

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
BELSTROM, INC.

Consumer Advocacy Group, Inc. (“CAG”) and Belstrom, Inc. (referred to as “BELSTROM”), (CAG and BELSTROM collectively referred to as the “Parties” and each individually as a “Party”) enter into this agreement (“Settlement Agreement”) for the purpose of settling claims and avoiding prolonged and costly litigation to settle CAG’s allegations that BELSTROM 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 The products covered by this Settlement Agreement are pruners that are or were manufactured, sold or distributed by BELSTROM (referred to throughout as the “Covered Products”), including but not limited to the following exemplar: “Belstrom™ Bypass Pruner 5/8” Cutting Capacity, 81/2” Overall Length, 000-312, 400114356305, D1075 C6907,” (referred to throughout as the “Covered Product”). The Covered Product is limited to those sold by BELSTROM only.

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 BELSTROM 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”). Belstrom denies that it violated Proposition 65 as alleged by CAG.

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 April 15, 2015, CAG served Belstrom, Inc., Ross Stores, Inc., Ross Dress for Less, 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 the Covered Product containing the Listed Chemical.

1.7 The Sixty-Day Notice (referred to as the “Notice”) alleged that BELSTROM and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Product exposes persons to the Listed Chemical.

1.8 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties concerning the allegations set forth in the Notice and the Covered Product's compliance with Proposition 65 (the "Dispute") as set forth below.

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 constitute, be considered or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, violation of law, fault, wrongdoing, or liability, including without limitation, any admission concerning any alleged violation of Proposition 65, nor shall this Settlement Agreement, or compliance with its terms, be offered, or admitted as evidence of an admission or evidence, including but not limited to, of fault, wrongdoing, or liability by BELSTROM, 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 with respect to an action seeking to enforce the terms of this Settlement Agreement. 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 or BELSTROM may have against one another in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

2.1 This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, its past and current agents, representatives, attorneys, successors, and/or assignees, on the one hand, and, on the other hand, (a) BELSTROM and each entity to whom BELSTROM has directly or indirectly provided, distributed, or sold the Covered Product, including but not limited to Ross Stores, Inc. and Ross Dress for Less, Inc.; (b) all distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees of the entities identified in (a) above; and (c) all past and current, owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, agents, attorneys, predecessors, successors, and assigns of BELSTROM and the other entities and individuals identified in (a) and (b) above (the released entities and individuals identified in (a), (b) and (c) above, are collectively referred to as "Releasees") of any violation(s) or alleged 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 regarding exposing persons to the Listed Chemical and/or the failure to warn about exposure to the Listed Chemical arising in connection with the Covered Product manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Releasees after the Effective Date.

2.2 CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives with respect to the Covered Product all rights to institute or participate in, directly or indirectly, any form of legal action and

releases all claims that they 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) (collectively "Claims"), against 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 manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Releasees after the Effective Date, including without limitation to the extent that such claims relate to Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Product and/or any failure by Releasees to warn about exposures to the Listed Chemical contained in the Covered Product.

2.3 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 BELSTROM's Duties

3.1 BELSTROM, promises, and represents that within sixty (60) days from the Effective Date BELSTROM shall reformulate any Covered Product manufactured thereafter that is offered for sale in California as to not contain more than 0.1% by weight (1,000 parts per million) of the Listed Chemical or it shall otherwise cease importing or selling any Covered Products.

3.2 BELSTROM agrees, promises, and represents that within sixty (60) days of the Effective Date, to the extent it ships or sells any Covered Product in existing inventory that contain more than 0.1% by weight (1,000 parts per million) of the Listed Chemicals, it will provide a warning on such Covered Product that is offered for sale in California to comply with Proposition 65. The warnings shall be provided in such a conspicuously and prominent manner that will assure the message is made available and likely to be read, seen, or heard 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 the Covered Product for any Covered Product in

existing inventory that had not been reformulated and were distributed and/or sold by Releasees after the Effective Date.

3.3 CAG and BELSTROM agree that compliance with the terms of this Settlement Agreement by BELSTROM shall constitute compliance with Proposition 65 with respect to any exposure to the Listed Chemicals in the Covered Products.

4.0 **Payments**

4.1 BELSTROM agrees to pay, within ten (10) days, a total of Thirty-six thousand dollars (\$36,000.00) 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 BELSTROM 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, 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 BELSTROM'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 BELSTROM with its Employer Identification Number.

4.1.3 Penalty: BELSTROM shall issue two separate checks for a total amount of Five thousand dollars (\$5,000.00) 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 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. 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.

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 BELSTROM represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind BELSTROM 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 Effective Date.

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 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 BELSTROM 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 Parties fail to resolve the Dispute after complying with the requirements set forth in Section 11.3 below. Any notice to BELSTROM 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, the Parties shall meet and confer either in person or by telephone to attempt to resolve the Dispute. BELSTROM may, at its sole option, resolve the Dispute by either (1) sending 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 BELSTROM in accordance with the terms of the applicable distribution agreement with such store, 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.
YERUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For BELSTROM:

Jessie Liang
Belstrom, Inc.
27472 Portola Pky.
Suite# 205-344
Foothill Ranch, CA 92610

With a copy to:

Peter Duchesneau, Esq.
MANATT, PHELPS & PHILLIPS LLP
11355 W. Olympic Blvd.
Los Angeles, CA 90064

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 BELSTROM 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: 9-22-15

By: 

Printed Name: Muttel Sassoon

Title: EXECUTIVE DIRECTOR

BELSTROM, INC.

Dated: 9/21/2015

By: 

Printed Name: Mary Wang

Title: President

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