

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
CTA MANUFACTURING CORP.

Consumer Advocacy Group, Inc. (“CAG”) and CTA Manufacturing Corp. (referred to as “CTA”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that CTA violated Proposition 65 as set forth in CAG’s February 6, 2015 60 day notice. CAG and CTA are collectively referred to as the “Parties”. The effective date of this Settlement Agreement shall be one (1) day from 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 CTA previously manufactured, imported, distributed, or sold in California, at various times, hand tools with Vinyl grips, including but not limited to, “CTA ® Oil Filter Wrench RiteFit® 2515 Range: 64 mm-83mm 2-1/2” – 3-1/4 UPC # 0 53001 02525 2” (referred to throughout as “Covered Products”).

The Covered Products are limited to those sold by CTA in California.

1.3 CAG alleges that the Covered Products contain Di (2-ethylhexyl) phthalate (“DEHP”), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate, and that CTA did not provide a Proposition 65 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 February 6, 2015, CAG served CTA Manufacturing Corp., Pep Boys-Manny, Moe & Jack of CA, Inc., Pep Boys, Inc.-Manny, Moe & Jack, Pep Boys-Manny, Moe & Jack of Delaware, Inc., Pep Boys #676 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 the Covered Products allegedly containing the Listed Chemical sold in California (the “Notice”).

1.7 CAG’s Notice alleged that CTA and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes California consumers to the Listed Chemical.

1.8 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning CTA's compliance with Proposition 65 with respect to the alleged Listed Chemical contained in the Covered Products (the "Dispute").

1.9 CTA 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 Covered Products, have been, and are, in compliance with all laws, and are completely safe for their intended use. By execution of this Settlement Agreement, CTA does 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 CTA 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 CTA, its 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 CTA may have in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, on the one hand, and: (a) CTA, 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, franchisees, cooperative members, and licensees (“Downstream Releasees”), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65 or any other 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 actual or alleged exposures to the Listed Chemical, or the alleged failure to warn about exposure to the Listed Chemical arising in connection with the Covered Products manufactured, imported, shipped, sold, and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Covered Products are limited to those sold by CTA.

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 (at 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 Product sold up to 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. 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 waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it 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. The release in this section shall have no force or effect until the full amount of payments set forth in Section 4.0 below are paid in full.

3.0 CTA's Duties

3.1 CTA promises and represents that, within sixty (60) days after the Effective Date CTA shall reformulate any Covered Product that it manufactures for sale in California to a point where the level of DEHP in the Covered Product does not exceed 0.1% by weight (1000 parts per million) or shall cease importing for sale in California any Covered Products that do not meet this reformulation standard.

3.2 CTA agrees, promises, and represents that, as of the Effective Date, to the extent it ships or sells any Covered Products in existing inventory that have not been reformulated to the point where the level of DEHP in the Covered Product does not exceed 0.1% by weight, it will provide warnings for such Covered Products that comply with Proposition 65. The warnings shall be provided in such a manner that they are likely to be read or seen by the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling stating that: "WARNING: This product contains chemicals known to the State of California to cause cancer, and birth defects or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in any Covered Product in CTA's existing inventory that had not been reformulated and is distributed and/or sold by CTA, Releasees or Downstream Releasees after the Effective Date.

3.3 Notwithstanding anything in this Agreement to the contrary, CAG agrees that CTA's compliance with this settlement agreement is compliance with

Proposition 65 with respect to the Listed Chemical in Covered Products for both itself, the Releasees and the Downstream Releasees as to Covered Product manufactured, imported, and/or sold by CTA.

4.0 Payments

4.1 In complete resolution of all claims raised in the Notice, CTA agrees to pay a total of Thirty-six thousand dollars (\$36,000.00) within 10 days of the Effective Date by separate checks apportioned as follows:

4.1.1 Payment to CAG: Five thousand dollars (\$5,000.00) 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. By the Effective Date, CAG shall provide CTA with CAG's Employer Identification Number.

4.1.2 Attorneys' Fees and Costs: Twenty-six thousand dollars (\$26,000.00) of such payment shall be paid to Yeroushalmi & Associates, in complete resolution of any claim for CAG's attorneys, including for all CAG's investigation fees and costs, attorneys' fees, and all of CAG's other costs incurred as a result of investigating and bringing this matter to CTA's attention, and for negotiating and finalizing this Settlement Agreement. 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 CTA with its Employer Identification Number.

4.1.3 Penalty: CTA shall issue two separate checks for a total amount of Five thousand dollars (\$5,000.00) in complete resolution of any claim for civil penalties pursuant to Health & Safety Code § 25249.12 as follows:

(a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of Three thousand seven hundred fifty dollars (\$3,750.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of One thousand two hundred fifty dollars (\$1,250.00), representing 25% of the total penalty. After a thorough investigation, CAG agrees that this civil penalty satisfies the public interest based on the relevant factors set forth under Proposition 65. 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 \$3,750.00. The second 1099 shall be issued in the amount of \$1,250.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. CAG shall have the sole responsibility for transmitting the OEHHA portion of the civil penalty to OEHHA.

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 CTA represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CTA 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

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, CTA 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 CTA 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 CTA must contain: (a) the name of the specific product; (b) the specific dates when the product was sold after the Effective Date in California without reformulation; (c) the California 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 any notice sent by CAG pursuant to Section 11.2, CTA shall either: (1) send the store at which the product was available for

sale to the public in California a letter directing that the offending product be immediately removed from inventory and returned to CTA for full credit, including shipping costs; or (2) refute the information in the notice provided under Section 11.2. Should CTA send a letter directing removal of the product from sale in California and provide a copy of said letter to CAG within 30 days of receipt of a notice of alleged violation under this Agreement, CAG shall take no further action to enforce the terms of this Agreement or otherwise prosecute the notice of alleged violation of this agreement, and CTA shall have no further obligations to CAG monetary or otherwise. 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 CTA:

Michael Borghard, CEO
CTA Manufacturing Corp.
263 Veterans Blvd.
Carlstadt, NJ 07072

With Copy to:

James Robert Maxwell, Esq.
ROGERS JOSEPH O'DONNELL
311 California Street
10th Floor
San Francisco, CA 94104

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 CTA 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: 5-29-15

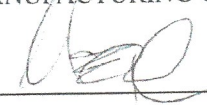
By: 

Printed Name: MELVIN SASSOON

Title: EXECUTIVE DIRECTOR

CTA MANUFACTURING CORP.

Dated: 5/28/15

By: 

Printed Name: MICHAEL BORGHARD

Title: PRESIDENT