

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Anthony E. Held, PhD., P.E. (“Held”) and Notations, Inc. (“Notations”), with Held and Notations collectively referred to as the “Parties.” Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Notations 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 § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Held alleges that Notations manufactures, distributes, and/or sells in the state of California dresses with components containing di(2-ethylhexyl)phthalate (“DEHP”) in levels requiring a Proposition 65 warning. 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, and to which this agreement is specifically limited, are dresses with a belt or belt-like component or waist decoration containing DEHP that were imported, manufactured, sold or distributed for sale in California by Notations, including, but not limited to, the *23rd St. Dress with Belt, Style ROK2-XDMD00* (hereinafter “Products”).

1.4 Notice of Violation

On or about October 28, 2011, Held served Notations and various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients of Held’s allegation that Notations was in violation of Proposition 65 for failing to warn its customers and consumers in California that the Products expose users to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

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

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean February 24, 2012.

2. INJUNCTIVE RELIEF

Notations represents that, as of the Effective Date, it no longer sells or distributes the Products for sale in California. It commits, however, that commencing on the Effective Date and continuing thereafter, if it recommences sale or distribution of the Products in California, the Products will contain a maximum of 1,000 parts per million (0.1%) DEHP content in any component analyzed pursuant to EPA testing methodologies 3580A and 8270C, or equivalent methodologies utilized by state or federal agencies for the purpose of determining DEHP content in a solid substance.

3. MONETARY PAYMENTS

3.1 Payments Pursuant to Health & Safety Code § 25249.7(b)

Pursuant to Health & Safety Code § 25249.7(b), Notations shall pay a \$2,000 civil penalty. This amount reflects a penalty credit of \$4,000 agreed to by Held in response to Notations' commitment to Proposition 65 compliance, including complying with the DEHP content level for Products established by section 2.

The penalty payment shall be allocated according to California Health & Safety Code § 25249.12(c)(1) & (d), with seventy-five percent (75%) of the penalty amount paid the California Office of Environmental Health Hazard Assessment and the remaining twenty-five percent (25%) of the penalty amount remitted to Held. Notations shall issue two checks made payable as follows: (a) to “The Chanler Group in Trust for OEHHA” in the amount of \$1500; and (b) to “The Chanler Group in Trust for Anthony Held” in the amount of \$500.

Notations shall provide two 1099 forms for its payments to OEHHA and Held as follows: (a) one to the “Office of Environmental Health Hazard Assessment”, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486); and (b) a second to “Anthony Held”, whose address and tax identification number shall be furnished upon request after this Settlement Agreement is fully executed by the Parties. Payment shall be delivered to Held’s counsel on or before the Effective Date at the payment address specified in section 3.3.

3.2 Attorney Fees and Costs

The Parties reached an accord on the compensation due to Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (“CCP”) § 1021.5 for all work performed in this matter. Under these legal principles, Notations shall pay \$18,000 for all fees and costs incurred investigating, bringing this matter to Notations’ attention, and negotiating a settlement in the public interest. Notations shall provide payment in the form of a check payable to “The Chanler Group,” and issue a separate 1099 for fees and costs (EIN: 94-3171522). Payment shall be delivered on or before the Effective Date at the payment address specified in section 3.3

3.3 Payment Address

All payments and tax forms required by this section shall be delivered to Held’s counsel at the following address:

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

4. CLAIMS COVERED AND RELEASED

4.1 Held's Release of Notations

This Settlement Agreement is a full, final and binding resolution between Held, and Notations, of any violation of Proposition 65 that was or could have been asserted by Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against Notations, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Notations directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on the alleged failure to warn about exposures to DEHP contained in the Products manufactured, distributed, sold and/or offered for sale by Notations in California before the Effective Date.

In further consideration of the promises and agreements herein contained, Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of his rights to institute or participate in, directly or indirectly, any form of legal action and releases any and all claims that he may have against Notations and Releasees, including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses -- including, but not limited to, investigation fees, expert fees, and attorneys' fees (but exclusive of fees and costs on appeal, if any) arising under Proposition 65 related to exposures to DEHP in the Products manufactured, distributed, sold or offered for sale by Notations before the Effective Date.

4.2 Notations' Release of Held

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

5. **POST-EXECUTION CONSENT JUDGMENT**

Within twelve months of the execution of this Settlement Agreement Notations may send a written request to Held's counsel to ask that Held draft and file a complaint pursuant to Health and Safety Code § 25249.7(d), or as may be otherwise allowed by law, and seek court approval of this Settlement Agreement in the form of a consent judgment incorporating its terms. If so requested, Held agrees to reasonably cooperate with Notations and to use his best efforts and that of his counsel to support the entry of a consent judgment by a superior court in California.

If so requested, pursuant to Code of Civil Procedure §§ 1021 and 1021.5, Notations will reimburse Held and his counsel for their reasonable fees and costs incurred filing the complaint, converting the Settlement Agreement into a proposed consent judgment and seeking judicial approval of the consent judgment, in an amount not to exceed \$10,000, exclusive of fees and cost incurred on appeal, if any. Within ten days after its receipt of a monthly invoice from Held's counsel for work performed under this section, Notations will remit payment to the address provided in section 3.3.

6. **SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any provision is held 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 as to the Products and/or DEHP, then Notations shall provide written notice to Held 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.

8. NOTICES

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

For Notations:

Kurt Erman, President
Notations, Inc.
539 Jacksonville Road
Warminster, PA 18974

and

Ric Lazarus, General Counsel
Notations, Inc.
539 Jacksonville Road
Warminster, PA 18974

For Held:

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

Any party may, from time to time, specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (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. POST-EXECUTION ACTIVITIES

Held agrees to comply with the reporting form 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 on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

ANTHONY E. HELD, PHD., P.E.

APPROVED

By Anthony Held at 10:56 am, Feb 13, 2012

Date: _____

By: _____

Anthony E. Held, Ph.D., P.E.

AGREED TO:

NOTATIONS, INC:

Date: 2/10/2012

By: _____

Ric Lazarus, V.P. of Operations and
General Counsel, Notations, Inc.