

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Whitney R. Leeman, Ph.D. and Shalom International Corp.

This Settlement Agreement is entered into by and between Whitney R. Leeman, Ph.D. (“Leeman”) and Shalom International Corp. (“Shalom”), with Leeman and Shalom collectively referred to as the “Parties.” Leeman is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Shalom employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5 *et seq.* (“Proposition 65”).

1.2 General Allegations

Leeman alleges that Shalom has manufactured, imported, distributed and/or sold in the State of California vinyl/PVC inflatable boot shapers containing Di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as vinyl/PVC inflatable boot shapers including, but not limited to, the *Miamica Trendy Travel Accessories Inner Bootie Inflatable Boot Shapers Style #: 20262, UPC #0 20748 20262 7*, which are manufactured, imported, distributed, sold and/or offered for sale by Shalom in the State of California, hereinafter the “Products.”

1.4 Notice of Violation

On August 20, 2015, Leeman served Shalom and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”) that provided the recipients with notice that Shalom was in violation of California Health & Safety Code § 25249.6 for

failing to warn consumers that the Product exposed users in California to DEHP. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.1 No Admission

Shalom denies the material, factual and legal allegations contained in Leeman's Notice and maintains that all products that it has sold and distributed in California, including the Product, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Shalom of any fact, conclusion, finding, issue of law or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Shalom of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Shalom. However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

1.2 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean December 15, 2015.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Standards

A Reformulated Product is defined as a Product containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

2.2 Reformulation Commitment

As of the Effective Date, Shalom shall not manufacture, import, distribute, sell or offer the Products for sale in the State of California unless they are Reformulated Products pursuant to Section 2.1 above.

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

In settlement of all the claims referred to in this Settlement Agreement, Shalom shall pay a total of \$2,500 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) by Leeman. Leeman’s counsel shall be responsible for remitting Shalom’s penalty payment under this Settlement Agreement to OEHHA.

3.1 Civil Penalty

Shalom shall pay a civil penalty in the amount of \$2,500 on or before the Effective Date. Shalom shall issue a check payable to “Whitney R. Leeman, Client Trust Account” in the amount of \$2,500 in accordance with Section 3.2 below.

3.2 Payment Procedures

All payments owed to Leeman, pursuant to Section 3, shall be delivered to the following payment address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. REIMBURSEMENT OF FEES AND COSTS

The parties acknowledge that Leeman and her counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Shalom then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then attempted to (and did) reach an accord on the compensation due to Leeman and her counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Shalom shall pay \$19,500 for fees and costs incurred as a result of investigating, bringing this matter to Shalom’s attention, and

negotiating a settlement. Shalom shall issue a check payable to “The Chanler Group” on or before the Effective Date, to the address listed in Section 3.2 above.

5. CLAIMS COVERED AND RELEASED

5.1 Leeman’s Release of Proposition 65 Claims

Leeman, acting on her own behalf, and *not* on behalf of the public, releases Shalom, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Shalom directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, “Releasees”), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to DEHP in the Products, as set forth in the Notice. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposures to DEHP from the Products sold prior to the Effective Date, as set forth in the Notice. The Parties further understand and agree that this Section 5.1 release shall not extend upstream to any entities, other than Shalom, that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Shalom.

5.2 Leeman’s Individual Releases of Claims

Leeman, in her individual capacity only and *not* in her representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys’ fees, damages, losses, claims, liabilities, and demands of Leeman of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to DEHP in the Products manufactured, imported, distributed, or sold by Shalom prior to the Effective Date. The Parties further understand and agree that this Section 5.2 release shall not extend upstream to any entities that manufactured the Products, or any component parts thereof, or any distributors or suppliers who sold the Products, or any component parts thereof to Shalom.

Nothing in this Section affects Leeman's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Shalom's Products.

5.3 Shalom's Release of Leeman

Shalom, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Leeman and her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Leeman and her attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

6. SEVERABILITY

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

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. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Products, then Shalom shall provide written notice to Leeman 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 Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve Shalom from any obligation to comply with any pertinent state or federal toxics control law.

8. NOTICES

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

For Shalom:

Edward Baranoff, President
Shalom International Corp.
1050 Amboy Avenue
Perth Amboy, NJ 08861

With a copy to:

Patricia Petenko, Controller
Shalom International Corp.
8 Nicholas Court
Dayton, NJ 08810

For Leeman:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

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 AND SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or pdf signature, 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)

Leeman agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

11. **MODIFICATION**

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

12. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.

AGREED TO:

AGREED TO:

12/8/15

Date: _____

Date: _____

By: Whitney Leeman
Whitney R. Leeman, Ph.D.

By: _____
Edward Baranoff, President
Shalom International Corp.

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Date: _____

Date: _____

By: _____
Whitney R. Leeman, Ph.D.

By:  _____
Edward Baranoff, President
Shalom International Corp.