

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Mark Moorberg (“Moorberg”) and Alvin and Company, Inc. (“Alvin”), with Moorberg and Alvin each individually referred to as a “Party” and collectively as the “Parties.” Moorberg is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. Alvin individually 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 and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Moorberg alleges that Alvin manufactures, sells, and distributes for sale in California, stools with vinyl/PVC upholstery containing the phthalate chemical Di(2-ethylhexyl)phthalate (“DEHP”), and that it does so without first providing the health hazard warning required by Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to cause birth defects or other reproductive harm.

1.3 Product Description

The products covered by this Settlement Agreement are stools containing DEHP that are manufactured, sold or distributed for sale in California by Alvin, including, but not limited to, the *Alvin Gas-Lift Stool, DC209, UPC #0 88354 95043 1* (“Products”).

1.4 Notice of Violation

On July 31, 2015, Moorberg served Alvin and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that Alvin violated Proposition 65 when they failed to warn their customers and consumers in California of the health hazards associated with exposures to DEHP from the Products. 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

Alvin denies the material, factual, and legal allegations contained in the Notice, and maintains that all of the products that it has sold and distributed 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 Alvin of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Alvin of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Alvin. This Section shall not, however, diminish or otherwise affect Alvin's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean December 18, 2015.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

Commencing the Effective Date, and continuing thereafter, Alvin agrees to only manufacture, distribute or purchase for sale in California: (a) "Reformulated Products", or (b) Products that bear a clear and reasonable health hazard warning, pursuant to Section 2.2 below.

2.1 Reformulated Products

For purposes of this Consent Judgment, "Reformulated Products" are defined as Products containing a maximum concentration of 0.1 percent (1,000 parts per million) of each DEHP and Diisononyl phthalate ("DINP") when sampled and analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, or other methodologies utilized by state or federal agencies for the purpose of determining DEHP and/or DINP content in a solid substance.

2.2 Clear and Reasonable Warnings

Alvin agrees that as of the Effective Date, all Products it sells and/or distributes in California which do not qualify as Reformulated Products, will bear a clear and reasonable warning pursuant to this Section. Alvin further agrees that the warning will be prominently placed with such conspicuousness when 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. For purposes of this Settlement Agreement, a clear and reasonable warning for the Products shall consist of a warning affixed to the packaging, or, if no packaging exists, directly on, each non reformulated Product sold in California, and shall contain one of the following statements:

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

or

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

2.3 Grace Period For Existing Inventory

Alvin represents that it currently affixes warnings to the Products that are not Reformulated Products that read: “WARNING: This product contains chemicals, known to State of California, to cause cancer and/or developmental harm.” Moorberg agrees that Alvin may continue to sell Products bearing this warning until it has exhausted its current supply of such warnings, or Product packaging/labeling bearing such warnings.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Alvin agrees to pay \$1,000 in civil penalties. Each penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) and (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount paid to Moorberg. Moorberg’s counsel shall be responsible for delivering OEHHA’s portion of any civil penalty payment(s) made under this Settlement Agreement to OEHHA. Within five days of the Effective Date, Alvin shall deliver its payment in a single check made payable to “Mark Moorberg, Client Trust Account”

3.2 Attorneys’ Fees and Costs

The Parties acknowledge that Moorberg 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 the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been reached, Alvin expressed a desire to resolve Moorberg’s fees and costs. The Parties reached an accord on the compensation due to Moorberg and his counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Under these legal principles, Alvin shall reimburse Moorberg and his counsel \$16,000. Within five days of the Effective Date, Alvin shall deliver its payment in the form of a check made payable to “The Chanler Group” for all fees and costs incurred investigating, bringing this matter to the attention of Defendant’s management, and negotiating a settlement in the public interest.

3.3 Payment Address

All payments under this Settlement Agreement shall be delivered to 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 Moorberg's Release of Alvin

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

In further consideration of the promises and agreements herein, Moorberg as an individual and not on behalf of the public, on his own behalf and on behalf of his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any right to institute or participate in, directly or indirectly, any form of legal action and releases all claims that he may have, including, without limitation, all actions and causes of action in law and in equity, all suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses including, but not exclusively, investigation fees,

expert fees, and attorneys' fees arising under Proposition 65 with respect to exposures to DEHP and DINP from Products manufactured, distributed, sold and/or offered for sale by Alvin before the Effective Date. The releases provided by Moorberg under this Settlement Agreement are provided solely on Moorberg's own behalf and not on behalf of the public in California.

4.2 Alvin's Release of Moorberg

Alvin, on their own behalf, and on behalf of their past and current agents, representatives, attorneys, successors, and/or assignees, hereby waive any and all claims against Moorberg and his attorneys and other representatives, for any and all actions taken or statements made by Moorberg and their attorneys and other representatives, whether in the course of investigating claims, seeking to enforce Proposition 65 against them in this matter, or with respect to the Products.

4.3 Mutual Waiver of California Civil Code Section 1542

The Parties each acknowledge he/it is familiar with Section 1542 of the 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.

The Parties, each on his/its own behalf, and on behalf of his/its past and current agents, representatives, attorneys, successors, and/or assignees, expressly waive and relinquish any and all rights and benefits which they may have under, or which may be conferred upon them by the provisions of Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent he/it may lawfully waive such rights or benefits pertaining to the released matters, as specifically defined by Sections 4.1 and 4.2, above.

5. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

6. 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, then Alvin may provide written notice to Moorberg of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Alvin:

Diane Gale, CFO
Shoham Ltd.
Alvin & Company, Inc.
1335 Blue Hills Ave.
Bloomfield, CT 06002

For Moorberg:

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

With a copy to Alvin's counsel:

Martin Fleisher, Esq.
The Fleisher Law Firm
3001 Bridgeway Boulevard
Suite K331
Sausalito, CA 94965

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

8. 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.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Moorberg and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

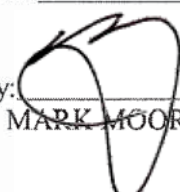
This Settlement Agreement may be modified only by written agreement of the Parties.

11. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

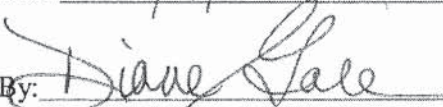
AGREED TO:

Date: 12/11/2015

By: 
MARK MOORBERG

AGREED TO:

Date: 12/11/15

By: 
Diane Gale, CFO
ALVIN AND COMPANY, INC. &
Shoham Ltd