

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This settlement agreement (“Agreement” or “Settlement Agreement”) is entered into by and between Peter Englander, (“Englander”) and Master Magnetics, Inc. (“Master Magnetics”) with Englander and Master Magnetics collectively referred to as the “Parties.”

1.2 Englander

Englander is an individual residing in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

1.3 Master Magnetics

Master Magnetics employs 10 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”).

1.4 General Allegations

Englander alleges that Master Magnetics manufactured, distributed and/or sold, in the State of California, hand tools with grips that exposed users to DEHP without first providing “clear and reasonable warning” under Proposition 65. DEHP is listed as a reproductive and developmental toxicant pursuant to Proposition 65 and is referred to hereinafter as the “Listed Chemical” or “DEHP”

1.5 Notice of Violation

On November 21, 2012, Englander served Master Magnetics and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”) that provided public enforcers and Master Magnetics with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn consumers of the presence of DEHP, a toxic chemical found in their hand tool grips sold in California. Master Magnetics received the 60-Day Notice of Violation. Master Magnetics represents

that, as of the date it executes this Agreement, it is not aware of any public enforcer that is diligently prosecuting a Proposition 65 enforcement action related to DEHP in its products, as identified in the 60-Day Notice.

1.6 No Admission

This Agreement resolves claims that are denied and disputed by Master Magnetics. The Parties enter into this Agreement pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Master Magnetics denies the material factual and legal allegations contained in the Notice, maintains that it did not knowingly or intentionally expose California consumers to DEHP through the reasonably foreseeable use of the Covered Products and otherwise contends that, to Master Magnetics's actual knowledge, all Covered Products it has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws. Nothing in this Agreement shall be construed as an admission by Master Magnetics 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 the Master Magnetics of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Master Magnetics. However, notwithstanding the foregoing, this section shall not diminish or otherwise affect Master Magnetics's obligations, responsibilities, and duties under this Agreement.

1.7 Consent to Jurisdiction

For purposes of this Agreement only, the Parties stipulate that the Marin County Superior Court has jurisdiction over Master Magnetics as to the allegations in the 60-Day Notice received from Englander, and this Agreement, that venue is proper in County of Marin, and that the Marin County Superior Court has jurisdiction to enforce the provisions of this Agreement. As an express part of this Agreement, pursuant to Code of Civil Procedure Section 664.6 the Marin County Superior Court has jurisdiction over the parties to enforce the settlement until performance in full of the terms of the settlement.

2. DEFINITIONS

2.1 The term “Covered Products” means any hand tool with a vinyl /PVC grip manufactured, caused to be manufactured, distributed or caused to be distributed by Master Magnetics.

2.2 The term “DEHP Free” Covered Products shall mean Covered Products containing materials or other Accessible Components all of which are confirmed to contain less than or equal to 1,000 parts per million (“ppm”) of DEHP through laboratory chemical concentration testing, of a random selection of no less than .1% of the products in any order or shipment, by a NVLAP accredited U.S. laboratory.

2.3 “Accessible Component” means a poly vinyl chloride, vinyl or other soft plastic component of a Covered Product that could be touched by a person during reasonably foreseeable use.

2.4 The term “Testing” shall mean Environmental Protection Agency (“EPA”) testing methodologies 3580A and 8270C or equivalent methodologies utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

2.5 The term “DEHP Free Standard” shall mean the above-referenced standard that will cause a Covered Product to qualify as DEHP Free

2.6 “Effective Date” shall mean May 1, 2013.

3. INJUNCTIVE-TYPE RELIEF

3.1 Formulation Commitment

3.1.1 No later than the Effective Date, Master Magnetics shall provide the DEHP Free Standards, to its then-current supplier(s) of Covered Products that will be sold or offered for sale to United States consumers and shall instruct each supplier to use reasonable efforts to provide Covered Products that comply with such DEHP Free Standard. In addressing the obligation set forth in the preceding sentence, Master Magnetics shall not employ statements that will encourage the supplier(s)

of Covered Products to delay compliance with the DEHP Free Standard. Upon request, Master Magnetics shall provide Englander with copies of such supplier notification and Englander shall regard such copies as confidential business information.

3.1.2 After June 1, 2013, Master Magnetics shall not manufacture, cause to be manufactured, purchase or otherwise obtain for distribution or sale in the United States, or for distribution to or sale to any retailer that Master Magnetics reasonably understand maintains retail outlets in the United States, any Covered products unless each such product is DEHP Free.

3.2 Previously Obtained or Distributed Covered Products.

3.2.1 Product Warnings

Master Magnetics certifies that fairly promptly after receipt of Englander's 60-Day Notice, it began to place product warnings on Covered Products identified as not being DEHP Free. Going forward, as to all Covered Products ordered, purchased or otherwise obtained by Master Magnetics prior to June 1, 2013, and not confirmed to be DEHP Free pursuant to Section 2.2 ("Old Covered Products"), Master Magnetics shall not sell or ship any such Old Covered Product to a United States vendor or retailer, or sell or ship any Old Covered Product to a vendor or retailer that Master Magnetics reasonably understands maintains retail outlets in the United States, unless such Old Covered Products are sold or shipped with one of the clear and reasonable warnings set forth hereafter.

Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions *before* purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific Old Covered Product* the warning applies, so as to minimize the risk of consumer confusion.

(a) **Retail Store Sales.**

(i) **Product Labeling.** For all Old Covered Products sold at to any entity that Master Magnetics reasonably understands maintains retail outlets in the United States, Master

Magnetics shall affix a warning to the packaging, labeling, or directly on the Old Covered Product that states:

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

(b) **Mail Order Catalog and Internet Sales.** For all Old Covered Products sold by Master Magnetics via mail order catalog or the Internet to customers located in the United States any such catalog or Internet site offering any Covered Product for sale shall include a warning in the catalog or within the website, identifying the specific Old Covered Product to which the warning applies, as specified in Sections 3.2.2(b)(i) and (ii) below.

(i) **Mail Order Catalog Warning.** Any warning provided in a mail order catalog must be in the same type size or larger than the Old Covered Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Old Covered Product:

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

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Old Covered Product, Master Magnetics may utilize a designated symbol to cross reference the applicable warning and shall define the term “designated symbol” with the following language on the inside of the front or back cover of the catalog or on the same page as any order form for the Old Covered Product(s):

WARNING: Certain products identified with this symbol contain DEHP, a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Old Covered Product. On each page where the designated symbol appears,

Master Magnetics must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

If Master Magnetics elects to provide warnings in any mail order catalog, then the warnings must be included in all catalogs offering to sell one or more Old Covered Products printed after the Effective Date.

(ii) **Internet Website Warning.** A warning must be given in conjunction with the sale of any Old Covered Products by Master Magnetics via the Internet, provided it appears either: (a) on the same web page on which an Old Covered Product is displayed; (b) on the same web page as the order form for an Old Covered Product; (c) on the same page as the price for any Covered Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Old Covered Product for which it is given in the same type size or larger than the Old Covered Product description text:

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

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Old Covered Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain DEHP, a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

3.2.2 After December 31, 2013, Master Magnetics shall discontinue all sales of any Old Covered Products in California, regardless of compliance with Section 3.2.1.

4. MONETARY PAYMENTS

In settlement of all the claims referred to in this Settlement Agreement, Master Magnetics shall pay a

total of \$12,000.00 in civil penalties in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to Englander, as follows:

4.1 **Initial Civil Penalty**

Master Magnetics shall pay an initial civil penalty in the amount of \$6,000.00 on or before the Effective Date. Master Magnetics shall issue two separate checks to: (a) “OEHHA” in the amount of \$4,500.00; and (b) “The Chanler Group in Trust for Peter Englander” in the amount of \$1,500.00. All penalty payments shall be delivered to the addresses listed in Section 4.3 below.

4.2 **Final Civil Penalty**

Master Magnetics shall pay a final civil penalty of \$6,000.00 on or before June 1, 2013. The final civil penalty shall be waived in its entirety, however, if, no later than the Effective Date, an officer of Master Magnetics provides Englander with written certification that, as of the date of such certification and continuing into the future, Master Magnetics has met the DEHP Free standard specified above, such that all new Products manufactured, imported, distributed, sold and offered for sale in the United States by Master Magnetics after June 1, 2013, are DEHP Free. Englander must receive any such certification on or before the Effective Date. The certification in lieu of a final civil penalty payment provided by this Section is a material term, and time is of the essence. Absent waiver of the final civil penalty, Master Magnetics shall issue two separate checks for its final civil penalty payments to: (a) “OEHHA” in the amount of \$4,500.00; and (b) “The Chanler Group in Trust for Peter Englander” in the amount of \$1,500.00.

4.3 **Augmentation Of Penalty Payments**

For purposes of the penalty assessment under this Agreement, Englander is relying entirely upon Master Magnetics and its counsel for accurate, good faith reporting to Englander of the nature and amounts of relevant sales activity. If within nine (9) months of the Effective Date, Englander

discovers and presents to Master Magnetics evidence that the Covered Products have been distributed by Master Magnetics in sales volumes materially different than those identified by Master Magnetics prior to execution of this Agreement, then Master Magnetics shall be liable for an additional penalty amount of \$10,000.00. Master Magnetics shall also be liable for any reasonable, additional attorney fees expended by Englander in discovering such additional retailers or sales. Englander agrees to provide Master Magnetics with a written demand for all such additional penalties and attorney fees under this Section. After service of such demand, Master Magnetics shall have thirty (30) days to agree to the amount of fees and penalties owing by Master Magnetics and submit such payment to Englander in accordance with the method of payment of penalties and fees identified in Sections 4.5. Should this thirty (30) day period pass without any such resolution between the parties and payment of such additional penalties and fees, Englander shall be entitled to file a formal legal claim for damages for breach of this contract and shall be entitled to all reasonable attorney fees and costs relating to such claim.

4.4 Reimbursement Of Englander's Fees And Costs

The Parties acknowledge that Englander and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Master Magnetics then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach an accord on the compensation due to Englander and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work performed in this matter, except fees that may be incurred on appeal. Under these legal principles, Master Magnetics shall pay Englander and his counsel, on or before the Effective Date, the amount of \$26,000.00 for fees and costs incurred investigating, litigating and enforcing this matter.

4.5 **Payment Procedures**

Payments by Master Magnetics pursuant to this Section shall be delivered as follows:

(a) All payments owed to Englander, pursuant to Sections 4.1 through 4.2, shall be delivered to the following payment address:

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

(b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to Sections 4.1 through 4.2, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyrics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyrics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

With a copy of the checks payable to OEHHA mailed to The Chanler Group at the address set forth above in 4.5(a), as proof of payment to OEHHA. s follows:

(c) All payments owed to Englander, pursuant to Section 4.4 shall be delivered by the Effective Date to the following payment address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street

Parker Plaza, Suite 214
Berkeley, CA 94710

Any failure by Master Magnetics to deliver any of the above-referenced payments to The Chanler Group by the required date shall result in imposition of a 10% simple interest assessment on the undelivered payment(s) until delivery.

4.6 Issuance Of 1099 Forms

After this Agreement has been executed and the settlement funds have been transmitted to Englander's counsel, Master Magnetics shall issue three separate 1099 forms, as follows:

- (a) The first 1099 shall be issued to the Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount paid pursuant to Sections 4.1 and 4.2;
- (b) The second 1099 shall be issued to Englander in the amount paid pursuant to Sections 4.1 and 4.2, whose address and tax identification number shall be furnished upon request; and
- (c) The third 1099 shall be issued to The Chanler Group (EIN: 94-3171522) in the amount paid pursuant to Section 4.4.

5. RELEASES

5.1 ENGLANDER'S RELEASE OF MASTER MAGNETICS

5.1.1 This settlement agreement is a full, final and binding resolution between Englander, and Master Magnetics, of any violation of proposition 65 that was or could have been asserted by Englander on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against Master Magnetics, its subsidiaries, directors, officers, employees, attorneys, and each entity to whom Master Magnetics directly or indirectly distributes or sells covered products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on their failure to warn about

alleged exposures to DEHP contained in the covered products that were manufactured, distributed, sold and/or offered for sale by Master Magnetics in California before the effective date.

5.1.2 In further consideration of the promises and agreements herein contained, Englander on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all Englander's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that Englander may have, 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, but exclusive of fees and costs on appeal -- limited to and arising under proposition 65 with respect to the DEHP in the covered products manufactured, distributed, sold and/or offered for sale by Master Magnetics before the effective date (collectively "claims"), against Master Magnetics and Releasees.

5.1.3 Englander also, in his individual capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Englander, of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the notice as to covered products manufactured, distributed or sold by Master Magnetics Releasees. Englander acknowledges that he is familiar with section 1542 of the 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.

Englander, in his individual capacity expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle

of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, excepting Section 4.2, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

This Section 5.1 release is expressly limited to those claims that arise under Proposition 65, as such claims relate to Master Magnetics's alleged failure to warn about exposures to or identification of the DEHP contained in the Covered Products and as such claims are identified in the Proposition 65 60-Day Notice to Master Magnetics.

This Section 5.1 release is expressly limited to any alleged violations that occur prior to August 1, 2013, and does not release any entity or individual besides Master Magnetics from any liability for any violation of Proposition 65 regarding the Covered Products that occurs after August 1, 2013.

The Parties further understand and agree that this Section 5.1 release shall not extend upstream to any entities, other than Master Magnetics, that manufactured the Covered Products or any component parts thereof, or any distributors or suppliers who sold the Covered Products or any component parts thereof to Master Magnetics.

5.2 Master Magnetics's Release of Englander

The Release by Englander is mutual. Master Magnetics, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Englander 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 Englander 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. Master Magnetics acknowledges that it is familiar with Section 1542 of the 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.

Master Magnetics expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

6. POST EXECUTION CONVERSION TO CONSENT JUDGMENT

Within twelve months of the execution of this Settlement Agreement Master Magnetics may ask Englander, in writing, to file a complaint, incorporate the terms of this Settlement Agreement into a proposed consent judgment, and to seek the court's approval of the consent judgment pursuant to Health and Safety Code section 25249.7, or as may be otherwise allowed by law. If so requested, Englander agrees to reasonably cooperate with Master Magnetics 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. Pursuant to Code of Civil Procedure sections 1021 and 1021.5, Master Magnetics will reimburse Englander and his counsel for their reasonable fees and costs incurred in 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 \$15,000.00, exclusive of fees and cost that may be incurred on appeal. Master Magnetics will remit payment to The Chanler Group, at the address set forth in Section 9 below.

Such additional fees shall be paid by Master Magnetics within ten days after its receipt of monthly invoices from Englander for work performed under this paragraph. Any failure by Master Magnetics to timely pay Englander invoices under this Section shall result in the assessment of ten percent (10%) interest on any outstanding balance.

7. SEVERABILITY

If any of the provisions of this Agreement are found by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected, unless the Court finds that any unenforceable provision is not severable from the remainder of the Agreement.

8. GOVERNING LAW

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

9. NOTICES

When any Party is entitled to receive any notice under this Agreement, the notice shall be sent by certified mail and electronic mail to the following:

For Master Magnetics, to:

John Nellessen, President
Master Magnetics, Inc.
747 South Gilbert Street
Castle Rock, CO 80104

With copy to their counsel at:

Bruce Nye, Esq.
Adams Nye Becht LLP
222 Kearny Street, 7th Floor
San Francisco, CA 94108-4521

For Englander to:

Proposition 65 Coordinator
The Chanler Group

2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any Party may modify the person and address to whom the notice is to be sent by sending each other Party notice by certified mail and/or other verifiable form of written communication.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

Englander agrees to comply with the reporting form requirements referenced, in California Health & Safety Code §25249.7(f).

11. MODIFICATION

This Agreement may be modified only by written agreement of the Parties or court order.

12. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties. No supplementation, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any of the other provisions whether or not similar, nor shall such waiver constitute a continuing waiver

13. ATTORNEY'S FEES

13.1 Should Englander prevail on any motion, application for order to show cause or other proceeding to enforce a violation of this Agreement, Englander shall be entitled to his reasonable attorney fees and costs incurred as a result of such motion, order or application, consistent with C.C.P. § 1021.5. Should Master Magnetics prevail on any motion, application for order to show cause or other proceeding to enforce a violation of this Agreement, Master Magnetics may be

entitled to its reasonable attorney fees and costs incurred as a result of such motion, order or application upon a finding that Englander's prosecution of the motion or application lacked substantial justification. For purposes of this Agreement, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, *et seq.*

13.2 Except as otherwise specifically provided herein, each Party shall bear its own costs and attorney's fees in connection with the Notice.

13.3 Nothing in this Section shall preclude a Party from seeking an award of sanctions pursuant to law.

14. NEUTRAL CONSTRUCTION

Both Parties and their counsel have participated in the preparation of this Agreement and this Agreement is the result of the joint efforts of the Parties. This Agreement was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Agreement shall not be interpreted against any Party as a result of the manner of the preparation of this Agreement. Each Party to this Agreement agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Agreement and, in this regard, the Parties hereby waive California Civil Code Section 1654.

15. COUNTERPARTS, FACSIMILE SIGNATURES

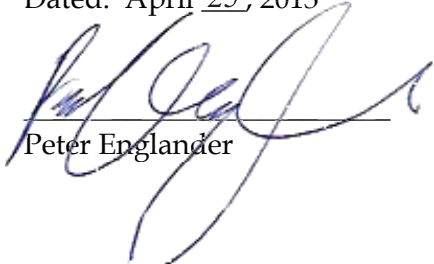
This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

16. AUTHORIZATION

The undersigned parties and their counsel 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

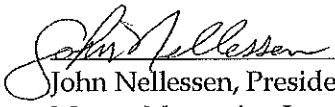
this Agreement.

IT IS SO AGREED

<p>Dated: April <u>25</u>, 2013</p>  <p>_____ Peter Englander</p>	<p>Dated: April __, 2013</p> <p>_____ John Nellessen, President Master Magnetics, Inc.</p>
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this Agreement.

IT IS SO AGREED

<p>Dated: April __, 2013</p> <p>_____</p> <p>Peter Englander</p>	<p>Dated: April <u>25</u>, 2013</p> <p> _____ John Nellessen, President Master Magnetics, Inc.</p>
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