

SETTLEMENT AGREEMENT  
BETWEEN  
CONSUMER ADVOCACY GROUP, INC.  
AND  
E-FILLIATE, INC.

Consumer Advocacy Group, Inc. (“CAG”) and E-Filliate, Inc. (hereto referred to as “E-FILLIATE”), (CAG and E-FILLIATE 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 E-FILLIATE 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        E-FILLIATE previously sold, at various times, Tablet Stands including but not limited to ““Tech & Go!™”; Articulating Universal Tablet Stand; “Scratch-free rubberized steel; “Viewing positions adjust for your comfort!”; Distributed by E-filliate Inc. 11321 White Rock Road rancho Cordova, CA 95742 USA (800) 592-7031 efilliate.com; Made in China; UPC: 826341010955”, (referred to throughout as the “Covered Product(s)”). The Covered Products are limited to those sold by E-FILLIATE.

1.3 CAG alleges that Covered Products contain Di Isononyl Phthalate, also known as Diisononyl Phthalate (“DINP”), and that E-FILLIATE 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 December 20, 2013, the Governor of California added DINP to the list of chemicals known to the State to cause cancer. This addition 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 DINP is referred to hereafter as the “Listed Chemical”.

1.6 On or about September 16, 2016 CAG served E-Filliate, 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 Covered Products containing the Listed Chemical.

1.7 The Sixty-Day Notice in paragraph 1.6 (referred to as the “Notice”) alleged that the noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

1.8 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”).

1.9 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 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 E-FILLIATE, 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 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 E-FILLIATE 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) E-FILLIATE and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively “Releasees”) and (b) those entities to whom Releasees have

directly or indirectly provided, distributed, or sold the Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (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 by E-FILLIATE.

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 prior 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 E-FILLIATE's Duties**

3.1 E-FILLIATE agrees, promises, and represents that as of the Effective Date, E-FILLIATE shall reformulate any Covered Products to a point where the level of DINP in the Covered Products does not exceed 0.1% by weight, or E-

FILLIATE shall cease importing, selling, or otherwise distributing any Covered Products that do not meet this reformulation standard.

3.2 E-FILLIATE agrees, promises, and represents that, as of the Effective Date, to the extent it ships or sells into California any Covered Products in existing inventory as of the Effective Date, it will provide Proposition 65 compliant warnings on such Covered Products. 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” shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products for only those Covered Products in existing inventory on the Effective Date 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 E-FILLIATE agrees, to pay a total of thirty-five thousand dollars (\$35,000) within ten (10) days of the Effective Date by separate checks apportioned as follows:

4.2 Attorneys' Fees and Costs: Twenty-eight thousand dollars (\$28,000) 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 E-FILLIATE'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 E-FILLIATE with its Employer Identification Number.

4.3 Penalty: E-FILLIATE shall issue two separate checks for a total amount of seven thousand dollars (\$7,000) 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 five thousand and two hundred and fifty dollars (\$5,250), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of one thousand and seven hundred and fifty dollars (\$1,750), representing 25% of the total penalty. OEHHA's check shall be delivered to Office of Environmental Health Hazard Assessment, Attn: Mike Gyurics, PO Box 4010, Sacramento, California 95812-4010. CAG's check 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 \$5,250. The second 1099 shall be issued in the amount of \$1,750 to CAG and delivered to: Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. E-FILLIATE shall give written confirmation to CAG simultaneously upon E-FILLIATE's delivery of the OEHHA check to OEHHA.

**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 E-FILLIATE represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind E-FILLIATE 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 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 and Downstream 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 Products may be served or filed against E-FILLIATE by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the acts alleged to breach this Settlement Agreement at least 60 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 11.3 below. Any notice to E-FILLIATE must contain (a) information identifying the Covered Product, (b) dates when the Covered Product was sold after the Effective Date in California without reformulation as set forth in section 3, (c) identification of at least one entity,

store, or other place where the Covered Product was made available for sale to consumers, (d) test data obtained by CAG including an identification of the Listed Chemical for that Covered Product, and (e) other evidence or other support for the allegations in the notice.

11.3 Within 60 days of receiving the notice described in Section 11.2, E-FILLIATE shall either (1) send all stores and other places at or through which the Covered Product was made available for sale a letter directing that the offending Covered Product be immediately removed from inventory and returned to E-FILLIATE for full credit, including shipping costs, or (2) refute, to CAG's reasonable satisfaction, 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.  
YEROUSHALMI & YEROUSHALMI  
9100 Wilshire Boulevard, Suite 240W  
Beverly Hills, CA 90212

For E-FILLIATE:

Leila C. Bruderer  
Downey Brand LLP  
621 Capitol Mall, 18th Floor

Sacramento, CA 95814

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**

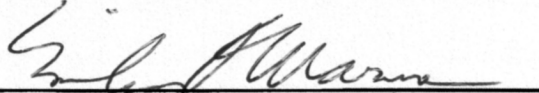
13.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

**14.0 GOVERNING LAW**

14.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or specifically as to the Listed Chemical, then E-FILLIATE 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.

Dated: 04/24/17

By: 

Printed Name: Michael Marcus

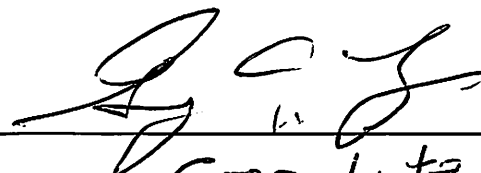
Title: Director

E-FILLIATE, INC.

Dated:

4/20/17

By:



Printed Name:

Greg Lutz

Title:

CFO