

SETTLEMENT AGREEMENT

Michael DiPirro and Raymond Geddes & Co., Inc., a Maryland corporation ("Geddes"), as of December 31, 2001 (the "Effective Date"). The parties agree to the following terms and conditions:

WHEREAS:

A. Michael DiPirro is an individual residing in San Francisco, California, who 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;

B. Geddes is a company that currently distributes and sells certain Deluxe 5-Pocket Velcro Wallets as set forth in Exhibit A that at one time contained lead (or lead compounds) in the zipper pull, a substance listed by the State of California as known to the State of California to cause cancer and birth defects (or other reproductive harm);

C. A list of the products which at one time contained lead (or lead compounds) (the "Listed Chemical") and which are covered by this Agreement is provided in Exhibit A (the "Products"). The Products were distributed and sold by Geddes in California between December 6, 1998, and July, 2001. The Products were packaged in packs of 12 wallets, three wallets in five different colors. Of the five colors Geddes asserts that four contained lead.; and

D. Geddes asserts that upon discovery that the Products contained lead or lead compounds, Geddes advised its customers through direct mailing and general advertisement of the lead. Geddes asserts that it implemented a voluntary, Fast Track recall of the Products; and

E. To date, Geddes asserts it is unaware of any adverse health effects stemming from exposure to the Products; and

F. Geddes asserts that it advised the manufacturer of the Products of the lead test results, and the manufacturer has ceased using lead or lead-based materials in producing the Products; and

G. On September 21, 2001, Michael DiPirro first served Geddes and other public enforcement agencies with a document entitled "60-Day Notice of Violation" which provided Geddes and such public enforcers with notice that Geddes was in violation of Health & Safety Code §25249.6 for allegedly failing to warn purchasers that certain products it sells in California expose users to the Listed Chemical; and

H. On December 6, 2001, Michael DiPirro filed a complaint entitled Michael DiPirro v. Raymond Geddes & Co., Inc., et al. in the Alameda County Superior Court, naming Geddes as a defendant and alleging violations of Business & Professions Code §17200 and Health & Safety Code §25249.6 in the interest of the general public in California who allegedly have been exposed to the Listed Chemical contained in certain products that Geddes distributes and sells.

I. Nothing in this Agreement shall be construed as an admission by Geddes of any fact, finding, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Geddes of any fact, finding,

conclusion, issue of law, or violation of law. However, this paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of Geddes under this Agreement.

NOW THEREFORE, MICHAEL DIPIRRO AND GEDDES AGREE AS FOLLOWS:

1. **Product Warnings.** Beginning on March 15, 2002, Geddes agrees that it will not knowingly sell, or cause to be sold, any Products containing the Listed Chemical in the State of California unless such Products comply with section 1.1 below:

1.1 For all Deluxe 5-Pocket Velcro Wallets containing lead (or lead compounds), such Products shall bear the following warning statement:

"WARNING: This product contains lead, a chemical known to the State of California to cause cancer and birth defects (or other reproductive harm).";

or

"WARNING: This product contains a chemical known to the State of California to cause cancer and birth defects (or other reproductive harm).";

The warning statement shall be prominently placed on or near the Products at the point of sale with such conspicuousness, as compared with other words, statements, designs or devices in proximity of the location of the Products on the store shelf or on the label, by way of adhesive sticker or otherwise printed on the label, as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase.

2. Payment Pursuant To Health & Safety Code §25249.7(b).

Pursuant to Health & Safety Code §25249.7(b), Geddes shall pay a civil penalty of \$500.00. The payment of \$500.00 shall be paid within five (5) calendar days of the Effective Date. The penalty payment is to be made payable to "Chanler Law Group In Trust For Michael DiPirro". Penalty monies shall be apportioned by DiPirro in accordance with Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Department of Toxic Substances Control.

Geddes understands that the payment schedule as stated in this Settlement Agreement is a material factor upon which DiPirro has relied in entering into this Settlement Agreement. Geddes agrees that all payments will be made in a timely manner in accordance with the payment due dates. Geddes will be given a five (5) calendar day grace period from the date payment is due.

3. Reimbursement Of Fees And Costs. The parties acknowledge that DiPirro offered to resolve the dispute without reaching terms on the amount of fees and costs to be reimbursed, thereby leaving this open issue to be resolved after the material terms of the agreement had been reached, and the matter settled. Geddes then expressed a desire to resolve the fee and cost issue concurrently with other settlement terms, so the parties tried to reach an accord on the compensation due to DiPirro and his counsel under the private attorney general doctrine codified at C.C.P. §1021.5.

Geddes shall reimburse DiPirro and his counsel for reasonable fees and costs, incurred as a result of investigating, bringing this matter to Geddes' attention, litigating and negotiating a settlement in the public interest. Geddes shall pay \$6,000, except as provided for in paragraph 3.1 below, for all attorneys' fees, expert and

investigation fees, and litigation costs. Geddes agrees to pay the total sum of \$6000.00, except as provided for in paragraph 3.1 below, within five (5) calendar days of the Effective Date. Payment should be made payable to the “Chanler Law Group”.

Geddes understands that the payment schedule as stated in this Settlement Agreement is a material factor upon which DiPirro has relied in entering into this Settlement Agreement. Geddes agrees that all payments will be made in a timely manner in accordance with the payment due dates.

4. Michael DiPirro's Release Of Geddes. Michael DiPirro, by this Agreement, on behalf of himself, his agents, representatives, attorneys, assigns and in the interest of the general public, waives all rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims, liabilities, obligations, losses, costs, expenses, fines and damages, against Geddes and its distributors, customers, directors, officers, employees, successors and assigns, whether under Proposition 65 or the Business & Profession Code §17200 et seq. based on Geddes’ alleged failure to warn about exposure to the Listed Chemical contained in any of the Products.

5. Geddes’ Release Of Michael DiPirro. Geddes, by this Agreement, waives all rights to institute any form of legal action against Michael DiPirro and his attorneys or representatives, for all actions or statements made by Michael DiPirro, and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 or Business & Profession Code §17200 against Geddes.

6. Dismissal of Action. In consideration of the covenants contained in this Agreement, DiPirro agrees to dismiss this action with prejudice against all named defendants within five (5) business days of the Effective Date.

7. Geddes Sales Data. Geddes understands that the sales data provided to counsel for DiPirro by Geddes was a material factor upon which DiPirro has relied to determine the amount of payments made pursuant to Health & Safety Code §25249.7(b) in this Agreement. To the best of Geddes' knowledge, the sales data provided is true and accurate. In the event that DiPirro discovers facts which demonstrate to a reasonable degree of certainty that the sales data is materially inaccurate, the parties shall meet in a good faith attempt to resolve the matter within ten (10) days of Geddes' receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data. If this good faith attempt fails to resolve DiPirro's concerns, DiPirro shall have the right to rescind the Agreement and re-institute an enforcement action against Geddes, provided that all sums paid by Geddes pursuant to paragraphs 2 and 3 are returned to Geddes within ten (10) days from the date on which DiPirro notifies Geddes of his intent to rescind this Agreement. In such case, all applicable statutes of limitation shall be deemed tolled for the period between the date DiPirro filed the instant action and the date DiPirro notifies Geddes that he is rescinding this Agreement pursuant to this Paragraph.

8. Product Characterization. Geddes acknowledges that each of the Products listed in Exhibit A contained lead (or lead compounds) and Plaintiff alleges that the customary use or application of the Products is likely to expose users to lead (or lead compounds), a substance known to the State of California to cause cancer and birth defects (or other reproductive harm). In the event that Geddes obtains analytical, risk assessment or other data ("Exposure Data") that shows an exposure to any or all Products poses "no significant risk" or will have "no observable effect," as each such standard is applicable and as is defined under Health & Safety Code §25249.10(c) and Geddes seeks

to eliminate the warnings, then Geddes shall provide DiPirro with ninety (90) days prior written notice of its intent to limit or eliminate the warning provisions under this Agreement based on the Exposure Data and shall provide DiPirro with all such supporting Exposure Data. Within ninety (90) days of receipt of Geddes Exposure Data, DiPirro shall provide Geddes with written notice of his intent to challenge the Exposure Data (in the event that he chooses to make such a challenge). If DiPirro fails to provide Geddes written notice of his intent to challenge the Exposure Data within ninety (90) days of receipt of Geddes' notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and Geddes shall be entitled to limit or eliminate the warning provisions required under this Agreement with respect to those Product(s) to which the Exposure Data applies. If DiPirro timely notifies Geddes of his intent to challenge the Exposure Data, DiPirro and Geddes (a) may stop its efforts to eliminate the warnings upon notice to DiPirro with no further liability or obligations or (b) shall negotiate in good faith for a period not to exceed thirty (30) days following receipt of Geddes' notice to attempt to reach a settlement of this issue. If a settlement is not reached, DiPirro and Geddes agree to submit such challenge to the superior court for determination. If DiPirro is the prevailing party, he shall be entitled to reasonable attorneys' fees and costs associated with bringing a motion brought under this paragraph to the court for determination.

9. Severability. In the event that any of the provisions of this Agreement are held by a court to be unenforceable, the validity of the enforceable provisions shall not be adversely affected.

10. Attorney's Fees. In the event that a dispute arises with respect to any provision(s) of this Agreement (including, but not limited to, disputes arising from the late payments provisions in paragraphs 2 and 3), the prevailing party shall be entitled to recover costs and reasonable attorneys' fees, including any action brought pursuant to paragraph 3.1 herein.

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

12. Notices. All correspondence to Michael DiPirro shall be mailed to:

Jennifer Henry or David Bush
Bush & Henry
4400 Keller Ave., Suite 200
Oakland, CA 94605
(510) 577-0747

All correspondence to Geddes shall be mailed to:


Kenneth W. Long, Jr., Esq.
Director of Legal Affairs
Raymond Geddes & Co., Inc.
8901 Yellow Brick Road
Baltimore, MD 21237
(410) 687-4644

13. Compliance With Reporting Requirements (Health & Safety Code §25249.7(f)). The parties acknowledge that the reporting provisions of Health & Safety Code § 25249.7(f) apply to this Settlement Agreement. Counsel for DiPirro shall comply with that section by submitting the required reporting form to, and serving a copy of this Settlement Agreement and the Dismissal on, the California Attorney General's Office within two business days after the parties execute this Settlement Agreement.

15. **Authorization.** The undersigned are authorized to execute this Agreement on behalf of their respective parties and have read, understood and agree to all of the terms and conditions of this Agreement.

AGREED TO:

DATE: 12/31/01



Michael DiPirro
PLAINTIFF

AGREED TO:

DATE: _____

Raymond Geddes & Co., Inc.
DEFENDANT

APPROVED AS TO FORM:

DATE: _____

David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

APPROVED AS TO FORM:

DATE: _____

Kenneth W. Long, Jr.
Attorney for Defendant
RAYMOND GEDDES & CO., INC.

14. **Counterparts and Facsimile.** This Agreement may be executed in counterparts and facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

15. **Authorization.** The undersigned are authorized to execute this Agreement on behalf of their respective parties and have read, understood and agree to all of the terms and conditions of this Agreement.

AGREED TO:

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DATE: _____

DATE: 12/31/01

Michael DiPirro
PLAINTIFF

William J. Geddes
Raymond Geddes & Co., Inc.
DEFENDANT

APPROVED AS TO FORM:

APPROVED AS TO FORM:

DATE: _____

DATE: 12/31/01

David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

Kenneth W. Long, Jr.
Attorneys for Defendant
RAYMOND GEDDES & CO., INC.

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DATE: _____

DATE: _____

Michael DiPirro
PLAINTIFF

Raymond Geddes & Co., Inc.
DEFENDANT

APPROVED AS TO FORM:

APPROVED AS TO FORM:

DATE: 12/31/01

DATE: _____



David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

Kenneth W. Long, Jr.
Attorneys for Defendant
RAYMOND GEDDES & CO., INC.

EXHIBIT A

Deluxe 5-Pocket Velcro Wallets containing lead (or lead compounds)