA Group shall provide the warning language set forth in Section 2.3 with the unit package of the Products or affixed to the Products. Such warning shall be prominently affixed to or printed on each Product's label or package or the Product itself.

2.5 The requirements for warnings, set forth in Section 2.3 above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations and that they may or may not be appropriate in other circumstances.

2.6 If Proposition 65 warnings for lead or lead compounds or other specified chemicals should no longer be required, FNA Group shall have no further warning obligations pursuant to this Settlement Agreement. Except in the event that a change in the law requires modification or ceases to require such warnings in the event that FNA Group cease(s) to implement or modifies the warnings required under this Settlement Agreement, FNA Group shall provide written notice to Cheng (through counsel) of its intent to do so, and of the basis for its intent, no less than thirty (30) days in advance.

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

With regard to all claims that have been raised or which could be raised with respect to failure to warn pursuant to Proposition 65 with regard to lead in the Products, FNA Group shall pay a civil penalty of \$500.00 pursuant to Health and Safety Code section 25249.7(b), to be apportioned in accordance with California Health & Safety Code § 25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of the penalty remitted to Cheng, as provided by California Health & Safety Code § 25249.12(d) and the instructions directly below.

FNA Group shall issue two separate checks for the penalty payment: (a) one check made payable to "OEHHA" (tax identification number: 68-0284486) in an amount representing 75% of the total penalty (i.e., \$375.00); and (b) one check in an amount representing 25% of the total penalty (i.e., \$125.00) made payable directly to Cheng. FNA Group shall mail these payments within 5 days after the Effective Date to Cheng's counsel, who shall immediately mail them to the following:

SETTLEMENT AGREEMENT

Proposition 65 Settlement Coordinator

California Department of Justice

1515 Clay Street, 20th Floor

Oakland, CA 94612-1413

and

Mr. Kingpun Cheng

[Address on file with Parker A. Smith, Attorney at Law]

4. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Cheng and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, FNA Group shall reimburse Cheng's counsel for fees and costs, incurred as a result of investigating, bringing this matter to FNA Group attention, and negotiating a settlement in the public interest. FNA Group shall pay Cheng's counsel \$5,000.00 for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice, by check made payable to "Parker A. Smith, Attorney at Law" (tax identification number 68-0284486) within 5 days after the Effective Date. Other than the payment required hereunder, each side is to bear its own attorneys' fees and costs.

5. RELEASE OF ALL CLAIMS

5.1 Release of FNA Group and Downstream Customers

Cheng, on behalf of himself and in the public interest, releases FNA Group and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, including Lowe's, (collectively "Releasees") from all claims for violations of Proposition 65 up through the Effective Date based on exposure to lead from the Products as set forth in his Notice of Violation. Compliance with the terms of this Private Settlement constitutes compliance with Proposition 65 with respect to exposures to lead from the Products.

The Parties further understand and agree that this release shall not extend upstream to any entities that manufactured the Products for FNA Group or any component parts thereof or to any distributors or suppliers who sold Products or any component parts thereof to FNA Group ("Upstream Entities").

In addition to the foregoing, Cheng, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, and not in his representative capacity, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases any other Claims that he could make against FNA Group or its Releasees arising up to the Effective Date with

SETTLEMENT AGREEMENT

respect to violations of Proposition 65 based upon the Products. With respect to the foregoing waivers and releases in this paragraph, Cheng hereby specifically waives any and all rights and benefits which he now has, or in the future may have, conferred by virtue of the provisions of Section 1542 of the California 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 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

5.2 FNA Group's Release of Cheng

FNA Group waive(s) any and all claims against Cheng, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Cheng and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

6. SEVERABILITY AND MERGER

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

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. Compliance with the terms of this Private Settlement resolves any issue, now or in the future, with the requirements of Proposition 65 with respect to alleged exposures to lead arising from the Products. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then FNA Group shall provide written notice to Cheng of any asserted change in the law, and shall have no further obligations pursuant to this Private Settlement with respect to, and to the extent that, the Products are so affected.

8. NOTICES

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

SETTLEMENT AGREEMENT

For FNA Group:

Shelley G. Hurwitz, Esq.
Holland & Knight
400 South Hope Street, 8th Floor
Los Angeles CA 90071

and

For Cheng:

Parker A. Smith, Attorney at Law
2173 Salk Ave., Suite #250
Carlsbad, CA 92008

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 Private Settlement may be executed in counterparts, by PDF and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Cheng agrees to comply with the requirements set forth in California Health & Safety Code §25249.7(f).

11. MODIFICATION

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

12. ATTORNEY'S FEES

12.1 A party who unsuccessfully brings or contests an action arising out of this Settlement Agreement shall be required to pay the prevailing party's reasonable attorney's fees and costs.

12.2 Nothing in this Section shall preclude a Party from seeking an award of sanctions pursuant to law.

13. 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 document and certifies that he or she is fully authorized by the Party he or she represents to execute the Private Settlement on behalf of the Party represented and legally bind that Party. Except as explicitly provided herein each Party is to bear its own fees and costs.

SETTLEMENT AGREEMENT

IT IS HEREBY AGREED TO:

By: _____

Kingpun Cheng

Date: October 23, 2014

IT IS HEREBY AGREED TO:

By: _____

On Behalf of:

FNA Group Inc.

Date: October 21, 2014