

**AMERICAN ARBITRATION ASSOCIATION**  
**Commercial Arbitration Tribunal**

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In the Matter of the Arbitration Between:

Case No. 13 180 Y 1865 11

NEIL PISANE, individually and as a holder of 42.5%  
of the shares of S&N CHEMICAL CO., INC.

-and-

STEVEN FEIG, individually and as a holder of 42.5%  
of the shares of S&N CHEMICAL CO., INC.

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**PARTIAL FINAL AWARD**

I, the UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration provisions of the parties' Shareholders' Agreement dated as of January 1, 2004; and having been duly sworn; and having heard and duly considered the proofs and allegations of Neil Pisane (hereinafter "Claimant") and of Steven Feig (hereinafter "Respondent"); do hereby DECIDE and AWARD as follows:

By his Demand, Claimant seeks the dissolution of S&N Chemical Co., Inc. ("S&N") and its operating subsidiaries (collectively "Cleanse Tec"); alternatively, Claimant seeks to buy-out Respondent's 42.5% of Cleanse Tec. Respondent seeks to enforce his alleged "right" to buy-out Claimant's 42.5% interest in Cleanse Tec pursuant to the Shareholders' Agreement. (The remaining 15% of Cleanse Tec is held by a third shareholder, Robert Clark, who, while not a party, attended the hearings at the invitation of this Arbitrator and has been made fully aware of these proceedings. Indeed, at the conclusion of the evidentiary hearings in December 2011, Mr. Clark consented to "run" Cleanse Tec while Messrs. Pisane and Feig were directed to absent themselves from the operations of the companies pending the determination in this matter. Mr. Clark, who is owed a substantial amount in deferred commissions by Cleanse Tec and has an interest in its successful, continued operation, has this Arbitrator's gratitude and has kept Cleanse Tec afloat over these past several weeks.)

As a preliminary matter, Claimant has sought to revisit (with this Arbitrator's permission) the Decision and Order dated November 30, 2011, which, among other things, granted Respondent's priority right to purchase Claimant's interest in Cleanse Tec. In this regard, Claimant has presented far from sufficient credible evidence or persuasive argument to dissuade this Arbitrator that, among other things, the written agreement entered into by the parties in March 2006 was meant to, and did, conform the core provisions of the subsidiaries' operating agreements to those of the controlling Shareholders' Agreement; Claimant's June 2010 "demand" to purchase Respondent's interest "in accordance with the LLC Agreements" was null and void; and, seeking the dissolution of Cleanse Tec in Kings Supreme Court and in these proceedings must be deemed as an offer to sell by Claimant, which offer has been accepted by Respondent. What remains, then, is the purchase price to be paid for Claimant's 42.5% interest.

The credible evidence established that Cleanse Tec's accountants used the correct formula set forth in the Shareholder's Agreement in valuing Claimant's 42.5% interest in Cleanse Tec at \$639,000 (rounded); and Claimant's suggestion that inventory and equipment be valued at "cost" is neither contemplated in the relevant provisions of the Shareholders' Agreement nor logical in light of the benefit already derived by using depreciated value on the financial statements and tax returns. Moreover, while both parties insist that the value must be adjusted, upward or downward depending on which party believes he has been "aggrieved" the most, there is simply no basis in the provisions of the Shareholders' Agreement for such adjustments; both parties bear responsibility for the "Baxter litigation"; both parties' allegations of "breach" are basically offsetting; and neither party has proffered credible evidence relevant to how the respective "misdeeds" have impacted a valuation of a 42.5% interest in Cleanse Tec as of October 31, 2011. The valuation of a 42.5% interest in Cleanse Tec at \$639,000 is properly calculated in accordance with the Shareholders' Agreement, fair and reasonable.

The payment terms are described in Article 15, B, of the Shareholders' Agreement (*i.e.*, 10% at closing, with the balance evidenced by a series of 120 promissory notes payable monthly at the stated interest rate). Under the circumstances evidenced herein, however, there will be a few adjustments to the other provisions of the buy-out as follows: (a) Claimant shall no longer be deemed an officer, director or employee of Cleanse Tec as of the date of this Award; (b) the closing shall take place within 15 business days from the date of this Award; and (c) the "restrictive covenant" on a selling shareholder contained in Article 15,D, shall be modified to more accurately reflect the current, less punitive attitudes toward such provisions.

Finally, pursuant to Article 35 of the Shareholders' Agreement, Respondent is entitled to recover "the costs and disbursements of the arbitration and [his] reasonable counsel fees". Unfortunately, however, this Arbitrator, albeit for good and sufficient reason, has no evidence of the amount, or "reasonableness", of said costs, disbursements and counsel fees. Thus, this Award will be deemed a "Partial Final Award" with respect to all matters except costs, disbursements and reasonable counsel fees, which amounts shall be determined as set forth herein.

Accordingly, as and for my Partial Final Award:

1. As of the date of this Award, Claimant shall no longer be an officer, director or employee of Cleanse Tec.
2. Within fifteen (15) business days from the date of this Award, (a) Claimant shall deliver his 42.5% interest in Cleanse Tec to Respondent under the terms and conditions of the relevant provisions of the Shareholders' Agreement; and Respondent shall deliver to Claimant (i) the sum of SIXTY-THREE THOUSAND, NINE HUNDRED DOLLARS and NO CENTS (\$63,900.00); and (ii) one hundred twenty (120) signed, negotiable Promissory Notes which shall, among other terms delineated in the Shareholders' Agreement, provide for the payment of the balance in monthly installments over ten (10)

years and bear interest on the closing date at the Federal Midterm Rate in accordance with Section 1274(d)(1)(A) of the Internal Revenue Code as amended from time to time of eight percent (8%) simple interest for the duration of the payout or as may otherwise be mutually agreed.

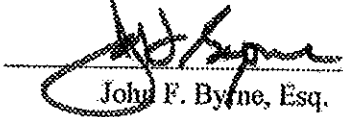
3. For a period of two (2) years from the date of this Award, Claimant shall not directly or indirectly engage in a similar business that is carried on by Cleanse Tec, within a hundred mile radius of Cleanse Tec, on his own behalf, or on behalf of any other person, firm or corporation.

4. No later than twenty (20) business days from the date of this Award, Respondent shall serve and submit to this Arbitrator an affirmation of services rendered and the amount of costs, disbursements and reasonable counsel fees sought pursuant to Article 35 of the Shareholders' Agreement; no later than thirty-five (35) business days from the date of this Award, Claimant may serve and submit his opposition to said application, with this Arbitrator to render a determination on said application within thirty (30) days thereafter in a Final Award.

5. This Award is in full and complete settlement and satisfaction of any and all claims, counterclaims, defenses and offsets (except a determination as to recoverable costs, disbursements and counsel fees by the prevailing party pursuant to Article 35 of the Shareholders' Agreement) properly submitted to the jurisdiction of these proceedings, and any claim or counterclaim not specifically granted herein is nonetheless deemed denied.

2/14/12

Date

  
John F. Byrne, Esq.

I, John F. Byrne, Esq., do hereby affirm upon my Oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Partial Final Award.

2/14/12

Date

  
John F. Byrne, Esq.