

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
EYEKING LLC

For the purpose of avoiding prolonged and costly litigation, Consumer Advocacy Group, Inc. ("CAG") and EyeKing LLC (referred to as "EyeKing"), (CAG and EyeKing collectively referred to as, the "Parties") enter into this agreement ("Settlement Agreement") to settle CAG's allegations that EyeKing and its Downstream Releasees violated Proposition 65. 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 EyeKing previously manufactured, distributed, or sold at various times, or will manufacture, distribute, or sell in the future, Sunglasses (referred to throughout as the "Covered Product"), including but not limited to "Black and White 'Aztec Print' Style CLUB B&WBKC "D/CL 51 5116" CODE ACC- SUMMER "ONE \$5.99" Plastic-framed "Aztec-style" triangle and square patterned black and white glasses with black lenses "UV 400 PROTECTION AGAINST ULTRA- VIOLET RAYS" "008 30001" UPC: 301640800". The Covered Product is limited to those

manufactured, distributed, or sold in the past or the future by EyeKing.

1.3 CAG alleges that the Covered Product contains Di (2-ethylhexyl) phthalate ("DEHP"), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate, and that Charlotte Russe, Inc., Charlotte Russe Holding, Inc., and Charlotte Russe Store #358 (collectively referred to as "Charlotte") and EyeKing 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 DEHP is referred to hereafter as the "Listed Chemical".

1.6 On or about January 9, 2015 CAG served Charlotte Russe, Inc., Charlotte Russe Store #358, Charlotte Russe Holding, Inc., 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 Product containing the Listed Chemical.

1.7 The Sixty-Day Notice (referred to as the "Notice") alleged that

Charlotte and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of the Covered Product exposes persons to the Listed Chemical. EyeKing denies the material allegations of the Notice, and denies that it or Charlotte have violated Proposition 65.

1.8 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties' and the Covered Product's 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 an admission or evidence of fault, wrongdoing, or liability by EyeKing, Charlotte, 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, Charlotte, or EyeKing may have against one another in any other pending legal proceeding as to allegations unrelated to the Dispute or claims

released herein.

1.10 In an effort to take commercially reasonable steps to ensure Proposition 65 compliance, EyeKing has implemented, and is implementing, a product testing program and requiring its suppliers to verify compliance with Proposition 65 for all products they supply to EyeKing. As with any testing program that involves destructive testing of the product, every unit cannot be tested without destroying the product, so periodic testing of random samples is conducted.

2.0 Release

2.1 This Settlement Agreement is a full, final, and binding resolution between CAG, on the one hand, and (a) EyeKing and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") and (b) Charlotte, Advent International Corporation, and all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Product, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("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 in connection



with the Covered Product manufactured, shipped, sold, and/or otherwise distributed by Releasees prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Parties agree that EyeKing's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for both Releasees and Downstream Releasees for any Covered Products manufactured, distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

2.2 CAG, on behalf of itself and its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Product all rights to institute or participate in, directly or indirectly, any form of legal action, including, without limitation, all known or unknown past, present and future 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, could have been, or could be asserted with respect to any Covered Product, 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 Product, any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Product, or the facts alleged in the Notice.

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, on behalf of itself and its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes 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 it may lawfully waive such rights or benefits pertaining to the released matters.

3.0 EyeKing's Duties

3.1 EyeKing promises and represents that any Covered Product manufactured later than sixty (60) days after the Effective Date and offered for sale in California will be reformulated to a point where the level of DEHP in the Covered Product does not exceed 0.1% by weight or EyeKing shall cease selling any Covered Product in California.

4.0 Payments

4.1 EyeKing agrees to pay a total of thirty-two thousand dollars (\$32,000.00)

within ten (10) days of the Effective Date by separate checks apportioned as follows:

4.1.1 Payment to CAG: Three Thousand Five-hundred dollars

(\$3,500.00) 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 EyeKing with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Twenty-Five Thousand dollars

(\$25,000.00) of such payment 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 EyeKing'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 EyeKing with its Employer Identification Number.

4.1.3 Penalty: EyeKing shall issue two separate checks for a total amount of Three Thousand Five-hundred dollars (\$3,500.00) 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 Two thousand Six-



hundred Twenty-five dollars (\$2,625.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of Eight-hundred Seventy-five dollars (\$875.00), 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 \$2,625.00. The second 1099 shall be issued in the amount of \$875.00 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 and to waive and release all costs, attorneys' fees, and penalties other than those specified in paragraphs 4.1, including sub-parts.

5.2 EyeKing represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind EyeKing 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 Product may be served or filed against EyeKing or any Downstream Releasee 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 Notices of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below. Any notice to EyeKing 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, EyeKing 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 EyeKing 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, Esq.
YEROUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For EyeKing LLC:

EyeKing LLC
10 Hub Drive, Suite 104
Melville, NY 11747

With a copy to:
Jeff Parker
Sheppard Mullin Richter & Hampton LLP
333 South Hope Street, 43rd Floor
Los Angeles, CA 90071-1422

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 Product, then EyeKing 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 Product are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: 3-27-15

By: [Signature]

Printed Name: MICHAEL SASSOON

Title: EXECUTIVE DIRECTOR

EYEKING LLC

Dated: 3/27/15

By: [Signature]

Printed Name: SHELDON GOLDMAN

Title: President