1 LEXINGTON LAW GROUP Eric S. Somers, State Bar No. 139050 ENDORSED Howard Hirsch, State Bar No. 213209 FILED ALAMEDA COUNTY Lisa Burger, State Bar No. 239676 503 Divisadero Street JUL 8 6 2011 San Francisco, CA 94117 Telephone: (415) 913-7800 4 CLERK DETHE BUPERIOR COURT Facsimile: (415) 759-4112 esomers@lexlawgroup.com hhirsch@lexlawgroup.com 6 lburger@lexlawgroup.com Attorneys for Plaintiff CENTER FOR ENVIRONMENTAL HEALTH 8 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA 10 COUNTY OF ALAMEDA 11 12 CENTER FOR ENVIRONMENTAL HEALTH,) Lead Case No. RG 09-459448 13 a non-profit corporation, [Consolidated with Case No. RG 10-14 Plaintiff, 494289; Case No. RG 10-494513; and Case No. RG 10-494517] 15 THIRD AMENDED COMPLAINT -16 CENTER FOR ENVIRONMENTAL LULU NYC LLC, et al., and Defendant DOES 1) HEALTH V. BAG BAZAAR, LTD.; 17 through 500, inclusive, CASE NO. RG 10-494517 18 Defendants. Health & Safety Code §25249.6, et seq. 19 (Other) And Consolidated Cases. 20 21 22 23 24 25 26 27 28

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

INTRODUCTION

- 1. This Third Amended 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 and birth defects and other reproductive harm. Such exposures have occurred, and continue to occur, through the manufacture, distribution, sale and/or use of Defendants' wallets, handbags, purses and clutches made with leather, vinyl or imitation leather materials (the "Products"). Consumers, including pregnant women, are exposed to Lead when they use, touch or handle 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 Products contaminated with significant quantities of Lead into the California marketplace, exposing consumers of their Products, many of whom are pregnant women, to Lead.
- 3. Despite the fact that Defendants expose pregnant women, children and other people who come into contact with the Products to Lead, Defendants provide no warnings whatsoever about the carcinogenic or reproductive hazards associated with these Lead exposures. Defendants' conduct thus violates the warning provision of Proposition 65. Health & Safety Code §25249.6.

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 the reformulation of thousands of products to remove toxic chemicals to make them safer. 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.

- 5. Defendant 1092369 ONTARIO INC DBA ESPE is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. 1092369 Ontario Inc dba ESPE manufactures, distributes and/or sells the Products for sale or use in California.
- 6. Defendant AMAZON.COM, INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Amazon.com, Inc. manufactures, distributes and/or sells the Products for sale or use in California.
- 7. Defendant AMERICAN PROCUREMENT CO., INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. American Procurement Co., Inc. manufactures, distributes and/or sells the Products for sale or use in California.
- 8. Defendant BAEKGAARD LTD. OF INDIANA INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Baekgaard Ltd. of Indiana Inc. manufactures, distributes and/or sells the Products for sale or use in California.
- 9. Defendant BIG BUDDHA, INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Big Buddha, Inc. manufactures, distributes and/or sells the Products for sale or use in California.
- 10. Defendant THE CALIFORNIA BAG, LLC is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. The California Bag, LLC manufactures, distributes and/or sells the Products for sale or use in California.
 - 11. Defendant CALIFORNIA DREAM CO., INC. is a person in the course of

Defendant HSN, INC. is a person in the course of doing business within

manufactures, distributes and/or sells the Products for sale or use in California.

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| the meaning of Health & Safety Code §25249.11. HSN, Inc. manufactures, distributes and/or |
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| sells the Products for sale or use in California. |
| 21. Defendant INDONESIAN IMPORTS, INC. is a person in the course of |
| doing business within the meaning of Health & Safety Code §25249.11. Indonesian Imports, Inc. |
| manufactures, distributes and/or sells the Products for sale or use in California. |
| 22. Defendant J. CREW GROUP, INC. is a person in the course of doing |
| business within the meaning of Health & Safety Code §25249.11. J. Crew Group, Inc. |
| manufactures, distributes and/or sells the Products for sale or use in California. |
| 23. Defendant JC FASHION GROUP CORPORATION is a person in the |
| course of doing business within the meaning of Health & Safety Code §25249.11. JC Fashion |
| Group Corporation manufactures, distributes and/or sells the Products for sale or use in |
| California. |
| 24. Defendant JC FASHION INT'L ENTERPRISE INC. is a person in the |
| course of doing business within the meaning of Health & Safety Code §25249.11. JC Fashion |
| Int'l Enterprise Inc. manufactures, distributes and/or sells the Products for sale or use in |
| California. |
| 25. Defendant KATHY VAN ZEELAND, LLC is a person in the course of |
| doing business within the meaning of Health & Safety Code §25249.11. Kathy Van Zeeland, |
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- Defendant LA JOLLA SPORT U.S.A., INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. La Jolla Sport U.S.A.,
- Defendant M & P CENTRAL, INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. M & P Central, Inc. manufactures, distributes and/or sells the Products for sale or use in California.
- Defendant MADEWELL INC. is a person in the course of doing business 28. within the meaning of Health & Safety Code §25249.11. Madewell Inc. manufactures, distributes and/or sells the Products for sale or use in California.

the meaning of Health & Safety Code §25249.11. QVC, Inc. manufactures, distributes and/or

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sells the Products for sale or use in California.

Defendant QVC, INC. is a person in the course of doing business within

46. Defendant SUNJEEN, INC. is a person in the course of doing business within the meaning of Health & Safety Code §25249.11. Sunjeen, Inc. manufactures, distributes and/or sells the Products for sale or use in California.

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47. Defendant TOSS DESIGNS, INC. is a person in the course of doing

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JURISDICTION AND VENUE

- 57. The Court has jurisdiction over this action pursuant to Health & Safety Code §25249.7, which allows enforcement in any court of competent jurisdiction, and pursuant to California Constitution Article VI, Section 10, because this case is a cause not given by statute to other trial courts.
- 58. This Court has jurisdiction over 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.
- 59. Venue is proper in the Alameda Superior Court because one or more of the violations arise in the County of Alameda.

BACKGROUND FACTS

- 60. 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).
- 61. To effectuate this goal, Proposition 65 prohibits exposing people to chemicals listed by the State of California as known to cause cancer, birth defects or other reproductive harm without a "clear and reasonable warning" 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. . .

62. On February 27, 1987, the State of California officially listed lead as a 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. 27 California Code of Regulations ("C.C.R.") §27001(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. 27 C.C.R. §27001(c); Health & Safety Code §25249.10(b).

- 63. 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. 27 C.C.R. §27001(c); Health & Safety Code §25249.10(b).
- 64. Some of the Products are designed for and marketed to children. Young children are also exposed to Lead from the Products when they touch or play with Products that are owned or used by their parents or caretakers. In addition, young children are exposed to Lead from the Products when they eat food that is stored or carried in the Products or touch or play with non-food items that are stored or carried in the Products. Additional childhood exposures to Lead occur when children touch their hands to their mouths after their hands have touched the Products or items stored or carried in the Products.
- 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 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.

- Lead exposure have been shown to permanently reduce mental capacity. Davis, J.M., Svendgaard, D.J., "Lead and Child Development," *Nature* 329:297-300, 1987. One 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, B.P., 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, H.L., Schell, A., Bellinger, D., Leviton, A., Allred, E.N., "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.
- 67. Lead exposures for pregnant women are also of particular concern in light of evidence that even short term Lead exposures *in utero* may have long-term harmful effects. Hu, H., *et al.*, "Fetal Lead Exposure at Each State of Pregnancy as a Predictor of Infant Mental Development," *Environmental Health Perspectives* 114:11, 2006; Schnaas, L., *et al.*, "Reduced Intellectual Development in Children with Prenatal Lead Exposure," *Environmental Health Perspectives* 114:5, 2006.
- 68. Lead is found in the fabric and/or material from which many of the Products are made. Lead is found in the Products as a stabilizer in the vinyl or imitation leather materials, as a chemical ingredient in some of the dies, paints and other coloring agents used in the Products and in the chemicals used in the leather tanning process. Lead is also found in the metallic components such as zippers and zipper pulls used on some of the Products.
- 69. Defendants' Products contain sufficient quantities of Lead such that consumers, including pregnant women and children, who use, touch and/or handle the Products are exposed to Lead through the average use of the Products. The route of exposure for the violations is direct ingestion when consumers place the Products or items that have been stored in the Products in their mouths; ingestion via hand-to-mouth contact after consumers use, touch

and/or handle the Products or items that have been stored in the Products; and dermal absorption directly through the skin when consumers use, touch and/or handle the Products or items that have been stored in the Products.

- 70. Any person acting in the public interest has standing to enforce violations 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).
- 71. More than sixty days prior to naming each Defendant in this lawsuit, CEH 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 27 C.C.R. §25903(b), each Notice included the following information: (1) the name and address of each violator; (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) the specific type of products sold and used in violation of Proposition 65; and (5) the name of the specific Proposition 65-listed chemical that is the subject of the violations described in each Notice.
- 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 C.C.R. §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 C.C.R. §3102, each of the Certificates served on the Attorney General included factual information provided on a confidential basis sufficient to

| 1 | California without providing prior clear and reasonable warnings, as CEH shall specify in fur | rthe |
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| 2 | application to the Court; | |
| 3 | 3. That the Court, pursuant to Health & Safety Code §25249.7(a), order | |
| 4 | Defendants to take action to stop ongoing unwarned exposures to Lead resulting from use of | |
| 5 | Products sold by Defendants, as CEH shall specify in further application to the Court; | |
| 6 | 4. That the Court, pursuant to Code of Civil Procedure §1021.5 or any of | her |
| 7 | applicable theory, grant CEH its reasonable attorneys' fees and costs of suit; and | |
| 8 | 5. That the Court grant such other and further relief as may be just and | |
| 9 | proper. | |
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| 11 | Dated: July 26, 2010 Respectfully submitted, | |
| 12 | LEXINGTON LAW GROUP | |
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| 16 | Attorneys for Plaintiff CENTER FOR ENVIRONMENTAL HEALTH | I |
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