

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

THE MIBRO GROUP, L.C

Consumer Advocacy Group, Inc. (“**CAG**”) and The MIBRO Group, L.C. (“**MIBRO**”)(CAG and MIBRO collectively the “**Parties**”) enter into this agreement (the “**Settlement Agreement**” or the “**Agreement**”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that MIBRO violated Proposition 65. The effective date of this Settlement Agreement is September 30, 2016 (the “**Effective Date**”).

In consideration of the mutual obligations, promises and covenants in this Settlement Agreement, the Parties agree as set forth below:

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 MIBRO previously sold, at various times, MIBRO Plastic Clotheslines including but not limited to MIBRO KINGCORD® Clothesline; 3/16”x100’ 4.8 mm x 30.5 m; Plastic; Abrasion Resistant; MAX. 22 lbs, 10 kg; UPC #: 0 66366 30868 6; LA308681-B; (referred to throughout as the “**Covered Product(s)**”). The Covered Products are limited to those units sold by MIBRO to any person, including any Downstream Releasee, as defined below.

1.3 CAG alleges that Covered Products contain Di (2-ethylhexyl) phthalate (“**DEHP**”) (also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) phthalate), and that MIBRO 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. All of the aforementioned 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 in this Agreement as the “**Listed Chemical**”.

1.6 On or about August 17, 2015 CAG served MIBRO and others, including Kmart Holding Corporation; Kmart Corporation; Sears Holdings Corporation; 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 Products containing the Listed Chemical (the “**Notice**” or the “**60-Day Notice**”).

1.7 The Notice alleged that MIBRO and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical. MIBRO disputes the allegations of the Notice. The Parties enter into this Settlement Agreement to (a) settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “**Disputes**”) and (b) release the Downstream Releasees as to the Covered Products sold to the Downstream releases by MIBRO.

1.8 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 (a) MIBRO, its officers, directors, employees, or parents, subsidiaries or affiliated corporations or (b) any Releasee or Downstream Releasee, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations and matters settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or MIBRO may have against one another in any other legal proceeding based on or arising out of allegations or matters unrelated to (i) the Disputes, including the Covered Products, or (ii) claims released in this Agreement.

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) MIBRO 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 Kmart Holding Corporation, Kmart Corporation, Sears Holdings Corporation, distributors, wholesalers, customers, retailers, franchisees, and cooperative members, (collectively referred to as “**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 any Releasee or Downstream Releasee regarding exposing or the exposure of persons to the Listed Chemical and/or the failure to warn about exposure to the Listed Chemical arising in connection with the Covered Products manufactured, shipped, and/or otherwise distributed by any Releasee prior to the Effective Date, even if sold by any Downstream Releasee after the Effective Date.

CAG and all those acting on its behalf and in concert with it, including but not limited to its past and current agents, employees, representatives, attorneys, successors, and/or assignees (collectively the “**CAG Releasors**”) waive and fully release with respect to the Covered Products only, all causes of action and all rights to institute or participate in, directly or indirectly, any form of legal action, 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 all 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 with respect to any Covered Products manufactured, shipped, and/or otherwise sold or distributed by any Releasee prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date, 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, as well as all claims that are or could have been based on the 60-Day Notice.

The CAG Releasors acknowledge that they are 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.

The CAG Releasors expressly waive and relinquish 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. 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 MIBRO's Duties

3.1 After the Effective Date MIBRO shall reformulate all Covered Products manufactured after the Effective Date to a point where the level of Listed Chemical in the Covered Products does not exceed 0.1% by weight (each a "**Reformulated Product**"), or MIBRO shall cease importing or selling any Covered Products in California.

3.2 As of the Effective Date, MIBRO shall to the extent it ships or sells into California any Covered Products in MIBRO's then-existing inventory that have not been reformulated, it will provide warnings on such Covered Products that 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 use of product labeling stating either: (a) "WARNING: This product contains chemicals known to the State of California to cause cancer, or birth defects, or other reproductive harm" or (b) "WARNING: This product contains DEHP, a chemical known to the State of California to cause cancer, or birth defects, or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for any Covered Products in

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

4.0 Payments

4.1 MIBRO shall pay a total of forty thousand dollars (\$40,000) within ten (10) days of the Effective Date by separate checks apportioned as follows:

4.2 Payment to CAG: Five thousand dollars (\$5,000) shall be paid to Consumer Advocacy Group, Inc. in lieu of an additional civil penalty. The check shall be delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, CAG shall provide MIBRO with CAG's Employer Identification Number.

4.3 Attorneys' Fees and Costs: Thirty-four thousand dollars (\$34,000) 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 MIBRO's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide MIBRO with its Employer Identification Number.

4.4 Penalty: MIBRO shall issue two separate checks for a total amount of one thousand dollars (\$1,000) 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 seven-hundred and fifty dollars (\$750), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of two-hundred and fifty dollars (\$250), 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 95812 (EIN: 68-0284486) in the amount of \$750. The second 1099 shall be issued in the amount of \$250 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 MIBRO represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind MIBRO 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 its subject matter, 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 In the event of any breach of this Settlement Agreement, the non-breaching 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 in such action 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 Products may be served or filed against MIBRO or any Releasee or Downstream Releasee by CAG, unless the party seeking enforcement or alleging a violation of this Settlement Agreement notifies the other party of the specific acts alleged to breach this Settlement Agreement (the “**Breach Notice**”) at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the Breach Notice fails to comply with the requirements set forth in Section 11.3 below. Any Breach Notice to MIBRO must contain (a) description of the Covered Product(s), (b) the specific date(s) upon which the Covered Product(s) were discovered to be available for sale after the Effective Date in California without reformulation, or if applicable, a warning, (c) the store or other place at which the Covered Product(s) were found to remain available for sale to consumers, and (d) other evidence or other support for the allegations in the Breach Notice.

11.3 Within 30 days of receiving the Breach Notice described in Section 11.2, MIBRO shall either (1) send all stores and other places at which the Covered Product(s) are available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to MIBRO for full credit, including shipping costs, or (2) refute the information provided under Section 11.2 based on an objectively reasonable standard. Should the Parties be unable to resolve the dispute(s), any Party may seek to enforce this Settlement Agreement as provided in this Section 11.

12.0 Notification Requirements

12.1 Any notice required or permitted by this Settlement Agreement shall be effective only if given in writing and shall be delivered both (a) by electronic mail, and (b) in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

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For CAG:

Reuben Yeroushalmi, Esq.
YEROUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212
E: reuben@yeroushalmi.com

For MIBRO:

Thomas N. FitzGibbon, Esq.
Pfeiffer FitzGibbon & Ziontz LLP
233 Wilshire Bl., Ste. 220
Santa Monica, CA 90401
E: tom@pfzlaw.com

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, unless the modification is so substantial and material that the essence of the Agreement no longer exists, in which case rescission of the Agreement may be sought, if appropriate.

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14.0 Governing Law

14.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California as they 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 MIBRO 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 Products are so affected.

Consumer Advocacy Group, Inc.

The MIBRO Group, L.C.

By: _____

By:  _____

Printed Name _____

Printed Name Barney Smith

Its: _____

Its: CFO / U.P. Finance & Ops.

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Consumer Advocacy Group, Inc.

The MIBRO Group, L.C.

By: Michael Marcus

By: _____

Printed Name Michael Marcus

Printed Name _____

Its: Director

Its: _____