

**SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND LIBERTY
HARDWARE MANUFACTURING CORPORATION**

1. RECITALS

1.1 The Parties

1.1.1 This Settlement Agreement (“Agreement”) is entered into by and between APS&EE, LLC (“APS&EE”) and Liberty Hardware Manufacturing Corporation (“Liberty”). APS&EE and Liberty shall hereinafter collectively be referred to as the “Parties.”

1.1.2 APS&EE is an organization based in California with an interest in protecting the environment, improving human health and the health of ecosystems, and supporting environmentally sound practices, which includes promoting awareness of exposure to toxic chemicals and reducing exposure to hazardous substances found in consumer products.

1.1.3 Liberty employs ten (10) or more employees and is a person in the course of doing business as the term is defined in California *Health & Safety Code* section 25249.6 et seq. (“Proposition 65”).

1.2 Allegations

1.2.1 APS&EE alleges that Liberty sold, or made available for sale in the State of California, galvanized wire and fasteners, including but not limited to those contained in item #160446, 8-85785-60446-5, (hereinafter collectively the “Products”) causing users in California to be exposed to hazardous levels of lead without providing “clear and reasonable warnings”, in violation of Proposition 65. Lead is potentially subject to Proposition 65 warning requirements because it is listed under that statute as known to the State of California to cause cancer and birth defects or other reproductive harm.

1.2.2 On January 13, 2016, a Sixty-Day notice of Violation (“60-Day Notice”), along with a Certificate of Merit, was provided by APS&EE to Liberty and

various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to braided wire component of the Products.

1.3 No Admissions

Liberty denies all allegations in APS&EE's 60-Day Notice and Section 1.2.1 above and maintains that the Products have been, and are, in compliance with all laws, and that Liberty has not violated Proposition 65. This Agreement shall not be construed as an admission of liability by Liberty but to the contrary as a compromise of claims that are expressly contested and denied. However, nothing in this section shall affect the Parties' obligations, duties, and responsibilities under this Agreement.

1.4 Compromise

The Parties enter into this Agreement in order to resolve the controversy described above in a manner consistent with prior Proposition 65 settlements and consent judgments that were entered on behalf of the public interest and to avoid prolonged and costly litigation between them.

1.5 Effective Date

The "Effective Date" shall be the date upon which a complete and fully executed copy of the Agreement is delivered to each Party's counsel.

2. INJUNCTIVE RELIEF

2.1 Reformulation Standard

As of the Effective Date, Liberty shall not distribute, sell or offer for sale the Products in California unless (a) the galvanizing solution in which the Products are submerged has a lead content by weight of no more than 300 parts per million (0.03%), or (b) the Product is distributed, sold, or offered for sale with a clear and reasonable warning as described in Section 2.2.¹

2.2 Proposition 65 Warnings

¹ Products previously manufactured for Liberty that are in the process of entering or are already in its inventory and other Products which Liberty has already distributed to third parties prior to the Effective Date shall be deemed exempted from the requirements of Sections 2.1 and 2.2 above and may be sold through as manufactured, packaged or labeled.

Whenever a clear and reasonable warning is required under Section 2.1, it shall state the following with the capitalized and emboldened wording:

“WARNING: This product contains lead, a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.”²

Each unit shall carry said warning directly on each unit or its label or package, with such conspicuousness as compared with other words, statements or designs as to render it likely to be read and understood by an ordinary consumer prior to sale.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, Liberty shall pay a total civil penalty of five thousand dollars (\$5,000.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75% (\$3,750.00) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining 25% (\$1,250.00) for APS&EE.

Liberty shall issue two (2) checks for the civil penalty: (1) a check or money order made payable to “OEHHA” in the amount of \$3,750.00; and (2) a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of \$1,250.00. Liberty shall remit the payments within five (5) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

3.2 Reimbursement Of APS&EE’s Fees And Costs

Liberty shall reimburse APS&EE’s reasonable experts’ and attorney’s fees and

² If it has reason to believe the Products contain additional chemicals listed under Proposition 65, Liberty may elect to use the following warning statement in lieu of the one set forth above: **“WARNING:** This product contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm.” In addition, if the State of California adopts new regulations providing for an alternative Proposition 65 safe harbor warning statement applicable to consumer product exposures, Liberty may elect to substitute such statement in lieu of the ones set forth above.

costs incurred in prosecuting the instant action, for all work performed through execution of this Agreement. Accordingly, Liberty shall issue a check or money order made payable to “Law Offices of Lucas T. Novak” in the amount of nineteen thousand dollars (\$19,000.00). Liberty shall remit the payment within five (5) business days of the Effective Date, to:

Lucas T. Novak, Esq.
LAW OFFICES OF LUCAS T. NOVAK
8335 W Sunset Blvd., Suite 217
Los Angeles, CA 90069

4. RELEASES

4.1 APS&EE’s Release Of Liberty

APS&EE, acting in its individual capacity, its past and current agents, shareholders, directors, members, officers, employees, attorneys, successors and assignees, in consideration of the promises and monetary payments contained herein, hereby releases Liberty, its parents, subsidiaries, shareholders, directors, members, officers, employees, attorneys, successors and assignees, as well as its downstream distributors, retailers, and franchisees, including Target Corporation (collectively “Released Parties”), from any alleged Proposition 65 violation claims asserted in APS&EE’s 60-Day Notice or Section 1.2.1 above regarding lead in the Products manufactured by or for Liberty for potential sale in California before and up to the Effective Date.

4.2 Liberty’s Release Of APS&EE

Liberty, its parents, subsidiaries, shareholders, directors, members, officers, employees, attorneys, successors and assignees, and on behalf of the Released Parties, by this Agreement, waives all rights to institute any form of legal action against APS&EE, its shareholders, directors, members, officers, employees, attorneys, experts, successors and assignees for actions or statements made or undertaken, whether in the course of investigating claims or seeking enforcement of Proposition 65 against Liberty in this matter.

4.3 Waiver Of Unknown Claims

Each of the Parties acknowledges that it is familiar with Section 1542 of California 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.”

Each of the Parties waives and relinquishes any right or benefit it has or may have under Section 1542 of California Civil Code or any similar provision under the statutory or non-statutory law of any other jurisdiction to the full extent that it may lawfully waive all such rights and benefits. The Parties acknowledge that each may subsequently discover facts in addition to, or different from, those that it believes to be true with respect to the claims released herein. The Parties agree that this Agreement and the releases contained herein shall be and remain effective in all respects notwithstanding the discovery of such additional or different facts.

5. SEVERABILITY

Should any part or provision of this Agreement for any reason be declared by a Court to be invalid, void or unenforceable, the remaining portions and provisions shall continue in full force and effect.

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California.

7. NOTICES

All correspondence and notices required to be provided under this Agreement shall be in writing and delivered personally or sent by first class or certified mail addressed as follows:

TO LIBERTY: Robert Falk, Esq.	TO APS&EE: Lucas Novak, Esq.
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Morrison & Foerster LLP 425 Market Street San Francisco, CA 94105	Law Offices of Lucas T. Novak 8335 W Sunset Blvd., Suite 217 Los Angeles, CA 90069
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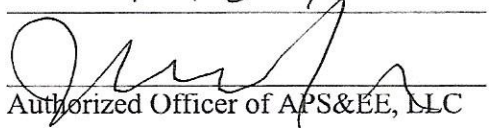
8. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute the same document. Execution and delivery of this Agreement by e-mail, facsimile, or other electronic means shall constitute legal and binding execution and delivery. Any photocopy of the executed Agreement shall have the same force and effect as the originals.

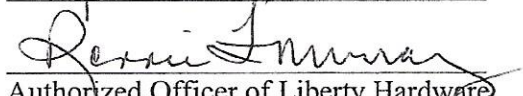
9. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties. Each Party has read, understood, and agrees to all of the terms and conditions of this Agreement. Each Party warrants to the other that it is free to enter into this Agreement and is not subject to any conflicting obligation that will or might prevent or interfere with the execution or performance of this Agreement by said Party.

AGREED TO:

Date: 4-12-16
By: 
Authorized Officer of APS&EE, LLC

AGREED TO:

Date: April 11, 2016
By: 
Authorized Officer of Liberty Hardware
Manufacturing Corporation
Ronnie F. Murray
VP, Global Sourcing & Procurement