

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
WORLD AND MAIN (Cranbury), LLC

Consumer Advocacy Group, Inc. (“CAG”) and World and Main (Cranbury), LLC (formerly Howard Berger Co., LLC) (“World and Main”), (CAG and World and Main collectively referred to as, the “Parties”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that World and Main 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 World and Main previously sold, at various times, Key safes and Padlocks (collectively referred to as “Locks”) including but not limited to (1) Wordlock® In a word: Secure® Stor-more Keysafe™; “Stainless Steel Body”; “Resettable Word Combination”; “Corrosion and Rust resistant to withstand the elements”; “Vinyl coated Hardened Steel Shackle to prevent scratching”; “WordLock, Inc., Santa Clara CA USA” UPC: 8 13113 01286 6; SKU: 05139738; and (2) “Guard Security® Strong Layered Steel

Body High Security Padlocks”; “2-1/4” Laminated Padlock Long Shackle”; “No. 55128”; “Weather & Rust Resistant”; Guard Security Division of World and Main Co. LCC, Canbury, NJ 08512 ©2012 Designed in the USA, Made in China; UPC:7 49694 55128 2; SKU:400138628198; (Locks are referred to throughout as the “Covered Product(s)”).

The Covered Products are limited to those sold by World and Main.

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 World and Main 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. 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 are further described below.

1.5 DEHP is referred to hereafter as the “Listed Chemical”.

1.6 On or about May 13, 2016 CAG served WordLock, Inc.; WordLock, HBC Home & Hardware Products; Howard Berger Co., LLC (now known as World and Main), Hardware Holdings; Littlejohn & Co., LLC; Big 5 Corp., Big 5 Sporting Goods Corp; 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.

1.7 On or about May 13, 2016 CAG served Guard Security Hardware; Howard Berger Company, Inc. (now known as World and Main); Howard Berger Co., LLC (now known as World and Main); Hardware Holdings; Littlejohn & Co., LLC; Ultra Hardware Products, Inc.; Ross Stores, Inc. dba dd's DISCOUNTS; 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.¹

1.8 The Sixty-Day Notices (referred to as "Notices") alleged that World and Main 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.

1.9 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute").

1.10 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 World and Main, its officers, directors, employees, or

¹ The Locks and exposure to DEHP alleged in the May 13, 2016 Notices were initially subject to one single notice dated April 8, 2016. The content and allegations set forth in the April 8 notice was subsequently separated into the two May 13, 2016 Notices.

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 CAG or World and Main may have against one another in any other pending 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) World and Main 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 (including without limitation Ross Stores, dd Discounts, Big 5 Corp., Big 5 Sporting Goods Corp, and Littlejohn & Co.) franchisees, cooperative members, and licensees, and their respective owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (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 the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed

Chemical arising only in connection with the Covered Products manufactured, shipped, 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, distributed or supplied by World and Main.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases 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, 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 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 Products sold up to 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.

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 World and Main's Duties

3.1 World and Main agrees, promises, and represents that as of 90 days after the Effective Date, World and Main shall purchase for sale in California only those Covered Products manufactured as of 90 days after the Effective Date for which the level of Listed Chemical in the Covered Products does not exceed 0.1% by weight ("Reformulation Level"), or World and Main shall cease importing or selling any Covered Products.

3.2 World and Main agrees, promises, and represents that, as of the Effective Date, to the extent it ships to or sells in California any Covered Products in Howard Berger's existing inventory (such as it is on the Effective Date) that are not consistent with the Reformulation Level, it will provide warnings on such Covered Products that comply with Proposition 65. The warning 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, 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 had not been reformulated and were distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

4.0 Payments

4.1 World and Main agrees, to pay a total of forty-five thousand dollars (\$45,000) within ten (10) business days of the Effective Date by separate checks apportioned as follows:

4.2 Payment to CAG: Nine thousand dollars (\$9,000) shall be paid to Consumer Advocacy Group, Inc. The check shall be delivered to: Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, CAG shall provide World and Main with CAG’s Employer Identification Number.

4.3 Attorneys' Fees and Costs: Thirty-five thousand dollars (\$35,000) 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 World and Main’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 World and Main with its Employer

Identification Number.

4.4 Penalty: World and Main 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 & Yeroushalmi, 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 & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

5. Public Benefit

It is World and Main's understanding that the commitments agreed to herein, and actions to be taken by World and Main under this Agreement, confer a significant benefit to the general public, as set forth in Code of Civil Procedure section 1021.5 and Cal. Admin. Code tit. 11, section 3201. As such, it is the intent of World and Main that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to World and Main's failure to provide a warning concerning exposure to lead with respect to the Covered Products it has distributed, sold, or offered for sale in California, or will distribute, sell, or offer for sale in California, such distribution or sale

within the scope of this Agreement, such private party action would not confer a significant benefit on the general public as to those Covered Products addressed in this Settlement Agreement, provided that World and Main is in material compliance with this Settlement Agreement.

6. Authority to Enter Into Settlement Agreement

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

6.2 World and Main represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind World and Main to this Settlement Agreement.

7. Report of the Settlement Agreement to the Office of the Attorney General Of California

7.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

8. Execution in Counterparts and Facsimile

8.1 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.

9. Entire Agreement

9.1 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.

10. Modification of Settlement Agreement

10.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

11. Application of Settlement Agreement

11.1 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.

12. Enforcement of Settlement Agreement

12.1 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 12.2 and 12.3 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.

12.2 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 World and Main 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 Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 12.3 below. Any notice to World and Main must contain (a) description of the Covered

Product, (b) the specific date(s) upon which the Covered Product was discovered to be available for sale after the Effective Date in California without reformulation, (c) the store or other place at which the product was found to remain available for sale to consumers, and (d) other evidence or other support for the allegations in the notice.

12.3 Within 30 days of receiving the notice described in Section 12.2, World and Main shall either (1) send all stores and other places at which the Covered Product was available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to World and Main for full credit, including shipping costs, or (2) refute the information provided under Section 12.2 to CAG's satisfaction. Should the parties be unable to resolve the dispute, any party may seek relief under Section 12.1.

13. Notification Requirements

13.1 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 & YEROUSHALMI
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For World and Main:

Joshua A. Bloom
Meyers Nave
555 12th Street, Suite 1500
Oakland, California 94607

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

14. SEVERABILITY

14.1 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.

15. GOVERNING LAW

15.1 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 Regent 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.

Dated: 09/30/16
CONSUMER ADVOCACY GROUP, INC.
By: 
Printed Name: Michael Marcus
Title: Director

Dated: Sept. 30, 2016
WORLD AND MAIN (CRANBURY), LLC
By: 
Printed Name: Diane V. Garrity
Title: Vice President, Admin. + Legal Affairs

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