

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

400 Seventh Street, SW
Washington, DC 20590

In re: American Products Company
Lamp Assemblies
OVSC Investigation CI-108-000710
Recalls: 99E-039
00E-078
01E-035
03E-014

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the National Highway Traffic Safety Administration ("NHTSA"), American Products Company ("APC"), and Brian Horowitz, through their respective undersigned counsel, for the purpose of resolving claims for civil penalties for alleged violations of various provisions of a law commonly known as the National Traffic and Motor Vehicle Safety Act, 49 U.S.C. Chapter 301 ("Safety Act").

Whereas, NHTSA alleges that APC manufactured, imported, certified, offered for sale and sold noncompliant lamp assemblies identified in safety recalls assigned NHTSA numbers 99E-039, 00E-078, 01E-035 and 03E-014 ("subject assemblies") that did not conform to Federal Motor Vehicle Safety Standard No. 108, 49 CFR § 571.108, in violation of 49 U.S.C. §§ 30112(a) and 30115, that it did not in certain instances provide the requisite notifications in regard to those subject assemblies as required by, and in violation of, 49 U.S.C. §§ 30118(c) and 30119(c), and that it did not in certain instances provide full and accurate responses to requests for information including documents from NHTSA in violation of 49 U.S.C. § 30166.

Whereas, Brian Horowitz was and is a shareholder and officer of APC and NHTSA alleges that Brian Horowitz was involved in sales of the subject assemblies.

Whereas, APC and Brian Horowitz deny that they have violated the Safety Act in any respect.

Whereas, it is the mutual desire of NHTSA and APC to resolve the civil penalties associated with the alleged violations of the above-referenced statutory provisions to avoid a protracted dispute and possible litigation.

Whereas, APC has requested that payment of a compromise civil penalty be made in installment payments, rather than a single lump payment, on a schedule, which is of benefit to APC and its shareholders and officers.

Now, therefore, the parties agree as follows:

1. The Secretary of Transportation has the authority to compromise the amount of civil penalties under the Safety Act, 49 U.S.C. §30165. The Secretary's authority has been delegated to the Administrator of NHTSA. 49 CFR 1.50.
2. APC is, and at all times relevant to this action has been, a manufacturer of the subject assemblies within the meaning of the Safety Act, 49 U.S.C. § 30102(a)(5).
3. This Settlement Agreement applies to American Products Company and to its successors and assigns, including any entity that purchases the stock or assets of American Products Company, and to Brian Horowitz.
4. Without admitting, and while expressly denying, any liability with respect to the above-referenced allegations, APC shall pay to the United States a

civil penalty in the total sum of \$650,000.00 (six hundred fifty thousand dollars and zero cents) pursuant to the Safety Act, 49 U.S.C. §30165.

APC shall pay this penalty by payment remitted to NHTSA through electronic wire transfer and payable to the U.S. Treasury in four, equal, consecutive payments of \$162,500.00 (one hundred sixty two thousand five hundred dollars and zero cents) to be made on or before the following dates: (1) no later than 30 days after the execution of this Agreement; (2) June 30, 2003; (3) September 30, 2003; and (4) December 31, 2003.

Instructions for electronic wire transfer will be provided by NHTSA.

There is no restriction on prepayment of penalties.

5. In consideration of the resolution of this matter, which resolution benefits Brian Horowitz, Brian Horowitz personally guarantees the payments by APC addressed above and agrees and shall pay them in the event that APC does not pay them as addressed above.
6. Upon receipt and full payment of \$650,000.00 (six hundred fifty thousand dollars and zero cents) as specified above, the Secretary of Transportation, by and through the Administrator of NHTSA, releases APC, Brian Horowitz, and all of APC's officers and employees, from liability with respect to any and all potential claims for civil penalties in connection with the manufacture, importation, offering for sale, sale, and certification under 49 U.S.C. §§ 30112 and 30115, notification and recall under 49 U.S.C. §§ 30118 - 30120, and provision of information under 49 U.S.C. § 30166 with respect to the subject assemblies included within Safety

Recalls 99E-039, 00E-078, 01E-035 and 03E-014 that have occurred up to and including the date of this agreement. This Settlement Agreement does not waive or limit in any way NHTSA's authority to investigate, take enforcement action against, or in any other way pursue other potential or actual violations of the Safety Act by APC.

7. This Settlement Agreement represents the entire understanding and agreement of the parties. There are no oral or other understandings between the parties with respect to any matter or claim that is the subject of the Settlement Agreement.
8. The parties to this Settlement Agreement have the legal authority to enter into this Settlement Agreement, and each party has authorized its undersigned counsel to execute this Settlement Agreement on its behalf.
9. This Agreement shall be effective on the latest date as reflected on the following page.

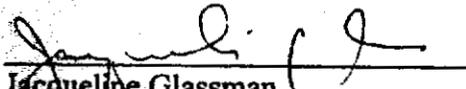
National Highway Traffic Safety Administration

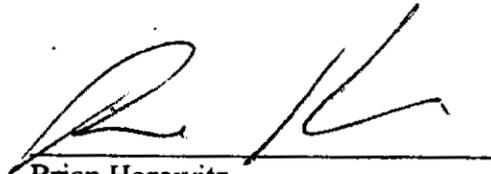
American Products Company and

Brian Horowitz

By:

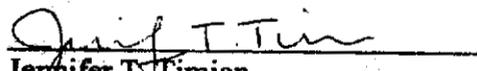
By:

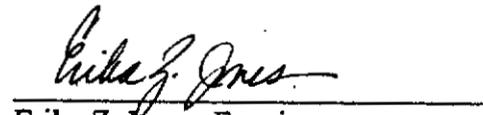

Jacqueline Glassman
Chief Counsel


Brian Horowitz
American Products Company
and individually
252 Granite Street
Corona, CA 92879

Date: April 18, 2003

Date: 4/22, 2003


Jennifer T. Timian
Office of the Chief Counsel
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, DC 20590


Erika Z. Jones, Esquire
Mayer, Brown, Rowe & Maw
1909 K Street, N.W.
Washington, DC 20006-1101

Counsel for American Products
Company

Date: April 18, 2003

Date: April 21, 2003