JAMES FRANCIS CASALE, ESQUIRE

Counselor at Law

26 November, 2013

Donald S. Clark, Secretary
Office of the Secretary
FEDERAL TRADE COMMISSION VIA U.S. EXPRESS MAIL
600 Pennsylvania Avenue N. W., Room H-113 (Annex Q)
WASHINGTON, DC 20580

Re: **Wool Rules, 16 CFR Part 300, Project No. P124201**
Comments on Revised Wool Law Regulations – Corrected Comments Dated 22 November, 2013

Dear Mr. Clark:

Please accept the attached correspondence and supporting evidentiary documents as public written comment to the Commission's proposed amendment of the Wool Law rules.

The attached correspondence corrects an earlier clerical inadvertency whereby a draft of the written comments, dated 22 November, was forwarded to the Commission. The comments in final form are dated 25 November.

Earlier today, counsel in the Commission's Enforcement Division, Robert M. Frisby, Esquire, advised the Commission has extended the public comment deadline until 3 December, 2013.

Thank you for your consideration.

Very truly yours,

LAW OFFICE OF JAMES F. CASALE

JFC/

BY: _____
James F. Casale, Esquire

ATTACHMENTS : Letter Comment Re: Proposed Wool Law Rule Amendments dated 25 November, 2013
Letter Complaint to Federal Trade Commission dated 20 December, 2010
Expert Report of Kenneth D. Langley Dated 13 December, 2011
Expert Report of Adam R. Varley Dated 07 February, 2012.02-07 (with attachments)(declassified)

COPIES TO : Robert M. Frisby, Esquire (with attachments)

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Counselor at Law

25 November, 2013

Donald S. Clark, Secretary
Office of the Secretary
FEDERAL TRADE COMMISSION **VIA U.S. EXPRESS MAIL**
600 Pennsylvania Avenue N. W., Room H-113 (Annex Q)
WASHINGTON, DC 20580

Re: **Wool Rules, 16 CFR Part 300, Project No. P124201**
Comments on Revised Wool Law Regulations – Correction of Comments Dated 22 November, 2013

Dear Mr. Clark:

Please thank the Federal Trade Commission for inviting public comment on proposed tentative decisions to amend regulations implementing the WOOL PRODUCTS LABELING ACT, 15 U.S.C. §68 et seq. The opportunity to comment on three issues is appreciated.

Eliminating The 'Penalty of Perjury' Requirement for a Valid Wool Law Guaranty

To bolster commercial confidence in and provide a basis for good faith reliance upon issued Guaranties, the Commission tentatively decides to eliminate the existing requirement that Wool Law Guaranties be provided 'under penalty of perjury'. 78 FED. REG. 57813. The decision indicates a valid Guaranty acknowledge false Guaranties are unlawful and certify the guarantor's active monitoring of continued compliance with the Wool Law and its implementing regulations. *Id*.

Respectfully, the Commission should retain the existing 'penalty of perjury' requirement.

The Guaranty of Compliance is the primary – certainly the most efficient, if not also the most authoritative – means whereby remote commercial entities, especially small businesses, may be assured that wool products introduced into commerce are labeled in conformance with the Wool Law and its regulations. The existing 'penalty of perjury' provision is easily and universally understood; it advances commercial confidence in the Guaranty and confidence in product labeling as well as, ultimately, the composition of wool products. The Commission is encouraged to not dilute commercial confidence in provisions aimed at ensuring branded wool products are in fact what the product labeling purports the wool product to be.

Eliminating the 'penalty of perjury' provision diminishes a fully efficacious Guaranty. It is counterproductive to the reliance commercial buyers are regularly advised to place in the Guaranty. A seller's hesitation to provide a Guaranty under 'penalty of perjury' signals the seller lacks labeling confidence. A Guaranty provided under 'penalty of perjury' is no more onerous to an importing seller than the Customs Declaration submitted under a required penalty of perjury. Pertinent regulatory provisions addressing different market activities (import and distribution) should be aligned for ease of compliance.

The 'penalty of perjury' provision effectively alerts guarantors to the serious harm ensuing from a false guaranty. By specifically proscribing false guaranties, Congress recognizes commercial buyers are harmed when sellers furnish false guaranties. *See*, 15 U.S.C. §68(g)(b)(specifically proscribing the furnishing of any

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false guaranty). Indeed, since 20 December, 2010, action is pending on a complaint to the Commission alleging the filing of a false Continuing Guaranty. *See*, Correspondence to Mr. Steve Ecklund, Investigator, Division of Enforcement, Textile Section dated 20 December, 2010 attached for your convenience. The Complaint remains unresolved and awaits final decision.

The proposed acknowledgment is neither as readily understood nor as reliable as the existing 'penalty of perjury' provision. The acknowledgment does no more than identify the existing legal proscription of false guaranties – which a guarantor is presumed to know. Moreover, elimination of the 'penalty of perjury' provision diminishes the Guaranty's efficacy; the 'penalty of perjury' provision implies the guarantor made a purposeful inquiry to assure the Guaranty's accuracy – even if detail or scope of that inquiry is not disclosed. The 'penalty of perjury' provision instills confidence in a furnished Guaranty and credibly provides for reliance by a commercial buyer that labeled products comply with the Wool Law.

Admirably, the certification addresses situations where subsequent events may undermine the accuracy of a previously provided Guaranty. The certification also recognizes that, once introduced into commerce, wool products may remain available for commercial sale long after the introducer may have discontinued the product. So understood, the certification assures the guarantor engages in compliance activities relative to continuously distributed wool products until the Guaranty is revoked. However, the certification, alone, inadequately substitutes for the existing penalty of perjury provision. By its terms, the certification does not apply to the Guaranty's initial submission – a serious defect. The certification simply does not address the 'once and done' circumstance in the sale of wool products: a misbranded wool product is introduced into commerce – as a 'special' or under a similar ploy – and is soon, if not immediately, discontinued after having been completely sold to commercial buyers. This is another serious defect.

The Commission is encouraged to strengthen the reliability of, and commercial confidence in, furnished Guaranties. This goal requires retaining the 'penalty of perjury' provision. With respect to continuously distributed wool products, the effectiveness of the Guaranty is furthered and enhanced by adding the proposed certification to the 'penalty of perjury' provision indicating subsequent and continuing due diligence by the guarantor in compliance with the Act.

Rejection of Proposed Label Certification Programs

Prudently, the Commission does not adopt various fiber content labeling certification schemes.

The three rejected schemes share a single flaw: each disregards the actual fiber content and relative composition of the wool product as introduced into the marketplace and thereby representative of the product actually distributed. Labeled product substantiation, or establishment, claims of wool products related to fiber content identification and relative composition should be reasonably based upon marketplace facts.

One proposal would "allow an importer or distributor of a wool product to establish the accuracy of its product labels ... by the submission of ... supply-chain documentation sufficient to establish the fiber contents [sic] of the wool product and the accuracy of the label." 78 FED. REG. 57814. Stated another way, this scheme would establish labeling accuracy by reference only to the same information from which the label is derived. The circular proposal unreasonably disregards the product's actual composition.

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Too, the proposal simply does not address situations where defective manufacturing processes result in a finished product with a content varying avoidably, if not wilfully, from the intended composition.

Another rejected scheme depends upon the Commission conducting fiber identification and measurement testing – if only to verify submitted data. Respectfully, testing is a compliance function to be fulfilled by the party choosing to introduce the wool product into commerce. No aspect of the introducer's compliance function should be offloaded to the Commission under the rubric of a certification scheme.

The third proposal would base certification of composition and fiber identification labeling on no more than the guarantor's "submission of fiber testing." 78 FED. REG. 57814. Assuming only putatively relevant fiber testing is submitted, the proposal simply fails to account for fiber testing experience: multiple Commission-published decisions report fiber analyses – performed by introducers or their unscrupulous foreign suppliers – varying significantly from analyses performed on marketplace-obtained samples. Fundamentally, this scheme relies upon the introducing party's *ipse dixit*. Even if the Commission were to approve such a program, certification validity requires access to more than the manufacturer's own testing submissions.

The Commission's tentative decision to reject each scheme is strongly endorsed.

Specification of Fiber Identification Testing Methodology

The Commission "declines to propose requiring a specific testing methodology for identifying fiber" content – an issue injected on the record by one comment claiming DNA analysis is the only reliable fiber identification methodology. *See*, *id*., n. 8 at (4). The tentative decision relies upon a record which "contains no credible evidence that the failure to specify the use of certain testing methods has resulted in deception or confusion." *See*, *id*., at 57814.

The tentative decision neither addresses nor resolves the claim of record and separately foisted on the market, that forensic fiber identification is inherently unreliable. The claim impugns all generally accepted fiber identification methodologies and may assail individual practitioners for fraud. The claim asserts any fiber analysis methodology which calls for the exercise of specialized training and experience is inherently unreliable and thereby unscientific.

This unreliability claim has been actively promoted to a market segment since 2006. The unreliability claim as foisted on the market has certainly engendered commercial confusion if not purposeful deception.

The bare unreliability claim appearing in the record is wholly unsupported. The relevant literature fails to substantiate the specific assertion only DNA analysis reliably identifies the fiber composition of wool products. Even proponents of this investigatory method admit DNA analysis is currently incapable of identifying fiber more discretely than by genus and lacks practical sophistication (or requires more study) to sufficiently discriminate between various species of the same genus. For example DNA does not currently differentiate between the fiber produced by the cashmere goat and fiber obtained from the angora goat. Rather DNA identifies both fibers as of 'goat' origin. Even assuming all fiber produced by the cashmere goat qualifies to be branded as cashmere – specifically negated by 15 U.S.C. §68b(a)(6) as enacted in 2006 – cashmere differs from mohair both in annual production or market price.

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The unreliability claim is not supported by any recognized U.S. based fiber analyst. Rather, the unreliability claim foisted on the record originates with an individual who does not claim any fiber identification training. Moreover, the claim wholly ignores generally accepted fiber identification methodologies include an objective chemical assay. The claim disregards the accumulated expertise of trained specialists developed through years of investigation and specialized study. The asserted claim lacks any reasonable basis in fact. Fundamentally, the claim requires trained and experienced analysts to ignore all evidence originating in visual observation. Applied to another context, the claim asserts a medical examiner can not determine a decedent's cause of death because a knife is observed to be well-lodged in the corpse's chest.

The Commission's tentative decision relies upon the adduced record as lacking evidence of market confusion and deception but permits the record to include the unreasonably asserted unreliability claim. Were the record more complete, it would reflect evidence of marketplace deception and confusion ensuing from the unreliability claim first foisted on the market in 2006. The asserted unreliability claim confuses pending LANHAM ACT litigation based upon misbranding Wool Law misbranding; there, the unreliability claim ultimately insists WOOL PRODUCTS LABELING ACT compliance is satisfied when product labeling reflects supply-chain decisions without regard to the actual composition of the wool product. The relevant fiber analysis reports of that litigation are attached.

Were the record to fully reflect the market confusion, and possibly willful deception, ensuing from the unsubstantiated unreliability claim, the evidence may well support adoption of a rule that fiber identification be performed according to currently extant, generally accepted methodologies promulgated by organizations comprised of technical specialists such as the American Society for Testing and Materials (ASTM), the American Association of Textile Chemists and Colorists (AATCC), International Wool Textile Organization (IWTO) and the International Standards Organization (ISO) . These published standards affirm the current state of the art in fiber identification requires visual analysis of fiber scale patterns. Moreover, the Commission's rulemaking could be informed by its own expertise in forensic fiber identification methodologies.

Thank you for your consideration of these comments.

Very truly yours,

LAW OFFICE OF JAMES F. CASALE

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ATTACHMENTS: Letter Complaint to Federal Trade Commission dated 20 December, 2010
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20 December, 2010

Mr. Steve Ecklund, Investigator
Division of Enforcement, Textile Section
FEDERAL TRADE COMMISSION
601 New Jersey Avenue N. W., Suite 2122 Mail Drop NJ-2122
WASHINGTON, DC 20580

VIA E-MAIL

secklund@ftc.gov

Re: False Wool Products Labeling Act Continuing Guaranty of Knitting Fever, Inc.

Dear Mr. Ecklund:

This office serves as attorney to The Knit With, *hereinafter* "TKW" – which retails handknitting yarns, primarily of a natural fiber content, to consumers.

Through 2005, Knitting Fever, Inc., *hereinafter* "KFI", sold and delivered to TKW a number of wool products labeled as spun with various quantities of cashmere. The wool products were exclusively imported and distributed by KFI. In 2006, TKW discovered six KFI-sourced wool products were misbranded. In 2008, TKW initiated litigation against KFI in United States District Court for the Eastern District of Pennsylvania, the Honorable Ronald L. Buckwalter presiding. *See*, E.D. PA Civil No. 08-04221. More recently, a separate proceeding was initiated against KFI in the United States District Court for the Western District of Washington, the Honorable Ricardo S. Martinez presiding, by Cascade Yarns, Inc., another importer-wholesaler to the handknitting yarn trade. *See*, W.D. WA Civil No. 10-0861.

In common, the two legal actions allege KFI is conducted as a racketeering enterprise through which Sion Elalouf has implemented an artifice to defraud by mis-branding wool products with a spurious cashmere content. Other specialty fibers, such as camel hair, mohair and alpaca are involved in the *Cascade Yarns* action. Both actions seek damages for injury to the plaintiff businesses caused by Mr. Elalouf's conduct of a racketeering enterprise although different legal harms are alleged by each plaintiff.

Among the misbranded KFI-sourced products sold and delivered to TKW are three *Cashmerino* yarns. The *Cashmerino* yarns are uniformly labeled as spun of a fiber content consisting of 12% cashmere. Extensive testing performed in 2006 demonstrates the three *Cashmerino* products sold to TKW by KFI , including *Debbie Bliss Cashmerino Baby*, have a "0" (zero) cashmere content and a surplusage of microfiber acrylic. The testing indicates the *Cashmerino* products have a fiber content of 57% wool and 43% acrylic.

Between 2001 and 2006, the US handknitting trade has offered 116 cashmere yarns for resale to consumers. In addition to pure cashmere yarns and novelty cashmere yarns, more than half (52 %) of all yarns labeled as spun with a cashmere content are *Cashmerino*-type blended products. Three *Cashmerino*-types have been identified:

- ☐ wool and cashmere blends;
- ☐ silk, wool and cashmere blends; and
- ☐. wool, acrylic/nylon microfiber and cashmere blends.

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Between 2001 and 2006, KFI exclusively imported and wholesaled 29 of the available 61 *Cashmerino*-type products; fiber analyses performed on KFI's *Cashmerino*-type yarns demonstrates 18 of these 29 products are manufactured without the fiber content purported on the product labeling. *See*, File Memorandum of Cashmere Yarns 2001-2006 attached as Exhibit " 1 " (References to companies other than KFI and brands sold by those companies are redacted).

During the course of TKW's litigation, KFI has admitted it possesses no fiber analysis performed on any *Cashmerino*-type product prior to June 1, 2006 – when KFI first learned the trade rumor that the *Debbie Bliss Cashmerino* products were mis-branded. Additionally, the analyses produced by KFI and performed immediately after June 1, 2006 by qualified fiber analysts according to the generally accepted standard of scale identification – whether performed at the request of KFI or for the Italian manufacturer or the British worldwide distributor on any sample drawn from the range of as many as six *Debbie Bliss Cashmerino* products – demonstrates the *Debbie Bliss Cashmerino*s are not spun with the requisite amount of cashmere. Moreover, the testing performed by KFI and its related companies in June, 2006 demonstrates a fact central to TKW's proof of the scheme to defraud: the analyzed quantity of acrylic fiber in the *Debbie Bliss Cashmerino*s is greater than the acrylic content disclosed on the product labeling.

Among the shades of *Debbie Bliss Cashmerino Baby* which are advertised by KFI as 'new' for the 2010, Winter selling season is shade No. 51. *See*, Screenshot of KnittingFever.com website attached as Exhibit " 2 ". *Cashmerino Baby* shade No. 51 is advertised by KFI as spun of 55% merino wool, 33% microfiber and 12% cashmere. *See*, *Cashmerino Baby* by Debbie Bliss (Detail Page) attached as Exhibit " 3 "; *see also*, Label of Debbie Bliss *Cashmerino Baby* Colour 340051 (Shade 51) attached as as Exhibit " 4 ". The 2010 labeling of *Cashmerino Baby* is identical to the product's labeling TKW received from KFI between 2003 and 2005.

Incident to proof of TKW's legal action against KFI is the necessity to demonstrate the continuity of the alleged wrongful conduct.

To acquire evidence in support of proof of the continuity of KFI's scheme to defraud, on November 22, TKW secured – by a special purchase from KFI performed through a Massachusetts yarn retailer – a quantity of *Cashmerino Baby* in shade No. 51. *See*, KFI Invoice 10582721 attached as Exhibit " 5 ". The specially ordered goods were shipped by KFI on November 19, 2010 to Massachusetts. *See*, UPS Proof of Delivery dated December 19, 2010 attached as Exhibit " 6 ". The Massachusetts retailer in turn re-shipped the same goods to TKW. *See*, Shipping Labels attached as Exhibit " 7 ". Upon TKW's receipt of the quantity of *Cashmerino Baby* shade No. 51 shipped by KFI on November 19, an unopened market pak was randomly selected for re-shipment to K.D. Langley Fiber Services. Fiber analysis of *Cashmerino Baby* in shade No. 51 subsequently performed for TKW by K.D. Langley Fiber Services discloses shade No. 51 is spun with but a 2.7% cashmere content. *See*, Report on the Qualitative and Quantitative Fiber Analysis of Yarn dated December 5, 2010 attached as Exhibit " 8 ". As reported by K.D. Langley Fiber Services, the mis-branding of the *Cashmerino Baby* product persists.

The December 5, 2010 report of a 2.7% cashmere content in *Debbie Bliss Cashmerino Baby* shade No. 51 is consistent with testing performed by TKW earlier in 2010 on an extensive range of various production lots of *Cashmerino Baby* apparently shipped by KFI after January 1, 2007: fiber analyses of as many as eight distinctly identified lots of *Cashmerino Baby* (designated as dyelots ending with "B" and "C") demonstrate a presence of cashmere ranging from

1% to 8.4% as well as a uniform acrylic content of 33% (± 1%) with an excess quantity of non-cashmere wool. In other words, after June, 2006 the *Cashmerino*'s formulation has been altered to:

1. fix the acrylic content to a quantity within an accepted range of deviation from the proportionate acrylic content stated on the product labeling;
2. to now include a still-deficient quantity of cashmere; and
3. to substitute a surplus quantity of wool for the missing cashmere.

Apparently, these results are the fruit of a July, 2006 discussion between KFI and the *Cashmerino*'s Italian manufacturer and the *Cashmerino*'s British worldwide distributor addressing courses of action to defend the *Cashmerino* brand against trade allegations of misbranding. *See*, Correspondence of VVG dated July 7, 2006 attached as Exhibit " 9 ".

Stated differently, the conscious mis-branding of the *Cashmerino* persists.

Despite the presence of a quantity of cashmere in the product detected in lots produced since January, 2007 – when compared to analyses performed on the *Cashmerino*s delivered pre-June 1, 2006 – the product labeling continues to overstate the actual cashmere content by an amount outside the accepted range of deviation. As demonstrated by the manufacturer's ability to fix the content of acrylic fiber within ± 1% of the labeled quantity, the overstated cashmere content is not the result of an unavoidable variation in manufacture when due care is exercised.

Moreover, KFI has documented that it is not at all adverse to shipping a product known to be mis-branded. *See*, KFI Correspondence with Nancy Blake attached as Exhibit " 10 " at pg. 2 (" [W]e would like you to sell through your inventory as well as the inventory we hold here for you.").

In the litigation proceeding against KFI, defense counsel has attempted to advance the proposition that fiber analysis of finished wool products is inherently unreliable. The KFI theory assumes each of the as many as eight distinctly identified *Cashmerino Baby* lots is produced to a uniform formulation of the finished product's fiber composition. The defense speculates the reported variance in the analyzed quantities of cashmere is indicative of no more than the inherently unreliable nature of fiber analysis. Of course, the variance in the post-June 1, 2006 analyzed quantities of cashmere is equally attributable to a planned course of conduct to deliberately create non-uniform and seemingly anomalous results of an analyzed cashmere content. *See*, Exhibit " 9 ".

Shortly after November 4, 2010, TKW learned KFI was reputed to have executed a Continuing Guaranty pursuant to the Wool Products Labeling Act in favor of the Federal Trade Commission. On November 10, this office requested, pursuant to the Freedom of Information Act, receipt of any such Guaranties filed by KFI. Pursuant to the FOIA request made, on December 18, this office received one such Guaranty executed by KFI under the Wool Products Labeling Act. *See*, Continuing Guaranty of Knitting Fever, Inc. attached as Exhibit " 11 ". The FTC granted the undersigned full access to the Guaranty as filed with the FTC.

JAMES FRANCIS CASALE, ESQUIRE
Counselor at Law

Sion Elalouf, as a corporate official of Knitting Fever, Inc., executed the Continuing Guaranty on November 4, 2010. Mr. Elalouf certified as true and correct KFI "guarantees that when it ships or delivers any wool product, the product will not be misbranded within the meaning of the Wool Products Labeling Act and the rules and regulations under that Act." *See*, Exhibit " 11 ".

Apparently, the Continuing Guaranty filed by KFI with the Federal Trade Commission on November 12, 2010 is false.

The *Cashmerino Baby* in shade No. 51 is a wool product subject to the provisions of the Wool Products Labeling Act. *See*, *In the Matter of Spinnerin Yarn Co., Inc.*, 69 F.T.C. 221, 1966 FTC LEXIS 69 (FTC Docket C-1047, 1966). Pursuant to that Act, misbranding of a wool product results when a wool product is labeled contrary to the true fiber content of the product. *See*, 15 U.S.C. § 68 *et seq*. Fiber analysis of the wool product known as *Cashmerino Baby* in shade 51 demonstrates the product has a cashmere content of 63.7 % wool, 33.6% acrylic and 2.7% cashmere. *See*, Exhibit " 8 ". Notwithstanding this actual fiber content, *Cashmerino Baby* in shade 51 is labeled to have a fiber content of 55 % wool, 33% Microfiber (acrylic) and 12% cashmere. *See*, Exhibits " 3 " and " 4 ". A Continuing Guaranty is on file with the Federal Trade Commission executed by Sion Elalouf on behalf of KFI. *See*, Exhibit " 11 ". Moreover, KFI shipped *Cashmerino Baby* in shade 51 on November 19, 2010 – a date subsequent to Mr. Elalouf's execution of the Continuing Guaranty. *See*, Exhibits " 6 " and " 7 ". KFI has documented its total lack of reticence concerning shipping mis-branded wool products. *See*, Exhibit " 10 ".

By this letter and on behalf of The Knit With – a retailer of wool products which should be able to rely on the truth and accuracy of any Continuing Guaranty filed with the Federal Trade Commission – complaint is hereby respectfully made that Knitting Fever, Inc. has furnished to the Federal Trade Commission a false guaranty pursuant to the Wool Products Labeling Act.

Request is hereby respectfully made that the Federal Trade Commission provide all available relief to The Knit With.

Should you have the need for additional information, please direct your inquiries to this office. Thank you for your attention to this matter.

Very truly yours,

LAW OFFICE OF JAMES F. CASALE

BY: _____
James F. Casale, Esquire

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EXHIBIT " 1 "

JAMES FRANCIS CASALE, ESQUIRE
Counselor at Law

MEMORANDUM

TO : File

FILE : ***The Knit With v. Knitting Fever, Inc. et al.*** File

FROM : J. F. Casale

SUBJECT : Cashmere Yarns Available To US Yarn Retailers For Consumer Resale

DATE : 25 August, 2010

This memo identifies – by brand name, labeled fiber content and, where appropriate, the results of fiber analyses – the 116 'cashmere' yarns available for commercial sale to US yarn retailers between 2001 and 2006.

Chart 1. Pure Cashmere Yarns

NO.	Distributor	Brand Name	Yarn	Labeled Fiber Content	Testing Results
1.	REDACTED	REDACTED	100% Cashmere	100% Cashmere	Not Applicable
2.	REDACTED	REDACTED	Capella	100% Cashmere	Not Applicable
3.	REDACTED	REDACTED	Cashmere One	100% Cashmere	Not Applicable
4.	REDACTED	REDACTED	Cashmere Luxe	100% Cashmere	Not Applicable
5.	REDACTED	REDACTED	Forbidden	100% Cashmere	Not Applicable
6.	REDACTED	REDACTED	Indulge	100% Cashmere	Not Applicable
7.	REDACTED	REDACTED	Lavish	100% Cashmere	Not Applicable
8.	REDACTED	REDACTED	Obsession	100% Cashmere	Not Applicable
9.	REDACTED	REDACTED	Romance	100% Cashmere	Not Applicable
10.	REDACTED	REDACTED	Sinful	100% Cashmere	Not Applicable
11.	REDACTED	REDACTED	Stormy	100% Cashmere	Not Applicable
12.	REDACTED	REDACTED	Cashmere A-34	100% Cashmere	Not Applicable
13.	REDACTED	REDACTED	Cashmere Nep A-96	100% Cashmere	Not Applicable
14.	REDACTED	REDACTED	Carmela	100% Cashmere	Not Applicable
15.	REDACTED	REDACTED	Virtue	100% Cashmere	Not Applicable
16.	REDACTED	REDACTED	LightWeight Cashmere	100% Cashmere	Not Applicable
17.	REDACTED	REDACTED	SuperCashmere	100% Cashmere	Not Applicable
18.	REDACTED	REDACTED	SuperCashmere Fine	100% Cashmere	Not Applicable
19.	Knitting Fever, Inc.	**Debbie Bliss** *	**Pure Cashmere**	100% Cashmere	**65% Cashmere**
20.	Knitting Fever, Inc.	Laines du Nord	Royal Cashmere	100% Cashmere	**As Labeled**
21.	REDACTED	REDACTED	Cashmere	100% Cashmere	Not Applicable
22.	REDACTED	REDACTED	Solo	100% Cashmere	Not Applicable
23.	REDACTED	REDACTED	Cashmere	100% Cashmere	Not Applicable
24.	REDACTED	REDACTED	Prestige	100% Cashmere	Not Applicable
25.	REDACTED	REDACTED	Cachemir	100% Cashmere	Not Applicable
26.	REDACTED	REDACTED	Royal Cashmere	100% Cashmere	Not Applicable
27.	REDACTED	REDACTED	Cashmere	100% Cashmere	Not Applicable
28.	REDACTED	REDACTED	Cashmere Millefiori	100% Cashmere	Not Applicable
29.	REDACTED	REDACTED	Cashmere Trend	100% Cashmere	Not Applicable
30.	REDACTED	REDACTED	Cashmere Tweed	100% Cashmere	Not Applicable
31.	REDACTED	REDACTED	Cashmere Handspun	100% Cashmere	Not Applicable
32.	REDACTED	REDACTED	Cashmere	100% Cashmere	Not Applicable

* A 'controlled' or proprietary brand name of Knitting Fever, Inc.

Source: Knitting Fever, Inc., Yarndex and K.D. Langley Fiber Services

Chart 2. Novelty Cashmere Yarns

NO.	Distributor	Brand Name		Yarn	Labeled Fiber Content	Testing Results
1.	REDACTED	REDACTED		Duchess	40% Merino, 28% Rayon, 15% Nylon, 10% Cashmere, 7% Angora	Not Applicable
2.	REDACTED	REDACTED		Intrigue	92% Cashmere, 5% Polyester, 3% Nylon	Not Applicable
3.	REDACTED	REDACTED		Princess	40% Merino, 28% Viscose, 15% Nylon, 10% Cashmere, 7% Angora	Not Applicable
4.	REDACTED	REDACTED		Posh	70% Silk, 30% Cashmere	Not Applicable
5.	REDACTED	REDACTED		Posh Print	70% Silk, 30% Cashmere	Not Applicable
6.	REDACTED	REDACTED		Breeze	60% Silk, 40% Cashmere	Not Applicable
7.	REDACTED	REDACTED		Frost	40% Rayon, 30% Silk, 30% Cashmere	Not Applicable
8.	REDACTED	REDACTED		Richesse et Soie	65 Cashmere, 35% Silk	Not Applicable
9.	Knitting Fever	Debbie Bliss	*	Cotton Cashmere	85% Cotton, 15% Cashmere	Unknown
10.	Knitting Fever, Inc.	Noro	*	**Lotus**	57% Rayon, 23% Nylon, 12% Acrylic, 8% Cashmere	**No Cashmere**
11.	Knitting Fever, Inc.	Noro	*	Tidori	60% Rayon, 35% Nylon, 5% Cashmere	Unknown
12.	Knitting Fever, Inc.	Noro	*	**Transitions**	55% Wool, 10% Silk, 7% Cashmere, 7% Angora, 7% Alpaca, 7% Camel, 7% Kid Mohair	**No Cashmere**
13.	REDACTED	REDACTED		Will Ewe be Mine	45% Acrylic, 20% Wool, 15% Nylon, 10% Mohair 10% Cashmere	Not Applicable
14.	REDACTED			Cashmere Silk	55% Silk, 45% Cashmere	Not Applicable
15.	REDACTED			Italian Cashmere Blend	40% Wool, 28% Rayon, 15% Nylon, 10% Cashmere, 7% Angora	Not Applicable
16.	REDACTED	REDACTED		Kashmir	65% Cashmere, 35% Silk	Not Applicable
17.	REDACTED	REDACTED		Aiko	80% Cashmere, 20% Nylon	Not Applicable
18.	REDACTED	REDACTED		Aiko Baby	80% Cashmere, 20% Nylon	Not Applicable
19.	REDACTED	REDACTED		Elen Cashmere	35% Wool, 35% Rayon, 25% Cashmere, 5% Silk	Not Applicable
20.	REDACTED	REDACTED		Bollicina	65% Cashmere, 35% Silk	Not Applicable
21.	REDACTED	REDACTED		Kashmir	65% Cashmere, 35% Silk	Not Applicable
22.	REDACTED	REDACTED		Cashcotton 4 Ply	35% Cotton, 25% Nylon, 18% Angora, 13% Rayon 9% Cashmere	Not Applicable
23.	REDACTED	REDACTED		Cashcotton DK	35% Cotton, 25% Nylon, 18% Angora, 13% Rayon 9% Cashmere	Not Applicable

* A 'controlled' or proprietary brand name of Knitting Fever, Inc.

Source: Knitting Fever, Inc., Yarndex and K.D. Langley Fiber Services

Chart 3. Wool Cashmerino Yarns.

NO.	Distributor	Brand Name		Yarn	Purported Fiber Content	Testing Results
1.	REDACTED	REDACTED		Cashmere Anny	85% Wool, 15% Cashmere	Not Applicable
2.	REDACTED	REDACTED		Cashmerino	80% Merino Wool, 20% Cashmere	REDACTED
3.	REDACTED	REDACTED		Cashmere Tweed	65% Wool, 35% Cashmere	Not Applicable
4.	REDACTED	REDACTED		Charmed	85% Cashmere, 15% Mohair	Not Applicable
5.	REDACTED	REDACTED		Cashmere Blend	50% Wool, 50% Cashmere	Not Applicable
6.	REDACTED	REDACTED		Boise	50% Wool, 50% Cashmere	Not Applicable
7.	REDACTED	REDACTED		Margrite	80% Merino Wool , 20% Cashmere	Not Applicable
8.	REDACTED	REDACTED		Margrite Bulky	80% Merino Wool, 20% Cashmere	Not Applicable
9.	REDACTED	REDACTED		Ambrosia	80% Baby Alpaca, 20% Cashmere	Not Applicable
10.	Knitting Fever, Inc.	Mondial		Gold	80% Extrafine Merino, 20% Cashmere	Not Applicable
11.	Knitting Fever, Inc.	**Queensland**	*	**Big Wave**	90% Wool, 10% Cashmere	**4.9%Cashmere**
12.	REDACTED	REDACTED		Pashmina	78% Wool, 22% Cashmere	Not Applicable
13.	REDACTED	REDACTED		Baby Cashmere	60% Baby Alpaca,30% Merino Wool,10% Cashmere	Not Applicable
14.	REDACTED	REDACTED		Cashmerino	70% Merino Wool, 30% Cashmere	Not Applicable
15.	REDACTED	REDACTED		Truffles	80% Merino Wool, 20% Cashmere	Not Applicable
16.	REDACTED	REDACTED		Pasha	95% Wool, 5%Cashmere	Not Applicable
17.	REDACTED	REDACTED		Cashair	65% Cashmere, 35% Wool	Not Applicable
18.	REDACTED	REDACTED		Cashmina	80% Cashmere, 20% Wool	Not Applicable

* A 'controlled' or proprietary brand name of Knitting Fever, Inc.

Source: Knitting Fever, Inc., Yarndex and K.D. Langley Fiber Services

Chart 4. Silk Cashmerino Yarns

No.	Distributor		Brand Name		Yarn	Purported Fiber Content	Testing Results
1.	REDACTED		REDACTED		Silk Road Aran	85% Merino Wool,10% Silk, 5% Cashmere	REDACTED
2.	REDACTED		REDACTED		Silk Road Ultra	85% Merino Wool,10% Silk, 5% Cashmere	Not Applicable
3.	REDACTED		REDACTED		Silk Road Tweed Aran	85% Merino Wool,10% Silk, 5% Cashmere	Not Applicable
4.	REDACTED		REDACTED		Silk Road Tweed DK	85% Merino Wool,10% Silk, 5% Cashmere	Not Applicable
5.	REDACTED		REDACTED		Chameleon	70% Merino Wool, 20% Silk, 10% Cashmere	Not Applicable
6.	REDACTED		REDACTED		Ambrosia	70% Alpaca, 20% Silk, 10% Cashmere	Not Applicable
7.	REDACTED		REDACTED		Panache	40% Alpaca,20% Cashmere,20% Silk 20% Wool	Not Applicable
8.	Knitting Fever, Inc.		Noro	*	**Amagi**	40% Lambs Wool, 30% Silk, 30% Cashmere	**17.5% Cashmere**
9.	Knitting Fever, Inc.		Noro	*	**Cash Iroha**	40% Silk, 30% Wool, 20% Cashmere, 10% Nylon	**12.8% Cashmere**
10.	Knitting Fever, Inc.		Laines du Nord		Cash Silk	50% Merino Wool, 25% Silk, 25% Cashmere	Not Applicable
11.	Knitting Fever, Inc.		Queensland	*	**Kathmandu Aran**	85% Merino Wool, 10% Silk, 5% Cashmere	**<1% Cashmere**
12.	Knitting Fever, Inc.		Queensland	*	**Kathmandu DK**	85% Merino Wool, 10% Silk, 5% Cashmere	**<1% Cashmere**
13.	Knitting Fever, Inc.		Queensland	*	**Kathmandu Ultra**	85% Merino Wool, 10% Silk, 5% Cashmere	Unknown
14.	Knitting Fever, Inc.		Queensland	*	Llama Seta	85% Merino Wool, 10% Silk, 5% Cashmere	Unknown
15.	Knitting Fever, Inc.		Sublime		Cashmere Merino Silk Aran	75% Extrafine Merino,20% Silk,5% Cashmere	Unknown
16.	Knitting Fever, Inc.		Sublime		Cashmere Merino Silk Baby	75% Extrafine Merino, 20% Silk,5% Cashmere	6.7% Cashmere
17.	Knitting Fever, Inc.		Sublime		Cashmere Merino Silk DK	75% Extrafine Merino,20% Silk, 5% Cashmere	Unknown
18.	REDACTED		REDACTED		Taj Mahal	70% Wool, 22% Silk and 8% Cashmere	Not Applicable
19.	REDACTED		REDACTED		Feeling	70% Merino Wool, 20% Silk, 10% Cashmere	Not Applicable
20.	REDACTED		REDACTED		Le Fibre Nobili Taj Mahal	70% Merino Wool, 22% Silk, 8% Cashmere	Not Applicable
21.	REDACTED		REDACTED		Tweed Lux	85% Wool, 10% Silk, and 5% Cashmere	Not Applicable

* A 'controlled' or proprietary brand name of Knitting Fever, Inc.

Source: Knitting Fever, Inc., Yarndex and K.D. Langley Fiber Services

Chart 5. Acrylic-Nylon Microfiber Cashmerino Yarns.

No.	Distributor	Brand Name		Yarn	Purported Fiber Content	Testing Results
1.	REDACTED	REDACTED		Cash Vero Aran	55% Wool, 33 % Microfiber, 12% Cashmere	Not Applicable
2.	REDACTED	REDACTED		Cash Vero DK	55% Wool, 33 % Microfiber, 12% Cashmere	Not Applicable
3.	REDACTED	REDACTED		Trina	55% Wool, 35 % Microfiber, 10% Cashmere	REDACTED
4.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino Aran**	55% Wool, 33% Microfiber and 12% Cashmere	**No Cashmere**
5.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino Astrakhan**	60% Wool, 30% Microfiber, 10% Cashmere	**No Cashmere**
6.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino Baby**	55% Wool, 33% Microfiber and 12% Cashmere	**No Cashmere**
7.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino Chunky**	55% Merino Wool, 35% Microfiber, 10% Cashmere	**No Cashmere**
8.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino DK**	55% Merino Wool, 33% Microfiber, 12% Cashmere	**No Cashmere**
9.	Knitting Fever, Inc.	Debbie Bliss	*	**Cashmerino Super Chunky**	55% Merino Wool, 33% Microfiber, 12% Cashmere	**No Cashmere**
10.	Knitting Fever, Inc.	Louisa Harding	*	**Kashmir Aran**	55% Merino Wool, 10% Cashmere, 35% Microfiber	**No Cashmere**
11.	Knitting Fever, Inc.	Louisa Harding	*	**Kashmir DK**	55% Merino Wool, 10% Cashmere, 35% Microfiber	**No Cashmere**
12.	Knitting Fever, Inc.	K.F.I.	*	**Cashmere Luxury Aran**	45% Merino Wool, 49% Microfiber, 6% Cashmere	**No Cashmere**
13.	Knitting Fever, Inc.	K.F.I.	*	**Cashmereno DK**	55% Merino Wool, 35% Microfiber, 12% Cashmere	**No Cashmere**
14.	Knitting Fever, Inc.	Noro	*	Cashmere Island	60% Wool, 30% Cashmere, 10% Nylon	Unknown
15.	REDACTED	REDACTED		Lion Cashmere Blend	72% Wool, 15% Nylon, 13% Cashmere	Not Applicable
16.	REDACTED	REDACTED		Nobili	80%Wool, 25% Nylon, 15% Cashmere	Not Applicable
17.	REDACTED	REDACTED		Tibet	80% Wool, 15% Cashmere, 5% Nylon	Not Applicable
18.	REDACTED	REDACTED		**Cashmerino**	55% Wool, 35% Acrylic Microfiber, 10% Cashmere	Not Applicable
19.	REDACTED	REDACTED		**CashSoft Aran**	57% Wool, 33% Acrylic Microfiber, 10% Cashmere	REDACTED
20.	REDACTED	REDACTED		**CashSoft Baby**	57% Wool, 33% Acrylic Microfiber, 10% Cashmere	REDACTED
21.	REDACTED	REDACTED		**CashSoft DK**	57% Wool, 33% Acrylic Microfiber, 10% Cashmere	REDACTED
22.	REDACTED	REDACTED		**CashSoft 4 Ply**	57% Wool, 33% Acrylic Microfiber, 10% Cashmere	REDACTED

* A 'controlled' or proprietary brand name of Knitting Fever, Inc.

Source: Knitting Fever, Inc., Yarndex and K.D. Langley Fiber Services, SGS - Fairfield, STR.

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EXHIBIT " 2 "

DEBBIE BLISS *Cashmerino Baby*

SHADE 51

ACCESSED: 19 DECEMBER, 2010

EXHIBIT " 3 "

Cashmerino Baby by Debbie Bliss

Color #51 - Periwinkle

$10.35

Buy | Find a store

Fiber: **55%MerWool 33%Micr 12%Cashmere** Yardage: **137** Stitche
Ball weight: **50g**
Print colors

EXHIBIT " 4 "

Made in Italy
in accordance with BS984

8 320983 400515

Colour: 340051

Dyelot: 203

55% Merino wool
33% Microfibre
12% Cashmere

125m / 50g

Debbie Bliss®

baby cashmerino

30°

3¼ mm US 3

34 rows

23 sts

TENSION

EXHIBIT “ 5 ”

Invoice

Knitting Fever Inc
P.O.Box 336
315 Bayview Avenue
Amityville, NY 11701
Phone: (516) 546-3600
Fax: (516) 546-6871

Invoice No.	I0582721
Date	11/22/2010
Cust No	REDACTED
Order No.	O0079866
PO Number	John/phone
Tracking #	1Z1945470354009912
Terms	Net 30
Salesman	Jim Baldini

BILL TO:

REDACTED

SHIP TO:

REDACTED

Qty Ord	Description	Item No	Qty Shipped	Qty B/O	Unit Price	Ext Price
5	Baby Cashmerino- Gentian	CASB-51	5	0	45.00	225.00
1	special	MISC	1	0	0.00	0.00

Payment Schedule:

12/22/2010
$ 234.32

Shipping Discrepancies: Any shortage or complaint on a shipment must be reported within 10 days of receipt of goods. No claim will be considered after 10 days. If anything is missing or damaged, please keep the box for UPS to inspect. UPS will not honor claims without the box.
Returns: All sales are final. We do not ship orders on consignment. Where a return is warranted, there will be a 15% restocking charge and the merchandise sent back at the customer's expense. Call tags will be sent only for shipping errors.
Terms: If the balance (or any part thereof) remains unpaid ten days after the net terms payable date, purchaser agrees to pay KFI interest on any unpaid balance at the rate of 1.5 percent per month. Purchaser also agrees to pay all costs that KFI may incur to collect any unpaid balance, including KFI's attorneys' fees. Any dispute hereunder shall be decided in accordance with New York law (exclusive of its choice of law rules). KFI, at its sole discretion, may pursue an action to recover amounts due and owing hereunder either in a court in state where Purchaser maintains a place of business or in any New York State or federal court venued in Suffolk County, New York, having subject matter jurisdiction over the matter. In the latter instance, purchaser acknowledges that its instant purchase constitutes a transaction of business within New York State and that purchaser is therefore subject to personal jurisdiction in New York.

Sales Total:	$225.00
Trade Discounts	*$0.00*
Misc. Charges:	$0.00
Shipping & Handling:	$9.32
	$234.32
Less Paid Amount	*$0.00*
TOTAL	***$234.32***

REDACTED

We Accept Credit Cards (circle one): AMEX VISA MC DISCOVER

Name _____ Card # _____

Signature _____ Exp. Date _____ Amount _____

Please make checks payable to:
Knitting Fever Inc
P.O.Box 336
315 Bayview Avenue
Amityville, NY 11701

EXHIBIT “ 6 ”

UPS SHIPPING INFORMATION
DEBBIE BLISS *Cashmerino Baby*

SHADE 51

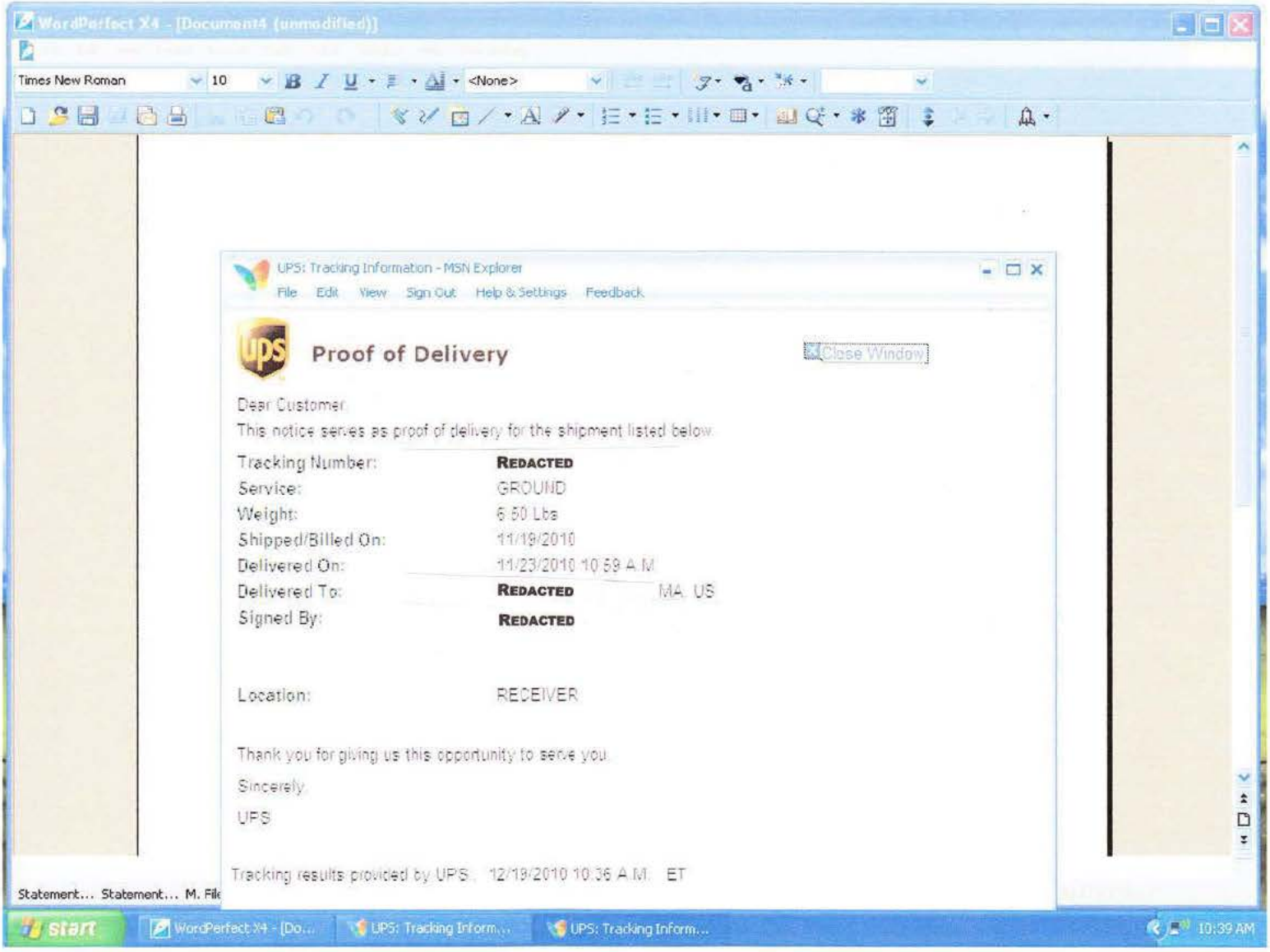


EXHIBIT " 7 "


7 LBS
1 OF 1
SHIP T
REDACTED
REDACTED
REDACTED
MA REDACTED 0-01
UPS GROUND
TRACKING #: REDACTED
BILLING: P/P


REDACTED
7 LBS 1 OF 1
SHP WT: 7 LBS
DATE: 24 NOV 2010
SHIP JAMES CASALE
TO: (215) 247-4726
THE KNIT WITH
8226 GERMANTOWN AVE
PHILADELPHIA PA 19118-3402
PA 191 9-01
UPS GROUND
TRACKING #: REDACTED
BILLING: P/P
REF #2: YARN 1
ISH 13.00 E2442 09 5A 10/2010

EXHIBIT " 8 "

K.D. Langley Fiber Services

P.O. Box 7, Tiverton, RI 02878 • Telephone (401) 624-6868

December 5, 2010

James F. Casale, Esq.
Counselor at Law
The Detweiler House
8226 Germantown Avenue
Chestnut Hill, PA 19118-3402

Report on the Qualitative and Quantitative Fiber Analysis of Yarn

Material Submitted

Sample: One unopened market pack of 10 balls of yarn, 25m/50g.	Yarn: Debbie Bliss	Brand Name: Baby Cashmerino
Color 340051, Dyelot 208	Country of Origin: Italy	Source: Knitting Fever through REDACTED REDACTED . Invoiced by that shop November 24, 2010, sales receipt number 9001.
Purported Content: 55% Merino Wool, 33% Microfibre, 12% Cashmere		

Laboratory Procedure

Fibers were sectioned with a fiber cutter, and mounted on microscope slides. Over 1000 fibers were identified using light microscopy at a magnification of 250-400X. The yarn was tested according to AATCC (American Association of Textile Chemists and Colorists) protocols 20-2007 Fiber Analysis: Qualitative, and 20A-2008: Quantitative (reference: sections 12 & 14 Chemical and Microscopical Analysis Procedures) which are generally accepted in the fiber and testing fields as reliable and definitive to determine whether a yarn contains the fibers claimed on its labeling as required by and in accordance with The Wool Products Labeling Act.

Results

Fiber Content
63.7% Wool, 33.6% Acrylic, 2.7% Cashmere

The opinion expressed in this report is expressed to a reasonable degree of scientific certainty based upon the tests performed and my knowledge and experience in the field of fiber testing.

Sincerely yours,

Kenneth D. Langley

EXHIBIT “ 9 ”

FILATURA PETTINATA V. V. G.

di Stefano Vaccari & C. s.a.s.

13871 BENNA (Biella) - Via Gianasso, 11

☎ (015) 5821112 - Fax (015) 5821475
N° Meccan. BI 000041
P. IVA IT 00169310028
C.F. 001693 0028
C.C.I.A.A. Vercelli 99625
Iscriz. Trib. Biella n. 5082

DATA 10.07.2006

Fax-Message no 501/06 to: DESIGNER YARNS LTD
KNITTING FEVER INC.

To: Mr David Watt
Mr Sion Elalouf

Ref.: Cashmere matters

Dear David,
Dear Sion,

Thank You very much for the meeting we had in Florence last week; it is always a pleasure seeing You.

1) Lab. report:

herewith enclosed please find one report, done on 6 different cashmerino products. The name on the first page of the report (Manifatture Tessili Riunite srl) is the name of our supplier of the fibre, to whom is addressed the report.
Further to an additional tel. conversation with the labor, we can give the following further comments:

a) the labor in question informed, as we already discussed, that it is not easy to separate exactly very similar animal fibres; thay have therefore mentioned as cashmere all what is cashmere for sure. There is then a part of the total animal fibres which might be both cashmere and wool. The difference between the percentage of 10% that we put, and the declared percentage (around 6%) is to be searched by that part. The difficulty of these kind of tests is also shown by the result of lab 6, where the labor seems to find also 0,6% angora.

b) from this report we note a discrepance of percentage between animal fibres (wool/cashmere) and microfibre (acrylic). The labor comments that this is often a combination of two reasons: higher production losses by animal fibres, and not right percentage of humidity in the tested balls (animal fibres too dry). In any case, we will correct the percentage by future productions, in order to reduce this discrepance.

2) Cascade Yarns:

on friday, we have a meeting with Cascade yarns. We had a long and frank conversation with them. First, Cascade confirmed that it was own decision to test the yarn (You, Sion, supposed that behind this matter was Coats, due to the other current matters, but I can confirm it is not the fact).
I strongly protested against this decision and asked for the reason: he answered that he was not able to understand how is possible to sell this blend at the current price on the market, and wanted to investigate about the content. I cannot comment it, because I am not informed about price level on the final market, just

FILATURA PETTINATA V. V. G.
di Stefano Vaccari & C. s.a.s.
13871 BENNA (Biella) - Via Gianasso, 11

☎ (015) 5621112 - Fax (015) 5621475
N° Meccan. BI 000041
P. IVA IT 00160310026
C.F. 00160310026
C.C.I.A.A. Vercelli 99580
aoriz. Trib. Biella n. 5062

DATA .....

give the information so as I received.
Cascade told us many times that they did not intend to give the informations to the market, and that they are not happy about what is happened, even more now that they have known that we are the producers of this line, because they have no doubts about our reliability. They said that one reps had seen the report (at TNNA?) and talked about other prople, so started the rumours.
They have promised us to do all what is possible for stopping this matter asap.
We have commented that these kind of matters are quite dangerous: if everybody start testing everything on the marked, the consequence would be a "big war", and everybody will only get problems; they agreed with our point of view.
In case of need, we are ready to start testing different products, even if we think the best solutions for everybody would be to try stopping the rumours.

3) Considerations:

usualy, for hand knitting yarns (so heavy metric/final counts, yarns usualy treathed with products which add softness and volume to the yarn, due to the presentation on balls) there is no need to use the best cashmere qualities, because nobody would feel the difference. So we, as many hand knitting yarn producers, usualy use these kind of "second level" cashmere. But if there are these kind of risks, we need to seriously think how to proceed in the future.
In our opinion, there are following possibilities to check:
a) we continue so as done so far, if we think that the risks are not too big.
b) we stop with this kind of blend.
c) we change the blend and use the best possible cashmere quality, which will be easier to find in case of lab checks. Of course, the price would change.
Your comments here will be highly appreciated. If You feel the possibility "c" would be the best one, I will check and finalize best possible price.

Best Regards,

FILATURA V.V.G.
Alberto Oliaro

DUE TO A STORM ON FRIDAY, OUR E-MAIL SYSTEM IS NOT RUNNING AT THE MOMENT. SO PLEASE USE FAX FOR FURTHER INFORMATIONS.
THANK YOU.

RAPPORTO DI PROVA n. 061331	M.5.10 Rev. 1 Foglio n.1 di 2

Centro Qualità Tessile s.r.l.
Via G. Leopardi, 25
41012 Carpi (MO)
Tel. 059 642628
Fax 059 646240
e-mail: info@studiobonfiglioli.it

Committente:

Manifatture Tessili Riunite srl
Via Dante Alighieri, 88
13876 Sandigliano (Biella)

Data ricevimento richiesta: 16/06/2006	Data di inizio dell'analisi: 19/06/2006 Data di fine dell'analisi: 22/06/2006

Prodotti ed identificazione:

n. 6 Rocche.

Nota : Il campionamento è stato effettuato dal committente

Il presente Rapporto di Prova è composto dai seguenti risultati di prova:

Data di emissione	L'analista	Il Responsabile Tecnico
22/06/2006	Cintori Marco	per Studio Bonfiglioli

1404 Analisi quantitativa di mischie ternarie di fibre tessili

Modalità di prova
Norma: DM 31/01/74, Direttiva CEE del 16/12/96 (96-73/Ce), D.L. n°194 del 22/05/99 e Legge 669 del 04/10/86.
Pre-trattamento: no
Solventi utilizzati: Ipoclorito di sodio
Numero provette: 1

Risultati		Rocca colore rosa REF. 1	Rocca colore verde REF. 2	Rocca colore bianca REF. 3
Lana	%	53.0	59.9	53.3
Acrilico	%	41.3	40.6	41.2
Kashmir	%	5.7	5.5	5.5

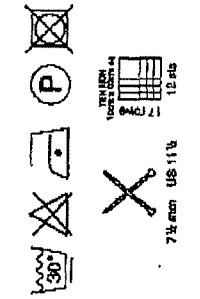
Risultati		Rocca colore azzurra REF 4	Rocca colore nero REF. 5
Lana	%	53.4	54.6
Acrilico	%	40.2	39.7
Kashmir	%	6.4	5.7

1405 Analisi quantitativa di mischie di fibre tessili quaternarie

Modalità di prova
Norma: DM 31/01/74, Direttiva CEE del 16/12/96 (96-73/Ce), D.L. n°194 del 22/05/99 e Legge 669 del 04/10/86.
Pre-trattamento: no
Solventi utilizzati: Ipoclorito di sodio
Numero provette: 1

Risultati		Rocca colore azzurra REF. 6
Lana	%	53.0
Acrilico	%	40.7
Kashmir	%	5.7
Angora	%	0.6

REF. 4



Debbie Bliss®

cashmerino superchunky

55% Merino wool
33% Microfibre
12% Cashmere

75m / 100g

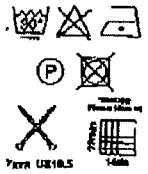
Colour: 16006 Dyelot: 13

0 832098 000170

Made in Italy
In accordance with BS984

REF. 5

Made in Italy
Distributed by
Designer Yarns Limited
www.designeryarns.uk.com



55% Merino wool
33% Microfibre
12% Cashmere

65m / 50g

Debbie Bliss®

cashmerino chunky

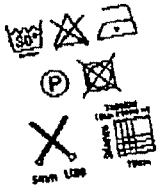
Colour: 17001

Dyelot: 24

0 832098 170019

REF. 6

Made in Italy
In accordance with BS984



55% Merino wool
33% Microfibre
12% Cashmere

90m / 50g

Debbie Bliss®

cashmerino aran

Colour: 300202

Dyelot: 67

8 832098 040122

REF. 1

Made in Italy
Distributed by
Designer Yarns Limited
www.designeryarns.uk.com

4mm US6

55% Merino wool
33% Microfibre
12% Cashmere

110m / 50g

Debbie Bliss®

cashmerino dk

Colour:
18016

Dyelot:

8 32098 018016 8

REF. 2

Debbie Bliss®

baby cashmerino

55% Merino wool
33% Microfibre
12% Cashmere

125m / 50g

340002

Colour: Dyelot:

0 832098 004796

Made in Italy
In accordance with BS984

REF. 3

Made in Italy
Distributed by
Designer Yarns Limited
www.designeryarns.uk.com

4mm US6

55% Merino wool
33% Microfibre
12% Cashmere

110m / 50g

Debbie Bliss®

cashmerino dk

Colour:
18002

Dyelot:

8 32098 018002 1

Exhibit “ 10 ”

Anna Sporay

From: REDACTED
Sent: Tuesday, August 22, 2006 3:09 AM
To: Nancy Blake
Subject: Re: Job no. 676102 - Cashmere luxury yarn

These guys REDACTED

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Nancy Blake < REDACTED >
To: Sion Elalouf (E-mail) >
CC: Jay Opperman (E-mail) ; Eric Yates (E-mail)
< ; Mariellen E. Race < REDACTED >; REDACTED
< REDACTED >
Sent: Mon Aug 21 13:07:54 2006
Subject: Job no. 676102 - Cashmere luxury yarn

Good Afternoon Sion,

I'm sure had the previous buyer been aware that there were all of these major issues with these yarns she wouldn't have accepted them in until those issues had been corrected. I only became aware of the issues recently myself and believing KFI stood behind their yarns, I've been trying to resolve them as quickly as possible!

I refer to those yarns that way to differentiate them from all the the good, saleable yarn that KFI ships to us. I'm not asking for a return on everything we carry from KFI, just the unsaleable yarns do to missing legal requirements and fiber content not matching the stated fiber content on the ball bands.

Both are very valid and concerning issues that require immediate action that KFI hasn't given as of yet.

I agree that we need to move on so we can discuss future business and ways to increase it. In order to do that I need the RA and calltag/shipping information from KFI to return these goods.

Thank you!
Nancy

-----Original Message-----
From: [mailto: l.]
Sent: Thursday, August 17, 2006 12:31 PM
To: Nancy Blake
Cc: n
Subject: Re: FW: Job no. 676102 - Cashmere luxury yarn

Dear Nancy,

We object in the strongest possible terms to your characterizing our yarns as "bad" and "unsaleable." As I have repeatedly told you, we absolutely stand behind our yarns eventhough some of these were delivered and accepted by you some two years ago, and we've proposed arranging for necessary labeling at your premises or at our premises.

These steps completely satisfy our legal obligations to you. In contrast, you continue to make unreasonable demands that go far beyond the scope of any good faith business negotiations or your legal rights.

We need to move on. Please let me know when we can expect the first 6 pallets so we can inform receiving to be on the look out for them.

Regards,

Sion

Sion,

Does this mean that KFI is not standing behind their product and will not give us an RA for the bad Cash Lux yarn or the unsaleable assortment of KFI yarns in our warehouse?

Regards,
Nancy
-----Original Message-----
From: [redacted]
Sent: Wednesday, August 16, 2006 4:31 PM
To: Nancy Blake
Subject: Re: Job no. 676102 - Cashmere luxury yarn

Hello Nancy,

The bottom line is that the Cashmere Luxury product you bought from us is just fine and we would like you to sell through your inventory as well as the inventory we hold here for you.

In the event you were to replace it, I was not suggesting you buy a similar product from us. This product is as good as it gets for what it is. I was suggesting you look at other companies' offering of a low cashmere blend. And in all cases, I was suggesting you test the blend as I am confident you will have the same story. It is just the nature of the beast.

I have addressed the warehouse yarns numerous times. That is all we are prepared to do.

Regards,

Sion

Hello Sion,

The SGS test results show the product doesn't contain the fiber content it's supposed contain per the label. We sent those samples directly from our stores selling floor. KFI recommended the CCMI website for testing labs so I'm puzzled why KFI is disputing the results.

We've carried this product for two years believing in KFI's reputation and the label was correct, since we've found the product doesn't match the label, I would have expected KFI to stand behind their product and take whatever corrective action was necessary to remedy this situation.

I don't know what a Certificate of Complaince is and don't recall that being offered anywhere in these emails.

As I said before, we need to resolve this so we can move forward with business and find a replacement for the Cashmere Luxury product. I'm confused, does KFI not have any product they are recommending to replace Cash Lux? Are you suggesting we test whatever you recommend as a replacement before we bring it in? If so, I would need to have actual final goods and not sample balls to send out for testing and KFI would have to reimburse us for the cost of testing.

Don't foget to forward the RA info for the unsaleable Warehouse yarns today!

Regards,

Nancy

-----Original Message-----
From:
Sent: Tuesday, August 15, 2006 5:07 PM
To: Nancy Blake
Cc:
Subject: Re: Job no. 676102 - Cashmere luxury yarn

Hello Nancy,

I am shocked to see you refer to the Cashmere Luxury as substandard. You have carried this product for two years now and never had a single complaint.

I tell you again that there is nothing wrong with the product and that it conforms. I have sent you results of lab tests done on it and we are continuing to do more tests which will follow as the results become available. I have even offered you a certificate of compliance.

Should you wish to stop carrying this product or to replace it with another, that is up to you. I would however ask you to work through the inventory we are sitting with as it was brought in just for your company.

And in the case where you would consider replacing our blend with another, I would recommend that you test the product you wish to replace ours with. I am confident you will have a similar situation with all low cashmere wool blend yarns.

Regards,

Sion

Exhibit “ 11 ”

CONTINUING GUARANTY

1. LEGAL NAME OF GUARANTOR FIRM

Knitting Fever, Inc.

2. NAME UNDER WHICH GUARANTOR FIRM DOES BUSINESS, IF DIFFERENT FROM LEGAL NAME

3. TYPE OF COMPANY

☐ PROPRIETORSHIP ☐ PARTNERSHIP ☒ CORPORATION

4. ADDRESS OF PRINCIPAL OFFICE OR PLACE OF BUSINESS *(Include Zip Code)*

315 Bayview Avenue
Amityville, NY 11701
United States

OPTIONAL INFORMATION

TELEPHONE NUMBER: (516) 546-3600

FAX NUMBER: (516) 546-6871

INTERNET ADDRESS: www.knittingfever.com

5. LAW UNDER WHICH THE CONTINUING GUARANTY IS TO BE FILED *(Put an "X" in the appropriate boxes)*

☐ Under the **Textile Fiber Products Identification Act** (15 U.S.C. § 70-70k): The company named above, which manufactures, markets, or handles textile fiber products, guarantees that when it ships or delivers any textile fiber product, the product will not be misbranded, falsely or deceptively invoiced, or falsely or deceptively advertised, within the meaning of the Textile Fiber Products Identification Act and the rules and regulations under that Act.

☒ Under the **Wool Products Labeling Act** (15 U.S.C. § § 68-68j): The company named above, which manufactures, markets, or handles wool products, guarantees that when it ships or delivers any wool product, the product will not be misbranded within the meaning of the Wool Products Labeling Act and the rules and regulations under that Act.

☐ Under the **Fur Products Labeling Act** (15 U.S.C. § § 69-69k): The company named above, which manufactures, markets, or handles fur products, guarantees that when it ships or delivers any fur product, the product will not be misbranded, falsely or deceptively invoiced, or falsely or deceptively advertised, within the meaning of the Fur Products Labeling Act and the rules and regulations under that Act.

6. CERTIFICATION

Under penalty of perjury, I certify that the information supplied on this form is true and correct.

SIGNATURE OF PROPRIETOR, PRINCIPAL/PARTNER, OR CORPORATE OFFICIAL

7. NAME *(Please print or type)*

Sion Elalouf

8. TITLE

President

9. CITY AND STATE WHERE SIGNED

Amityville, NY

10. DATE

11-4-2010

INSTRUCTIONS

The Textile Fiber Products Identification Act, the Wool Products Labeling Act, and the Fur Products Labeling Act provide that any marketer or manufacturer of fiber or fur products covered by those Acts may file a continuing guaranty with the Federal Trade Commission. A continuing guaranty on file assures customer firms that the guarantor's products are in conformance with the Act(s) under which the guarantor has filed. Customer firms rely on the continuing guaranties for protection from liability if violations occur.

In completing this form, please observe the following:

(a) All appropriate blanks on the form should be filled in. Include your Zip Code in Item 4.

(b) In Item 6, signature of proprietor, partner, or corporate official of guarantor firm.

(c) Send two completed, signed original copies to:
Federal Trade Commission
Division of Enforcement
600 Pennsylvania Ave, NW
Washington, DC 20580

(d) Do not fax application - mail signed originals only.

Continuing guaranties filed with the Commission continue in effect until revoked. The guarantor must immediately notify the Commission in writing of any change in business status. Any change in the address of the guarantor's principal office and place of business must also be promptly reported.

DO NOT USE THIS SPACE

Filed Nov. 12 20 10

FEDERAL TRADE COMMISSION

K.D. Langley Fiber Services

P.O. Box 7, Tiverton, RI 02878 • Telephone (401) 624-6868

December 13, 2011

J. F. Casale, Esquire
8226 Germantown Avenue
Chestnut Hill, PA 19118-3402

Report Addressing the Composition and Fiber Content of Handknitting Yarns
Case: The Knit With v. Knitting Fever, Inc. et. al.
Docket No. USDC E.D. PA 2008-CV-04221

Dear Mr. Casale,

This letter reports my opinions and facts derived from analyses performed to ascertain the composition and fiber content of six wool products. The products are handknitting yarns. The labeling of the products purport each contains a specified quantity of cashmere.

The analyses performed on wool products supplied to The Knit With ("TKW") are directed to determine whether the products conform to the purported fiber content as claimed on the product labels. The labels applied to the products supplied to TKW fail to accurately state the products' fiber content. In all six instances, the analyses performed demonstrate the absence of the requisite amount of cashmere.

Background

Wool products introduced for sale in the United States are required to be labeled. The labeling requirements are established by the Wool Products Labeling Act ("WPLA"), and the rules and regulations adopted under that Act by the Federal Trade Commission ("FTC"). Specifically, labels attached to wool products are required to accurately disclose the products' actual fiber content among other items. Where the composition of a wool product consists of multiple types of fiber, the product labeling is required to specify the proportionate content of each identified and present fiber type or the proportionate content of each claimed type of fiber.

The WPLA, or the Wool Law, identifies cashmere as a type of wool. The FTC has long defined cashmere as the hair of a certain breed of goat, *capra hircus laniger*. This definition distinguishes cashmere from the hair produced by other breeds of goat. Another goat fiber is the hair of the angora goat, commonly known as mohair. Simply put, while all cashmere is goat hair, not all goat hair is cashmere.

The definition of cashmere as the hair of the cashmere goat pre-dates my participation in the field of fiber analysis. Through 2006, fiber analysts and the fiber trade generally define cashmere as the undercoat hair of the cashmere goat with a measurable diameter not exceeding 18.5 m (microns). This definition excludes the more coarse fiber, or guard hair. The fine undercoat fibers provide greater insulation. This definition notwithstanding, cashmere fibers are identified by scale patterns present on the surface of fibers. The scale patterns are unique to each fiber-producing animal. See Figure 1. Trained and experienced fiber analysts use scale patterns to identify the various types of wool fiber – for example, to distinguish between the wool fiber of the sheep from the fiber produced by the goat. The identification of cashmere by scale patterns also pre-dates my participation in the field of fiber analysis.

When viewed under a microscope, animal fibers, including cashmere, display cuticle scales. The cuticle scales observable on the surface of animal fibers are not present in manufactured fibers, including acrylic. This absence of cuticle scales generally indicates to the fiber analyst the presence of manufactured fibers such as acrylic. Absent chemical or other surface modification of animal fibers, fiber analysts can readily and easily distinguish animal fibers, including wool and cashmere, from manufactured fibers including acrylic. See Figure 2.

The amendment of the Wool Law enacted in December, 2006, among other provisions, further defines cashmere. The 2006 amendment defines cashmere as (A) the fine (dehaired) undercoat fibers produced by a cashmere goat (*capra hircus laniger*); (B) with an average diameter not exceeding 19 microns; and (C) containing not more than 3 percent (by weight) of cashmere fibers with average diameters that exceed 30 microns. The amendment provides the average fiber diameter may be subject to a coefficient of variation around the mean that shall not exceed 24 percent. Again, simply put, not all fiber produced by the cashmere goat may be identified as cashmere in wool products.

Retainer

Beginning in July, 2006, I performed fiber analyses for TKW on multiple handknitting yarns including the six wool products pertinent to this report: *Debbie Bliss Baby Cashmerino*, *Debbie Bliss Cashmerino Aran, KFI Cashmereno*, and three Noro yarns: *Amagi*, *Cash Iroha* and *Lotus*. Since July, 2006, I have performed additional testing of certain *Cashmerino* products. The results of each analysis performed are reported below.

I have, since July, 2006, been retained by the Law Office of James F. Casale, TKW's counsel. My rate for testimony and preparation therefor at trial or deposition in this matter is $ 375.00 per hour. I am older than eighteen (18) years of age. I have personal knowledge of the factual findings set forth in this report and, if called to do so, I could and would testify, under oath, truthfully and competently to these facts and the opinions derived from these facts.

Qualifications

I am Chancellor Professor in the Department of Bioengineering of the College of Engineering of the University of Massachusetts Dartmouth. I have been a member of the faculty of the University of Massachusetts Dartmouth since September 1968. From September 1968 to September 1974, I was an Assistant Professor; from September 1974 through September 1982, I was an Associate Professor; from September 1982 through September 2001, I was a Professor. In September 2001, I became Chancellor Professor and Chairperson of the Department of Materials and Textiles. That department is now known as the Department of Bioengineering.

My primary fields of teaching are Fibers, Textile Manufacturing, Design of Experiments and Statistical Quality Control. I have taught courses in yarn technology, statistical methods and quality control, statistical process control and fiber microscopy. A true and correct copy of my *Curriculum Vitae* is attached hereto as Exhibit A.

I received my Master of Science from the Institute of Textile Technology affiliated with the University of Virginia in Charlottesville, Virginia in 1968 where my major field of study was Textile Technology. I received my Bachelor of Science from the University of Massachusetts Dartmouth in 1964.

Prior to beginning my academic career, from June 1964 to September 1966, I was employed as a Process and Product Control Engineer by the E.I. DuPont Company

I am the author of peer reviewed journal articles on numerous topics including microscopic analysis of specialty fibers and cashmere fiber analysis. I have also presented papers at professional conferences on topics including fine animal fiber analysis and the quantitative analysis of fiber blends. I have previously been qualified as an expert witness in the area of fiber analysis by the United States District Court for the District of Massachusetts, among other jurisdictions. A list of my publications, articles, presentations and papers along with identification of matters where I have testified as an expert appear in my *Curriculum Vitae*.

Since 1984, I have been a Fellow of the Textile Institute and a Chartered Textile Technologist. I am a member of the American Association of Textile Chemists and Colorists ("AATCC") and am the Secretary of AATCC Committee RA 24 for Fiber Analysis, a member of American Association for Testing and Materials ("ASTM") Committee D13, a member of the Scientific Advisory Committee of the Cashmere and Camel Hair Manufacturers Institute ("CCMI"), the Textile Advisory Committee of the International Standards Organization ("ISO"), and a member of the European Fiber Network, the Textile Institute and the Fiber Society. I am the principal author of changes and improvements to AATCC Test Method 20-1998 for Fiber Analysis, Qualitative. I have conducted training programs in fiber analysis (including the identification and quantification of cashmere fibers) for the United States Customs Service and the FTC.

I was a member of the design team for the International Round Trial for Fiber Identification Laboratories for CCMI in 1997 and 1998 and have participated in fiber round trials for CCMI in 1996, 1999, 2000, 2005, 2007, 2008, 2009-10, and 2011. I am listed by CCMI as capable of identifying and distinguishing fine animal hair fibers and to have the necessary facilities to do so.

Since 1998, I have been the ISO designated expert for the identification of cashmere in the United States and have served on ISO's U.S. Textile Advisory Committee.

I have served as an appointed arbitrator before the International Wool Textile Organization ("IWTO") in a dispute involving a fiber supplier and a textile manufacturer.

In addition to my work as a professor and scholar, I maintain a private practice focusing on the laboratory analysis of specialty animal fibers, including cashmere. My private practice commenced in approximately 1992 and is known as K.D. Langley Fiber Services. The practice operates from a secured and self-contained laboratory adjacent to my home where I maintain my books, records, computers and laboratory equipment. I have personally conducted hundreds of tests using the facilities of my laboratory and the results of those tests have been certified in laboratory trials conducted by CCMI. My laboratory has been identified as an approved laboratory for purposes of the analysis of specialty animal fibers by CCMI.

Since 1990, I have acted as a consultant to CCMI and have conducted hundreds of reports of fiber analysis of samples submitted through the CCMI testing program. More specifically, since March 2008, I have completed at least 47 reports of fiber analysis for CCMI. I have also been engaged to provide fiber testing services by retailers and importers throughout the United States including Nordstrom, L.L. Bean, Costco, Marshalls, Home Shopping Network, Republic Clothing, Ecco and Dawson Forte. I have also analyzed the fiber content of handknitting yarns for JCA, Inc., Westminster Fibers and Cascade Yarns, Inc.

Fiber Analysis Standards

The generally accepted methodology for the analysis of specialty animal fibers is documented in numerous peer-reviewed publications and industry standards, including the following: AATCC protocols 20 Fiber Analysis: Qualitative and 20A: Quantitative. Since at least 1978, AATCC protocols 20 and 20A (in their then-current forms, subject to periodic revision as identified by the year indicated) have been admitted as evidence in FTC administrative proceedings involving actions where fiber testing methodologies have been at issue. These standards are generally accepted in the field of fiber analysis of specialty animal fibers in academia, industry as well as by the FTC.

In my experience, including consulting with and leading training sessions for the FTC and United States Customs, these tests are generally accepted and deemed reliable within the scientific community of the United States to determine whether product labels are accurate and, therefore, in compliance with the Wool Products Labeling Act of 1939, 15 U.S.C. 68. Based on my experience in participating in meetings and symposiums in the United States and abroad, these test methodologies are generally accepted in both Asia and Europe.

Testing of wool products performed according to AATCC protocol 20 Fiber Analysis: Qualitative identifies the presence (or absence) of specific types of fibers comprising the product. Testing conducted according to AATCC

protocol 20A Fiber Analysis: Quantitative ascertains the proportionate content of each type of fiber comprising a blended fiber product. The various test methods established by each protocol are not interchangeable.

Fiber Analysis Methodology

Before forming any conclusions about the presence (or absence) of any particular animal fiber, including cashmere, an expert in the field of fiber analysis should identify samples, as well as labels or product identification setting forth the fiber content and should prepare those samples for analysis as provided in the applicable and generally accepted testing standards.

Before forming any conclusions about the presence (or absence) of cashmere in the subject yarns, I followed the above generally accepted, peer-reviewed methodologies of fiber analysis described in this report. In this regard, among other things, I ascertained and recorded data from the labels of the subject products, including the identification of the product name (and where possible the manufacturer), color and the dye lot. That information is included within each *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I personally completed for each of the subject yarns supplied to TKW. All reports of my analyses are maintained by K.D. Langley Fiber Services in the ordinary course of its business, and copies of those reports are provided to the customer that commissioned the test at or near the time the tests are conducted. Issued reports remain subject to revision to correct typographical errors; the substantive findings obtained remain intact.

In accordance with the AATCC protocols, fibers of the subject yarns were sectioned with a fiber cutter and mounted on microscope slides. Between 500 and 1,000 fibers from each sample were identified using light microscopy at a magnification of 250-400X. These yarns were tested according to AATCC protocols 20-2004 Fiber Analysis: Qualitative and 20A-2000 and 20A-2004: Quantitative which are generally accepted in the scientific community for fiber testing as reliable and definitive to determine whether a yarn contains the fibers claimed on its labeling.

Reports of Fiber Analyses Performed

Attached hereto as Exhibit B is a true and correct copy of a *Report on the Qualitative Fiber Analysis of Yarns* that I completed on July 18, 2006 with respect to the yarns identified under various dyelots of Debbie Bliss *Cashmerino Aran*, Debbie Bliss *Baby Cashmerino* and KFI *Cashmereno.* In each product, no cashmere fibers were detected or observed.

Attached hereto as Exhibit C is a true and correct copy of a *Report on the Quantitative Fiber Analysis of Yarns* that I completed on July 25, 2006 with respect to the yarn identified as Debbie Bliss *Cashmerino Aran* (color 300610, dyelot 108). This product has a composition of 57% wool and 43% acrylic.

Attached hereto as Exhibit D is a true and correct copy of a *Report on the Quantitative Fiber Analysis of Yarns* that I completed on July 24, 2006 with respect to the yarns variously identified as Noro *Amagi* and *Cash Iroha.* Each yarn was found to lack the requisite amount of cashmere as purported on the product labels.

Attached hereto as Exhibit E is a true and correct copy of a *Report on the Qualitative Fiber Analysis of Yarns* that I completed on October 18, 2006 with respect to the yarn identified as Noro *Lotus* (No. 153, Lot A). The yarn is not composed of cashmere.

Attached hereto as Exhibit F is a true and correct copy of a *Report on the Micron of Wool Fibers in Yarns - Revised and Final* that I completed on March 18, 2008 with respect to the measured diameter (reported in microns) of wool fibers in yarns identified as Debbie Bliss *Baby Cashmerino* (Color 34101, dyelot 445) and Debbie Bliss *Cashmerino Aran* (Color 300610, dyelot 108). The *Baby Cashmerino* is composed of fine wool fibers with a diameter consistent with that of cashmere; the diameter of the wool fibers in *Cashmerino Aran* exceed or are greater than that of cashmere.

Attached hereto as Exhibit G is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on May 10, 2010 with respect to the yarn identified as Debbie Bliss *Cashmerino Baby* (Color 340010, dyelot 73B). Notwithstanding the presence of cashmere in the product, the quantity of cashmere is inconsistent with the product label.

Attached hereto as Exhibit H is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I also completed on May 10, 2010 with respect to the yarn identified as Debbie Bliss *Cashmerino Baby* (Color 300028, dyelot 214B). The quantity of cashmere found in the product is inconsistent with the product label.

Attached hereto as Exhibit I is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on May 27, 2010 with respect to the yarn identified as Debbie Bliss *Cashmerino Aran* (Color 300101, dyelot 166B). Notwithstanding the presence of cashmere in the product, the quantity of cashmere is inconsistent with the product label.

Attached hereto as Exhibit J is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I also completed on May 27, 2010 with respect to the yarn identified as Debbie Bliss *Baby Cashmerino* (Color 340207, dyelot 35C). The quantity of cashmere present in the product does not match the product label.

Attached hereto as Exhibit K is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on May 30, 2010 with respect to the yarn identified as Debbie Bliss *Baby Cashmerino* (Color 340030, dyelot 35B). The quantity of cashmere present is inconsistent with the product label.

Attached hereto as Exhibit L is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I also completed on May 30, 2010 with respect to the yarn identified as Debbie Bliss *Cashmerino Aran* (Color 330022, dyelot 76C). The quantity of cashmere present is inconsistent with the product label.

Attached hereto as Exhibit M is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I also completed on May 30, 2010 with respect to yarns identified as Debbie Bliss *Baby Cashmerino Aran* (Color 300208, dyelot 100C) and Debbie Bliss *Baby Cashmerino* (Color 340204, dyelot 45C). The quantity of cashmere found in each product is inconsistent with the product labels.

Attached hereto as Exhibit N is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on June 23, 2010 with respect to the yarn identified as Debbie Bliss *Baby Cashmerino* (Color 340100, dyelot 340051 58). The *Cashmerino* yarn contains no cashmere.

Attached hereto as Exhibit O is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on June 30, 2010 with respect to the yarn identified as Debbie Bliss *Baby Cashmerino* (Color 30046, dyelot 69B). The quantity of cashmere present is inconsistent with the product label.

Attached hereto as Exhibit P is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns* that I completed on December 5, 2010 with respect to the yarn identified as Debbie Bliss *Baby Cashmerino* (Color 340051, dyelot 208). The quantity of cashmere present is inconsistent with the product label.

Attached hereto as Exhibit Q is a true and correct copy of a *Report on the Qualitative and Quantitative Fiber Analysis of Yarns – Revised and Final* which I completed on November 26, 2011 with respect to yarns identified as Debbie Bliss *Baby Cashmerino* (Color 340202, dyelot 445) and *KFI Cashmereno* (Color 09, Dyelot 53). The fiber content of the *Baby Cashmerino* product is 57% wool and 43% acrylic; *KFI Cashmereno* is composed of 58% wool and 42% acrylic. Both products contain no cashmere.

Findings

As set forth in the reports attached hereto as Exhibits B through E and Q, and expressed to a reasonable degree of scientific certainty, the fiber content of the subject yarns supplied to TKW is not consistent with the purported fiber content disclosed on the product labels. Analysis of the six yarns demonstrates each product fails to conform to the labeled quantity of cashmere. Two Noro products, *Amagi* and *Cash Iroha* are inaccurately labeled: the cashmere content present in the product is inaccurately overstated on the product labels. The remaining products, the three *Cashmerinos* and Noro *Lotus* are mis-labeled, or mis-branded, to purport a cashmere content which is not present in the yarns.

As set forth in the reports attached hereto as Exhibits G through P, also expressed to a reasonable degree of scientific certainty, where the Debbie Bliss *Cashmerino* yarns contain cashmere, wide variances exist in the quantity of cashmere detected by analysis of various dyelots of these products. This variance in the cashmere content is inconsistent with a uniform manufacturing of the products.

Discussion

The cashmere fiber content of each product supplied to TKW, as determined by analysis and described in my reports attached as Exhibits B through E and Q, varies by more than 3% from the proportionate content as purported on the product labels. A 3% deviation is the generally acceptable standard for variance in the fiber content of wool and textile products. This 3% tolerance is acknowledged and accepted in decisions issued by the FTC. The 3% tolerance is known to fiber analysts and presumptively to manufacturers and other trade participants. The 3% tolerance recognizes that despite the exercise of due care during manufacturing, unavoidable variances may result. The cashmere content of none of the tested subject yarns supplied to TKW fell within the accepted 3% tolerance.

In fact, qualitative testing of the three *Cashmerino* yarns analyzed in 2006 indicates no cashmere is present in these products. The labels applied to the three *Cashmerino* products purport each is manufactured with a cashmere content of 12%. However, no cashmere fibers can be found in any of the three *Cashmerinos*. As labeled, the cashmere content of the subject yarns varies by more than 3% of the content identified on the product labels.

Additional quantitative testing of *Cashmerino Aran* performed in 2008 identifies the product to have an acrylic content of 43%; the product labeling purports a 33% microfiber content. What is purported to be microfiber is actually acrylic fiber, a manufactured fiber. The labeling understates the product's acrylic content. Moreover, the actual acrylic content varies by more than 3% from the manufactured fiber content disclosed on the product label (purported to be microfiber). The label applied to *Cashmerino Aran* is inaccurate.

The same finding results from the 2011 quantitative testing of *Baby Cashmerino.* Analysis demonstrates the yarn is composed of 43% acrylic fiber. The label applied to *Baby Cashmerino* discloses a 33% microfiber content. What is purported to be microfiber is actually the manufactured fiber acrylic. The acrylic content present in *Baby Cashmerino* varies by more than 3% from the product's actual manufactured fiber content (purported on the product label to be microfiber). The label applied to *Baby Cashmerino* is inaccurate.

Similarly, 2011 testing of *KFI Cashmereno* indicates this product has a 42% acrylic fiber content. The label purports a microfiber content of 33%. What is purported to be microfiber is actually acrylic fiber. The actual acrylic content present in *KFI Cashmereno* varies by more than 3% from what is purported to be a microfiber content. The label applied to *KFI Cashmereno* is inaccurate.

Stated another way, qualitative and quantitative analyses performed on the three *Cashmerino* products supplied to TKW indicates the labeling of each materially understates the products' acrylic content and materially overstates the cashmere content of each product. The analyzed fiber content of the three *Cashmerino* products supplied to TKW fails to conform to the product labeling. The three *Cashmerinos* are mis-branded or mis-labeled to claim a cashmere content which is not present in the products.

In 2010, extensive quantitative testing was performed on *Baby Cashmerino* and *Cashmerino Aran.* The analyses were performed on yarns obtained from various retail sources (dyelots B and C).

The 2010 quantitative testing demonstrates the product has been reformulated. See, Exhibits G through P. Unlike the results obtained on yarns supplied to TKW, the quantitative analysis of products obtained from the marketplace in 2010 (dyelots B and C) shows the slightly variable acrylic content conforms, within a 3% tolerance of variation, to the labeled indication of a 33% manufactured fiber content (purported to be microfiber). Nonetheless, as with the labeling of the Cashmerino products supplied to TKW, the labeling does not identify the specific manufactured fiber component to the products identified as dyelots B and C. The FTC does not recognize microfiber as a type of manufactured fiber; more than one manufactured fiber can be produced as a microfiber. In contrast, the cashmere content in the apparently reformulated product (dyelots B and C) remains subject to wide variances. In most instances, the labeling applied to dyelots B and C overstates the cashmere content present in these yarns.

The extensive 2010 quantitative analysis of *Baby Cashmerino* and *Cashmerino Aran* demonstrates the manufacturer's ability to evenly control the product's manufactured fiber content (composed of acrylic fibers) across different manufacturing lots. See, Exhibits G through P. Similarly, these analyses demonstrate the manufacturer's ability to produce a finished product containing fibers which are identifiable as cashmere. As demonstrated by the analysis reported at Exhibit J, the manufacturer of the *Cashmerino* products is also capable of producing a product containing a quantity of cashmere within 3% of the cashmere content disclosed on the product labeling consistent with FTC decisions or regulations implementing the WPLA.

Opinions

Based upon the analyses performed on the six wool yarns supplied to The Knit With, the analyzed fiber content of each product is inconsistent with and fails to conform to the cashmere content purported on the product labels. The labels applied to the three *Cashmerino* yarns and Noro *Lotus* materially overstates the products' cashmere content. Additionally, the three *Cashmerino* products are labeled to materially understate the products' manufactured fiber (acrylic) content.

Of the three Noro yarns tested, two (*Amagi* and *Cash Iroha*) contain slightly more than half of the labeled cashmere content and the third (*Lotus*) contains no cashmere at all. The labeling of the three Noro yarns materially overstates the actual cashmere content of these yarns.

The opinions offered are expressed to a reasonable degree of scientific certainty based upon the analyses I personally performed and derived from my knowledge and experience in the field of fiber analysis.

Sincerely yours,

Kenneth D. Langley

Figure " 1 "

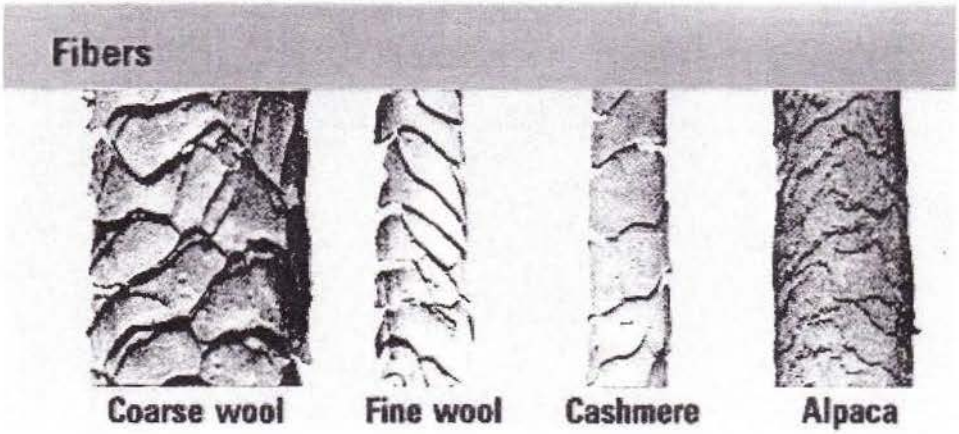
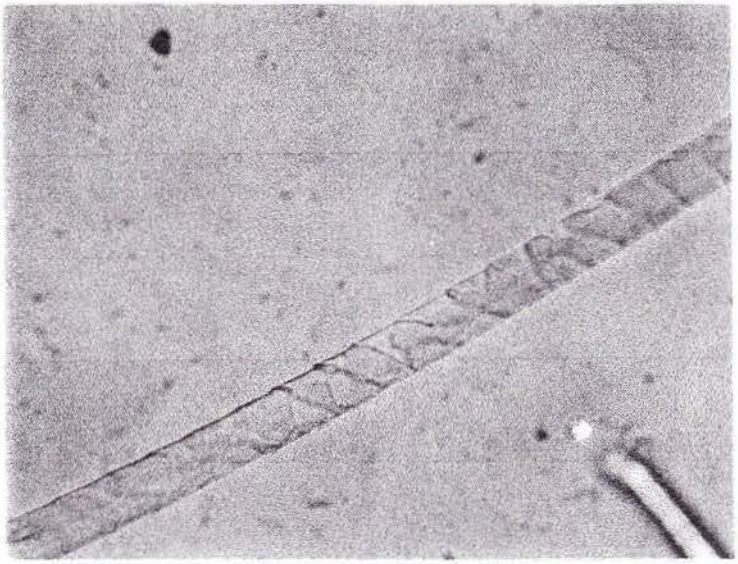
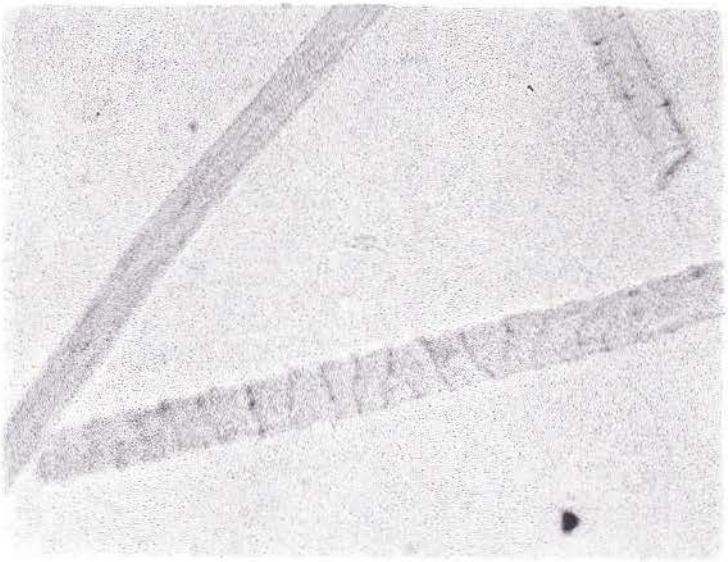

Fibers
Coarse wool
Fine wool
Cashmere
Alpaca

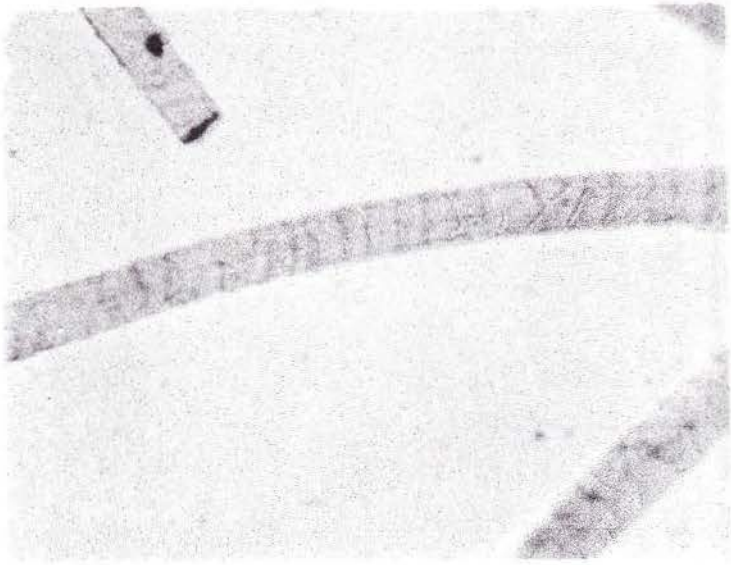
Figure “ 2 ”



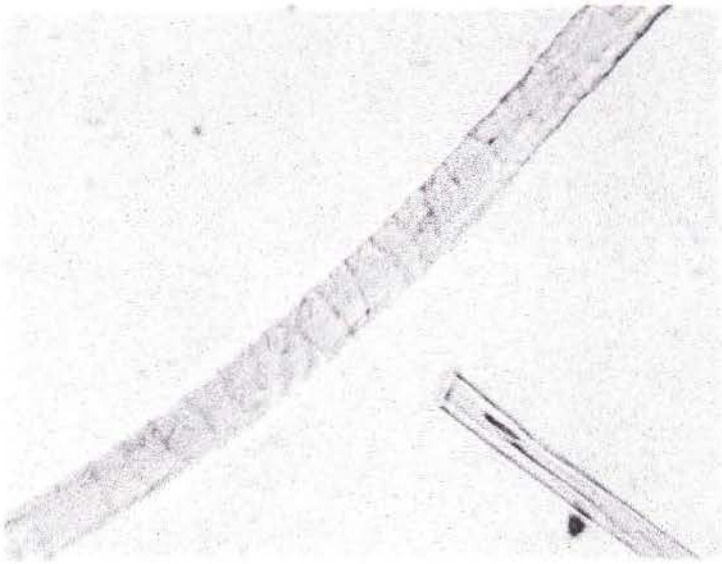
Cashmere Fiber. Magnification: 400X
Note Long Thin Scales with Coronal Patten



Wool Fiber from Sample 1. Mag: 400X
Note Shorter Scales, Rough Surface
Mosaic Pattern
Acrylic Fiber in Top Left of Photo



Wool Fiber from Sample 2. Mag: 400X
Note Shorter Scales, Rough Surface
Mosaic Pattern



Wool Fiber from Sample 3. Mag. 400X
Note Shorter Scales, Rough Surface
Mosaic Pattern

Vartest Laboratories

Quality Assurance & Compliance Testing
Utilizing Textile & Related Technologies
19 West 36 Street, Tenth Floor
New York, NY 10018
tel: 212 947 8391 fax: 212 947 8719
www.vartest.com

February 7, 2012

Expert Report of Adam R. Varley

Vartest Laboratories, Inc. was retained by Pepper Hamilton LLP to perform AATCC 20/20A, Qualitative/Quantitative Fiber Analysis on individual bags of yarn samples submitted to Vartest by Pepper and by Plaintiff's expert, Mr. Kenneth Langley. Vartest also was retained to review results from fiber analysis tests performed by SGS United Kingdom Ltd. on certain of the same yarns.

Qualifications:

Adam R. Varley is Technical Director and Co-Founder of Vartest Laboratories, Inc., an ISO/IEC 17025 third party accredited testing laboratory. He attended the Fashion Institute of Technology from 1978 to 1980, working toward an Associate Degree in Textile Technology; in 1987 he graduated with a BA in Computer Science and Business Management from New York University; in 2001 he received a Master of Textiles, Textile Chemistry and Apparel Management degree from North Carolina State University.

Adam began his career working for Collins and Aikman in 1979 as a lab assistant, becoming a warp knit technologist in 1981. In 1985, he became operations manager and co-founder of Textile Testing Services. In 1990, he began Vartest International, Inc. (later Vartest Laboratories Inc.) as Technical Director and Co-Founder. He has published numerous papers in industry publications, including AATCC Review. He holds US Patent 7,833,568 relating to the technology of natural protein fiber analysis and has lectured at Pratt Institute, the Fashion Institute of Technology and Donghua University.

He has been a member of AATCC since 1978 and has been active in several research committees, especially in RA24, Fiber Analysis Test Methods, where he has served as chair and is currently acting chair. He has also served on the International Test Methods Committee and the Executive Committee on Research (ECR). He has made presentations at several AATCC programs. Outside of AATCC, he has served on ASTM Committee D13 for textiles, two subcommittees responsible for test method and specification development, and on the US Technical Advisory Group for ISO/TC38-Textiles for Working Group 22, Chemical Test Methods.

A true copy of his Curriculum Vitae is attached as Exhibit A to this Expert Report.

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Expert Report of Adam R. Varley (continued)

Compensation:

Mr. Varley's expert witness fee is $375.00 per hour with a minimum of ten hours with or without testimony payable in advance, plus all related expenses.

Test Reports of Fiber Analyses Performed by Vartest Laboratories, Inc.

The test results for the individual bags of yarn samples submitted are detailed in individual Test Reports true copies of which are attached as Exhibit B. A chart comparing Vartest's test results to Mr. Langley's test results is attached as Exhibit C.

Samples were received for testing blind that is to say with no indication of the nominal values of the samples present. Analysis was carried out using AATCC Test Methods 20 and 20A to determine both the generic classes and percent fiber content by weight of the fibers making up the submitted yarn samples. A combination of transmitted light, scanning electron microscopy, chemical separation and mechanical separation was used. Standard texts on animal fiber morphology such as: Wildman, A.B. (1954). *The Microscopy of Animal Textile Fibres*, Appleyard, H.M. (1978). *Guide to the Identification of Animal Fibres* (2nd ed.) and the GSB 16-2262 (2008) *Micrograph Collection for Cashmere Fiber Morphology*, as referenced from AATCC TM20, were used as well as control samples, in the analysis of the submitted bags of yarn. During the course of analysis, animal fibers with appearance attributes so indistinct, so as to render them unclassifiable, were included with wool.

The determination of quantitative blend levels of different types of animal hair fibers cannot be done with uniform accuracy or uniform consistency between analysts and or laboratories. This fact is widely recognized in the industry. See http://www.cashmere.org/cm/news_article.php?id=36&public=Y.

In my opinion and based on published peer reviewed papers, one can achieve more accurate results and fuller characterization of animal fibers being tested by using the complementary methodologies of transmitted light and scanning electron microscopy. Even with both microscopy techniques being used, testing results may differ depending upon operator skill, experience, operator biases and the nature of the submitted fibers themselves.

Certain textile processes such as alkaline finishing are well known by industry to render the appearance attributes of animals fibers indistinct and hence difficult to classify under the microscope. Some finishes that achieve de-scaling, shrink proofing, and which render wool washable by the end user, can also have the same effect. Softeners can be placed onto textile animal fibers that mask their appearance and render it more difficult to determine the animal

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Expert Report of Adam R. Varley (continued)

from which they came. When coarse cashmere is intimately blended with fine wool, it is increasingly likely that some overlap in appearance characteristics may take place under the microscope. These factors may increase the standard deviation of test results. Each step in the manufacturing process of preparation, blending, dyeing, spinning, and garment manufacturing processes may introduce additional variation. Having said this, blends of high quality cashmere with high quality wool and other animal fibers such as angora rabbit and camel hair are relatively straightforward to analyze within in the framework of test method AATCC 20 and 20A and the Wool Products and Fiber Products Identification Acts.

The nominal or labeled value of the quantitative fiber content of fiber, yarn or fabric will under normal circumstances never be the identical to the tested value.

I initially used the term "synthetic" and now use "Artificially Extruded Fiber" or "AEF" to characterize the non-animal fiber portion of the blends analyzed, as the morphology of this component indicates an artificially extruded fiber. A detailed analysis of the chemical makeup of the polymer chains used to manufacture this fiber was not requested in the scope of work provided to this laboratory.

I have reviewed results of tests performed by other analysts on some of the yarns, I have tested and I note that some of those test results differ from mine for the reasons I explain above.

The opinions expressed in this report have been reached to a reasonable degree of scientific certainty based on Mr. Varley's education, training, generally accepted methods in the field of fiber analysis, testing, analysis, and materials reviewed to date.

Signed For The Company By

Adam R. Varley
Technical Director and Co-Founder

EXHIBIT A

ADAM R. VARLEY

Technical Director and Co-Founder of Vartest Laboratories, Inc.

Adam R. Varley is Technical Director and Co-Founder of Vartest Laboratories Inc., an ISO/IEC 17025 third party accredited testing laboratory. He attended the Fashion Institute of Technology from 1978 to 1980, working toward an Associate Degree in Textile Technology; in 1987 he graduated with a BA in Computer Science and Business Management from New York University; in 2001 he received a Master of Textiles, Textile Chemistry and Apparel Management degree from North Carolina State University.

Adam began his career working for Collins and Aikman in 1979 as a lab assistant, becoming a warp knit technologist in 1981. In 1985, he became operations manager and co-founder of Textile Testing Services. In 1990, he began Vartest International, Inc. (later Vartest Laboratories Inc.) as Technical Director and Co-Founder. He has published numerous papers in industry publications, including AATCC Review. He holds US Patent 7,833,568 relating to the technology of natural protein fiber analysis and has lectured at Pratt Institute, the Fashion Institute of Technology and Donghua University.

He has been a member of AATCC since 1978 and has been active in several research committees, especially in RA24, Fiber Analysis Test Methods, where he has served as chair and is currently acting chair. He has also served on the International Test Methods Committee and the Executive Committee on Research (ECR). He has made presentations at several AATCC programs. Outside of AATCC, he has served on ASTM Committee D13 for textiles, two subcommittees responsible for test method and specification development, and on the US Technical Advisory Group for ISO/TC38-Textiles for Working Group 22, Chemical Test Methods.

PUBLICATIONS:

United States Patent No.: US 7,833,568 B2, November 16, 2010:
Method of Determining the Cuticle Scale Height of Fibers

Better Methods, Better Products, Better Planet. Soapbox, AATCC Review, May 2007

A Modified Method of Cuticle Scale Height Determination for Animal Fibers
Peer Reviewed Paper, AATCC Review May 2006

Understanding Fabric Strength Testing For Awnings, Tents, Tarps and Banners, Industrial Fabric Products Review, Magazine of the Industrial Fabrics Association International, March 2002

PUBLICATIONS (continued):

Testing Textiles for Lightfastness, Labnotes, Q-Panel Magazine, March 2002, Pages 2 and 3: Scientific Viewpoint

Analysis Of Blended Fabrics Using Spreadsheet Programs with Reference To AATCC Test Methods 20 and 20A American Association Of Textile Chemists And Colorists, 1992 Technical Conference Symposia Of Papers

Computerized Fabric Inspection for the Cloth Room
America's Textiles 14, No 17 (Knitting/Apparel), December 1985

EDUCATION:

1988 – 2001: North Carolina State University, Raleigh, NC
Master of Textiles, Textile Chemistry and Apparel Management
Graduation Date: 2001

Courses such as:

Management Issues In The Apparel Pipeline, Textile Quality Control, Chemistry of Textile Auxiliaries, Introduction to Polymer Chemistry, Technology of Dyeing and Finishing, Physical and Mechanical Properties Of Textile Materials, Fiber Formation – Theory and Practice, Chemistry Of Dyes And Color, Computer Integrated Manufacturing in Textiles, Production Mechanics and Properties of Woven Fabrics and Total Quality Management For Textiles. Designed, produced, dyed and finished a slash-proof fabric composed of Ultra High Molecular Weight Polyethylene plated with cotton in a weft knit structure as part of class project for Physical and Mechanical Properties of Textiles. Developed a TQM House of Quality for improving the performance of a textile testing laboratory.

1982 – 1987: New York University, New York, NY 10003
Bachelor of Business Administration Degree
Majors Computer Science and Business Management
Graduation Date: October 1987

1978 – 1980: Fashion Institute of Technology, New York, NY 10001
Associates Program in Textile Technology

Technical courses required for Associates Degree in Textile Technology such as:
Introduction to Textiles, Textile Converting and Costing, Textile Testing, Color Science, Dyeing and Finishing, Warp Knitting Technology, Weft Knitting Technology, Weaving, Apparel Manufacturing Technology. Transferred to New York University for Liberal Arts and Computer Science and Business Management Classes.

EDUCATION (continued):

SPECIAL COURSES:

2011: International Cashmere Determination Technique Seminar, Tong Xiang City, China
2008: International Cashmere Determination Technique Seminar, Erdos City, China
2001: International Cashmere Determination Technique Seminar, Erdos City, China
2001: American Society for Testing and Materials (ASTM) Training Course on Children's Sleepwear Flammability Testing
1999: American Society for Testing and Materials (ASTM) Training Course on Wearing Apparel Flammability Testing
1998: Perkin Elmer training seminar on Micro Fourier Transform Infrared Microscopy
Fire Department, City of New York, Certificate of Fitness for Managing a Chemical Laboratory, Certificate Number 63464143
1992: City University Seminar on Upholstery Flammability
1991: New York Microscopical Society: Microscopy of Fibers
New York Microscopical Society: Polarized Light Microscopy Techniques
1990: Philadelphia College of Textiles seminar on testing for Contract Upholstery
1989: American Association of Textile Chemists and Colorists: Analytical Methods
1988: Foxboro Corporation – Real Time Process Control in Textiles
1987: American Association of Textile Chemists and Colorists: Introduction to Textile Testing
1984: Dialog Corporation: Database Query and Research Techniques
1980: Mayer Warp Knit Mechanics Workshop
1978: Crash Course in Textiles: J.B. Goldberg

AWARDS:

AATCC "Certificate of Service to Adam R. Varley in recognition of his leadership and in appreciation of his technical and scientific contributions to AATCC and to the science of textiles as Member 2002-2004 Executive Committee on Research."

AATCC "Certificate of Service to Adam R. Varley in recognition of his leadership and in appreciation of his technical and scientific contributions to AATCC and to the science of textiles as Chairman 1992-1994 Committee RA24, Fiber Analysis Test Methods."

EXPERT PANELS AND PRESENTATIONS:

October 2011: Saving Lives with Standards: Retroreflection and Conspicuity Testing

October 2007: Test Method Evolution and Personal Equation Bias or Why Is Measuring Cuticle Scale Height like Measuring the Speed of Light?

2005 Symposium: Testing Of Fluorescent and Retroreflective Products Used In High Visibility Apparel: ***Saving Lives with ASTM and AATCC Test Methods and ISEA Standards***

April 2001: Testing for the Hospitality Market

EXPERT PANELS AND PRESENTATIONS (continued):

2000 ASTM D13-60 Committee Meeting Presentation:
Aspects of Abrasion Testing and Oscillatory Cylinder Abrasion Testing

1999 NEOCON 99:
Represented testing laboratories as part of five member Expert Panel discussion on the testing of contract Upholstery

1999 Textile Adjusters Association:
Presentation on the impact of the Internet of test report use and test method/specification dissemination

1992 AATCC:
Presentation on Digital Analysis of Protein Fibers for the American Association of Textile Chemists and Colorists

EXPERT POSITIONS AND AFFILIATIONS:

State University of New York, Fashion Institute of Technology
Adjunct Professor Textile Development and Marketing Department

American Association of Textile Chemists and Colorists
Chairman of Research Committee RA24 on Fiber Analysis

American Society for Testing and Materials
Member Committee D13 and two Subcommittees responsible for test method and specification development

National Fire Protection Association
Member Special Operations Protective Clothing and Equipment Committee

PROFESSIONAL EXPERIENCE:

1990 to Present: ***Vartest Laboratories, Inc., Vartest International, Inc.***
Technical Director and Co-Founder

Managed execution of a major research project for a large fiber producer concerning the stress / strain, and end use performance characteristics of a newly developed fiber type.

Implemented Web presence.
Designed and oversaw implementation of LIMS (Laboratory Information Management System) computer network for processing test data and building test reports.

Managed implementation of quality system and subsequent inspection and approval by NIST (National Institute of Standards and Technology) as well as Interlab testing programs for quality control.

PROFESSIONAL EXPERIENCE (continued):

Quality system involved documentation of training procedures.

Supervision of weekly management meetings between Operations Manager, Lab Supervisor, Assistant Lab Supervisors and Reports Supervisor.

Supervision of the production of and signature of approximately 450,000 Test Reports regarding the performance of a wide variety of fiber, yarn, fabric and apparel products in both apparel and industrial end uses over a 25 year period.

Produced analysis reports for use in litigation and arbitration.

Engaged in overall non-technical business management functions as required.

1985-1989: ***Textile Testing Services - Operations Manager and Co-Founder***

Tested fabrics in accordance with AATCC, NFPA, ISO, JIS, and ASTM test methods, amongst others. Developed computer system for yarn size, fabric weight, construction analysis and flammability testing. Designed database for the receipt and tracking of fiber, yarn, fabric and garment samples submitted for testing.

Designed and implemented a team based system for the analysis of quantitative fiber blend levels in textiles incorporating video image capture with an Aus-Jena transmitted light research microscope as well as infrared micro-spectroscopy, solubility and melt point analysis.

1981 – 1982: ***Collins and Aikman, Inc., Bangor Division - Warp Knit Technologist***

Performed fabric analysis and testing of tricot constructions from competitors, fiber producers and others.

Supervised one lab assistant and responded to Manager of Fabric Development, oversaw and assisted in pilot manufacturing of development samples from back winding through warping, knitting, dyeing, finishing and heat setting.

1979 – 1980: ***Collins and Aikman, Inc., Bangor Division - Lab Assistant***

Ran warper, creel, and backwinder in fabric development laboratory. Trained on 21”, 48”, 84” and 168” 28 gauge 2, 3 and 4 bar tricot machines. Prepared developmental pattern chains and threaded guide bars.

EXHIBIT B

Vartest Laboratories

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New York, NY 10018
Tel: 212 947 8391 Fax: 212 947 8719

www.vartest.com

ISO/IEC 17025 Certified Third Party Test Report

DATE: January 16, 2012 FILE: PEPLAW.A010612A

CLIENT: Pepper Hamilton LLP ATTN: Joshua Slavitt

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Ref #: PH 18
Color Apple Green

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 52.99% Synthetic: 40.25% Cashmere: 6.76%
COMMENT:	The average diameter for fibers classified as cashmere was 14.3 microns. The average diameter for fibers classified as wool was 21.1 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Severe destruction of cuticle scales present in some fibers. Unclassifiable fibers if any present are included with wool. Some dark cashmere present.
NOTE:	See attached images.

Signed For The Company By

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/01/41

ilac-MRA ACCREDITED Testing Cert #2180.01

CONFIDENTIAL

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PEPLAW 010612A PH18

SCANNING ELECTRON MICROSCOPY IMAGE:

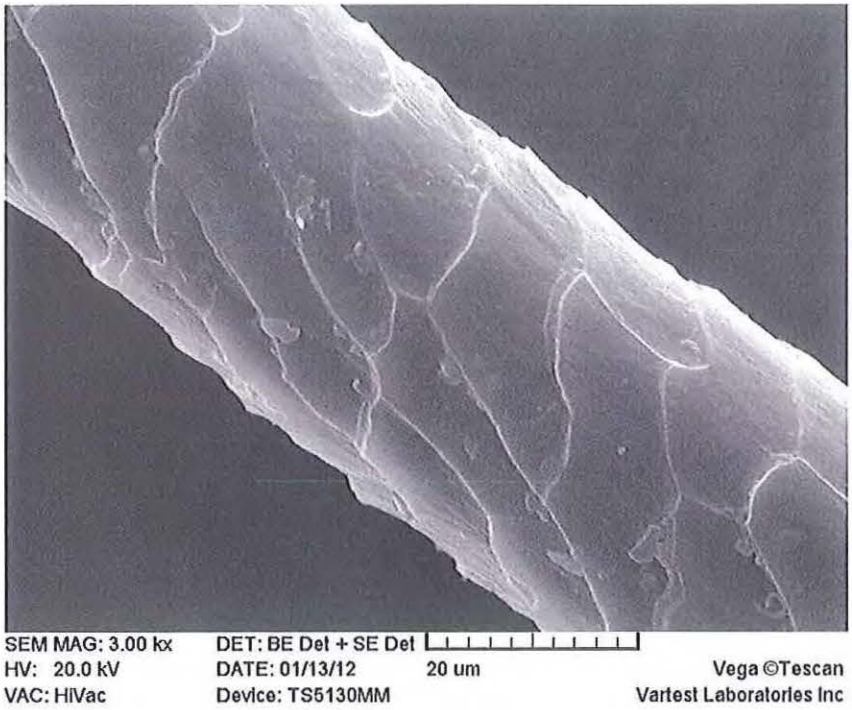

Figure 1: SEM imaging of wool fiber from submitted sample

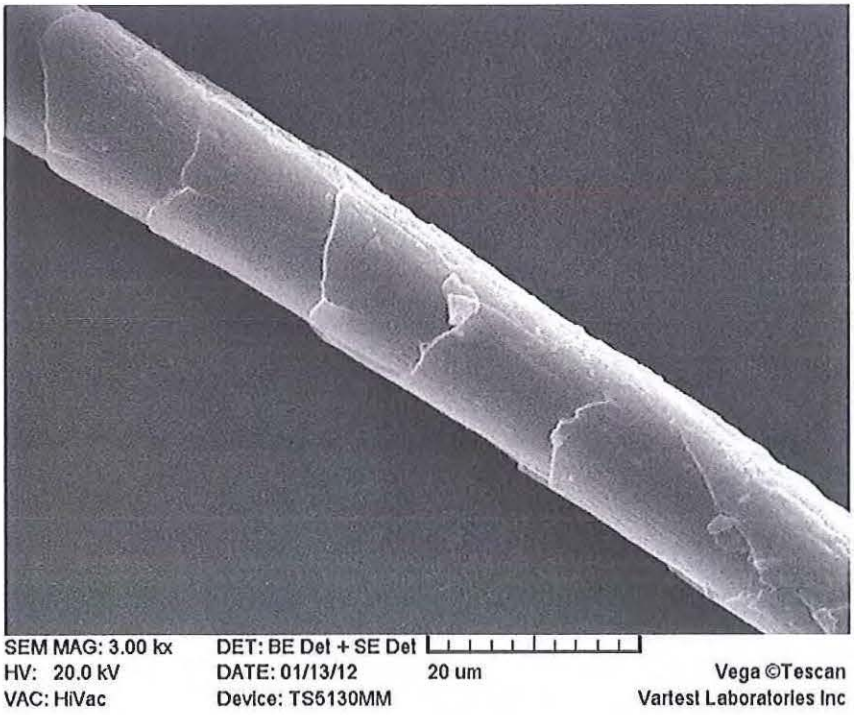

Figure 2: SEM imaging of cashmere fiber from submitted sample

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PEPLAW 010612A PH18

SCANNING ELECTRON MICROSCOPY IMAGE:

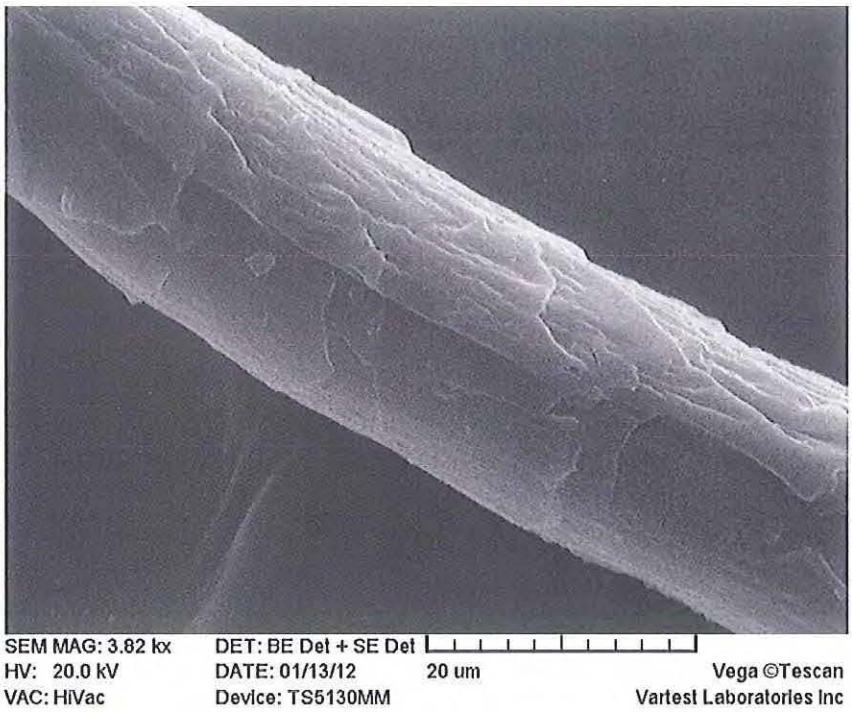

Figure 3: SEM imaging of damaged wool fiber from submitted sample

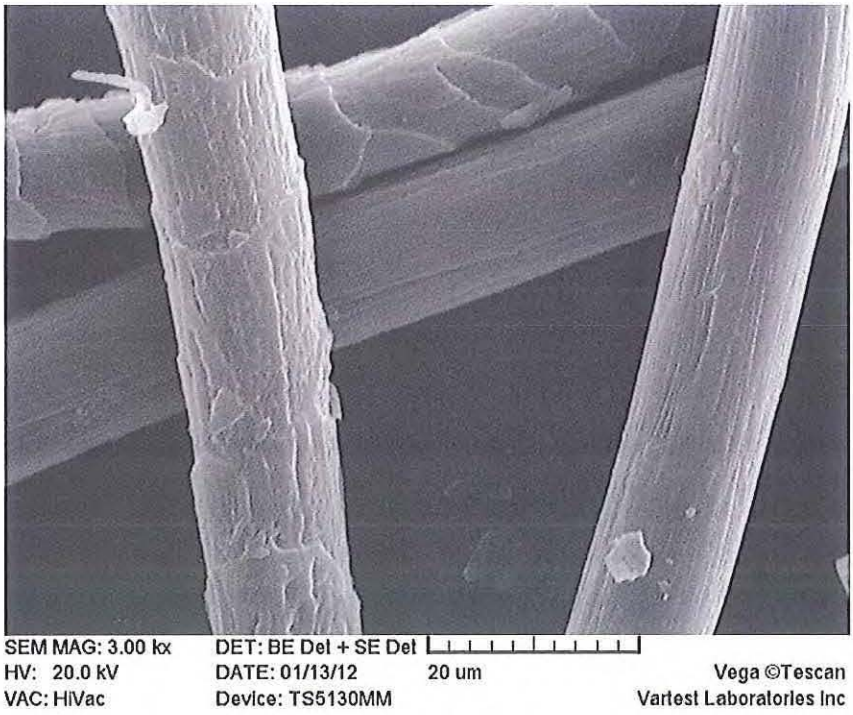

Figure 4: SEM imaging of wool, synthetic and damaged wool fibers from submitted sample

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New York, NY 10018
Tel: 212 947 8391 Fax: 212 947 8719

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ISO/IEC 17025 Certified Third Party Test Report

DATE: January 16, 2012

FILE: PEPLAW.A010612B

CLIENT: Pepper Hamilton LLP
3000 Two Logan Sq.(18th/Arch)
Philadelphia, PA 19103

ATTN: Joshua Slavitt

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Ref #: PH 19
Color Mint Green

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 51.07% Synthetic: 38.95% Cashmere: 9.98%
COMMENT:	The average diameter for fibers classified as cashmere was 15.4 microns. The average diameter for fibers classified as wool was 20.6 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/01/42

ilac-MRA ACCREDITED Testing Cert #2180.01

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PEPLAW 010612B PH19

SCANNING ELECTRON MICROSCOPY IMAGE:

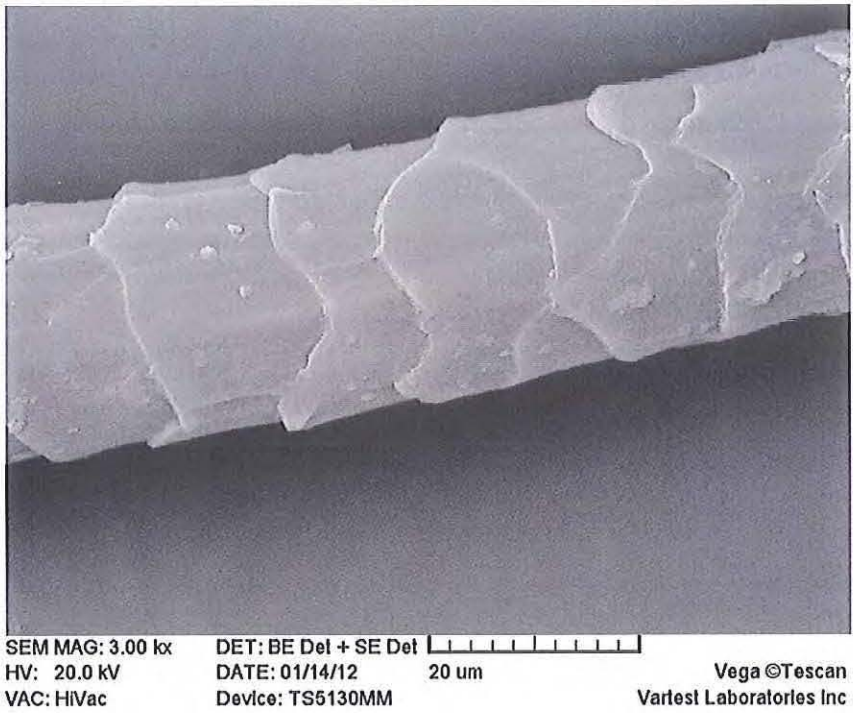

Figure 1: SEM imaging of wool fiber from submitted sample

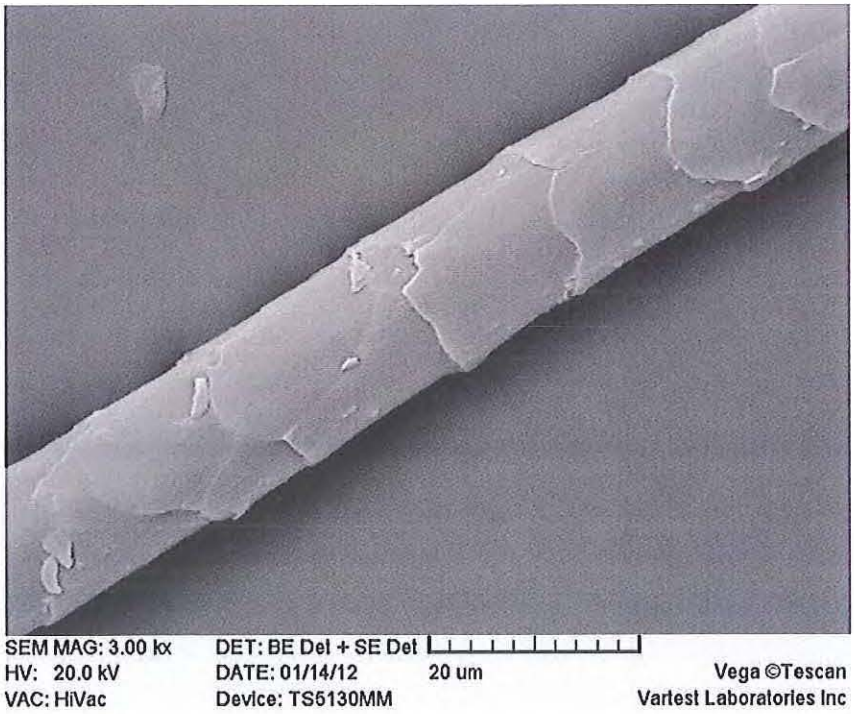

Figure 2: SEM imaging of cashmere fiber from submitted sample

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ISO/IEC 17025 Certified Third Party Test Report

DATE: January 16, 2012 FILE: PEPLAW.A010612C

CLIENT: Pepper Hamilton LLP ATTN: Joshua Slavitt

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Ref #: PH 20
Color Pink

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 52.14% Synthetic: 38.90% Cashmere: 8.96%
COMMENT:	The average diameter for fibers classified as cashmere was 15.6 microns. The average diameter for fibers classified as wool was 19.3 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/01/43

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PEPLAW 010612C PH20

SCANNING ELECTRON MICROSCOPY IMAGE:

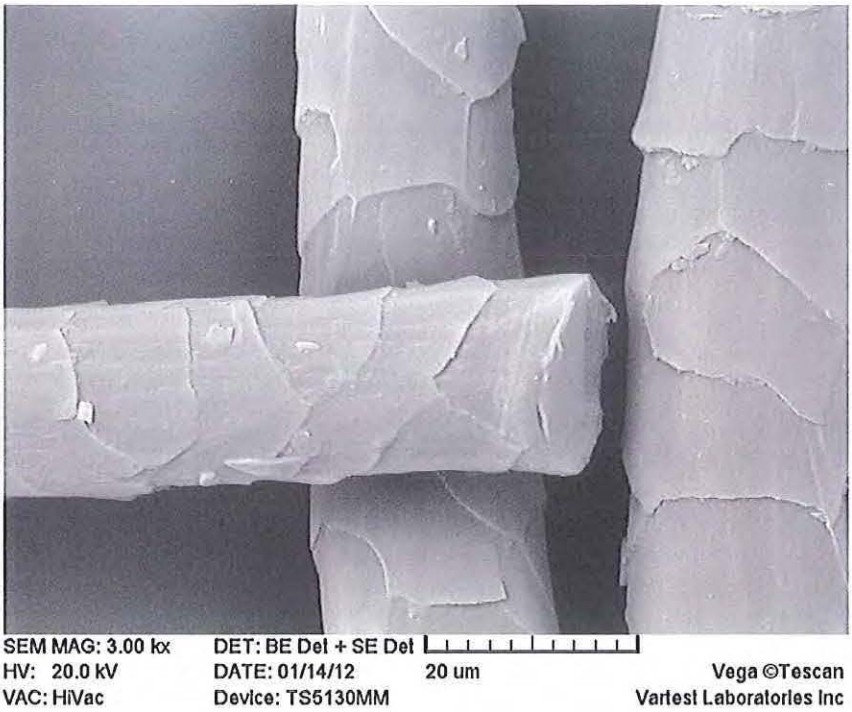

Figure 1: SEM imaging of wool fibers from submitted sample

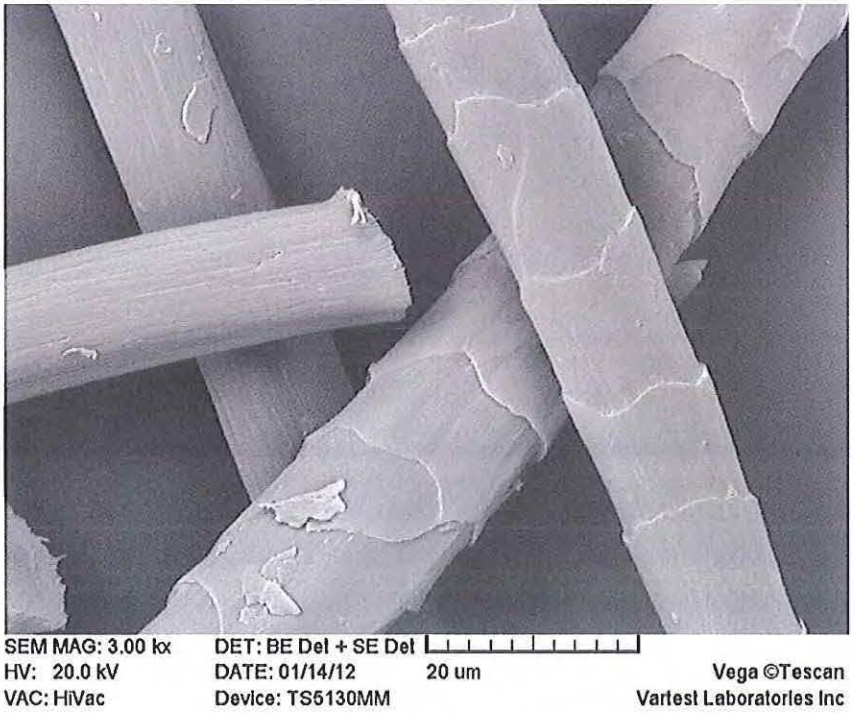

Figure 2: SEM imaging of wool, cashmere and synthetic fibers from submitted sample

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ISO/IEC 17025 Certified Third Party Test Report

DATE: January 16, 2012 FILE: PEPLAW.A010612E

CLIENT: Pepper Hamilton LLP ATTN: Joshua Slavitt

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Ref #: PH 22
Color Periwinkle

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 52.36% Synthetic: 38.93% Cashmere: 8.71%
COMMENT:	The average diameter for fibers classified as cashmere was 15.1 microns. The average diameter for fibers classified as wool was 21.0 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/01/45

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PEPLAW 010612E PH22

SCANNING ELECTRON MICROSCOPY IMAGE:

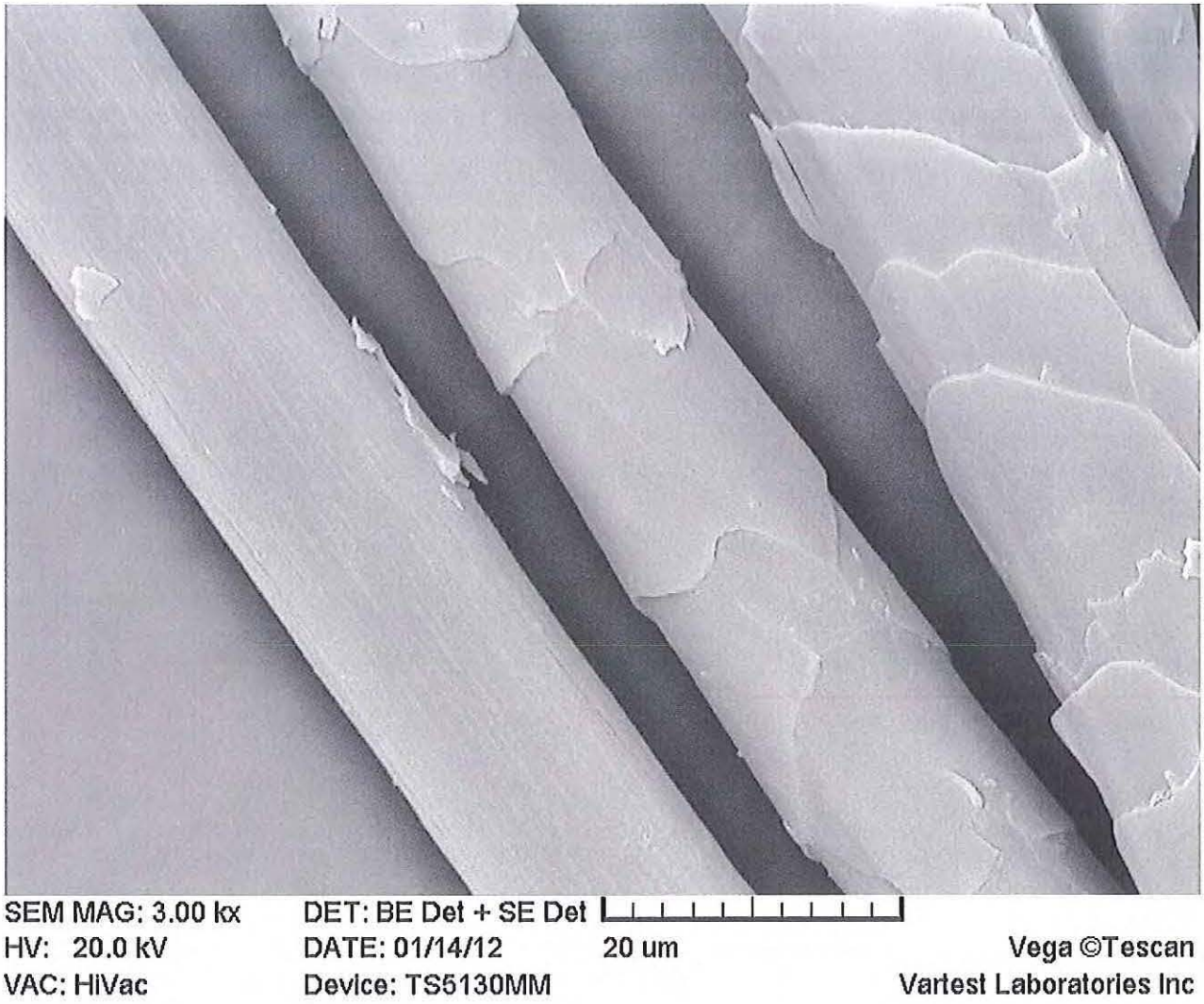

Figure 1: SEM imaging of wool, cashmere and synthetic fibers from submitted sample

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ISO/IEC 17025 Certified Third Party Test Report

DATE: February 7, 2012 FILE: PEPLAW.A020212A

CLIENT: Pepper Hamilton LLP ATTN: Noah Robbins

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Sample #: 1
Color Ivory

BLUE LABEL SERVICE

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 55.35% AEF: 41.55% Cashmere: 3.10%
COMMENT:	The average diameter for fibers classified as cashmere was 14.3 microns. The average diameter for fibers classified as wool was 21.1 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Severe destruction of cuticle scales present in some fibers. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By:

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/02/08

ilac-MRA ACCREDITED Testing Cert #2180.01

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PEPLAW 020212A SAMPLE #1

SCANNING ELECTRON MICROSCOPY IMAGE:

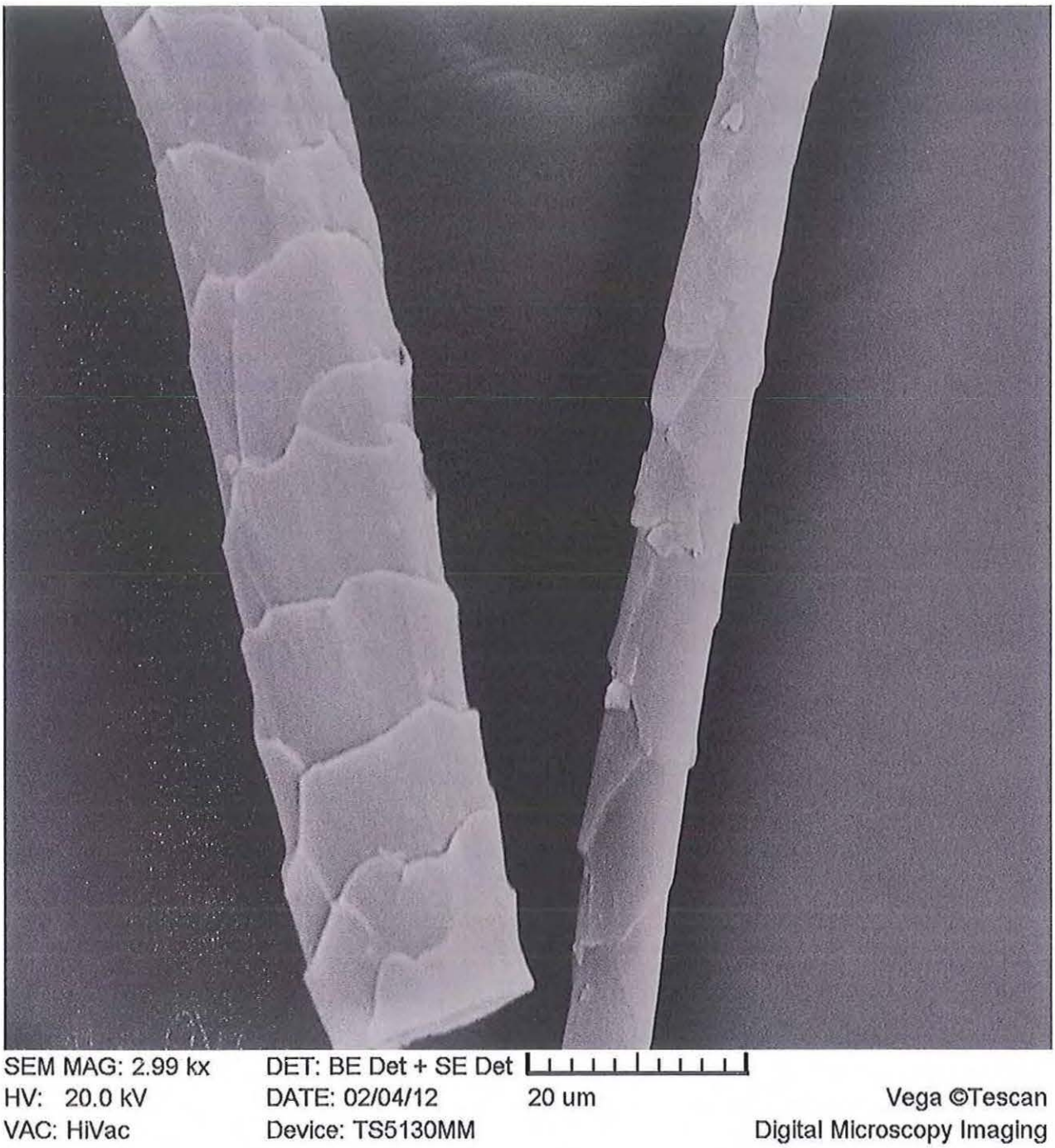

Figure 1: SEM imaging of coarse and fine wool fibers from submitted sample

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PEPLAW 020212A SAMPLE #1

SCANNING ELECTRON MICROSCOPY IMAGE:

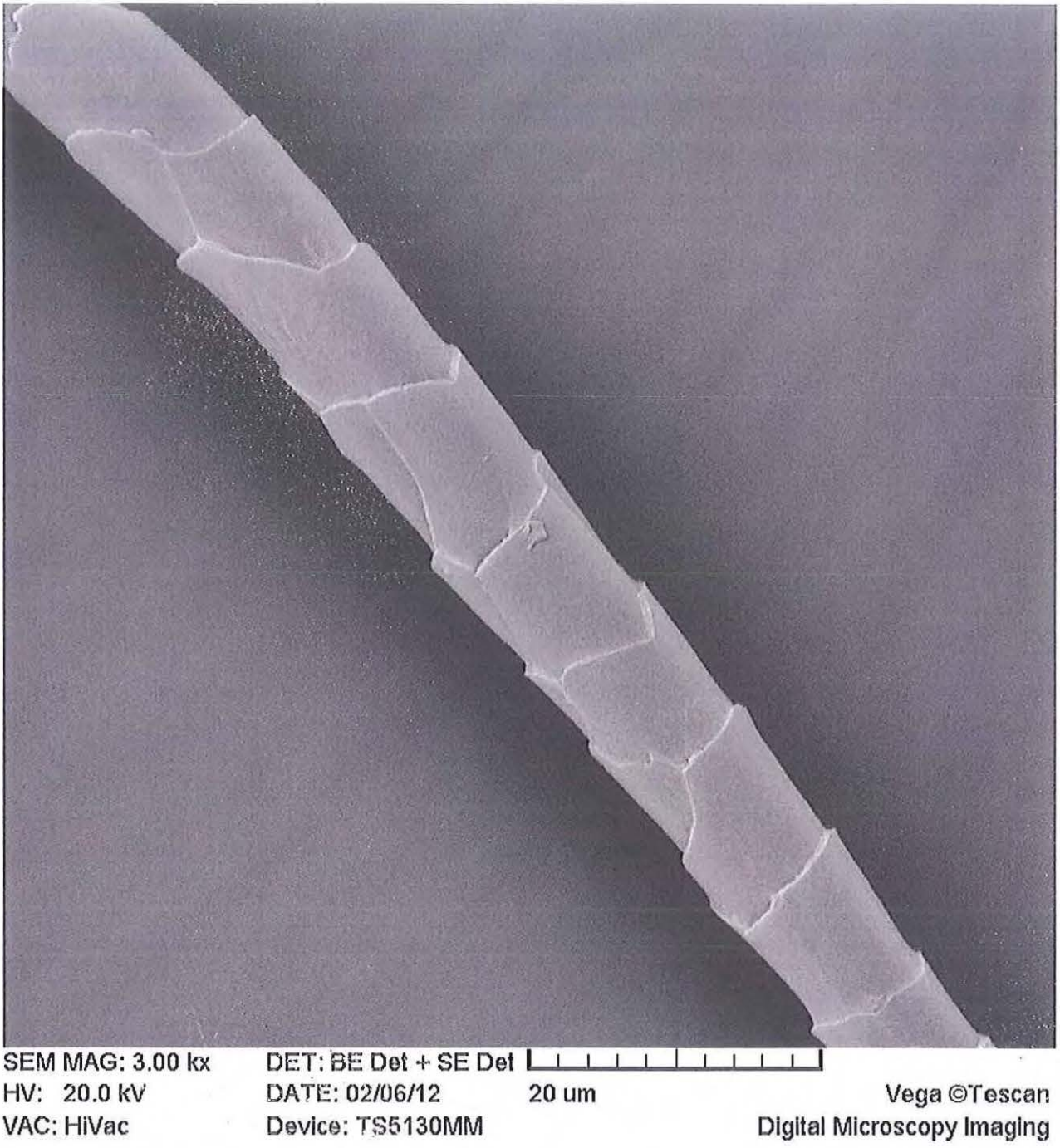

Figure 2: SEM imaging of cashmere fiber from submitted sample

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ISO/IEC 17025 Certified Third Party Test Report

DATE: February 7, 2012 FILE: PEPLAW.A020212B

CLIENT: Pepper Hamilton LLP ATTN: Noah Robbins

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Sample #: 2
Color Blue

BLUE LABEL SERVICE

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 60.67% AEF: 37.03% Cashmere: 2.30%
COMMENT:	The average diameter for fibers classified as cashmere was 15.4 microns. The average diameter for fibers classified as wool was 20.6 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By

Adam R. Varley
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/02/09

ilac-MRA ACCREDITED Testing Cert #2180.01

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PEPLAW 020212B SAMPLE #2

SCANNING ELECTRON MICROSCOPY IMAGE:

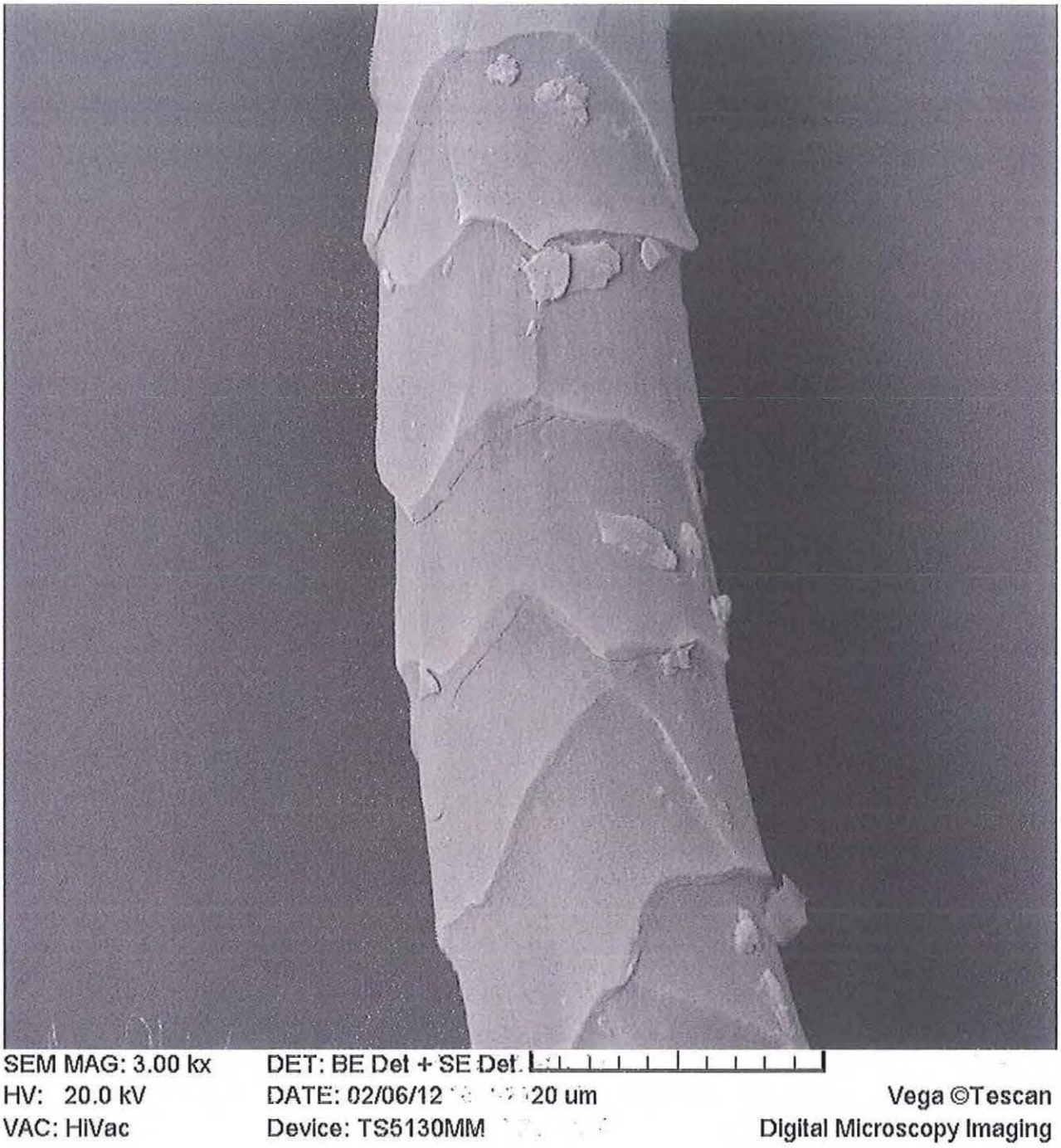

Figure 1: SEM imaging of wool fiber from submitted sample

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PEPLAW 020212B SAMPLE #2

SCANNING ELECTRON MICROSCOPY IMAGE:

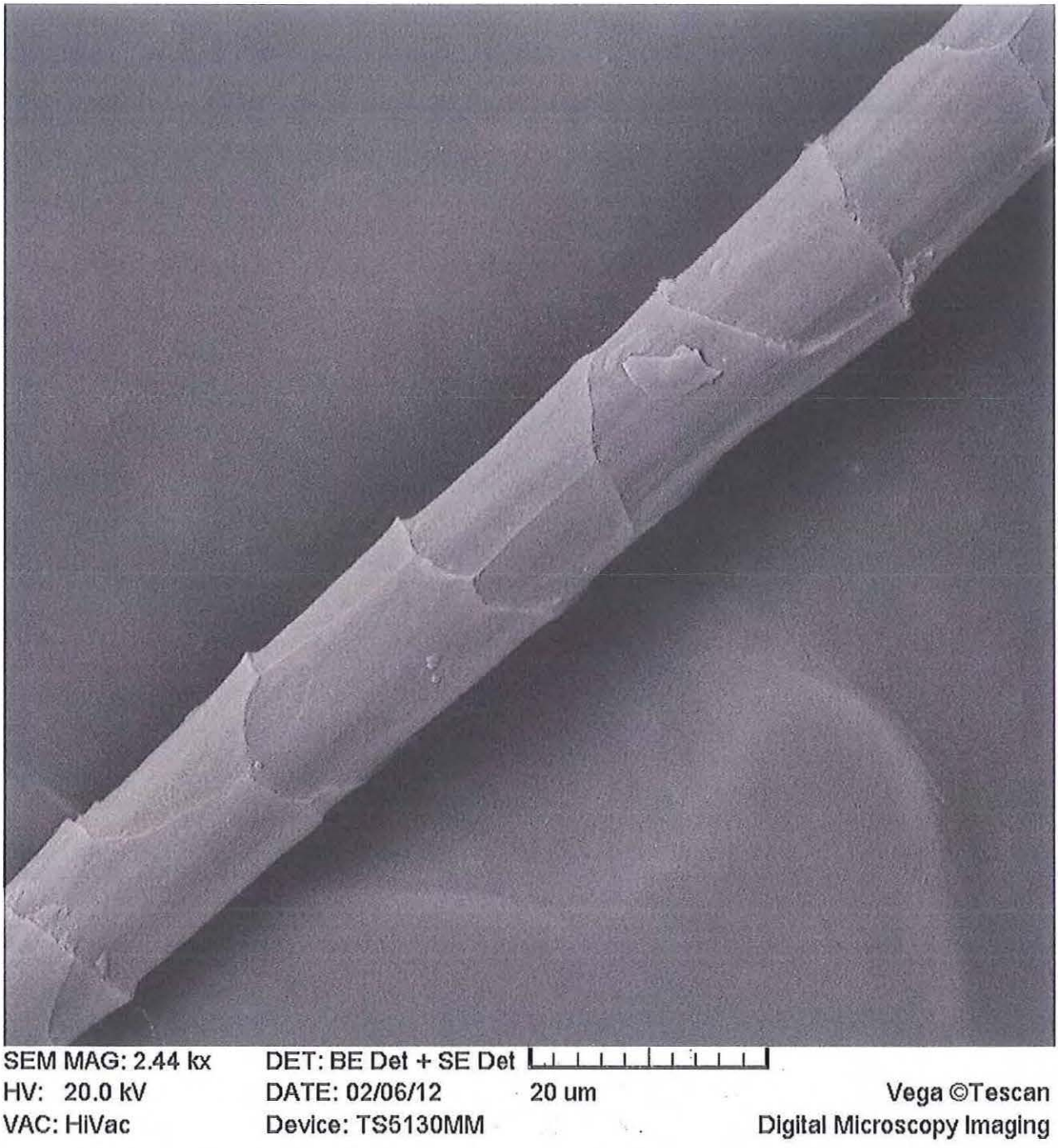

Figure 2: SEM imaging of cashmere fiber from submitted sample

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ISO/IEC 17025 Certified Third Party Test Report

DATE: February 7, 2012 FILE: PEPLAW.A020212C

CLIENT: Pepper Hamilton LLP ATTN: Noah Robbins

SAMPLE IDENTIFIED BY CLIENT AS:

Yarn Submitted
Sample #: 3/4
Color Red

BLUE LABEL SERVICE

TEST PROCEDURE:	TEST RESULTS:
FIBER IDENTIFICATION (AATCC 20A - WITH MOISTURE):	Wool: 58.62% AEF: 37.22% Cashmere: 4.16%
COMMENT:	The average diameter for fibers classified as cashmere was 15.6 microns. The average diameter for fibers classified as wool was 19.3 microns. Some of the fibers present in the submitted sample displayed indistinct appearance attributes rendering classification difficult. Unclassifiable fibers if any present are included with wool.
NOTE:	See attached images.

Signed For The Company By:

Adam R. Varney
Technical Director

Stacy Sadowy
Quality Assurance Supervisor

TT/02/10

ilac-MRA ACCREDITED Testing Cert #2180.01

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PEPLAW 020212C

SAMPLE #3,4

SCANNING ELECTRON MICROSCOPY IMAGE:

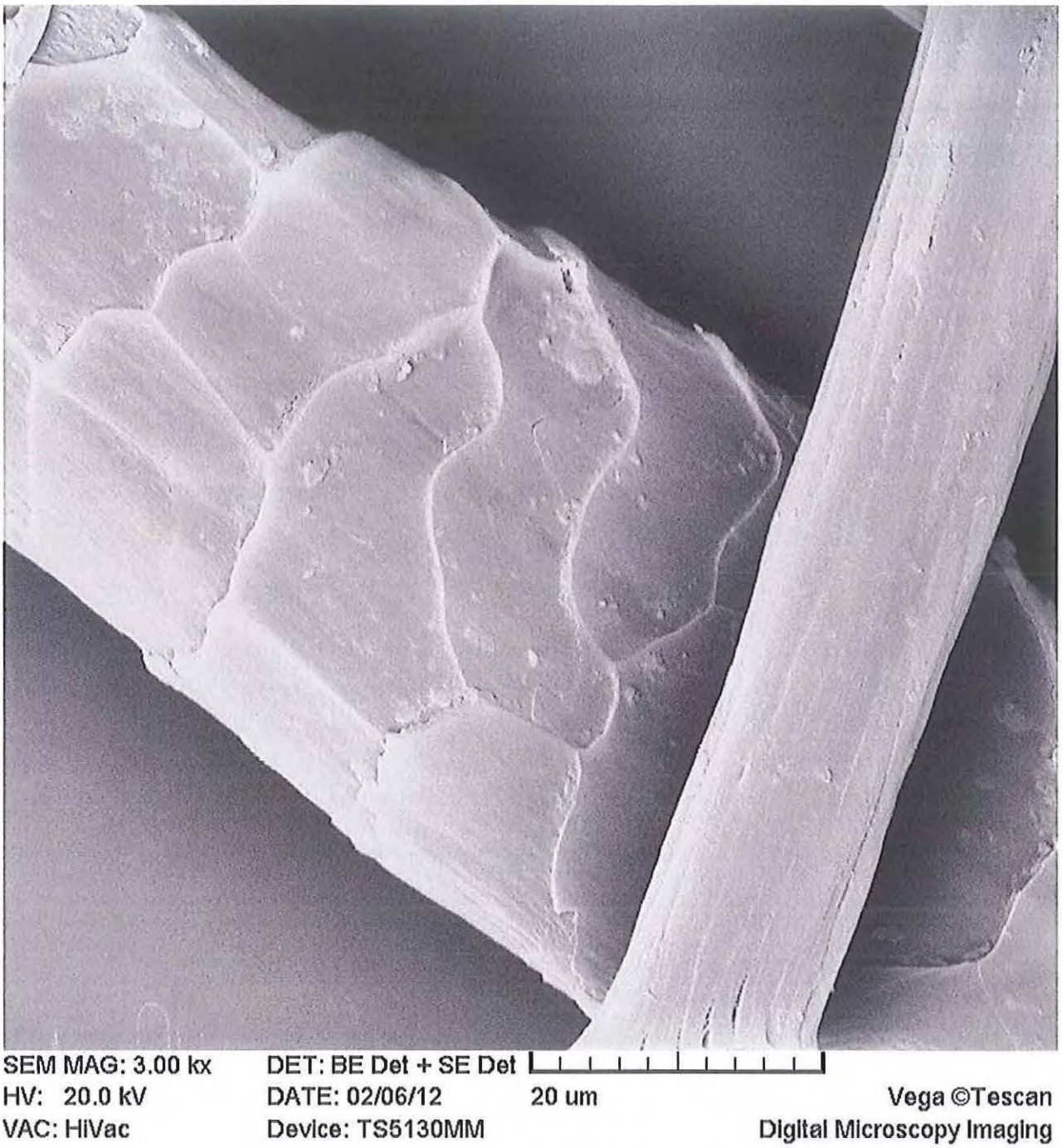

Figure 1: SEM imaging of wool and AEFfibers from submitted sample

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PEPLAW 020212C SAMPLE #3,4

SCANNING ELECTRON MICROSCOPY IMAGE:

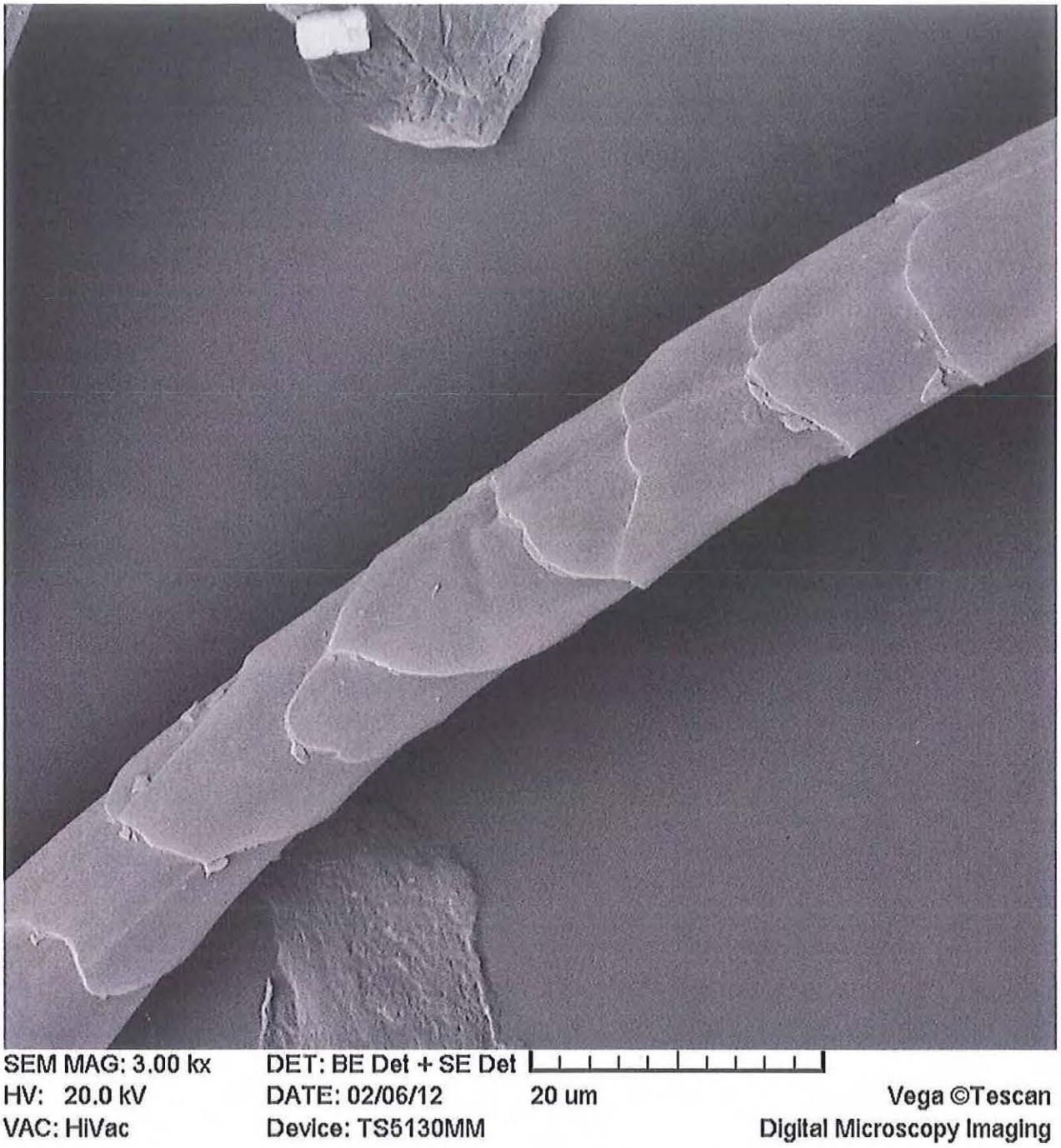

Figure 2: SEM imaging of cashmere fiber from submitted sample

EXHIBIT C

Langley Test Results vs. Vartest Test Results

The Knit With v. Knitting Fever, Inc., et al. - Case No. 2:08-cv-04221-RB

Sample No.	Yarn Name	Color and Dyelot of Yarn	Fiber Content Label on Yarn	Langley Test Results	Vartest Test Results
PH 18	Debbie Bliss Baby Cashmerino	Color 340030 Lot 35B	55% Merino Wool 33% Microfiber 12% Cashmere	66.1% Wool 32.9% Acrylic 1.0% Cashmere	52.99% Wool 40.25% Synthetic 6.76% Cashmere
PH 19	Debbie Bliss Cashmerino Aran	Color 300011 Lot 208B	55% Merino Wool 33% Microfiber 12% Cashmere	60.6% Wool 32.4% Acrylic 7.0% Cashmere	51.07% Wool 38.95% Synthetic 9.98% Cashmere
PH 20	Debbie Bliss Cashmerino Aran	Color 300026 Lot 166B	55% Merino Wool 33% Microfiber 12% Cashmere	61.3% Wool 33.9% Acrylic 4.8% Cashmere **(Langley Tested Same Dyelot but Color 300101)**	52.14% Wool 38.90% Synthetic 8.96% Cashmere
PH 22	Debbie Bliss Baby Cashmerino	Color 340051 Lot 208	55% Merino Wool 33% Microfiber 12% Cashmere	63.7% Wool 33.6% Acrylic 2.7% Cashmere	52.36% Wool 38.93% Synthetic 8.71% Cashmere

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Langley Test Results vs. Vartest Test Results

The Knit With v. Knitting Fever, Inc., et al. - Case No. 2:08-cv-04221-RB

Sample No.	Yarn Name	Color and Dyelot of Yarn	Fiber Content Label on Yarn	Langley Test Results	Vartest Test Results
Langley 01	Debbie Bliss Baby Cashmerino	Color 340101 Lot 445	55% Merino Wool 33% Microfiber 12% Cashmere	Wool and Acrylic Fibers Present; No Cashmere	55.35% Wool 41.55% AEF 3.10% Cashmere
Langley 02	KFI Cashmereno	Color 24 Lot 31	55% Merino Wool 33% Microfiber 12% Cashmere	Wool and Acrylic Fibers Present; No Cashmere	60.67% Wool 37.03% AEF 2.30% Cashmere
Langley 03	Debbie Bliss Cashmerino Aran	Color 300610 Lot 108	55% Merino Wool 33% Microfiber 12% Cashmere	57.2% Wool 42.8% Acrylic No Cashmere	58.62% Wool 37.22% AEF 4.16% Cashmere

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