ENDORSED FILED SUPERIOR COURT COUNTY OF SAN FRANCISCO LEXINGTON LAW GROUP, LLP MAY 1 6 2006 Mark N. Todzo, State Bar No. 168389 Eric S. Somers, State Bar No. 139050 GORDON PARK-LI, Clerk Howard Hirsch, State Bar No. 213209 BY: ___ 1627 Irving Street Deputy Clerk San Francisco, CA 94122 Telephone: (415) 759-4111 Facsimile: (415) 759-4112 Attorneys for Plaintiff CENTER FOR ENVIRONMENTAL HEALTH SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF SAN FRANCISCO CENTER FOR ENVIRONMENTAL HEALTH,) Case No. CGC 05-444522 a non-profit corporation. FIRST AMENDED COMPLAINT FOR Plaintiff, INJUNCTIVE RELIEF AND CIVIL **PENALTIES** ٧. Health & Safety Code §25249.6 et seq.; ROSS STORES, INC.; BIG LOTS, INC.; TOYS) "R" US, INC.; TOYSRUS.COM, LLC; WALGREEN COMPANY; and Defendant (Other) DOES 9 through 200, inclusive, Defendants.

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Plaintiff Center for Environmental Health, in the public interest, based on information and belief and investigation of counsel, except for information based on personal knowledge, hereby makes the following allegations:

INTRODUCTION

- 1. This complaint seeks to remedy defendants' continuing failure to warn individuals in California that they are being exposed to lead and lead compounds (collectively, "Lead"), chemicals known to the State of California to cause cancer, birth defects and other reproductive harm. Such exposures have occurred, and continue to occur, through the manufacture, distribution, sale and use of defendants' soft food and beverage containers that contain Lead (the "Products"). The Products include, but are not limited to, soft lunch boxes, lunch bags and coolers. Consumers, including children, are exposed to Lead when they handle the Products and when they handle or ingest the food and drinks stored inside the Products.
- 2. Under California's Proposition 65, Health and Safety Code §25249.5 et seq., it is unlawful for businesses to knowingly and intentionally expose individuals in California to chemicals known to the State to cause cancer, birth defects or other reproductive harm without providing clear and reasonable warnings to individuals prior to their exposure. Defendants introduce soft food and beverage containers contaminated with significant quantities of Lead directly into the California marketplace, exposing consumers of their Products, many of whom are children, to Lead.
- 3. Despite the fact that defendants expose children and other consumers to Lead, defendants provide no warnings whatsoever about the carcinogenic or reproductive hazards associated with Lead exposure. Defendants' conduct thus violates the warning provision of Proposition 65. Health & Safety Code §25249.6.

Excluded from the definition of Products are any soft food and beverage containers manufactured, distributed and/or sold by Jaclyn, Inc., Betesh Holding Group Corporation, or InGear Corporation. Those entities' soft food and beverage containers are excluded from the definition of Products and thereby excluded from this case because CEH has already settled Proposition 65 actions against those entities by way of Consent Judgments that ensure that those entities' products comply with Proposition 65. Pursuant to the settlements in those actions, CEH has previously dismissed its claims against the defendants named herein with respect to any soft food and beverage containers manufactured, distributed and/or sold by Jaclyn, Inc., Betesh Holding Group Corporation, or InGear Corporation.

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PARTIES

- 4. Plaintiff Center For Environmental Health ("CEH") is a non-profit corporation dedicated to protecting the public from environmental health hazards and toxic exposures. CEH is based in Oakland, California and incorporated under the laws of the State of California. CEH is a "person" within the meaning of Health & Safety Code §25249.11(a) and brings this enforcement action in the public interest pursuant to Health & Safety Code §25249.7(d). CEH is a nationally recognized non-profit environmental advocacy group that has prosecuted a large number of Proposition 65 cases in the public interest. These cases have resulted in significant public benefit, including reformulation of toxic products to make them safer and the provision of clear and reasonable warnings on hundreds of products sold throughout California. CEH also provides information to Californians about the health risks associated with exposure to hazardous substances, where manufacturers and other responsible parties fail to do so.
- business within the meaning of Health & Safety Code §25249.11. Ross manufactures, distributes and/or sells the Products for sale and use in California. Ross was named as a defendant in the original complaint in this case, which was filed on August 31, 2005, based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on May 19, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Ross.
- doing business within the meaning of Health & Safety Code §25249.11. Toys "R" Us manufactures, distributes and/or sells the Products for sale and use in California. Toys 'R' Us was named as a defendant in the original complaint in this case, which was filed on August 31, 2005, based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on May 19, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Toys "R" Us.
 - 7. Defendant Toysrus.com, LLC ("Toysrus.com") is a person in the course of

doing business within the meaning of Health & Safety Code §25249.11. Toysrus.com manufactures, distributes and/or sells the Products for sale and use in California. Toysrus.com was named as a defendant in the original complaint in this case, which was filed on August 31, 2005, based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on May 19, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Toysrus.com.

- 8. Defendant Walgreen Company ("Walgreen") is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Walgreen manufactures, distributes and/or sells the Products for sale and use in California. Walgreen was named as a defendant in the original complaint in this case, which was filed on August 31, 2005, based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on May 19, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Walgreen.
- 9. Defendant Wal-mart Stores, Inc. ("Wal-mart") is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Wal-mart manufactures, distributes and/or sells the Products for sale and use in California. Wal-mart was added to this case as "Doe 1" on or about December 6, 2005 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on October 13, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Wal-mart.
- business within the meaning of Health & Safety Code §25249.11. Target manufactures, distributes and/or sells the Products for sale and use in California. Target was added to this case as "Doe 2" on or about December 6, 2005 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on September 20, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Target.
 - 11. Defendant JC Penny Company, Inc. ("JC Penny") is a person in the course

of doing business within the meaning of Health & Safety Code §25249.11. JC Penny manufactures, distributes and/or sells the Products for sale and use in California. JC Penny was added to this case as "Doe 3" on or about December 6, 2005 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on September 20, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to JC Penny.

- business within the meaning of Health & Safety Code §25249.11. Mervyn's manufactures, distributes and/or sells the Products for sale and use in California. Mervyn's was added to this case as "Doe 4" on or about December 6, 2005 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on September 20, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Mervyn's.
- Defendant Kmart Corporation ("Kmart") is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Kmart manufactures, distributes and/or sells the Products for sale and use in California. Kmart was added to this case as "Doe 5" on or about January 17, 2006 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on October 13, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Kmart.
- 14. Defendant Big Lots Stores, Inc. ("Big Lots") is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Big Lots manufactures, distributes and/or sells the Products for sale and use in California. Big Lots was added to this case as "Doe 6" on or about January 17, 2006 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on October 13, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Big Lots.
 - 15. Defendant Burlington Coat Factory Warehouse Corporation is a person in

the course of doing business within the meaning of Health & Safety Code §25249.11. Burlington Coat Factory Warehouse Corporation manufactures, distributes and/or sells the Products for sale and use in California. Burlington Coat Factory Warehouse Corporation was added to this case as "Doe 7" on or about January 17, 2006 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on November 4, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Burlington Coat Factory Warehouse Corporation.

- person in the course of doing business within the meaning of Health & Safety Code §25249.11.

 Burlington Coat Factory Warehouse of Hayward, Inc. manufactures, distributes and/or sells the Products for sale and use in California. Burlington Coat Factory Warehouse of Hayward, Inc. was added to this case as "Doe 8" on or about January 17, 2006 based on a 60-Day "Notice of Violation of Proposition 65" sent by CEH on November 4, 2005 to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Burlington Coat Factory Warehouse of Hayward, Inc.
- 17. DOES 9-200 are each a person in the course of doing business within the meaning of Health & Safety Code §25249.11. DOES 9 through 200 manufacture, distribute and/or sell the Products for sale or use in California.
- 18. The true names of DOES 9 through 200 are unknown to plaintiff at this time. When their identities are ascertained, the complaint shall be amended to reflect their true names.
- 19. The Defendants identified in paragraphs 5- 16 and DOES 9 through 200 are collectively referred to herein as "Defendants."
- 20. Some of the Products are manufactured, distributed and/or sold by Accessory Network Group, Inc., Big Dogs USA, Inc., Fashion Accessory Bazaar, LLC, Fast Forward, LLC, Igloo Products Corporation, Lisa Frank, Inc., Romar International Corporation, and Silver Goose, Inc. CEH has not named these entities as defendants in this suit because CEH

has already named these entities in Proposition 65 actions with respect to those Products manufactured, distributed and/or sold by such entities. These actions are pending in San Francisco Superior Court as follows: (a) CEH v. Igloo, S.F. Superior Court No. 444523; (b) CEH v. Fast Forward, LLC, S.F. Superior Court No. 445712; (c) CEH v. Accessory Network Group, S.F. Superior Court No. 447187; (d) CEH v. Lisa Frank, S.F. Superior Court No. 447915; (e) CEH v. Silver Goose, Inc., et al, S.F. Superior Court No. CGC-06-448593; (f) CEH v. Romar International Corporation., et al, S.F. Superior Court No. CGC-06-448597; and (g) CEH v. Big Dogs USA, Inc., S.F. Superior Court No. CGC-06-448596. Simultaneous with the filing of this First Amended Complaint, CEH intends to file a motion to consolidate these cases with the present action in order to avoid unnecessary and duplicative effort and to eliminate the risk of inconsistent rulings.

- 21. Some of the Products are manufactured, distributed and/or sold by TA Creations, Inc. CEH has not named TA Creations, Inc. as a defendant in this suit because CEH only recently learned of its identity. Therefore, sixty days has not yet passed since CEH sent TA Creations, Inc. a Notice of Violation pursuant to Proposition 65 on April 24, 2006. Upon expiration of the sixty day notice period, CEH intends to sue TA Creations, Inc. in San Francisco Superior Court and to seek to consolidate that case with this action and with the cases identified in paragraph 20 above.
- 22. Some of the Products are manufactured, distributed and/or sold by Glacier Gear Corporation, Global Advantage Trading and Imports, LLC and J.L. Childress Co., Inc. CEH has not named these entities as defendants in this suit because these entities have less than 10 employees and are therefore exempt from Proposition 65. See Health & Safety Code \$\$25249.6 and 25249.11(b).
- 23. Some of the Products are manufactured, distributed and/or sold by Targus Group International Co. CEH has not named Targus Group International Co. as a defendant in this suit because CEH has been informed by that entity that it sold its line of business that manufactured, distributed and/or sold the Products.
 - 24. Some of the Products are manufactured, distributed and/or sold by entities

not named above. CEH has not named these entities as defendants in this suit because CEH is presently unaware of their identity. For example, many of the Defendants named herein sell Products under their own private label. CEH is unaware of who manufacturers and/or distributes private label Products for Defendants. When their identities are ascertained, and assuming they have 10 or more employees and are therefore subject to suit under Proposition 65, CEH shall either seek to add them as defendants to this case, or file separate actions against them and seek to consolidate such actions with this case and with the cases identified in paragraph 20 above.

JURISDICTION AND VENUE

- 25. The Court has jurisdiction over this action pursuant to Health & Safety Code §25249.7, which allows enforcement in any court of competent jurisdiction. The California Superior Court has jurisdiction over this action pursuant to California Constitution Article VI, Section 10, which grants the Superior Court "original jurisdiction in all cases except those given by statute to other trial courts." The statutes under which this action is brought do not grant jurisdiction to any other trial court.
- 26. This Court has jurisdiction over the Defendants because each is a business entity that does sufficient business, has sufficient minimum contacts in California or otherwise intentionally avails itself of the California market through the sale, marketing or use of the Products in California and/or by having such other contacts with California so as to render the exercise of jurisdiction over it by the California courts consistent with traditional notions of fair play and substantial justice.
- 27. Venue is proper in the San Francisco Superior Court because one or more of the violations arise in the County of San Francisco.

BACKGROUND FACTS

- 28. The People of the State of California have declared by initiative under Proposition 65 their right "[t]o be informed about exposures to chemicals that cause cancer, birth defects, or other reproductive harm." Proposition 65, §1(b).
- 29. To effectuate this goal, Proposition 65 requires that individuals be provided with a "clear and reasonable warning" before being exposed to chemicals listed by the

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State of California as known to cause cancer, birth defects and other reproductive harm unless the business responsible for the exposure can prove that it fits within a statutory exemption. Health & Safety Code §25249.6 states, in pertinent part:

> No person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual. . .

On February 27, 1987, the State of California officially listed Lead as a 30. chemical known to cause reproductive toxicity. Lead is specifically identified as a reproductive toxicant under three subcategories: "developmental reproductive toxicity," which means harm to the developing fetus, "female reproductive toxicity," which means harm to the female reproductive system, and "male reproductive toxicity," which means harm to the male reproductive system. 22 California Code of Regulations ("CCR") §12000(c). On February 27, 1988, one year after it was listed as a chemical known to cause reproductive toxicity, Lead became subject to the clear and reasonable warning requirement regarding reproductive toxicants under Proposition 65. 22 CCR §12000(c); Health & Safety Code §25249.10(b).

- 31. On October 1, 1992, the State of California officially listed lead and lead compounds as chemicals known to cause cancer. On October 1, 1993, one year after they were listed as chemicals known to cause cancer, lead and lead compounds became subject to the clear and reasonable warning requirement regarding carcinogens under Proposition 65. 22 CCR §12000(c); Health & Safety Code §25249.10(b).
- Young children are especially susceptible to the toxic effects of Lead. 32. Children show a greater sensitivity to Lead's effects than do adults. Adverse health impacts from Lead exposure generally occur in children at lower blood Lead levels than in adults. Children absorb and retain more Lead in proportion to their weight than do adults. Young children also show a greater prevalence of iron deficiency, a condition that can increase gastrointestinal absorption of Lead. The body accumulates Lead over a lifetime and releases it slowly, so even small doses received in childhood, over time, can cause adverse health impacts, including but not limited to reproductive toxicity, later in life. For example, in times of physiological stress, such

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as pregnancy, the body can mobilize accumulated stores of Lead in tissue and bone, thereby increasing the level of Lead in the blood and increasing the risk of harm to the fetus.

- There is no safe level of exposure to Lead and even minute amounts of 33. Lead exposure have been shown to permanently reduce mental capacity. Davis, JM, Svendgaard, DJ; "Lead and Child Development"; Nature 329:297-300, 1987. One recent study on the effect of childhood Lead exposure declared that even the smallest detectable amount of blood Lead levels in children can mean the difference between an A or B grade in school. Lanphear, BP, Dietrich, K, Auinger, P, Cox, C; "Subclinical Lead Toxicity in U.S. Children and Adolescents"; Neurodevelopmental Disabilities II Platform, 2000. Another study followed children into adulthood and found a sevenfold increase in the risk for developing a reading disability among children exposed to sufficient levels of Lead as toddlers. Needleman, HL, Schell, A, Bellinger, D, Leviton, A, Allred, EN; "The Long-Term Effects of Exposure to Low Doses of Lead in Childhood: An 11-Year Follow-up Report"; New England Journal of Medicine; 322:83-88, 1990.
- Defendants' Products contain sufficient quantities of Lead such that 34. consumers, including children, who handle the Products and handle and ingest items stored inside the Products are exposed to Lead through the average use of the Products. These exposures occur through direct ingestion when consumers place items that have been stored in the Products in their mouths, ingestion via hand to mouth contact after consumers touch or handle the Products or items that have been stored in the Products, and dermal absorption directly through the skin when consumers touch or handle the Products or items that have been stored in the Products.
- Any person acting in the public interest has standing to enforce violations 35. of Proposition 65 provided that such person has supplied the requisite public enforcers with a valid 60-Day Notice of Violation and such public enforcers are not diligently prosecuting the action within such time. Health & Safety Code §25249.7(d).
- More than sixty days prior to naming each Defendant in this lawsuit, CEH 36. provided a 60-Day "Notice of Violation of Proposition 65" to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city

with a population greater than 750,000 and to each of the named Defendants. In compliance with Health & Safety Code §25249.7(d) and 22 CCR §12903(b), each of the Notices included the following information: (1) the name and address of the violators; (2) the statute violated; (3) the time period during which violations occurred; (4) specific descriptions of the violations, including (a) the routes of exposure to Lead from the Products and (b) Product categories, with a specific non-exclusive example of a Product that is sold and used in violation of Proposition 65 for each named Defendant; and (5) the name of the specific Proposition 65-listed chemical (Lead) that is the subject of the violation described in each of the Notices.

- CEH also sent a Certificate of Merit for each of the Notices to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to the named Defendants. In compliance with Health & Safety Code §25249.7(d) and 11 CCR §3101, each of the Certificates certified that CEH's counsel: (1) has consulted with one or more persons with relevant and appropriate experience or expertise who reviewed facts, studies or other data regarding the exposures to Lead alleged in each of the Notices; and (2) based on the information obtained through such consultations, believes that there is a reasonable and meritorious case for a citizen enforcement action based on the facts alleged in each of the Notices. In compliance with Health & Safety Code §25249.7(d) and 11 CCR §3102, each of the Certificates served on the Attorney General included factual information provided on a confidential basis sufficient to establish the basis for the Certificate, including the identity of the person(s) consulted by CEH's counsel and the facts, studies or other data reviewed by such persons.
- 38. None of the public prosecutors with the authority to prosecute violations of Proposition 65 has commenced and/or is diligently prosecuting a cause of action against the Proposition 65 Defendants under Health & Safety Code §25249.5 *et seq.* based on the claims asserted in the Notice.
- 39. Defendants display the Products for sale together in a single location within each of their respective retail establishments.
 - 40. Defendants both know and intend that individuals, including children, will

handle the Products and handle and ingest items stored inside the Products, thus exposing them to Lead.

- 41. The Products are typically made from polyvinyl chloride ("PVC"). The association between PVC and Lead exposure has been widely discussed in the media in recent years, with particular attention given to products made from PVC that are marketed exclusively to children. Defendants' Products are also made with pigments, many of which contain Lead. Many of the Defendants' Products are exclusively made for and marketed to children.
- 42. Defendants have been informed of the Lead in their Products by the 60-day notice of violation served on them by CEH and from newspaper reports.
- 43. Nevertheless, Defendants continue to expose consumers, including children, to Lead without prior clear and reasonable warnings regarding the carcinogenic or reproductive hazards of Lead.
- 44. CEH has engaged in good-faith efforts to resolve the claims alleged herein prior to filing this complaint.
- 45. Any person "violating or threatening to violate" Proposition 65 may be enjoined in any court of competent jurisdiction. Health & Safety Code §25249.7. "Threaten to violate" is defined to mean "to create a condition in which there is a substantial probability that a violation will occur." Health & Safety Code §25249.11(e). Proposition 65 provides for civil penalties not to exceed \$2,500 per day for each violation of Proposition 65.

FIRST CAUSE OF ACTION

(Violations of the Health & Safety Code §25249.6)

- 46. Plaintiff realleges and incorporates by reference as if specifically set forth herein Paragraphs 1 through 45 inclusive.
- 47. By placing the Products into the stream of commerce, Defendants are a person in the course of doing business within the meaning of Health & Safety Code §25249.11.
- 48. Defendants know that average use of the Products will expose users of the Products to Lead. Defendants intend that the Products be used in a manner that results in users of the Products being exposed to Lead contained in the Products.

1	Dated: May <u>/5</u> , 2006	Respectfully submitted,
2		LEXINGTON LAW GROUP, LLP
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4		The following
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