# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended May 31, 2010**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from __________ to __________**

**Commission file number: 1-31643**

# CCA Industries Inc.
(Exact name of registrant as specified in its charter)

| Delaware | 04-2795439 |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(IRS Employer Identification No.)** |

200 Murray Hill Parkway
East Rutherford, NJ 07073
**(Address of principal executive offices)**

(201) 330-1400
(Registrant's telephone number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☐ | Smaller reporting company ☑ |
|---|---|---|---|
| | | (Do not check if a smaller reporting company) | |

**Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑**

As of July 14, 2010 there were (i) 6,086,740 shares of the issuer's common stock, par value $0.01, outstanding; and (ii) 967,702 shares of the issuer's Class A common stock, par value $0.01, outstanding.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

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**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

A S S E T S

| | May 31, 2010 (Unaudited) | November 30, 2009 |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ 8,947,057 | $ 7,844,369 |
| Short-term investments and marketable securities | 8,574,360 | 9,636,103 |
| Accounts receivable, net of allowances of $1,808,900 and $1,584,814, respectively | 8,500,031 | 7,613,273 |
| Inventories, net of reserve for inventory obsolescence of $1,029,377 and $760,001, respectively | 8,757,728 | 8,327,277 |
| Insurance claim receivable | 475,000 | — |
| Prepaid expenses and sundry receivables | 521,600 | 739,139 |
| Prepaid and refundable income taxes | 679,161 | 89,535 |
| Deferred income taxes | 1,509,158 | 1,193,745 |
| Total Current Assets | 37,964,095 | 35,443,441 |
| Property and Equipment, net of accumulated depreciation and amortization | 585,990 | 682,921 |
| Intangible Assets, net of accumulated Amortization | 696,414 | 697,506 |
| Other Assets | | |
| Marketable securities | 2,675,748 | 2,900,035 |
| Other | 65,300 | 65,300 |
| Total Other Assets | 2,741,048 | 2,965,335 |
| Total Assets | $ 41,987,547 | $ 39,789,203 |

See Notes to Unaudited Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

LIABILITIES AND SHAREHOLDERS' EQUITY

| | May 31, 2010 (Unaudited) | November 30, 2009 |
|---|---|---|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 12,326,264 | $ 8,775,676 |
| Capitalized lease obligation — current portion | 35,789 | 53,233 |
| Income taxes payable | — | 147,153 |
| Dividends payable | 493,811 | 493,811 |
| Total Current Liabilities | 12,855,864 | 9,469,873 |
| Deferred tax liability | 117,154 | 76,929 |
| Capitalized lease obligations-long term | 11,339 | 22,553 |
| Total Liabilities | 12,984,357 | 9,569,355 |
| Shareholders' Equity | | |
| Preferred stock, $1.00 par; authorized 20,000,000 shares; none issued | — | — |
| Common stock, $.01 par; authorized 15,000,000 shares; 6,086,740 shares issued and outstanding | 60,867 | 60,867 |
| Class A common stock, $.01 par; authorized 5,000,000 shares; 967,702 shares issued and outstanding | 9,677 | 9,677 |
| Additional paid-in capital | 2,329,049 | 2,329,049 |
| Retained earnings | 26,738,126 | 28,094,783 |
| Unrealized (loss) on marketable securities | (134,529) | (274,528) |
| Total Shareholders' Equity | 29,003,190 | 30,219,848 |
| Total Liabilities and Shareholders' Equity | $ 41,987,547 | $ 39,789,203 |

See Notes to Unaudited Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(UNAUDITED)**

| | Three Months Ended May 31, | | Six Months Ended May 31, | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | |
| Sales of health and beauty aid products — Net | $ 14,708,108 | $ 14,609,686 | $ 27,799,285 | $ 29,368,536 |
| Other income | 147,109 | 138,643 | 254,218 | 324,260 |
| Total Revenues | 14,855,217 | 14,748,329 | 28,053,503 | 29,692,796 |
| Costs and Expenses | | | | |
| Costs of sales | 6,119,823 | 5,527,838 | 11,150,922 | 11,144,050 |
| Selling, general and administrative expenses | 5,538,352 | 5,050,297 | 10,945,348 | 10,257,140 |
| Advertising, cooperative and promotional expenses | 2,353,530 | 2,782,150 | 3,905,037 | 6,449,490 |
| Research and development | 156,751 | 119,390 | 303,277 | 245,936 |
| Bad debt (recovery) expense | (31,936) | (72,181) | 14,339 | (24,675) |
| Interest expense | 1,004 | 2,383 | 2,751 | 5,668 |
| Total | 14,137,524 | 13,409,877 | 26,321,674 | 28,077,609 |
| Advertising Litigation Expense | 2,067,407 | — | 2,129,043 | — |
| Total Costs and Expenses | 16,204,931 | 13,409,877 | 28,450,717 | 28,077,609 |
| (Loss) Income before (Benefit From) Provision for Income Taxes | (1,349,714) | 1,338,452 | (397,214) | 1,615,187 |
| (Benefit From) Provision for Income Taxes | (439,125) | 644,316 | (28,179) | 796,685 |
| Net (Loss) Income | $ (910,589) | $ 694,136 | $ (369,035) | $ 818,502 |
| (Loss) Earnings per Share: | | | | |
| Basic | $ (0.13) | $ 0.10 | $ (.05) | $ 0.12 |
| Diluted | $ (0.13) | $ 0.10 | $ (.05) | $ 0.12 |
| Weighted Average Common Shares Outstanding: | | | | |
| Basic | 7,054,442 | 7,054,442 | 7,054,442 | 7,054,442 |
| Diluted | 7,054,442 | 7,054,442 | 7,054,442 | 7,054,442 |

See Notes to Unaudited Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

**(UNAUDITED)**

| | Three Months Ended May 31, | | Six Months Ended May 31, | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Net (Loss) Income | $ (910,589) | $ 694,136 | $ (369,035) | $ 818,502 |
| Other Comprehensive (Loss) Income — Unrealized (loss) gain on investments, net of tax * (Note 7, Note 12) | (44,287) | 1,059,550 | 139,999 | 260,824 |
| Comprehensive (Loss) Income | $ (954,876) | $ 1,753,686 | $ (229,036) | $ 1,079,326 |

* Unrealized holding (loss) gain for the three and six months ended May 31, 2010 is net of a deferred tax benefit from unrealized losses of $29,402 and $49,413 respectively.

See Notes to Unaudited Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | Six Months Ended | |
|---|---|---|
| | May 31, 2010 | May 31, 2009 |
| Cash Flows from Operating Activities: | | |
| Net (loss) income | $ (369,035) | $ 818,502 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 125,517 | 124,042 |
| Loss on write off of fixed assets | — | 3,262 |
| Loss (Gain) on sale of securities | 16,780 | (49,971) |
| (Increase) decrease in deferred income taxes | (225,775) | 37,337 |
| (Increase) in accounts receivable | (886,758) | (1,262,827) |
| (Increase) decrease in inventory | (430,452) | 151,864 |
| (Increase) in insurance claim receivable | (475,000) | — |
| Decrease in prepaid expenses and miscellaneous receivables | 217,539 | 62,020 |
| (Increase) decrease in prepaid and refundable income taxes | (589,626) | 720,949 |
| Increase (Decrease) in accounts payable and accrued Liabilities | 3,550,588 | (331,560) |
| (Decrease) in income taxes payable | (147,153) | |
| Net Cash Provided by Operating Activities | 786,625 | 273,618 |
| Cash Flows from Investing Activities: | | |
| Acquisition of property, plant and equipment | (27,492) | (168,382) |
| Purchase of marketable securities | (9,008,164) | (9,626,163) |
| Proceeds from sale or maturity of investments | 10,367,999 | 8,384,000 |
| Net Cash Provided by (Used in) Investing Activities | 1,332,343 | (1,410,545) |
| Cash Flows from Financing Activities: | | |
| Payments of capital lease obligation | (28,658) | (28,219) |
| Dividends paid | (987,622) | (1,551,978) |
| Net Cash (Used in) Financing Activities | (1,016,280) | (1,580,197) |
| Net Increase (decrease) in Cash | 1,102,688 | (2,717,124) |
| Cash and Cash Equivalents at Beginning of Period | 7,844,369 | 5,568,699 |
| Cash and Cash Equivalents at End of Period | $ 8,947,057 | $ 2,851,575 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid during the period for: | | |
| Interest | $ 2,751 | $ 5,668 |
| Income taxes | 957,768 | 41,017 |
| Schedule of Non Cash Financing Activities: | | |
| Dividends declared | 987,622 | 1,269,800 |

See Notes to Unaudited Consolidated Financial Statements.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the three and six month periods ended May 31, 2010 are not necessarily indicative of the results that may be expected for the entire year ended November 30, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 2009. The accompanying unaudited consolidated financial statements, in the opinion of management, include all adjustments necessary for a fair presentation. All such adjustments are of a normal recurring nature.

NOTE 2 — ORGANIZATION AND DESCRIPTION OF BUSINESS

CCA Industries, Inc. ("CCA") was incorporated in the State of Delaware on March 25, 1983.

CCA manufactures and distributes health and beauty aid products.

CCA has several wholly-owned subsidiaries, CCA Cosmetics, Inc., CCA Labs, Inc., and Berdell, Inc, all of which are currently inactive. CCA has two active wholly-owned subsidiaries, CCA Online Industries, Inc., and CCA IND., S.A. DE C.V., a Variable Capital Corporation organized pursuant to the laws of Mexico.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of CCA and its wholly-owned subsidiaries (collectively the "Company"). All significant inter-company accounts and transactions have been eliminated.

Estimates and Assumptions:

The consolidated financial statements include the use of estimates, which management believes are reasonable. The process of preparing financial statements in conformity with Accounting Principles Generally Accepted in the United States ("GAAP"), requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accounting estimates and assumptions are those that management considers to be most critical to the financial statements because they inherently involve significant judgment and uncertainties. All of these estimates and assumptions reflect management's best judgment about current economic and market conditions and their effects on the information available as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive (Loss) Income:

Comprehensive (loss) income includes changes in equity that are excluded from the consolidated statements of operations and are recorded directly into a separate section of consolidated statements of comprehensive (loss) income. The Company's accumulated other comprehensive (loss) income shown on the consolidated balance sheets consist of unrealized gains and losses on investment holdings, net of tax.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with an original maturity of less than three months to be cash equivalents.

Short-Term Investments and Marketable Securities:

Short-term investments and marketable securities consist of certificates of deposits, corporate and government bonds and equity securities. The Company has classified its investments as Available-for-Sale securities. Accordingly, such investments are reported at fair market value, with the resultant unrealized gains and losses reported as a separate component of shareholders' equity. Fair value for Available-for-Sale securities is determined by reference to quoted market prices or other relevant information.

Accounts Receivable:

Accounts receivable consist of trade receivables recorded at original invoice amount, less an estimated allowance for uncollectible amounts. The accounts receivable balance is further reduced by allowances for cooperative advertising and reserves for returns which are anticipated to be taken as credits against the balances as of the balance sheet date. The allowances and reserves which are anticipated to be deducted from future invoices are included in accrued liabilities. Trade credit is generally extended on a short term basis; thus trade receivables do not bear interest, although a finance charge may be applied to receivables that are past due. Trade receivables are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Changes in the estimated collectability of trade receivables are recorded in the results of operations for the period in which the estimate is revised. Trade receivables that are deemed uncollectible are offset against the allowance for uncollectible accounts. The Company generally does not require collateral for trade receivables.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories:

Inventories are stated at the lower of cost (weighted average) or market.

Product returns are recorded in inventory when they are received at the lower of their original cost or market, as appropriate. Obsolete inventory is written off and its value is removed from inventory at the time its obsolescence is determined.

Property and Equipment and Depreciation and Amortization:

Property and equipment are stated at cost. The Company charges to expense repairs and maintenance items, while major improvements and betterments are capitalized.

When the Company sells or otherwise disposes of property and equipment items, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is included in earnings.

Depreciation and amortization are provided on the straight-line method over the following estimated useful lives or lease terms of the assets, whichever is shorter:

| | |
|---|---|
| Machinery and equipment | 5-7 Years |
| Furniture and fixtures | 3-10 Years |
| Tools, dies and masters | 3 Years |
| Transportation equipment | 5 Years |
| Leasehold improvements | Remaining life of the lease (ranging from 1-9 years) |

Intangible Assets:

Intangible assets are stated at cost. Patents are amortized on the straight-line method over a period of 17 years. Such intangible assets are reviewed for potential impairment on a quarterly basis.

Web Site Costs:

Certain costs incurred in creating the graphics and content of the Company’s web site have been capitalized in accordance with the Accounting Standards Codification (“ASC”) Topic 350, “Intangible — Goodwill and Other”, issued by the Financial Accounting Standards Board (“FASB”). The Company had determined that these costs would be amortized over a two-year period. Web site design and conceptual costs are expensed as incurred.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments:

The carrying value of assets and liabilities considered financial instruments approximate their respective fair value.

Income Taxes:

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to the temporary differences between the carrying amounts of assets and liabilities as recorded on the Company's financial statements and the carrying amounts as reflected on the Company's income tax return. In addition, the portion of charitable contributions that cannot be deducted in the current period and are carried forward for future periods are also reflected in the deferred tax assets. Deferred tax assets and liabilities are valued using the tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of the deferred tax asset will not be realized.

Tax Credits:

Tax credits, when present, are accounted for using the flow-through method as a reduction of income taxes in the years utilized.

(Loss) Earnings Per Common Share:

Basic (loss) earnings per share are calculated in accordance with ASC Topic 260, "Earnings Per Share", which requires using the average number of shares of common stock outstanding during the period. Diluted (loss) earnings per share is computed on the basis of the average number of common shares outstanding plus the dilutive effect of any outstanding stock options using the "treasury stock method". Common stock equivalents consist of stock options.

Revenue Recognition:

The Company recognizes sales upon shipment of merchandise. Net sales comprise gross revenues less expected returns, trade discounts, customer allowances and various sales incentives. Although no legal right of return exists between the customer and the Company, returns are accepted if it is in the best interests of the Company's relationship with the customer. The Company, therefore, records a reserve for returns based on the historical returns as a percentage of sales in the five preceding months, adjusting for returns that can be put back into inventory, and a specific reserve based on customer circumstances. Those returns which are anticipated to be taken as credits against the balances as of the balance sheet date are offset against the accounts receivable. The reserves which are anticipated to be deducted from future invoices are included in accrued liabilities.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales Incentives:

In accordance with ASC Topic 605-10-S99, "Revenue Recognition", the Company has accounted for certain sales incentives offered to customers by charging them directly to sales as opposed to advertising and promotional expense. These accounting adjustments under ASC Topic 605-10-S99 do not affect net income.

Advertising Costs:

The Company's policy for financial reporting is to charge advertising cost to expense as incurred. Advertising, cooperative and promotional expenses for the three months ended May 31, 2010 and May 31, 2009 were $2,353,530 and $2,782,150, respectively. Advertising, cooperative and promotional expenses for the six months ended May 31, 2010 and May 31, 2009 were $3,905,037 and $6,449,490, respectively.

Shipping Costs:

The Company's policy for financial reporting is to charge shipping costs as part of selling, general and administrative expenses as incurred. Freight costs included for the three months ended May 31, 2010 and May 31, 2009 were $681,604 and $722,360, respectively. Freight costs included for the six months ended May 31, 2010 and 2009 were $1,317,320 and $1,397,133, respectively.

Stock Options:

In December 2004, the FASB issued ASC Topic 718, "Stock Compensation". ASC Topic 718 requires stock grants to employees to be recognized in the consolidated statement of operations based on their fair values.

Recent Accounting Pronouncements:

In December 2007, the FASB amended certain provisions of Accounting Standard Codification ("ASC") Topic 805, "Business Combinations". This amendment changes accounting for acquisitions that close beginning in 2009 in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, in-process research & development and restructuring costs. More transactions and events will qualify as business combinations and will be accounted for at fair value under the new standard. This amendment promotes greater use of fair values in financial reporting. In addition, under Topic 805, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will impact income tax expense. Some of the changes will introduce more volatility into earnings. Topic 805 became effective for fiscal years beginning on or after December 15, 2008.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Topic 805 will have an impact on accounting for any business acquired after the effective date of this pronouncement.

In December 2007, the FASB issued ASC Topic 810, "Consolidation". Topic 810 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests ("NCI") and classified as a component of equity. This new consolidation method will significantly change the accounting for transactions with minority interest holders. Topic 810 became effective for fiscal years beginning after December 15, 2008. Topic 810 will have an impact on the presentation and disclosure of the noncontrolling interests of any non-wholly owned business acquired in the future.

In April 2008, the FASB amended certain provisions of ASC Topic 350, "Intangibles-Goodwill and Other". Topic 350 amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible. It further requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. Topic 350 became effective for fiscal years beginning after December 15, 2008, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. Topic 350 did not have a significant impact on the Company's results of operations, financial condition or liquidity.

In April 2009, the SEC issued Staff Accounting Bulletin No. 111 ("SAB No. 111"). SAB No. 111 amends Topic 5.M. in regard to other than temporary impairment of certain investments in debt and equity securities. SAB No. 111 confirms the establishment of the "other than temporary" category of investment impairment. The adoption of SAB No. 111 became effective upon issuance and did not have any material impact on the Company's financial position or results of operation.

In April 2009, the FASB issued an amendment to ASC Topic 825, "Financial Instruments". The amendment requires disclosure of the fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. The amendment to Topic 825 became effective for interim reporting periods ending after June 15, 2009. The adoption of this topic had no impact on the Company's financial position or results of operation.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In April 2009, the FASB issued additional guidance under ASC Topic 820, “Fair Value Measurements and Disclosures”. Topic 820 provides additional guidance for estimating the fair value of an asset or liability when the volume and level of activity for the asset or liability have significantly decreased, and identifying circumstances in which a transaction may not be orderly. The adoption of this topic became effective for all interim and annual reporting periods ending after June 15, 2009. The adoption of the additional guidance provided by Topic 820 did not have any material impact on the Company’s financial position or results of operation.

In April 2009, the FASB issued an amendment to ASC Topic 320, “Investments — Debt and Equity” which amends the guidance in regard to other-than-temporary impairments on debt and equity securities in the financial statements. Topic 320 also requires additional disclosures in the financial statements that enable users to understand the types of debt and equity securities held, including those investments in an unrealized loss position for which an other-than-temporary impairment has or has not been recognized. The adoption of the amendment to Topic 320 became effective for all interim and annual reporting periods ending after June 15, 2009. The adoption of this amended topic did not have any material impact on the Company’s financial position or results of operation.

In May 2009, the FASB issued ASC Topic 855, “Subsequent Events”. The statement is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Topic 855 became effective June 15, 2009 for all subsequent reporting periods. The adoption of Topic 855 did not have any material impact on the Company’s financial position or results of operation.

In June 2009, the FASB issued Accounting Standards Update (“ASU”) 2009-01, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles”. This update identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (“GAAP”) in the United States. This update is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASU 2009-01 did not have any material impact on the Company’s financial position or results of operation.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In August 2009, the FASB issued ASU 2009-05, which is an update to Topic 820, "Fair Value Measurements and Disclosures". The update provides clarification in regard to the estimation of the fair value of a liability. In addition, it also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. This update became effective for all interim and annual reporting periods ending after August 31, 2009. The adoption of ASU 2009-05 did not have a material impact on the Company's financial position or results of operation.

In January 2010, the FASB issued ASU 2010-06, which is an update to Topic 820, "Fair Value Measurement and Disclosures". This update establishes further disclosure requirements regarding transfers in and out of levels 1 and 2, and activity in level 3 fair value measurements. The update also provides clarification as to the level of disaggregation for each class of assets and liabilities, requires disclosures about inputs and valuation techniques, and also includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets. ASU 2010-06 will be effective for all interim and annual reporting periods beginning after December 15, 2010. ASU 2010-06 is not expected to have a material impact on the Company's financial position or results of operation.

In February 2010, the FASB issued ASU 2010-09, which is an update to Topic 855, "Subsequent Events". This update clarifies the date through which the Company is required to evaluate subsequent events. SEC filers will be required to evaluate subsequent events though the date that the financial statements are issued. ASU 2010-009 was effective upon issuance, and will not have a material impact on the Company's financial position or results of operation.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

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NOTE 4 — INVENTORIES

The components of inventory consist of the following:

| | May 31, 2010 | November 30, 2009 |
|---|---|---|
| Raw materials | $ 5,464,822 | $ 5,246,185 |
| Finished goods | 3,292,906 | 3,081,092 |
| | $ 8,757,728 | $ 8,327,277 |

At May 31, 2010 and November 30, 2009, the Company had a reserve for obsolescence of $1,029,377 and $760,001, respectively.

NOTE 5 — PROPERTY AND EQUIPMENT

The components of property and equipment consisted of the following:

| | May 31 2010 | November 30, 2009 |
|---|---|---|
| Machinery and equipment | $ 231,170 | $ 217,323 |
| Furniture and equipment | 958,218 | 953,208 |
| Tools, dies, and masters | 344,351 | 335,716 |
| Capitalized lease obligations | 263,067 | 263,067 |
| Web Site | 20,000 | 20,000 |
| Leasehold improvements | 402,785 | 402,785 |
| | 2,219,591 | 2,192,099 |
| Less: Accumulated depreciation and amortization | 1,633,601 | 1,509,178 |
| Property and Equipment — Net | $ 585,990 | $ 682,921 |

Depreciation expense for the six months ended May 31, 2010 and 2009 amounted to $124,425 and $120,711, respectively. Furniture and equipment includes $132,550 of costs for computer equipment and software that has been purchased, but not placed in service as of yet. No depreciation expense for these assets will be recorded until they are placed in service.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 — INTANGIBLE ASSETS

Intangible assets consist of owned trademarks and patents for ten product lines

| | May 31, 2010 | November 30, 2009 |
|---|---|---|
| Patents and trademarks | $ 856,006 | $ 856,006 |
| Less: Accumulated amortization | 159,592 | 158,500 |
| Intangible Assets — Net | $ 696,414 | $ 697,506 |

Patents are amortized on a straight-line basis over their legal life of 17 years and trademarks are adjusted to realizable value for each quarterly reporting period. Amortization expense for the six months ended May 31, 2010 and 2009 amounted to $1,092 and $3,331, respectively. Estimated amortization expense for the years ending November 30, 2010, 2011, 2012, 2013 and 2014 will be $2,185, $2,185, $2,185, $2,163 and $2,123 respectively.

NOTE 7 — SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

Short-term investments and marketable securities, which consist of fully guaranteed bank certificates of deposit, stock and various corporate and government obligations, are stated at market value. The Company has classified its investments as Available-for-Sale securities and considers as current assets those investments which will mature or are likely to be sold within the ensuing twelve months. The remaining investments are considered non-current assets. The cost and market values of the investments at May 31, 2010 and November 30, 2009 were as follows:

| | May 31, 2010 | | November 30, 2009 | |
|---|---|---|---|---|
| | COST | MARKET | COST | MARKET |
| Current | | | | |
| Guaranteed bank certificates of deposit | $ 826,000 | $ 832,758 | $ 942,000 | $ 944,910 |
| Corporate obligations | 399,614 | 404,104 | 598,370 | 607,189 |
| U.S. Government obligations (including mortgage backed securities) | 6,295,145 | 6,296,310 | 7,494,318 | 7,497,900 |
| Preferred stock | 454,855 | 402,570 | 250,000 | 187,720 |
| Common stock | 443,816 | 434,532 | 189,552 | 196,873 |
| Mutual funds | 215,274 | 171,722 | 215,274 | 165,383 |
| Other equity investments | 70,206 | 32,364 | 70,206 | 36,128 |
| Total Current | 8,704,910 | 8,574,360 | 9,759,720 | 9,636,103 |

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

| | May 31, 2010 | | November 30, 2009 | |
|---|---|---|---|---|
| | COST | MARKET | COST | MARKET |
| Non-Current: | | | | |
| Guaranteed bank Certificates of deposit | 240,000 | 241,387 | 816,000 | 818,250 |
| Corporate obligations | 250,000 | 249,660 | 200,000 | 205,297 |
| Preferred stock | 2,279,039 | 2,184,701 | 2,074,845 | 1,876,488 |
| Total Non-Current | 2,769,039 | 2,675,748 | 3,090,845 | 2,900,035 |
| Total | $ 11,473,949 | $11,250,108 | $12,850,565 | $12,536,138 |

As of May 31, 2010, the Company had unrealized losses on its investments of $223,841. This amount was reduced by a deferred tax benefit of $89,313, of which $39,900 was recorded in prior periods and $49,413 was recorded in fiscal 2010. None of the unrealized losses have been deemed to be other-than-temporary or temporary impairments, and are accounted for under mark-to-market rules for Available-for-Sale securities. Please see Note 3 for further information.

Bank certificates of deposit are insured by the Federal Deposit Insurance Corporation for the full balance under the Temporary Liquidity Guarantee Program. The Company maintains accounts with several brokerage firms. The accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $100,000 for cash) by the Securities Investor Protection Corporation (SIPC).

The Company adopted ASC Topic 820, “Fair Value Measurements and Disclosures” as of December 1, 2007, which expands disclosures about investments that are measured and reported at fair market value. ASC Topic 820 established a fair value hierarchy that prioritizes the inputs to valuations techniques utilized to measure fair value into three broad levels as follows:

Level 1 — Quoted market prices in active markets for the identical asset or liability that the reporting entity has ability to access at measurement date.

Level 2 — Quoted market prices for identical or similar assets or liabilities in markets that are not active, and where fair value is determined through the use of models or other valuation methodologies.

Level 3 — Unobserved inputs for the asset or liability. Fair value is determined by the reporting entity’s own assumptions utilizing the best information available, and includes situations where there is little market activity for the investment.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 — SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

| Description | May 31, 2010 | Quoted Market Price in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|---|---|---|
| Bank Certificates of Deposit | $ 1,074,145 | $ — | $ 1,074,145 |
| Corporate obligations | 653,764 | — | 653,764 |
| Government Obligations | 6,296,310 | 6,296,310 | — |
| Preferred Stock | 2,587,271 | 2,587,271 | — |
| Common Stock | 434,532 | 434,532 | — |
| Mutual Funds | 171,722 | 171,722 | — |
| Other Equity | 32,364 | — | 32,364 |
| Total | $11,250,108 | $ 9,489,835 | $ 1,760,273 |

| Description | November 30, 2009 | Quoted Market Price in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|---|---|---|
| Bank Certificates of Deposit | $ 1,763,157 | $ — | $ 1,763,157 |
| Corporate obligations | 812,490 | — | 812,490 |
| Government Obligations | 7,497,900 | 6,997,900 | 500,000 |
| Preferred Stock | 2,064,208 | 2,064,208 | — |
| Common Stock | 196,872 | 196,872 | — |
| Mutual Funds | 165,383 | 165,383 | — |
| Other Equity | 36,128 | — | 36,128 |
| Total | $ 12,536,138 | $ 9,424,363 | $ 3,111,775 |

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following items which exceeded 5% of total current liabilities are included in accounts payable and accrued liabilities as of:

| | May 31, 2010 (In Thousands) | November 30, 2009 (In Thousands) |
|---|---|---|
| a) Trade payables | $ 2,549 | $ 3,775 |
| b) Advertising litigation | 2,500 | * |
| c) Media advertising | 1,997 | 548 |
| d) Accrued returns | 1,410 | 1,207 |
| e) Coop advertising | 1,136 | 1,218 |
| f) Accrued bonuses | 938 | 482 |
| | $ 10,530 | $ 7,230 |

* under 5%

All other liabilities were for trade payables or individually did not exceed 5% of total current liabilities.

NOTE 9 — OTHER INCOME

Other income consists of the following:

| | Three Months Ending May 31, | | Six Months Ending May 31, | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Interest and dividend income | $ 83,295 | $ 102,007 | $ 141,472 | $ 212,407 |
| Royalty income | 45,000 | 36,180 | 90,000 | 57,768 |
| Realized (loss) gain on sale of Bonds | (21,264) | — | (17,368) | 49,985 |
| Miscellaneous | 40,078 | 456 | 40,114 | 4,100 |
| | $ 147,109 | $ 138,643 | $ 254,218 | $ 324,260 |

NOTE 10 — COMMITMENTS AND CONTINGENCIES

Litigation

A class action lawsuit, “Wally v. CCA”, alleging false and misleading advertisement of the Company’s dietary supplement, was commenced in the Superior Court of the State of California, County of Los Angeles, on September 29, 2009. The action was brought seeking monetary and equitable remedies.

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 — COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation (Continued)

The Company denied all of the allegations of wrongdoing and liability in regard to its advertising. Nevertheless, it concluded that in the light of the costs, delays and risks, as well as the disruption that would be caused by the litigation and the legal expense to defend the action, it was in the best interest of the Company to settle the litigation.

The performance of any act of the Settlement Agreement, or any other circumstance regarding the parties' agreement to settle, is not to be considered an admission of liability, or as an admission of any allegations made in any claim or litigation.

The settlement, subject to the Court's final approval, provides for the deposit of Two Million Five Hundred Thousand dollars ($2,500,000) into a common fund to be dispersed as per provisions approved by the Court in the final Order of Settlement.

The Company also entered into a settlement with its insurance carrier in regard to liability insurance coverage for litigation and settlement costs. The settlement calls for the insurance carrier to pay fifty percent (50%) of any combination of defense fees and related costs incurred for any settlement of, or any judgment on the released claims, up to a total of Four Hundred Seventy-Five Thousand dollars ($475,000). The obligation for the insurance carrier to make payments under this claim will cease once it has paid $475,000 to or on behalf of the Company.

The Company recorded a charge of $2,500,000 as an advertising litigation expense during the second quarter of 2010, with the resultant liability recorded as an accrued liability. To date, the Company has incurred legal fees related to the litigation of approximately $204,362, of which $100,319 was taken as a charge against earnings in the fourth quarter of fiscal 2009, $61,636 was taken as a charge against earnings in the first quarter of fiscal 2010 and $42,407 has been charged against earnings for the second quarter of fiscal 2010. The Company also recorded, as a result of the insurance settlement, an insurance claim receivable of $475,000, during the second quarter of 2010. The advertising litigation expense was reduced by the amount of the insurance claim receivable. The net cost of the litigation is reflected in the consolidated statements of operations as advertising litigation expense and consists of the following:

| | Three Months Ending May 31, | | Six Months Ending May 31, | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Litigation settlement | $ 2,500,000 | $ — | $ 2,500,000 | $ — |
| Legal expenses incurred | 42,407 | — | 104,043 | — |
| Insurance claim settlement | (475,000) | — | (475,000) | — |
| Litigation expense — Net | $ 2,067,407 | $ — | $ 2,129,043 | $ — |

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 — COMMITMENTS AND CONTINGENCIES (CONTINUED)

Dividends

On December 21, 2009, the board of directors declared a $0.07 per share dividend for the first quarter ended February 28, 2010. The dividend was payable to all shareholders of record as of February 1, 2010 and was paid on March 1, 2010.

On February 23, 2010, the Board of Directors declared a $0.07 per share dividend for the second quarter ended May 31, 2010. The dividend was payable to all shareholders of record on May 3, 2010 and was paid on June 3, 2010.

Collective Bargaining Agreement

On July 8, 2008, the Company signed a collective bargaining agreement with Local 108, L.I.U. of N.A., AFL-CIO with similar provisions of the one that expired on January 1, 2008. The new agreement is effective January 1, 2008. Other than standard wage, holiday, vacation and sick day provisions, the agreement requires the Company to contribute to the Recycling and General Industrial Union Local 108 Welfare Fund (“Welfare Fund”) certain benefits costs. The Welfare Fund provides medical, dental and life insurance for the Company’s employees covered under the collective bargaining agreement. The new collective bargaining agreement is in effect through December 31, 2010. This agreement pertains to 32% of the CCA labor force.

NOTE 11 — 401(K) PLAN

The Company has adopted a 401(K) Profit Sharing Plan that all employees with over one year of service and have attained age 21 are eligible to join. Employees may make salary reduction contributions up to twenty-five percent of compensation not to exceed the federal government limits. The Plan allows for the Company to make discretionary contributions. For all fiscal periods to date, the Company did not make any contributions.

NOTE 12 – INCOME TAXES

CCA and its subsidiaries file a consolidated federal income tax return.

The Company previously adopted the provisions of ASC Subtopic 740-10-25, “Uncertain Tax Positions”. Management believes that there were no unrecognized tax benefits, or tax positions that would result in uncertainty regarding the deductions taken, as of May 31, 2010 and May 31, 2009. ASC Subtopic 740-10-25 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no penalties or related interest for the fiscal year to date ended May 31, 2010 or for the fiscal year to date ended May 31, 2009.

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NOTE 12 – INCOME TAXES (Continued)

The United States Internal Revenue Service completed in 2009 an examination of the Company's U.S. tax return for fiscal 2006. As a result of that examination, the Company received a refund of $94,195 in federal taxes for the 2006 fiscal year. The audit adjustments resulted in refunds from amended state tax returns for 2006 of $28,145, and an additional $196,335 in refunds from federal and state amended returns for fiscal 2007. The State of New Jersey, Department of The Treasury, Division of Taxation is currently examining state income and sales tax returns filed for the fiscal years 2004 – 2008. As of July 14, 2010, no adjustments have been proposed. No other state has notified the Company of its intent to conduct an examination of tax returns filed in their jurisdictions. The Company had $214,139 and $315,455 of officer salaries during the three months ended May 31, 2010 and 2009, and $381,873 and $423,146 during the six months ended May 31, 2010 and 2009, respectively that were not deductible for tax purposes in calculating the income tax provision. As of May 31, 2010, the Company had unrealized losses on its investments of $223,841. This amount was reduced by a deferred tax benefit of $89,313, of which $39,900 was recorded in prior periods, $20,012 was recorded in the first quarter of fiscal 2010 and $29,402 recorded in the second quarter of 2010. The deferred tax benefit has been recorded as a deferred tax asset, and offset against the unrealized losses on marketable securities reported on the consolidated balance sheets.

At May 31, 2010 and November 30, 2009, respectively, the Company had temporary differences arising from the following:

| | May 31, 2010 | | | |
|---|---|---|---|---|
| | | | Classified As | |
| Type | Amount | Deferred Tax | Short-Term Asset | Long- Term (Liability) |
| Depreciation | $ (293,619) | $ (117,154) | $ — | $ (117,154) |
| Unrealized loss on investments | 233,841 | 89,313 | 89,313 | |
| Reserve for bad debts | 38,333 | 15,295 | 15,295 | — |
| Reserve for returns | 1.770,567 | 706,456 | 706,456 | — |
| Reserve for obsolete inventory | 1,029,377 | 410,721 | 410,721 | — |
| Vacation accrual | 293,365 | 117,053 | 117,053 | — |
| Charitable Contributions | 145,448 | 58,034 | 58,034 | — |
| Section 263A costs | 281,421 | 112,286 | 112,286 | — |
| Net deferred income taxes | | $ 1,392,004 | $ 1,509,158 | $ (117,154) |

**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 — INCOME TAXES (CONTINUED)

| | November 30, 2009 | | | |
|---|---|---|---|---|
| | | | Classified As | |
| Type | Amount | Deferred Tax | Short-Term Asset | Long- Term (Liability) |
| Depreciation | $ (192,804) | $ (76,929) | $ — | $ (76,929) |
| Unrealized loss on investments | 314,428 | 125,457 | 125,457 | — |
| Reserve for bad debts | 131,223 | 52,358 | 52,358 | — |
| Reserve for returns | 1,453,591 | 579,983 | 579,983 | — |
| Reserve for obsolete inventory | 760,001 | 303,240 | 303,240 | — |
| Vacation accrual | 276,161 | 110,188 | 110,188 | — |
| Charitable Contributions | 9,569 | 3,818 | 3,818 | |
| Section 263A costs | 261,298 | 104,258 | 104,258 | — |
| Deferred income tax | | 1,202,373 | 1,279,302 | $ (76,929) |
| Valuation allowance | | (85,557) | (85,557) | — |
| Net deferred income taxes | | $ 1,116,816 | $ 1,193,745 | $ (76,929) |

Income tax expense is made up of the following components:

| | Three Months Ended May 31, | |
|---|---|---|
| | 2010 | 2009 |
| Current tax expense — Federal | $ (177,373) | $ 514,952 |
| Current tax expense — State & Local | (51,136) | 149,759 |
| Deferred tax (benefit) | (210,616) | (20,395) |
| Total tax expense | $ (439,125) | $ 644,316 |

| | Six Months Ended May 31, | |
|---|---|---|
| | 2010 | 2009 |
| Current tax expense — Federal | $ 152,308 | $ 586,748 |
| Current tax expense — State & Local | 45,289 | 172,600 |
| Deferred tax (benefit) expense | (225,776) | 37,337 |
| Total tax expense | $ (28,179) | $ 796,685 |

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NOTE 12 — INCOME TAXES (CONTINUED)

Prepaid and refundable income taxes are made up of the following components:

| | Federal | State & Local | Total |
|---|---|---|---|
| May 31, 2010 | $ 402,950 | $ 276,211 | $ 679,161 |
| November 30, 2009 | $ — | $ 89,535 | $ 89,535 |

Income tax payable is made up of the following components:

| | Federal | State & Local | Total |
|---|---|---|---|
| May 31, 2010 | $ — | $ — | $ — |
| November 30, 2009 | $ 61,303 | $ 85,850 | $ 147,153 |

A reconciliation of (benefit from) provision for income taxes computed at the statutory rate to the effective rate for the three months ended May 31, 2010 and 2009 is as follows:

| | Three Months Ended May 31, 2010 | | Three Months Ended May 31, 2009 | |
|---|---|---|---|---|
| | Amount | Percent Amount | Amount | Percent of Pretax Income |
| (Benefit from) Provision for Income taxes at federal statutory rate | $ (458,903) | (34.00)% | $ 455,074 | 34.00% |
| Increases in taxes resulting from: | | | | |
| State income taxes, net of federal income tax benefit | (80,173) | (5.94) | 79,504 | 5.94 |
| Non-deductible expenses and other adjustments | 99,951 | 7.41 | 109,738 | 8.19 |
| (Benefit from) Provision for Income taxes at effective rate | $ (439,125) | (32.53)% | $ 644,316 | 48.13% |

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**CCA INDUSTRIES, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

| | Six Months Ended May 31, 2010 | | Six Months Ended May 31, 2009 | |
|---|---|---|---|---|
| | Amount | Percent Amount | Amount | Percent of Pretax Income |
| (Benefit from) Provision for Income taxes at federal statutory rate | $ (135,053) | (34.00)% | $ 549,163 | 34.00% |
| Increases in taxes resulting from: | | | | |
| State income taxes, net of federal income tax benefit | (23,595) | (5.94) | 95,942 | 5.94 |
| Non-deductible expenses and other adjustments | 130,469 | 32.85 | 151,580 | 9.38 |
| (Benefit from) Provision for Income taxes at effective rate | $ (28,179) | (7.09)% | $ 796,685 | 49.32% |

NOTE 13 — SUBSEQUENT EVENTS

On May 28, 2010, the Board of Directors declared a $0.07 per share dividend for the third quarter ended August 31, 2010. The dividend will be payable to all shareholders of record on August 2, 2010 and will be payable on September 2, 2010.

On June 16, 2010, the Company deposited $2,500,000 into an escrow account to fund the proposed settlement of the advertising litigation expense. Please see Note No. 10 for further information regarding the litigation.

The Company has evaluated subsequent events that occurred during the period of May 31, 2010 through July 14, 2010, the date that these financial statements were issued. Except as disclosed above, management concluded that no other events required potential adjustment to, or disclosure in these consolidated financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED)

Except for historical information contained herein, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements. These statements involve known and unknown risks and uncertainties that may cause actual results or outcomes to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements, and statements which explicitly describe such issues. Investors are urged to consider any statement labeled with the terms "believes," "expects," "intends'" or "anticipates" to be uncertain and forward-looking.

### OVERVIEW

The Company had, for the three month period ended May 31, 2010, a net loss of $(910,589) as compared to net income of $694,136 for the same period in 2009. The reason for the second quarter loss was the recording of the proposed settlement of advertising litigation plus related legal fees, reduced by an insurance claim, for a net expense of $2,067,407 before tax. This advertising litigation expense also impacted the net income for the six month period ended May 31, 2010. If the advertising litigation expense had not occurred, the income before provision for income taxes would have been $717,693 and $1,731,829, respectively for the three months and six months ended May 31, 2010 as compared to $1,338,452 and $1,615,187, respectively for the same periods in 2009. Net sales for the second quarter of fiscal 2010 were $14,708,108 as compared to $14,609,686 for the same period in fiscal 2009. The Company's balance sheet as of May 31, 2010 reflects $37,964,095 in current assets and $12,855,864 in current liabilities. The Company does not have any loan or line of credit bank debt.

### OPERATING RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2010

For the three-month period ended May 31, 2010, the Company had total revenues of $14,855,217 and a net loss of $(910,589) after (benefit from) income taxes of $(439,125). For the same three month period in 2009, total revenues were $14,748,329 and net income was $694,136 after a provision for taxes of $644,316. If the advertising litigation expense had not occurred, the income before provision for income taxes would have been $717,693 for the three months ended May 31, 2010 as compared to $1,338,452 for the same period in 2009. Basic and fully diluted losses per share were $(0.13) for the second quarter of 2010 as compared to basic and fully diluted earnings per share of $0.10 for the second quarter of 2009. In accordance with ASC Topic 605-10-S99, "Revenue Recognition", the Company has accounted for certain sales incentives offered to customers by charging them directly to sales as opposed to advertising and promotional expenses. Net sales for the second quarter of 2010 were reduced by $1,858,394 and offset by an equal reduction of trade promotional expenses, which were included in the Company's advertising expense budget. In the same period of the prior year, net sales were reduced by $1,630,652 and trade promotion was credited by that amount. These accounting adjustments under ASC Topic 605-10-S99 do not affect net income.

The Company's net sales increased $98,422 to $14,708,108 for the three-month period ended May 31, 2010 from $14,609,686 for the three-month period ended May 31, 2009. The Company's gross sales had increased by $423,102 in the second quarter of 2010 as compared to the second quarter of 2009. However, this increase was offset primarily by higher sales incentives of $227,242 and higher returns of $42,452. Sales returns and allowances, not including sales incentives, were 11.88% of gross sales for the three-month period ended May 31, 2010 as compared to 11.63% for the same period last year. Sales returns for the Plus White oral care brand were $201,278 higher during the second quarter of 2010 as compared to the second quarter of 2009, due to a voluntary product recall. A Form 8-K was filed on April 14, 2010 announcing that the Company had requested the voluntary recall of three lots of its Plus White whitening gel which had shipped in March and early April. The gel liquefied, subsequent to shipment (a cosmetic change), which caused the product to lose its efficacy.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED) (CONTINUED)

Included in sales incentives is the cost of the coupons issued by the Company, which was $246,005 in the second quarter of 2010 as compared to $280,389 in the second quarter of 2009. The Company uses a national clearing house for the receipt and processing of coupons from our retail partners. The national clearing house renders invoices to the Company on a weekly basis for coupons that they have processed which are recorded as an expense in the period for which the invoice is dated. The Company also records an expense accrual at the end of each period equal to the prior six weeks of invoices rendered based on information from the national clearing house that there is an average lag time of six weeks between the time that the retailer receives the coupon and when the Company receives the invoice. The amount recorded as an expense or an accrual includes the retailer cost of the coupon in addition to any processing charges by the national coupon clearing house. Coupons are issued by the Company to be used with the purchase of specific products, with an expiration date noted on the coupon.

The Company's net sales by category for the second quarter of 2010 were: Dietary Supplement $5,517,103, 37.5%; Skin Care $4,749,930, 32.3%; Oral Care $1,966,020, 13.4%; Nail Care $1,757,105, 11.9%; Fragrance, $393,398, 2.7%; Analgesic $232,267, 1.6%; and Hair Care and Miscellaneous $92,285, 0.6%; for a total of $14,708,108.

The Company makes every effort to control the cost of manufacturing and has had no substantial cost increases. The gross margin for the second quarter of 2010 was 58.4%, as compared to 62.2% for the second quarter of 2009. The gross margin was lower primarily due to higher inventory reserves related to the voluntary recall of the three lots of the Plus White whitening gel and higher sales incentives. The inventory reserve was increased by $271,153 for items directly related to the product recall. Increases in the inventory reserve are charged to the costs of sales. Sales incentives increased by $227,742 for the second quarter of 2010 as compared to the same period in 2009. Sales incentives reduce net sales and the resulting gross margin.

Selling, general and administrative expenses were $488,055 higher in the second quarter of 2010 as compared to the same period in 2009. The increase was due to higher employee compensation expense in the second quarter of 2010 as compared to the second quarter of 2009. The higher compensation expense was due to one additional payroll period in the second quarter of 2010 than the second quarter of 2009, and the timing of when additional compensation expense was recorded.

Advertising expense was $2,353,530 for the quarter ended May 31, 2010 as compared to $2,782,150 for the quarter ended May 31, 2009, or a decrease of $428,620. Of this amount, $283,139 was due to lower co-operative advertising that is reflected as a selling expense and $144,835 was as a result of lower advertising expense. The Company's advertising expense changes from quarter to quarter based on the timing of the Company's promotions.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED) (CONTINUED)

The Company recorded an advertising litigation expense of $2,067,407 for the three month period ended May 31, 2010. This expense was a result of the class action lawsuit, "Wally v. CCA", alleging false and misleading advertisement of the Company's dietary supplement, which was commenced in the Superior Court of the State of California, County of Los Angeles, on September 29, 2009. Please see Note No. 10 to the financial statements for more information regarding the litigation. The proposed settlement agreement provides for the Company to pay $2,500,000 in order to settle the litigation. The Company incurred litigation related legal expenses of $42,407 during the three month period ended May 31, 2010. The Company has also entered into a settlement with its insurance carrier in regard to liability insurance coverage for litigation and settlement costs. As a result of the insurance settlement, the Company recorded an insurance claim receivable of $475,000 during the second quarter of 2010, which reduced the advertising litigation expense by the same amount.

The loss before taxes was $(1,349,714) for the quarter ended May 31, 2010 as compared to pre-tax income of $1,338,452 for the same quarter in 2009. As previously disclosed, the advertising litigation expense had a material effect on the second quarter results. If the advertising litigation expense had not occurred, the income before provision for income taxes would have been $717,693 for the three months ended May 31, 2010 as compared to $1,338,452 for the same period in 2009. The effective tax rate for the second quarter of 2010 was (32.5) % versus 48.1% for the second quarter of 2009. The (benefit from) provision for income taxes included non-deductible expenses and adjustments that decreased the (benefit from) income taxes by $99,951 or 7.4% of the pre-tax loss for the second quarter of 2010 as compared to $109,738 or 8.2% of pre-tax income for the same period in fiscal 2009. During the second quarter ended May 31, 2010 and 2009, there was $214,139 and $315,455, respectively of officer salaries incurred that were not deductible for tax purposes in calculating the income tax provision.

#### OPERATING RESULTS FOR THE SIX MONTHS ENDED MAY 31, 2010

For the six month period ended May 31, 2010, the Company had total revenues of $28,053,503 and a net loss of $(369,035) after (benefit from) income taxes of $(28,179). For the same six month period in 2009, total revenues were $29,692,796 and net income was $818,502 after a provision for taxes of $796,685. If the advertising litigation expense had not occurred, the income before provision for income taxes would have been $1,731,829 for the six months ended May 31, 2010 as compared to $1,615,187 for the same period in 2009. Basic and fully diluted losses per share were $(0.05) for the six months ended May 31, 2010 as compared to basic and fully diluted earnings per share of $0.12 for the same period in 2009. In accordance with ASC Topic 605-10-S99, "Revenue Recognition", the Company has accounted for certain sales incentives offered to customers by charging them directly to sales as opposed to advertising and promotional expenses. Net sales for the first six months of 2010 were reduced by $3,508,863 and offset by an equal reduction of trade promotional expenses, which were included in the Company's advertising expense budget. In the same period of the prior year, net sales were reduced by $3,025,750 and trade promotion was credited by that amount. These accounting adjustments under ASC Topic 605-10-S99 do not affect net income.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED) (CONTINUED)**

The Company's net sales decreased $1,569,251 to $27,799,285 for the six month period ended May 31, 2010 from $29,368,536 for the six month period ended May 31, 2009. The Company's gross sales of its diet products were $1,545,598 lower in the first six months of 2010 as compared to the same period in 2009, with most of the decrease occurring in the first quarter of 2010. Sales returns and allowances, not including sales incentives, were 9.6% of gross sales for the six month period ended May 31, 2010 as compared to 10.0% for the same period last year. Included in sales incentives is the cost of the coupons issued by the Company, which was $339,798 for the first six months of 2010 as compared to $399,275 for the same period in 2009.

The Company's net sales by category for the first six months of 2010 were: Dietary Supplement $10,497,513, 37.8%; Skin Care $8,459,792, 30.4%; Oral Care $4,473,071, 16.1%; Nail Care $3,095,115, 11.1%; Fragrance, $656,369, 2.4%; Analgesic $460,354, 1.7%; and Hair Care and Miscellaneous $157,071, 0.5%; for a total of $27,799,285.

The Company makes every effort to control the cost of manufacturing and has had no substantial cost increases. The gross margin for the six months ended May 31, 2010 was 59.9%, as compared to 62.1% for the same period in 2009. The gross margin was affected by higher inventory reserves related to the voluntary recall of the three lots of the Plus White whitening gel and higher sales incentives. The inventory reserve was increased by $271,153 for items directly related to the product recall. Increases in the inventory reserve are charged to the costs of sales. Sales incentives increased by $483,113 for the six months ended May 31, 2010 as compared to the same period in 2009. Sales incentives reduce net sales and the resulting gross margin. The Company has also had higher manufacturing costs for its Plus White whitening gel, since it had to utilize a secondary manufacturer at a higher unit cost due to the voluntary recall of the whitening gel.

Selling, general and administrative expenses were $688,208 higher in the first six months of 2010 as compared to the same period in 2009. The increase was due to higher employee compensation expense in the second quarter of 2010 as compared to the second quarter of 2009 as a result of the timing of when the additional compensation expense was recorded. The higher compensation expense was also due to the hiring of additional sales personnel. Health insurance costs continued to increase, with an additional expense of $37,896 for the first six months of 2010 as compared to the first six months of 2009. Advertising expense was $3,905,037 for the six months ended May 31, 2010 as compared to $6,449,490 for the six months ended May 31, 2009, or a decrease of $2,544,453. Of this amount, $512,811 was due to lower co-operative advertising that is reflected as a selling expense with the balance as a result of lower advertising expense. The Company's advertising expense changes from quarter to quarter based on the timing of the Company's promotions.

The Company recorded an advertising litigation expense of $2,129,043 for the six month period ended May 31, 2010, of which $2,067,407 was incurred in the second quarter of 2010. This expense was a result of the class action lawsuit, "Wally v. CCA", alleging false and misleading advertisement of the Company's dietary supplement, which was commenced in the Superior Court of the State of California, County of Los Angeles, on September 29, 2009. Please see Note No. 10 to the financial statements for more information regarding the litigation. The proposed settlement agreement provides for the Company to pay $2,500,000 in order to settle the litigation. The Company incurred litigation related legal expenses of $104,043 during the six month period ended May 31, 2010. The Company has also entered into a settlement with its insurance carrier in regard to liability insurance coverage for litigation and settlement costs. As a result of the insurance settlement, the Company recorded an insurance claim receivable of $475,000 during the second quarter of 2010, which reduced the advertising litigation expense by the same amount.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED) (CONTINUED)

The loss before taxes was $(397,214) for the six months ended May 31, 2010 as compared to pre-tax income of $1,615,187 for the same period in 2009. As previously disclosed, the advertising litigation expense had a material effect on the results for the first six months of 2010. If the advertising litigation expense had not occurred, the income before provision for income taxes would have been $1,731,829 for the six months ended May 31, 2010 as compared to $1,615,187 for the same period in 2009. The effective tax rate for the six months ended May 31, 2010 was (7.1) % versus 49.3% for the six months ended May 31, 2009. The (benefit from) provision for income tax included non-deductible expenses and adjustments that decreased the (benefit from) income taxes by $130,649 or 32.85% of pre-tax loss for the first six months of 2010 as compared to $151,580 or 9.4% of pre-tax income for the same period in fiscal 2009. During the six months ended May 31, 2010 and 2009, there was $381,873 and $423,146, respectively of officer salaries incurred that were not deductible for tax purposes in calculating the income tax provision.

### FINANCIAL POSITION AS OF MAY 31, 2010

The Company's financial position as of May 31, 2010 consisted of current assets of $37,964,095 and current liabilities of $12,855,864, or a current ratio of 3.0 to 1. The Company's cash and cash equivalents were $8,947,057 as of May 31, 2010, an increase of $1,102,688 from November 30, 2009. Included in this increase was net cash provided by operating activities of $786,625 and net cash provided by investing activities of $1,332,343 offset by net cash used in financing activities of $1,016,280. Included in the net cash used in financing activities was $987,622 of dividends paid.

As of May 31, 2010, the Company had $8,574,360 of short term marketable securities and $2,675,748 of non-current securities. The Company's cash and cash equivalents together with both short and long term marketable securities, net of current liabilities were $7,341,301 as of May 31, 2010. Please refer to Note No. 7 of the financial statements for further information regarding the Company's investments.

Accounts receivable increased to $8,500,031 as of May 31, 2010 from $7,613,273 as of November 30, 2009. Included in net accounts receivable are reserves for returns and allowances of $1,770,567 and allowances for doubtful accounts of $38,333. Gross receivables were further reduced by $952,349, which were reclassified from accrued liabilities, as an estimate of the co-operative advertising that will be taken as a credit against payments. In addition, accrued liabilities include $1,136,088 which is an estimate of co-operative advertising expense relating to fiscal 2010 sales which are anticipated to be deducted from future invoices rather than against the current accounts receivable. Any changes in this accrued liability are recorded as a debit or credit to the reserve for returns and allowances account. The gross accounts receivable as of May 31, 2010 was higher as compared to the balance on November 30, 2009 due to the timing of the Company's sales.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (UNAUDITED) (CONTINUED)**

Inventory increased to $8,757,728 as of May 31, 2010 from $8,327,277 as of November 30, 2009. The inventory increased to support the anticipated sales in the third quarter of 2010. The inventory obsolescence reserve increased to $1,029,377 as of May 31, 2010 from $760,001 as of November 30, 2009. Changes to the inventory obsolescence reserves are recorded as an increase or decrease to the cost of goods. The inventory reserve was increased by $271,153 during the second quarter of 2010 as a result of the voluntary recall of the Plus White whitening gel. This additional reserve reflects the costs of the recalled product that remained in inventory as of May 31, 2010.

The Company recorded an insurance claim receivable of $475,000 during the second quarter of 2010 as a result of a settlement between the Company and its insurance carrier in regard to liability insurance coverage of the advertising litigation, "Wally vs. CCA". The Company's insurance carrier agreed to pay fifty-percent of all litigation and settlement expenses up to a maximum amount of $475,000.

Prepaid and refundable income taxes increased to $679,161 as of May 31, 2010 from $89,535 as of November 30, 2009. The increase was due to a reduction of the anticipated income taxes that will be due for the fiscal year ended November 30, 2010. The reduction is as a result of the recording of the advertising litigation expense. The Company had already made its estimated income payments in the first quarter of 2010.

The deferred income tax asset increased to $1,509,158 as of May 31, 2010 from $1,193,745 as of November 30, 2009. The Company expects that all of the deferred tax assets will be realized within the next twelve month period subsequent to May 31, 2010. The deferred tax assets include $89,313 related to the Company's unrealized losses of $223,841 on its investments as of May 31, 2010. The unrealized losses reported on the balance sheet were $134,529, which is net of the deferred tax benefit. The Company had reported a valuation allowance of $85,557 as of November 30, 2009 against the deferred tax benefit resulting from the unrealized losses on investments. There is no valuation allowance against the deferred tax benefit from unrealized losses at May 31, 2010, as the Company believes that if the unrealized losses were realized, the full amount of the deferred tax benefit would also be realized in the subsequent twelve months, based on capital gains earned over the prior three years and anticipated gains over the next year. The deferred tax liability increased to $117,154 at May 31, 2010 as compared to $76,929 as of November 30, 2009. The liability is due to the difference in depreciation between the Company's books and income tax returns.

Accounts payable and accrued liabilities increased to $12,326,264 as of May 31, 2010 from $8,775,676 as of November 30, 2009, or an increase of $3,550,588. The Company recorded an accrued liability of $2,500,000 during the second quarter of 2010 as a result of the proposed settlement of its advertising litigation. Please see Note No. 10 to the financial statement for further information regarding the litigation. The balance of the increase was for accrued liabilities in the normal course of business.

Shareholders' equity decreased to $29,003,190 as of May 31, 2010 from $30,219,848 as of November 30, 2009. The decrease was due to the net loss of $369,035 and dividends declared of $987,622 during the first six months ended May 31, 2010, offset partially by unrealized gains on its investments of $139,999 during the same period. Unrealized holding gains or losses are recorded as other comprehensive income. Total unrealized losses on marketable securities were $134,529 at May 31, 2010, net of a deferred tax benefit of $89,313.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

The Company's financial statements record the Company's investments under the "mark to market" method (i.e., at date-of-statement market value). The investments are, categorically listed, in "Fully Guaranteed Bank Certificates of Deposit", "Common Stock", "Mutual Funds", "Other Equity", "Preferred Stock", "Government Obligations" and "Corporate Obligations." $466,896 of the Company's $11,250,108 portfolio of investments (approximate, as at May 31, 2010) is invested in the "Common Stock" and "Other Equity" categories, and approximately $2,587,451 in the Preferred Stock holdings category. The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will incur in the near term. The Company does not take positions or engage in transactions in risk-sensitive market instruments in any substantial degree, nor as defined by SEC rules and instructions, however, due to current securities market conditions, the Company cannot ascertain the risk of any future change in the market value of its' investments.

**ITEM 4T. CONTROLS AND PROCEDURES**

An evaluation was performed under the supervision of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that, as of May 31, 2010, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives.

There have been no changes in the Company's internal control over financial reporting during the quarterly period ended May 31, 2010 that have materially affected, or is reasonably likely to materially affect, the Company's internal control overall financial reporting.

**CCA INDUSTRIES, INC.**
**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS:**

A class action lawsuit, "Wally v. CCA", alleging false and misleading advertisement of the Company's dietary supplement, was commenced in the Superior Court of the State of California, County of Los Angeles, on September 29, 2009. The action was brought seeking monetary and equitable remedies.

The Company denied all of the allegations of wrongdoing and liability in regard to its advertising. Nevertheless, it concluded that in the light of the costs, delays and risks, as well as the disruption that would be caused by the litigation and the legal expense to defend the action, it was in the best interest of the Company to settle the litigation.

The performance of any act of the Settlement Agreement, or any other circumstance regarding the parties' agreement to settle, is not to be considered an admission of liability, or as an admission of any allegations made in any claim or litigation.

The settlement, subject to the Court's final approval, provided for the deposit of Two Million Five Hundred Thousand dollars ($2,500,000) into a common fund to be dispersed as per provisions approved by the Court in the final Order of Settlement. On June 16, 2010, the Company deposited $2,500,000 into an escrow account to be used for the common fund upon the Court's final approval.

The Company also entered into a settlement with its insurance carrier in regard to liability insurance coverage for litigation and settlement costs. The settlement calls for the insurance carrier to pay fifty percent (50%) of any combination of defense fees and related costs incurred for any settlement of, or any judgment on the released claims, up to a total of Four Hundred Seventy-Five Thousand dollars ($475,000). The obligation for the insurance carrier to make payments will cease once it has paid $475,000 to or on behalf of the Company.

The Company recorded a charge of $2,500,000 as an advertising litigation expense during the second quarter of 2010, with the resultant liability recorded as an accrued liability. To date, the Company has incurred legal fees related to the litigation of approximately $204,362, of which $100,319 was taken as a charge against earnings in the fourth quarter of fiscal 2009, $61,636 was taken as a charge against earnings in the first quarter of fiscal 2010 and $42,407 has been charged against earnings for the second quarter of fiscal 2010. The Company also recorded, as a result of the insurance settlement, an insurance claim receivable of $475,000, during the second quarter of 2010. The advertising litigation expense was reduced by the amount of the insurance claim receivable.

**ITEM 6. EXHIBITS.**

In reviewing the agreements included as exhibits to this Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Form 10-Q and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

The following exhibits are included as part of this report:

| *Exhibit No.* | *Description* |
|---|---|
| 10.1 | Proposed Order of Settlement |
| 10.2 | Settlement and Mutual Release Agreement |
| 11 | Computation of Unaudited Earnings Per Share |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 14, 2010

CCA INDUSTRIES, INC.

By: /s/ David Edell
David Edell, Chief Executive Officer

By: /s/ Stephen A. Heit
Stephen A. Heit, Chief Financial Officer

**Exhibit 10.1**

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Attorneys for Defendant
CCA INDUSTRIES, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

| | |
|---|---|
| DENISE WALLY, individually and on behalf of all others similarly situated, | CASE NO. BC422833 |
| Plaintiff, | **STIPULATION AND AGREEMENT OF SETTLEMENT** |
| vs. | |
| CCA INDUSTRIES, INC., et al. | |
| Defendants. | |

STIPULATION AND AGREEMENT OF SETTLEMENT

It is hereby stipulated and agreed by and between the undersigned Parties, subject to the approval of the Court pursuant to California Rule of Court Rule 3.769, that the settlement of this Action shall be effectuated pursuant to the terms and conditions set forth in this Settlement Agreement.

ARTICLE I — PREAMBLE

1. WHEREAS Denise Wally ("Wally") is the named plaintiffs in the above-captioned action entitled *Denise Wally, on behalf of herself and all others similarly situated, Plaintiff, vs. CCA Industries, Inc, Defendant*, Los Angeles County Superior Court, No. BC422833 ("the Action");

2. WHEREAS Lauren Fleischer ("Fleischer") is the named claimant in a draft complaint that has been shared with Defendant CCA Industries, Inc. ("CCA"), but has not yet been filed in state court in New Jersey (the "New Jersey Dispute");

3. WHEREAS CCA is the defendant in the Action and the putative defendant in the New Jersey Dispute;

4. WHEREAS Wally alleges that she relied upon allegedly false and misleading statements contained on the label and in advertisements for a certain CCA product called "Mega-T Ultra" regarding ingredients contained in the product and the ability of the product to promote weight loss, and that such statements violate California consumer protections laws;

5. WHEREAS Fleischer alleges that she relied upon allegedly false and misleading statements contained on the labels and in advertisements and marketing materials for certain other "Mega-T" brand products regarding ingredients contained in the products, and that such statements violate New Jersey consumer protection laws;

6. WHEREAS Wally seeks to recover monetary and equitable remedies on behalf of herself and classes of similarly situated persons

7. WHEREAS Fleischer seeks to recover equitable remedies on behalf of herself and classes of similarly situated persons;

8. WHEREAS the Parties have engaged in discovery and have had a full and fair opportunity to evaluate the strengths and weaknesses of their respective positions;

STIPULATION AND AGREEMENT OF SETTLEMENT

9. WHEREAS CCA denies the allegations of the Action and the New Jersey Dispute, denies all allegations of wrongdoing and of liability, and denies any causation of harm or damage to the Settlement Classes;

10. WHEREAS CCA nevertheless has concluded that, in light of the costs, risks and disruption of litigation, this Settlement is appropriate on the terms and conditions set forth herein;

11. WHEREAS Wally and Fleischer believe that the claims asserted in their actions are meritorious;

12. WHEREAS Wally and Fleischer nevertheless have concluded that, in light of the costs, delay and risks of litigation of the matters in dispute, the risk that the Court will not certify their claims as a class action, particularly in complex class action proceedings, the risk of losing on the merits, and in the desire to provide relief to the class sooner rather than later, this Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Classes;

13. WHEREAS the performance of any act referenced in this Settlement Agreement, or any other circumstance regarding the Parties' agreement to settle, shall not be considered an admission of liability or as an admission of any allegations made in any claim or litigation, including this Action and the New Jersey Dispute; and

14. WHEREAS the Parties hereto agree that this Settlement Agreement shall not be deemed or construed to be an admission or evidence of any violation of any federal or state statute, rule or regulation, principle of common law or equity, or of any liability or wrongdoing whatsoever by CCA, or of the truth of any of the Claims asserted in the Second Amended Complaint, any prior complaints in this Action, or elsewhere;

STIPULATION AND AGREEMENT OF SETTLEMENT

NOW THEREFORE, it is hereby stipulated and agreed that, in consideration of the agreements, promises, and covenants set forth in this Settlement Agreement, and subject to approval of the Court, the Action and the New Jersey Dispute shall be fully and finally settled and dismissed with prejudice under the following terms and conditions:

## ARTICLE II — DEFINITIONS

As used in this Settlement Agreement and the related documents attached hereto as exhibits, the terms set forth below shall have the meanings set forth below. The singular includes the plural and vice versa.

1. “Aggregate Fees, Costs, and Expenses” means the aggregate attorneys’ fees and costs, the costs of notice, the administrative expenses, and the incentive awards.

2. “Action” means the civil action entitled *Denise Wally, on behalf of herself and all others similarly situated, Plaintiffs, vs. CCA Industries, Inc., et al., Defendants*, Los Angeles County Superior Court Case No. BC422833.

3. “Class Counsel” means Wayne S. Kreger and Donald A. Beshada, and the law firm of Milstein, Adelman & Kreger, LLP.

4. “Class-Related Releasing Parties” means all Settlement Class Members.

5. “Class Released Claims” means any and all actions, causes of action, claims, demands, liabilities, obligations, fees, costs, sanctions, proceedings, and/or rights of any nature and description whatsoever, including, without limitation, violations of any state or federal statutes, rules or regulations, or principles of common law, whether liquidated or unliquidated, known or unknown, in law or in equity, whether or not concealed or hidden, that have been asserted in the Action and the New Jersey Dispute through the date the Final Approval Order and Judgment is entered. “Class Released Claims” also means any and all actions, causes of action, claims, demands, liabilities, obligations, fees, costs, sanctions, proceedings, and/or rights of any nature and description whatsoever, including, without limitation, violations of any state or federal statutes, rules or regulations, or principles of common law, whether liquidated or unliquidated, known or unknown, in law or in equity, whether or not concealed or hidden, that could have been asserted in the Action or the New Jersey Dispute alleging that the marketing, labeling and/or advertising of its Mega-T Ultra, Mega-T Plus, Mega-T Green Tea Dietary Supplement, Mega-T Dietary Supplement, and/or Mega-T Effervescent products is or was false or misleading to consumers through the date the Final Approval Order and Judgment is entered.

6. “Class Representatives” means Wally and Fleischer.

7. “Common Fund” means a fund in the amount of two million five hundred thousand dollars ($2,500,000.00), to be funded by CCA as set forth herein. The Aggregate Fees, Costs, and Expenses shall also be paid from the Common Fund. The Common Fund represents the absolute, capped amount of CCA’s financial liability for the entire settlement.

8. “Court” means the Superior Court of the State of California for the County of Los Angeles.

9. “Effective Date” means the first date by which all of the following events shall have occurred: (a) the Court has entered the Preliminary Approval Order and (b) the Court has entered the Final Approval Order and Judgment.

10. “Escrow Account” means the Milstein, Adelman & Kreger Client Trust Account in which the funds to be used to fully fund the Common Fund will be held by Milstein, Adelman & Kreger, LLP, until after the Effective Date of this Settlement Agreement, at which point the Common Fund will be funded in full from the funds held in the Escrow Account.

11. “Fee and Cost Application” means that written motion or application by which Wally, Fleischer and/or Class Counsel requests that the Court award attorneys’ fees, costs, expenses and incentive awards.

12. “Final” means that the Final Approved Order and Judgment has been entered on the docket in the Action. Neither the pendency of the Fee and Cost Application, nor any appeal pertaining solely to a decision on the Fee and Cost Application, shall in any way delay or preclude the Final Approval Order and Judgment from becoming Final.

13. “Final Approval Hearing” means the hearing scheduled to take place at least sixty days after the date of entry of the Preliminary Approval Order at which the Court shall: (a) determine whether to grant final approval to this Settlement Agreement and to certify the Settlement Classes; (b) consider any timely objections to this Settlement and all responses thereto; and (c) rule on the Fee and Cost Application.

14. “Final Approval Order and Judgment” means the order, substantially in the form of Exhibit B attached hereto, in which the Court grants final approval of this Settlement Agreement, certifies the Settlement Classes, and authorizes the entry of a final judgment and dismissal of the Action with prejudice.

15. “CCA” means CCA Industries, Inc.

16. “CCA-Related Released Parties” means (a) CCA; (b) CCA’s counsel; (c) CCA’s past, present, and future direct and indirect owners, parents, subsidiaries, and other corporate affiliates; (d) CCA’s successors and predecessors and their past, present, and future direct and indirect owners, parents, subsidiaries, and other corporate affiliates; (e) CCA’s retailers of the Mega-T Products and (f) for each of the foregoing Persons, each of their past, present, or future officers, directors, shareholders, owners, employees, representatives, agents, principals, partners, members, administrators, legatees, executors, heirs, estates, predecessors, successors, or assigns.

17. “CCA’s Counsel” means Keller and Heckman LLP.

18. “Mega T Ultra” means the CCA product that contains the brand name “Mega-T Ultra” on the label, including all sizes, whether sold individually or in multiple-unit packages.

19. “Mega T Plus” means the CCA product that contains the brand name “Mega-T Plus” on the label, including all sizes, whether sold individually or in multiple-unit packages.

20. “Mega-T Effervescent” means the CCA product that contains the brand name “Mega-T Effervesent” on the label, including all sizes, whether sold individually or in multiple-unit packages.

21. “Mega-T Green Tea Dietary Supplement” means the CCA product that contains the brand name “Mega-T Green Tea Dietary Supplement” on the label, including “with Hoodia”, “with Acai Berry”, “Caffeine Free”, “Packettes”, including all sizes, whether sold individually or in multiple-unit packages.

22. “Mega-T Dietary Supplement” means the CCA product that contains the brand name “Mega-T Dietary Supplement” on the label, including, “Green Tea”, “Green Tea Water Weight Loss Pill”, “with Acai Berry”, including all sizes, whether sold individually or in multiple-unit packages.

23. “Mega-T Products” means, collectively, Mega-T Ultra, Mega-T Plus, Mega-T Effervescent, Mega-T Green Tea Dietary Supplement and Mega-T Dietary Supplement.

24. “New Jersey Dispute” means the action threatened by Fleischer against CCA in New Jersey.

25. “Notice” shall mean Publication Notice.

26. “Parties” means Wally, Fleischer and CCA.

27. “Person” means any natural person, firm, corporation, unincorporated association, partnership, or other form of legal entity or government body, including its agents and representatives.

28. “Preliminary Approval Order” means the order, substantially in the form of Exhibit A attached hereto, in which the Court grants its preliminary approval to this Settlement Agreement and preliminarily certifies the Settlement Classes, authorizes dissemination of Notice to the Settlement Classes, and appoints the Settlement Administrator.

29. “Publication Notice” means the long-form and short-form notices, substantially in the form of Exhibits D and E attached hereto. The long-form Publication Notice will be published on the Internet at the settlement website, envisioned to be www.megatsettlement.com, and the short-form Publication Notice will be published in national print media and on the internet as set forth in the Preliminary Approval Order, pursuant to California Rule of Court 3.771(b).

30. “Request for Exclusion” means a valid request for exclusion from a member of the Class. To be valid, a request for exclusion must (a) be submitted by the member of the Class; (b) be submitted to the Settlement Administrator and postmarked by a date not later than 21 days before the Final Approval Hearing; (c) contain the submitter’s name, address and telephone number; and (d) otherwise comply with the instructions set forth in the Notice.

31. “Second Amended Complaint” means the Second Amended Complaint, a copy of which is attached to this Settlement Agreement as Exhibit C, and which shall be filed by Plaintiffs within seven (7) days of the Court’s entry of the Preliminary Approval Order.

32. “Settlement Administrator” means Epiq Systems, Inc.

33. “Settlement Agreement,” “Settlement,” or “Agreement” means this Stipulation and Agreement of Settlement, including the attached exhibits.

34. “Settlement Class” means all persons (1) who purchased for person consumption, and not for re-sale, the Mega-T Ultra, Mega-T Plus, Mega-T Effervescent, Mega-T Green Tea Dietary Supplement and/or Mega-T Dietary Supplement in the United States from September 29, 2005, until [DATE OF PRELIMINARY APPROVAL ORDER], except for the judge presiding over this matter.

35. “Settlement Class Member” means any Person within the Settlement Class who does not submit a timely and valid Request for Exclusion.

36. “Valid Claim” means a claim for reimbursement submitted by a Settlement Class Member that satisfies all the criteria to qualify for reimbursement established by the Parties’ Counsel and the Claims Administrator.

ARTICLE III — SETTLEMENT CLASS RELIEF

In consideration of a full, complete, and final settlement of the Action, dismissal of the Action with prejudice, and the Releases in Article VII below, and subject to the Court’s approval, the Parties agree to the following relief:

1. <u>Common Fund</u>

Within ten (10) days of the date of entry of the Preliminary Approval Order, CCA shall deposit two million five hundred thousand dollars ($2,500,000.00) into the Milstein, Adelman & Kreger LLP Client Trust Account for the purpose of being paid into the Common Fund on the Effective Date. In no event shall CCA’s monetary liability under this Settlement Agreement exceed the amount of the Common Fund.

2. <u>Distribution of the Common Fund</u>

The Aggregate Fees, Costs, and Expenses shall be paid from the Common Fund consistent with the provisions of Article VI of this Settlement Agreement. Distribution of funds from the Common Fund to the Settlement Class shall commence within fourteen (14) days after the Effective Date.

3. Settlement Class Member Claims

a. The Common Fund, net of all Aggregate Fees, Costs and Expenses, shall be available to pay Valid Claims submitted by Settlement Class Members. Settlement Class Members who make a Valid Claim will be entitled to reimbursement of $10.00 for each of the Mega-T Products purchased for personal consumption during the Class Period, upon submission of proof of purchase (i.e. a copy of the original sales receipt that identifies the product and shows the amount paid and date of purchase). If no proof of purchase is available, Settlement Class Members may submit a Claim for a maximum of 6 bottles of Mega-T Products (in the aggregate) if accompanied by an affirmation that such products were purchased, along with other requested information relating to the purchase of the product that are sufficient to satisfy the reasonable requests of the Claims Administrator for the purpose of determining whether the Class member has made a Valid Claim, such as where the purchases took place and the approximate dates of purchase.

b. If the aggregate value of Valid Claims submitted by Settlement Class Members exceeds the amount remaining in the Common Fund after payment of all Aggregate Fees, Costs, and expenses, then the amount of reimbursement per bottle will be adjusted downward on a per bottle basis. If the aggregate value of Valid Claims submitted by Settlement Class Members is less than the amount remaining in the Common Fund after payment of all Aggregate Fees, Costs, and expenses, then, at the Parties' option, Settlement Class Members may receive up to $20.00 per bottle of the Mega-T Products (representing the full purchase price) purchased during the Class Period, subject to the provisions of paragraph 3a, above (i.e., full reimbursement with proof of purchase, and up to a maximum of 6 without upon presentation of the referenced Declaration). Whether or not the Parties agree to increase the amount to class members, any remaining funds in the Common Fund, after payment of all Aggregate Fees, Costs, and expenses, and payments to Settlement Class Members, shall be distributed *cy pres* as follows to the American Diabetes Association and the Lymphoma Research Foundation.

c. Settlement Class Members will be able to obtain Claim Forms by calling the toll-free number established for purposes of administering this Agreement, by requesting one by mail at the address established by the Claims Administrator, or by downloading the form from the Internet website established by the Claims Administrator. The Claim Form shall include instructions for the submission process. Claims Forms will be deemed valid only if they meet the criteria established by counsel for the Parties. Settlement Class Members may submit Claim Forms online or by mail to the Claims Administrator at the address provided.

4. Equitable Relief and Future Conduct by CCA

CCA agrees not to make any of the statements set forth in Exhibit F in product labeling, advertising or promotional materials, unless it has competent and reliable scientific evidence substantiating such statement or statements. In addition, CCA agrees to utilize the packaging attached as Exhibit F for future sales of the Mega-T Products.

It is specifically understood and agreed that that CCA shall be permitted without liability to manufacture and sell to wholesalers, distributors and retailers (for resale to consumers) through October 31, 2010, Mega-T Products using labels or finished goods that it possessed as of the date of the Final Approval Order, even if statements contained on Exhibit F and those referenced above appear on such labels. Nothing in this Settlement Agreement shall require CCA to recall any Mega-T Products that it sold to any wholesaler, distributor, retailer, or other Person for resale to consumers.

ARTICLE IV — NOTICE AND REQUESTS FOR EXCLUSION

1. Publication Notice

Publication Notice to the Settlement Classes shall be provided in the forms approved by the Court in the Preliminary Approval Order, in those newspapers and/or other related print and/or internet media as set forth in the Preliminary Approval Order. The Publication Notice shall be substantially in the same forms as the exemplars submitted as Exhibits D and E. The Publication Notice shall be published promptly after entry of the Preliminary Approval Order on dates to be agreed upon by the Parties so as to provide the best practical notice to the Settlement Class. The Parties and the Settlement Administrator shall use best efforts to cause the Publication Notice to commence within 15 days, and to conclude within 45 days, after the date of entry of the Preliminary Approval Order. The publication of the Publication Notice shall be administered by the Settlement Administrator. The cost of publishing the Publication Notice shall be paid for from the Common Fund.

2. Notice by Internet Posting

The long-form of the Publication Notice shall be posted on the Internet at a website established by the Settlement Administrator commencing on the first date on which Notice is published under this Settlement Agreement. CCA also shall post a link on its website, located at www.mega-diet.com, notifying the public of the Settlement Agreement. The link shall state "click here for class action settlement information," or substantially similar directions. The link shall provide access to the website established by the Settlement Administrator, and shall remain posted on the www.mega-diet.com website through the final date Class Members may submit claims to the Settlement Administrator under this Settlement Agreement.

3. Declarations Of Compliance

The Settlement Administrator shall prepare a declaration attesting to compliance with the publication requirements set forth above. Such declaration shall be provided to Class Counsel and CCA's Counsel and filed with the Court no later than 10 days prior to the Final Approval Hearing.

4. Best Notice Practicable

The Parties agree, and the Preliminary Approval Order shall state, that compliance with the procedures described in this Article is the best notice practicable under the circumstances and shall constitute due and sufficient notice to the Settlement Class of the pendency of the Action, certification of the Settlement Class, the terms of the Settlement Agreement, and the Final Approval Hearing, and shall satisfy the requirements of the California Rules of Court, the California Code of Civil Procedure, the Constitution of the State of California, the United States Constitution, and any other applicable law.

5. Report On Requests For Exclusion

Not later than ten days before the Final Approval Hearing, the Settlement Administrator shall prepare and deliver to Class Counsel, who shall file it with the Court, and CCA's Counsel, a report stating the total number of Persons that have submitted timely and valid Requests for Exclusion from the Settlement Class, and the names of such Persons. Such Persons will not be entitled to receive any relief under this Settlement Agreement.

6. Inquiries From Settlement Class Members

It shall be the responsibility of Class Counsel to establish procedures for receiving and responding to all inquiries from Settlement Class Members with respect to this Settlement. CCA and CCA's counsel may respond, but are not required to respond, to such inquiries.

ARTICLE V — COURT APPROVAL OF SETTLEMENT

1. Preliminary Approval

As soon as practicable after the execution of this Settlement Agreement, Class Counsel and CCA's Counsel shall jointly apply for entry of the Preliminary Approval Order in the form of Exhibit A hereto. The Preliminary Approval Order shall include provisions: (a) preliminarily certifying the Settlement Classes for settlement purposes only; (b) preliminarily approving this Settlement and finding this Settlement sufficiently fair, reasonable and adequate to allow Notice to be disseminated to the Settlement Class; (c) approving the form, content, and manner of the Notice; (d) setting a schedule for proceedings with respect to final approval of this Settlement; (e) providing that, pending entry of a Final Approval Order and Judgment, no Settlement Class Member (either directly, in a representative capacity, or in any other capacity) shall commence or continue any action against CCA or other CCA-Related Released Parties asserting any of the Class Released Claims; and (f) staying the Action, other than such proceedings as are related to this Settlement.

2. Objections To Settlement

Any Settlement Class Member wishing to object to or to oppose the approval of this Settlement and/or the Fee and Cost Application shall file a written objection (with a statement of reasons) with the Court and serve it on the Parties at least twenty-one days before the date of the Final Approval Hearing. Any Settlement Class Member that fails to do so shall be foreclosed from making such objection or opposition. Wally and Fleischer will file with the Court their brief in support of final settlement approval, in support of final certification of the Settlement Class, and in response to any objections at least seven days before the date of the Final Approval Hearing. Any Settlement Class Member that fails to file a timely written objection and to appear and speak at the final approval hearing shall have no right to file an appeal relating to the approval of this Settlement.

3. Final Approval Hearing

The Parties shall request that the Court, on the date set forth in the Preliminary Approval Order, or on such other date that the Court may set, conduct a Final Approval Hearing to: (a) determine whether to grant final approval to this Settlement Agreement and to certify the Settlement Class; (b) consider any timely objections to this Settlement and the Parties' responses to such objections; (c) rule on the Fee and Cost Application, and (d) rule on any applications for incentive awards. At the Final Approval Hearing, the Parties shall ask the Court to give final approval to this Settlement Agreement. If the Court grants final approval to this Settlement Agreement, then the Parties shall ask the Court to enter a Final Approval Order and Judgment, substantially in the form of Exhibit B attached hereto, which approves this Settlement, certifies the Settlement Class, authorizes entry of a final judgment, and dismisses the Action with prejudice.

4. Disapproval, Cancellation, Termination, Or Nullification Of Settlement

a. Each Party shall have the right to terminate this Settlement Agreement if either (i) the Court denies preliminary approval or final approval to this Settlement Agreement, or (ii) the Final Approval Order and Judgment does not become Final by reason of a higher court reversing final approval by the Court, and the Court thereafter declining to enter a further order or orders approving settlement on the terms set forth herein. If a Party elects to terminate this Settlement Agreement under this paragraph, that Party must provide written notice to the other Parties' counsel within 21 days of the occurrence of the condition permitting termination. Such written notice shall be provided by hand delivery or mail to the Parties' counsel.

b. CCA shall have the right to terminate this Settlement Agreement if, prior to the date of the Final Approval Order and Judgment, the total number of Persons that have submitted timely and valid Requests for Exclusion from the Settlement Class constitutes greater than 20% of the estimated size of the Settlement Class. If CCA elects to terminate this Settlement Agreement under this paragraph, CCA must provide written notice to the other Parties' counsel on or before the date of the Final Approval Order and Judgment. Such written notice shall be provided by hand delivery or mail to the Parties' counsel.

c. If this Settlement Agreement is terminated pursuant to its terms, then: (i) this Settlement Agreement shall be rendered null and void; (ii) this Settlement Agreement and all negotiations and proceedings relating hereto shall be of no force or effect, and without prejudice to the rights of the Parties; and (iii) all Parties shall be deemed to have reverted to their respective status in the Action or New Jersey Dispute as of the date and time immediately preceding the execution of this Settlement Agreement and, except as otherwise expressly provided, the Parties shall stand in the same position and shall proceed in all respects as if this Settlement Agreement and any related orders had never been executed, entered into, or filed, except that the Parties shall not seek to recover from one another any costs incurred in connection with this Settlement.

ARTICLE VI — ADMINISTRATIVE EXPENSES, ATTORNEYS' FEES, COSTS

1. Costs Of Notice

All costs of providing the Notice as provided herein, including the costs of publishing the Notice, shall be paid for out of the Common Fund, subject to the terms hereof.

2. Costs Of Administering Settlement

All costs of administering this Settlement, including all fees of the Settlement Administrator and the costs of generating and mailing any checks to be issued as part of this Settlement, shall be paid for out of the Common Fund. In the event that this Settlement Agreement is terminated pursuant to its terms, CCA shall bear any costs of administering this Settlement already incurred.

3. Attorneys' Fees And Costs

Wally and Fleischer and/or Class Counsel may make a Fee and Cost Application to be heard at the Final Approval Hearing seeking an award of attorneys' fees in an amount not to exceed $750,000 and reimbursement of expenses in an amount not to exceed $25,000. CCA will not oppose or undermine the application or solicit others to do so. Attorneys' fees and costs consistent with this paragraph that are approved by the Court shall be paid out of the Common Fund within three days after the Effective Date of the Settlement Agreement. Payments under this provision shall be made to the law firm of Milstein, Adelman & Kreger, LLP. Class Counsel shall be solely responsible for further distributing any payments made under this provision.

4. Incentive Award

Wally and Fleischer, or Class Counsel on their behalf, may make an application to be heard at the Final Approval Hearing for incentive awards to be paid out of the Common Fund in an amount not to exceed $5,000 per individual. CCA will not oppose or undermine the application or solicit others to do so. Not later than fifteen days after the Effective Date, and only in the event that the Effective Date occurs, Class Counsel shall pay out of the Common Fund incentive awards as approved by the Court. These payments shall be compensation and consideration for the efforts of Wally and Fleischer as the class representatives in the Action and the New Jersey Dispute.

5. Effect On Settlement

The Parties agree that the rulings of the Court regarding the amount of attorneys' fees or costs and any incentive award, and any claim or dispute relating thereto, will be considered by the Court separately from the remaining matters to be considered at the Final Approval Hearing as provided for in this Settlement Agreement and any determinations in that regard will be embodied in a separate order. Any order or proceedings relating to the amount of attorneys' fees or incentive award, including any appeals from or modifications or reversals of any order related thereto, shall not operate to modify, reverse, terminate, or cancel the Settlement Agreement, affect the releases provided for in the Settlement Agreement, or affect whether the Final Approval Order and Judgment becomes Final as defined herein.

## ARTICLE VII — RELEASES UPON EFFECTIVE DATE

1. Binding and Exclusive Nature of Settlement Agreement

On the Effective Date, the Parties and each and every Settlement Class Member shall be bound by this Settlement Agreement and shall have recourse exclusively to the benefits, rights, and remedies provided hereunder. No other action, demand, suit or other claim may be pursued against the CCA-Related Released Parties with respect to the Class Released Claims.

2. Releases

On the Effective Date, the Class-Related Releasing Parties shall be deemed to have, and by operation of this Settlement Agreement shall have, fully, finally and forever released, relinquished and discharged the CCA-Related Released Parties from any and all of the Class Released Claims.

3. Stay And Dismissal Of The Action

The Parties agree to request that the Court, in connection with Preliminary Approval, issue an immediate stay of the Action.

4. Waiver of Unknown Claims

On the Effective Date, the Class-Related Releasing Parties shall be deemed to have, and by operation of this Settlement Agreement shall have, with respect to the subject matter of the Class Released Claims, expressly waived the benefits of any statutory provisions or common law rule that provides, in sum or substance, that a general release does not extend to claims which the party does not know or suspect to exist in its favor at the time of executing the release, which if known by it, would have materially affected its settlement with any other party. In particular, but without limitation, the Class-Related Releasing Parties waive the provisions of California Civil Code § 1542 (or any like or similar statute or common law doctrine), and do so understanding the significance of that waiver. Section 1542 provides:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Neither this paragraph nor any other provision of this Settlement Agreement shall be construed to effectuate a general release of claims. The releases provided for in this Settlement Agreement are limited to the Class Released Claims as defined in Article II(5) above.

5. Assumption of Risk

In entering into this Settlement Agreement, each of the Parties assumes the risk of any mistake of fact or law. If either Party should later discover that any fact which the Party relied upon in entering this Settlement Agreement is not true, or that the Party's understanding of the facts or law was incorrect, the Party shall not be entitled to modify, reform, or set aside this Settlement Agreement, in whole or in part, by reason thereof. The Parties agree that at the time this Settlement Agreement was executed, there were unsettled issues of law, and the Parties agree to honor this Agreement regardless of developments in the law after execution; specifically, the Class Representatives and Class Counsel recognize and agree that, given these uncertainties in the law, the Class Representatives and Class Counsel are receiving valuable consideration for the settlement of the Action at this time and per the terms of this Agreement. The Parties will advocate for Court approval of this Settlement Agreement.

ARTICLE VIII — LIMITATIONS ON USE OF SETTLEMENT AGREEMENT

1. No Admission

Neither the acceptance by CCA of the terms of this Settlement Agreement nor any of the related negotiations or proceedings constitutes an admission with respect to the merits of the claims alleged in the Complaint, the validity of any claims that could have been asserted by any of the Settlement Class Members in the Complaint, or the liability of CCA in the Action or the New Jersey Dispute. CCA specifically denies any liability or wrongdoing of any kind associated with the claims alleged in the Action and the New Jersey Dispute. Neither the acceptance by Wally and Fleischer of the terms of this Settlement Agreement, nor any of the related negotiations or proceedings constitutes an admission with respect to the merits of the claims alleged in the Action or the New Jersey Dispute.

2. Limitations on Use

This Settlement Agreement shall not be used, offered, or received into evidence in the Action for any purpose other than to enforce, to construe, or to finalize the terms of the Settlement Agreement and/or to obtain the preliminary and final approval by the Court of the terms of the Settlement Agreement. Neither this Settlement Agreement nor any of its terms shall be offered or received into evidence in any other action or proceeding.

ARTICLE IX — MISCELLANEOUS PROVISIONS

1. Amendment Of Second Amended Complaint; Class Certification

Within seven (7) days of the Court's entry of the Preliminary Approval Order, the named plaintiff in this Action shall file a Second Amended Complaint in exact same form as the draft Second Amended Complaint in the form attached hereto as Exhibit C. CCA shall stipulate to the filing of the Second Amended Complaint, solely for purpose of this Settlement and without prejudice to its rights absent this Settlement. Should this Settlement not be finalized for any reason, the Parties shall stipulate to an order striking the Second Amended Complaint, and the First Amended Complaint shall be the operative pleading in this Action.

2. No Assignment

Each Party represents, covenants, and warrants that he or it has not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber any portion of any liability, claim, demand, cause of action, or rights that he or it herein releases.

3. Binding On Assigns

This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, trustees, executors, successors, and assigns.

4. Captions

Titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

5. Class Member Signatures

It is agreed that, because the Settlement Class Members are so numerous, it is impractical to have each Settlement Class Member execute this Settlement Agreement. The Notice will advise all Settlement Class Members of the binding nature of the Releases and of the remainder of this Settlement Agreement, and in the absence of a valid and timely Request for Exclusion, such Notice shall have the same force and effect as if each Settlement Class Member executed this Settlement Agreement.

6. Construction

The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms-length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party, or his or its counsel, participated in the drafting of this Settlement Agreement.

7. Counterparts

This Settlement Agreement and any amendments hereto may be executed in one or more counterparts, and either Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and both of which counterparts taken together shall constitute but one and the same instrument. A facsimile or pdf signature shall be deemed an original for all purposes.

8. Governing Law

Construction and interpretation of the Settlement Agreement shall be determined in accordance with the laws of the State of California, without regard to the choice-of-law principles thereof.

9. Integration Clause

This Settlement Agreement, including the Exhibits referred to herein, which form an integral part hereof, contains the entire understanding of the Parties with respect to the subject matter contained herein. There are no promises, representations, warranties, covenants, or undertakings governing the subject matter of this Settlement Agreement other than those expressly set forth in this Settlement Agreement. This Settlement Agreement supersedes all prior agreements and understandings among the Parties with respect to the settlement of the Action. This Settlement Agreement may not be changed, altered or modified, except in a writing signed by the Parties and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

10. Jurisdiction

The Court shall retain jurisdiction, after entry of the Final Approval Order and Judgment, with respect to enforcement of the terms of this Settlement, and all Parties and Settlement Class Members submit to the exclusive jurisdiction of the Court with respect to the enforcement of this Settlement and any dispute with respect thereto.

11. Presiding Judicial Officer

The Parties agree that The Honorable Anthony Mohr shall preside over the settlement approval process, including without limitation any application for an award of attorneys' fees, costs, expenses and incentive awards. In the event that Judge Mohr is unable to preside, the Parties agree to jointly request that the settlement approval process be presided over by a different judge from the Superior Court of California, County of Los Angeles.

12. No Collateral Attack

This Settlement Agreement shall not be subject to collateral attack by any Settlement Class Member at any time on or after the Effective Date. Such prohibited collateral attacks shall include, but shall not be limited to, claims that a Settlement Class Member's claim was improperly denied, that the payment to a Settlement Class Member was improperly calculated, and/or that a Settlement Class Member failed to receive timely notice of the Settlement Agreement.

13. Parties' Authority

The signatories hereto represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties to the terms and conditions hereof.

14. Receipt Of Advice Of Counsel

The Parties acknowledge, agree, and specifically warrant to each other that they have read this Settlement Agreement, have received legal advice with respect to the advisability of entering into this Settlement, and fully understand its legal effect.

15. Waiver Of Compliance

Any failure of any Party to comply with any obligation, covenant, agreement, or condition herein may be expressly waived in writing, to the extent permitted under applicable law, by the Party or Parties entitled to the benefit of such obligation, covenant, agreement, or condition. A waiver or failure to insist upon compliance with any representation, warranty, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

16. Settlement Conditioned on Certain Matters

This entire Settlement Agreement is contingent upon the Parties reaching agreement on the contents of the exhibits and ancillary agreements hereto.

DATED: May __, 2010

KELLER AND HECKMAN LLP

By: ______________________________

DANIEL J. HERLING

Attorneys for Defendant
CCA INDUSTRIES, INC.

DATED: May __, 2010

MILSTEIN, ADELMAN & KREGER, LLP

By: ______________________________

WAYNE S. KREGER

Attorneys for Plaintiffs
WALLY, FLEISCHER, and the Proposed Class

DATED: May __, 2010

By: ______________________________
on behalf of CCA INDUSTRIES, INC.

DATED: May __, 2010

By: ______________________________
DENISE WALLY, on behalf of herself and the Proposed Class

DATED: May __, 2010

By: ______________________________
LAURA FLEISCHER, on behalf of herself and the Proposed Class

**Exhibit 10.2**

# SETTLEMENT AND MUTUAL RELEASE AGREEMENT

## INTRODUCTION

This Settlement and Mutual Release Agreement ("Agreement") is made and entered into by and between, on the one hand, AXIS Insurance Company ("AXIS"), and, on the other hand, CCA Industries, Inc. ("CCA").

## DEFINITIONS

A. "Parties" shall mean AXIS and CCA.

B. "Policy" shall mean Multimedia Liability Policy number MCN 633062 issued to CCA.

C. "Released Claims" shall mean the claims in the action styled as *Denise Wally et al. v. CCA Industries, Inc.,* Los Angeles County Superior Court Case No. BC 422833, and any other claim(s) that involve(s) the same or related subject, person, class of persons or have common facts or circumstances or involve common transactions, infringements, events or decisions as that action, regardless of the number of repetitions, alternations, actions or forms of communications.

## SETTLEMENT TERMS

1. AXIS agrees to pay fifty percent (50%) of any combination of defense fees/costs incurred for, any settlement of, or any judgment on the Released Claims, up to a total of Four Hundred Seventy-Five Thousand Dollars ($475,000), within 30 days after the presentation of invoices setting forth such defense fees/costs, settlement, agreement, or judgment. AXIS's obligation to make payments with respect to the Released Claims will cease once it has paid $475,000 to or on behalf of CCA with respect to the Released Claims.

2. CCA will present any defense fees/cost invoices, settlement agreements and/or judgments for such payment to AXIS as set forth in paragraph 2a. below, and AXIS should direct its payments to CCA as set forth in paragraph 2b. below.

a. CCA shall present invoices setting forth defense fees/costs invoices and/or any settlement agreement or judgment to AXIS by delivery to AXIS's counsel as follows:

Nelson Hsieh, Esq.
Robert Seeds, Esq.
Greenan Peffer Sallander & Lally LLP
6111 Bollinger Canyon Road, Suite 500
P.O. Box 10
San Ramon, CA 94583-0010
Tel: 925-866.1000

b. AXIS shall send a check representing its payment(s) of its share of defense fees/costs and/or any settlement agreement or judgment to:

Ira Berman, Esq.
General Counsel
CCA Industries, Inc.
200 Murray Hill Parkway
East Rutherford, New Jersey 07073
Tel: 201.935.3232 Ext. 132

3. Any payment(s) by AXIS to CCA pursuant to paragraphs 1 and 2 shall count against and erode the Policy's limit.

4. With the exception of those obligations specified above and in the remainder of this Agreement, CCA and AXIS mutually agree to and hereby do generally and specifically release each other, and those other entities and persons to be benefited hereby as described in paragraph 7 below, from any and all claims or obligations with respect to or arising from the Released Claims, whether such obligations are past, present, future, known, or unknown to the fullest extent allowed by the law including, for example, waiver of the provisions California Civil Code § 1542 and any comparable federal or state statute or rule of law. California Civil Code § 1542 provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

5. AXIS hereby agrees that CCA may and will utilize counsel of CCA's choice in defending against the Released Claims and that CCA retains sole control of the defense and settlement of the Released Claims.

6. Except as provided in paragraph 1, the Parties are to bear their own attorneys fees and costs.

7. To the fullest extent possible, this Agreement is intended to and shall inure to the benefit of and separately be binding upon each of the following as though they were a party to this Agreement: each of the Parties; each of their predecessors, successors, assignees, buyers, grantees, vendees, and transferees; all of the foregoing's past, present, and future direct and indirect partners, parents, subsidiaries, divisions, affiliates, or shareholders; and all of the foregoing's past, present, and future representatives, agents, officers, directors, principals, employees, and attorneys.

8. The Parties agree and acknowledge that the payments, obligations, and releases referred to above are made in compromise of disputed claims and charges, and neither said payments, dismissals, nor any of the other consideration exchanged in this Agreement is to be construed as an admission by any of the Parties of any liability, any defenses, or of the validity of any particular allegation; nor is this Agreement to be used in any way for the purpose of construing or interpreting any term in any insurance policy or as precedent for any future claim. Notwithstanding the foregoing, the Parties agree and acknowledge that the payment(s) made by AXIS pursuant to paragraphs 1 and 2 represent(s) payment(s) made in satisfaction of insurance claims by CCA.

9. This Agreement is and is intended to be enforceable and binding. This Agreement is an integrated Agreement that encompasses the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all previous negotiations, understandings, and agreements between the Parties with respect thereto, whether oral or written. The Parties acknowledge that they have read this Agreement and that they understand it to be a complete and final resolution of matters set forth herein. Each of the signatories warrants that it has authority to execute this Agreement and has chosen freely to execute it after consulting with its respective counsel.

10. The Parties further agree that each of the Parties has participated in the drafting of this Agreement, with the assistance of counsel, and therefore the wording of this Agreement shall not be construed against any party hereto as the drafter.

11. This Agreement may be executed in counterparts, and the delivery of a copy of an executed signature page via facsimile or electronic mail shall have the same force and effect as the delivery of an executed original.

12. The terms of this Agreement shall exclusively be governed by and construed under the substantive laws of the state of California, without regard to the choice-of-law rules thereof.

Dated: ____________________

CCA INDUSTRIES, INC.

______________________________

By: ______________________________
Its: ______________________________

Dated: May 26, 2010

AXIS INSURANCE COMPANY

/s/ John M. Intondi
By: JOHN M. INTONDI
Its: Exec. V-P

Exhibit 11

## CCA INDUSTRIES, INC. AND SUBSIDIARIES

## COMPUTATION OF UNAUDITED EARNINGS PER SHARE

| | Three Months Ended May 31, | | Six Months Ended May 31, | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Item 6. | | | | |
| Weighted average shares outstanding — Basic | 7,054,442 | 7,054,442 | 7,054,442 | 7,054,442 |
| Net effect of dilutive stock | | | | |
| Options—based on the treasury stock method using average market | — | — | — | — |
| Weighted average shares outstanding — Diluted | 7,054,442 | 7,054,442 | 7,054,442 | 7,054,442 |
| Net (Loss) Income | $ (910,589) | $ 694,136 | $ (369,035) | $ 818,502 |
| Per share amount Basic and Diluted | $ (0.13) | $ 0.10 | $ (0.05) | $ 0.12 |

Exhibit 31.1

CERTIFICATION

I, David Edell, certify that:

1. I have reviewed this quarterly report of May 31, 2010 on Form 10-Q of CCA Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.

4. The Registrant's other certifying officer, Stephen A. Heit and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relation to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer, Stephen A. Heit and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 14, 2010

/s/ David Edell
David Edell
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stephen A. Heit, certify that:

1. I have reviewed this quarterly report of May 31, 2010 on Form 10-Q of CCA Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.

4. The Registrant's other certifying officer, David Edell and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relation to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer, David Edell, and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 14, 2010

/s/ Stephen A. Heit

Stephen A. Heit

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CCA Industries, Inc. (the "Registrant") on Form 10-Q for the quarterly period ended May 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Edell, Chief Executive Officer of the Registrant, certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report, to which this certification is attached, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: July 14, 2010

/s/ David Edell
David Edell
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CCA Industries, Inc. (the “Registrant”) on Form 10-Q for the quarterly period ended May 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen A. Heit, Chief Financial Officer of the Registrant, certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report, to which this certification is attached, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: July 14, 2010

/s/ Stephen A. Heit
Stephen A. Heit
Chief Financial Officer