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6 CENTER FOR ENVIRONMENTAL  
HEALTH  
7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SAN FRANCISCO

10  
11 CENTER FOR ENVIRONMENTAL  
HEALTH, a non-profit corporation,

12 Plaintiff,

13 v.

14 MICHAEL STORES, INC., HORIZON  
15 GROUP USA, INC., HIRSCHBERG  
SCHUTZ & CO., INC.; and Defendant  
16 DOES 1 through 200, inclusive,

17 Defendants.

ENDORSED  
FILED  
San Francisco County Superior Court

AUG 07 2007

GORDON PARK-LI, Clerk

BY: \_\_\_\_\_ Deputy Clerk

Case No. CGC-05-446289

~~PROPOSED~~ CONSENT JUDGMENT  
RE: NOVTEX CORPORATION, JO-  
ANN STORES, INC., AND HANCOCK  
FABRICS, INC.

1     **1.     INTRODUCTION**

2           **1.1**     On November 2, 2005, plaintiff the Center for Environmental Health (“CEH”),  
3 a non-profit corporation acting in the public interest, filed a complaint in San Francisco  
4 County Superior Court, entitled *Center for Environmental Health v. Michaels Stores, Inc., et*  
5 *al.*, San Francisco County Superior Court Case Number CGC-05-446289 (the “Action”), for  
6 civil penalties and injunctive relief pursuant to the provisions of California Health & Safety  
7 Code §25249.5 *et seq.* (“Proposition 65”).

8           **1.2**     Defendant Novtex Corporation (“Novtex”) is a corporation that employs 10 or  
9 more persons and manufactures, distributes and/or sells imitation pearls, imitation pearl  
10 buttons, and imitation pearl accessories made of materials containing lead and/or lead  
11 compounds (the “Products”) in the State of California.

12           **1.3**     Defendant Jo-Ann Stores, Inc. (“Jo-Ann Stores”) is a corporation that employs  
13 10 or more persons and manufactures, distributes and/or sells Products in the State of  
14 California.

15           **1.4**     Defendant Hancock Fabrics, Inc. (“Hancock Fabrics”) is a corporation that  
16 employs 10 or more persons and manufactures, distributes and/or sells Products in the State  
17 of California. Novtex, Jo-Ann Stores, and Hancock Fabrics are referred to herein as  
18 Defendants. Jo-Ann Stores and Hancock Fabrics are referred to herein as the Retail  
19 Defendants. Defendants and CEH are referred to as the Parties.

20           **1.5**     On or about March 28, 2005, CEH served Novtex, Jo-Ann Stores and the  
21 appropriate public enforcement agencies with the requisite 60-day notice that Novtex and Jo-  
22 Ann Stores were in violation of Proposition 65. On or about April 11, 2005, CEH served  
23 Hancock Fabrics and the appropriate public enforcement agencies with the requisite 60-day  
24 notice that Hancock Fabrics was in violation of Proposition 65. On or about February 22,  
25 2006, CEH filed “Doe” amendments adding Novtex, Jo-Ann Stores, and Hancock Fabrics as  
26 Defendants in this Action. CEH’s notices and the Complaint in this Action allege that  
27 Defendants expose individuals who use or otherwise handle the Products to lead and/or lead  
28 compounds (referred to interchangeably herein as “Lead”), chemicals known to the State of

1 California to cause cancer, birth defects and other reproductive harm, without first providing  
2 clear and reasonable warning to such persons regarding the carcinogenicity and reproductive  
3 toxicity of Lead. The notices and Complaint allege that Defendants' conduct violates  
4 Health & Safety Code §25249.6, the warning provision of Proposition 65.

5       **1.6** For purposes of this Consent Judgment only, the Parties stipulate that this  
6 Court has jurisdiction over the subject matter of the violations alleged in CEH's Complaint  
7 and personal jurisdiction over Defendants as to the acts alleged in CEH's Complaint, that  
8 venue is proper in the County of San Francisco, and that this Court has jurisdiction to enter  
9 this Consent Judgment as a full and final resolution of all claims which were or could have  
10 been raised in the Complaint based on the facts alleged therein.

11       **1.7** The Parties enter into this Consent Judgment pursuant to a settlement of  
12 certain disputed claims between the Parties as alleged in the Complaint. By executing this  
13 Consent Judgment, the Parties do not admit any facts or conclusions of law, including, but  
14 not limited to, any facts or conclusions of law suggesting or demonstrating any violations of  
15 Proposition 65 or any other statutory, common law, or equitable requirements relating to the  
16 Products. It is the parties' intent that nothing in this Consent Judgment shall be construed as  
17 an admission by the Parties of any fact, conclusion of law, issue of law or violation of law,  
18 nor shall compliance with the Consent Judgment constitute or be construed as an admission  
19 by the Parties of any fact, conclusion of law, issue of law, or violation of law. Except as  
20 otherwise provided herein, nothing in this Consent Judgment shall prejudice, waive or  
21 impair any right, remedy, argument or defense the Parties may have in this or any other or  
22 future legal proceedings. This Consent Judgment is the product of negotiation and  
23 compromise and is accepted by the Parties, for purposes of settling, compromising and  
24 resolving issues disputed in this action, including future compliance by Defendants with  
25 Section 2 of this Consent Judgment and shall not be used for any other purpose, or in any  
26 other matter.

1     **2. COMPLIANCE - REFORMULATION**

2           **2.1 Lead Reformulation.** After December 31, 2006 (the “Initial Compliance  
3 Date”), Defendants shall not manufacture, distribute, ship or sell, or cause to be  
4 manufactured, distributed, shipped or sold, any Product that contains Lead in concentrations  
5 that exceed 600 parts per million (“ppm”) or is comprised of any material that contains Lead  
6 in concentrations that exceed 600 ppm. After March 31, 2007 (the “Compliance Date”),  
7 Defendants shall not manufacture, distribute, ship or sell, or cause to be manufactured,  
8 distributed, shipped or sold, any Product that contains Lead in concentrations that exceed  
9 200 ppm or is comprised of any material that contains Lead in concentrations that exceed  
10 200 ppm. However, the reformulation requirements of this Section apply to Defendants Jo-  
11 Ann Stores and Hancock Fabrics only with regard to the manufacturing, distribution,  
12 shipping or sale of the Products in the State of California. In addition, the reformulation  
13 requirements of this Section do not apply to any Products shipped by Novtex to the Retail  
14 Defendants prior to December 31, 2006, provided that such Products are sold by the Retail  
15 Defendants prior to March 31, 2007.

16           **2.2 Issuance of Product specifications to suppliers.** In order to help ensure  
17 compliance with Section 2.1, Defendants shall, within 30 days of entry of this Consent  
18 Judgment, issue specifications to their suppliers of the Products stating the requirements of  
19 Section 2.1.

20           **2.3 Certification of level from suppliers.** For all Products obtained after the  
21 Compliance Date, Defendants, on no less than an annual basis, shall obtain written  
22 certification from their suppliers of the Products, along with test results supporting such  
23 certification, certifying that the Products sold to Defendants and any components of which  
24 such Products are comprised do not contain Lead concentrations exceeding 200 ppm. The  
25 certifications may be in a standardized format, such as purchase orders. A written  
26 certification for a Product received by Novtex may be relied on by the Retail Defendants for  
27 sales of the same Product. All such certifications and test results shall be retained by the  
28 Defendant obtaining such documentation for a period of three years from the date of the

1 certification and shall be made available to CEH upon reasonable request. However, the  
2 Retail Defendants are required to maintain such certifications and test results only if the  
3 Products are purchased from an entity other than Novtex and such entity has not entered into  
4 a Consent Judgment with CEH resolving Proposition 65 claims over lead in the Products.

5 **2.4 Testing.** In order to help ensure compliance with the requirements of Section  
6 2.1, following the Compliance date Novtex shall conduct periodic random testing to confirm  
7 that the Products and the components thereof contain less than 200 ppm or less of Lead.  
8 Testing pursuant to this Section shall be conducted pursuant to the testing protocol attached  
9 hereto as Exhibit A (the "Test Protocol"). All testing pursuant to this Section shall be  
10 performed by an independent, accredited laboratory; such a laboratory may be located  
11 overseas, provided that it is internationally accredited. The results of all testing performed  
12 pursuant to this Section shall be retained for a period of three years and made available to  
13 CEH upon reasonable request. The frequency and amount of testing shall vary as follows:

14 **2.4.1 Sample Testing.** For shipments initially received from each supplier  
15 of a Product after the Compliance Date and at least once per calendar year for shipments  
16 received thereafter from said supplier, Novtex must test three randomly selected items  
17 comprising or including a Product (unless less than three such items have been received  
18 from a supplier, in which instance all Products shall be tested) using the Test Protocol,  
19 provided that Novtex need not test more than twenty items annually. For items comprising  
20 or including a Product supplied to the Retailer Defendants by entities other than Novtex and  
21 any other entities that have entered into a Consent Judgment with CEH resolving Proposition  
22 65 claims over lead in the Products, if any, each Retailer Defendant shall require that its  
23 supplier conduct the testing according to the same terms as are prescribed for Novtex in this  
24 Consent Judgment. Any testing required pursuant to this Section shall continue for a  
25 minimum of three years and until such time as Novtex has accumulated two consecutive  
26 years of random test results that meet the reformulation requirements of Section 2.1.

27 Notwithstanding anything in this Section, Novtex may test a batch of artificial pearls  
28 and if such testing demonstrates compliance with Section 2.1 it need not undertake

1 additional testing if the pearls from such batch are then incorporated into individual or  
2 separate items and such items are imported into the United States for distribution and sale, so  
3 long as Novtex's supplier certifies the items include only artificial pearls from such batch.

4           **2.4.2 Products that exceed stipulated levels pursuant to Defendant's**  
5 **Testing.** If the results of any testing required pursuant to Section 2.4.1 shows levels of Lead  
6 in any of the Products tested exceeding 200 ppm for a Product or a component thereof, the  
7 Defendant responsible for the testing shall: (1) not sell to a customer in California any  
8 Products that were purchased under the particular purchase order that the Product that tested  
9 over 200 ppm was purchased under; (2) refuse to accept and attempt to return all of such  
10 Products; and (3) send a notice to the supplier explaining that such Products do not comply  
11 with the supplier's certification for such Products.

12           In the event that a Defendant thereafter chooses to sell Products from that supplier in  
13 the future, it must first conduct testing on a per shipment basis for a quarterly period and  
14 verify compliance with the then applicable 600 ppm or 200 ppm Lead standard according to  
15 the terms described in this Consent Judgment.

16           **2.4.3 Confirmatory testing by CEH and stipulated penalties.** CEH may  
17 conduct periodic testing of the Products. Any such testing will be conducted pursuant to the  
18 Test Protocol at an independent, accredited laboratory with offices located in the United  
19 States. In the event that CEH's testing after the Compliance Date demonstrates Lead levels  
20 in excess of 200 ppm for one or more Products, CEH shall provide notice to the Defendant at  
21 issue of the situation and provide them with the test results and any reasonably available  
22 information permitting Defendants to identify the Product(s). That Defendant shall, within  
23 ten (10) days following such notice, provide CEH, at the address listed in Section 12, with  
24 its supplier certification demonstrating its compliance with Section 2.3 of this Consent  
25 Judgment. Within thirty (30) days following such notice, the Parties shall meet and confer  
26 with respect to the situation that gave rise to CEH's notice. If the Defendant is not in  
27 compliance with Section 2.3 for the Product(s) purchased from the same supplier as those  
28 with tests showing Lead levels exceeding the levels set forth in this Consent Judgment, such

1 Defendant shall, in addition to reimbursing CEH for its reasonable investigatory, testing, and  
2 legal expenses associated therewith, also be liable for stipulated payments to CEH as  
3 follows:

4                   First Occurrence:         \$5,000  
5                   Second Occurrence:        \$10,000  
6                   Third Occurrence:         \$15,000  
7                   Thereafter:                 \$20,000

8 These payments shall be made to CEH and used for the purposes described in Section 3.  
9 The stipulated payments in lieu of penalties and other remedies provided for herein are in  
10 addition to any other remedies available to enforce the terms of this Consent Judgment:

11                   **2.4.4 Recall of Products testing in excess of 600 ppm Lead.** Should,  
12 after the Compliance Date, CEH's testing demonstrate that a Product distributed or sold by a  
13 Defendant in California contains Lead levels in excess of 600 ppm ("Recall Product"), such  
14 Defendant shall send a recall letter in the form attached hereto as Exhibit B to all retail  
15 outlets that may have received the Products that were purchased in the same purchase order  
16 as any Recall Product informing them that they must pull the items from public distribution  
17 and send them back to the supplier of the Product. Such Defendant shall destroy all such  
18 Products and send certification to CEH that it has completed this process. Such certification  
19 shall indicate how many units of the Products were returned via the recall. There shall be no  
20 obligation hereunder to recall Products from consumers that previously purchased the  
21 Products.

22 **3. SETTLEMENT PAYMENTS**

23                   **3.1 Monetary Payment in Lieu of Penalty:** Defendants shall pay a total of  
24 \$13,000 to CEH in lieu of any penalty pursuant to Health and Safety Code §25249.7(b).  
25 This payment shall be made by check payable to Center for Environmental Health. CEH  
26 shall use such funds to continue its work protecting people from exposures to toxic  
27 chemicals.  
28

1           **3.2 Attorneys' Fees and Costs:** Defendants shall also pay a total of \$27,000 to  
2 CEH as reimbursement to CEH and its attorneys for their reasonable investigation fees and  
3 costs, attorneys' fees, and any other costs incurred as a result of investigating, bringing this  
4 matter to Defendants' attention, litigating and negotiating a settlement in the public interest.  
5 This payment shall be made by check payable to Lexington Law Group, LLP.

6           **3.3 Timing of payments.** The payments required under this Section shall be  
7 delivered to the address set forth in Section 12 below within ten (10) days of entry of this  
8 Consent Judgment by the Court. Any failure by Defendants to comply with the payment  
9 terms herein shall be subject to a stipulated late fee in the amount of \$100 for each day after  
10 the delivery date the payment is received. The late fees required under this Section shall be  
11 recoverable, together with reasonable attorneys' fees, in any enforcement proceeding  
12 brought pursuant to Section 5 of this Consent Judgment.

13 **4. MODIFICATION OF CONSENT JUDGMENT**

14           **4.1** This Consent Judgment may be modified by written agreement of CEH and  
15 Defendants, or upon motion of CEH or Defendants as provided by law.

16 **5. ENFORCEMENT OF CONSENT JUDGMENT**

17           **5.1** CEH may, by motion or application for an order to show cause before the  
18 Superior Court of the County of San Francisco, enforce the terms and conditions contained  
19 in this Consent Judgment. Should CEH prevail on any motion or application under this  
20 Section, CEH shall be entitled to recover its reasonable attorneys' fees and costs associated  
21 with such motion or application. Prior to bringing any such motion, CEH shall provide  
22 notice, and shall meet and confer with each Defendant against which the motion is planned  
23 in an informal attempt to resolve such dispute.

24 **6. APPLICATION OF CONSENT JUDGMENT**

25           **6.1** This Consent Judgment shall apply to and be binding upon the parties hereto,  
26 their divisions, subdivisions and subsidiaries, and the successors or assigns of any of them.  
27  
28



1       **7. CLAIMS COVERED**

2           **7.1** As to the Products, this Consent Judgment is a full, final, and binding  
3 resolution between the Plaintiff, acting on behalf of the public interest pursuant to Health  
4 and Safety Code §25249.7(d), on the one hand, and Defendants and each of their successors,  
5 assigns, parents, subsidiaries, affiliates, directors, officers, employees, agents, attorneys,  
6 distributors, retailers of customers (“Defendant Releasees”), on the other hand, of any  
7 violation of Proposition 65, of all claims made or which could have been made in the Notice  
8 and/or the Complaint based upon the facts asserted therein, and of any other statutory  
9 regulatory or common law claim that could have been asserted against Defendants, for the  
10 failure to provide clear, reasonable, and lawful warnings regarding the carcinogenicity or  
11 reproductive toxicity of Lead contained in the Products that were sold or distributed by, for,  
12 or on behalf of Defendants prior to the date of entry of this Consent Judgment. Compliance  
13 by a Defendant with the terms of this Consent Judgment resolves any issue, now and in the  
14 future, concerning compliance by such Defendant and its Defendant Releasees, with the  
15 requirements of Proposition 65 with respect to Lead contained in the Products sold by  
16 Defendants. This release does not limit or effect the obligations of any party created under  
17 this Consent Judgment.

18       **8. SEVERABILITY**

19           **8.1** In the event that any of the provisions of this Consent Judgment are held by a  
20 court to be unenforceable, the validity of the enforceable provisions shall not be adversely  
21 affected.

22       **9. SPECIFIC PERFORMANCE**

23           **9.1** The parties expressly recognize that Defendants’ obligations under this  
24 Consent Judgment are unique. In the event that any Defendant is found to be in breach of  
25 this Consent Judgment for failure to comply with the provisions of Section 2 hereof, the  
26 parties agree that it would be extremely impracticable to measure the resulting damages and  
27 that such breach would cause irreparable damage. Accordingly, CEH, in addition to any  
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1 other available rights or remedies, may sue in equity for specific performance, and each  
2 Defendant expressly waives the defense that a remedy in damages will be adequate.

3 **10. GOVERNING LAW**

4 **10.1** The terms of this Consent Judgment shall be governed by the laws of the State  
5 of California.

6 **11. RETENTION OF JURISDICTION**

7 **11.1** This Court shall retain jurisdiction of this matter to implement and enforce the  
8 terms this Consent Judgment.

9 **12. PROVISION OF NOTICE**

10 **12.1** All notices required pursuant to this Consent Judgment and correspondence  
11 shall be sent to the following:

12 For CEH:

13 Eric S. Somers  
14 Lexington Law Group, LLP  
15 1627 Irving Street  
16 San Francisco, CA 94122

17 For All Defendants:

18 Richard C. Jacobs  
19 Howard Rice Nemerovski Canady Falk & Rabkin, PC  
20 Three Embarcadero Center, Seventh Floor  
21 San Francisco, CA 94111-4024

22 For Defendant Novtex Corporation:

23 Daniel Bird  
24 President  
25 Novtex Corporation  
26 43 Print Works Drive  
27 Adams, MA 01220

28 For Defendant Jo-Ann Stores:

Robert D. Icsman  
Senior Legal Counsel  
Jo-Ann Stores, Inc.  
5555 Darrow Road  
Hudson, OH 44236

1 For Defendant Hancock Fabrics, Inc.:

2 Hancock Fabrics, Inc.  
3 Attention: Chief Financial Officer  
4 1 Fashion Way  
Baldwyn, MS 38824

5 with a copy to:

6 Donahue Gallagher Woods LLP  
7 Attn: Lawrence K. Rockwell  
8 300 Lakeside Drive, Suite 1900  
Oakland, CA 94612

9 **13. COURT APPROVAL**

10 **13.1** If this Consent Judgment is not approved by the Court, it shall be of no further  
11 force or effect. The Parties agree to support a Motion for Approval of this Consent  
12 Judgment, which Motion CEH shall prepare and file.

13 **14. EXECUTION AND COUNTERPARTS**

14 **14.1** The stipulations to this Consent Judgment may be executed in counterparts and  
15 by means of facsimile, which taken together shall be deemed to constitute one document.  
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1 **15. AUTHORIZATION**

2 **15.1** Each signatory to this Consent Judgment certifies that he or she is fully  
3 authorized by the party he or she represents to stipulate to this Consent Judgment and to  
4 enter into and execute the Consent Judgment on behalf of the party represented and legally  
5 bind that party. The undersigned have read, understand and agree to all of the terms and  
6 conditions of this Consent Judgment. Except as explicitly provided herein, each party is to  
7 bear its own fees and costs.

8 **AGREED TO:**

9 CENTER FOR ENVIRONMENTAL HEALTH

10   
11 \_\_\_\_\_  
12 Michael Green, Executive Director  
Center for Environmental Health

13 NOVTEX CORPORATION

14 \_\_\_\_\_  
15 Signature  
16 \_\_\_\_\_  
17 Printed Name  
18 \_\_\_\_\_  
19 Title

20 JO-ANN STORES, INC.

21 \_\_\_\_\_  
22 Signature  
23 \_\_\_\_\_  
24 Printed Name  
25 \_\_\_\_\_  
26 Title

27 HANCOCK FABRICS, INC.

28 \_\_\_\_\_  
Signature  
\_\_\_\_\_ Printed Name  
\_\_\_\_\_ Title


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10  
11 \_\_\_\_\_  
12 Michael Green, Executive Director  
Center for Environmental Health

13 NOVTEX CORPORATION  
14   
15 \_\_\_\_\_  
Signature  
16 Daniel R. Bird  
Printed Name  
17 President  
Title

18 JO-ANN STORES, INC.  
19  
20 \_\_\_\_\_  
Signature  
21 \_\_\_\_\_  
Printed Name  
22 \_\_\_\_\_  
Title

23  
24 HANCOCK FABRICS, INC.  
25  
26 \_\_\_\_\_  
Signature  
27 \_\_\_\_\_  
Printed Name  
28 \_\_\_\_\_  
Title

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10  
11 \_\_\_\_\_  
12 Michael Green, Executive Director  
Center for Environmental Health

13 NOVTEX CORPORATION

14  
15 \_\_\_\_\_  
16 Signature  
17 \_\_\_\_\_  
18 Printed Name  
19 \_\_\_\_\_  
20 Title

21 JO-ANN STORES, INC.

22 \_\_\_\_\_  
23 *David B. Goldston*  
24 Signature  
25 \_\_\_\_\_  
26 *David B. Goldston*  
27 Printed Name  
28 \_\_\_\_\_  
*Senior Vice President*  
Title

29 HANCOCK FABRICS, INC.

30  
31 \_\_\_\_\_  
32 Signature  
33 \_\_\_\_\_  
34 Printed Name  
35 \_\_\_\_\_  
36 Title

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7 bear its own fees and costs.

8 **AGREED TO:**

9 CENTER FOR ENVIRONMENTAL HEALTH

10

11 \_\_\_\_\_  
12 Michael Green, Executive Director  
Center for Environmental Health

13 NOVTEX CORPORATION

14

15 \_\_\_\_\_  
Signature

16 \_\_\_\_\_  
Printed Name

17 \_\_\_\_\_  
Title

18 JO-ANN STORES, INC.

19

20 \_\_\_\_\_  
Signature

21 \_\_\_\_\_  
Printed Name

22 \_\_\_\_\_  
Title

23 HANCOCK FABRICS, INC.

24 \_\_\_\_\_  
25 *Bruce D. Smith*

26 \_\_\_\_\_  
Signature

27 \_\_\_\_\_  
Printed Name *BRUCE D. Smith*

28 \_\_\_\_\_  
Title *(F)*

1 EXHIBIT A

2 Test Protocol

3 The following protocol shall be applied to a representative sample of the imitation  
4 pearl product itself as well as any coating on the product.

- 5 1. Cut 5 small, discreet portions of the material to be analyzed.
- 6 2. Metal snips, scissors, or other cutting tools used must be made of stainless steel and  
7 washed and rinsed before each use and between samples.
- 8 3. Sample size should be a minimum of 0.05 g using microwave digestion
- 9 4. Combine the portions into a composite sample.
- 10 5. Samples should be digested in containers that are known to be free of lead using acids  
11 that are not contaminated by lead. Analytical Reagent grade digestion acids and reagent  
12 grade deionized water are required.
- 13 6. Method Blanks, consisting of all reagents used in sample preparation handled,  
14 digested and made to volume in the same exact manner and in the same container type as  
15 samples, shall be tested with each group of 20 or fewer samples tested.  
16 The results for the Method Blank shall be reported with each group of sample results, and  
17 shall be below the stated reporting limit for sample results to be considered valid.
- 18 7. Prepare the sample for analysis using microwave digestion or electrothermal  
19 digestion. If electrothermal digestion is used, it should be done under USEPA Method  
20 3050B. Microwave digestion protocols from the following two methods may be used  
21 provided that the samples are completely digested:
  - 22 a. AOAC Official Method 999.10 (Lead, Cadmium, Zinc, Copper, and Iron  
23 in Foods)
  - 24 b. USEPA Method 3050B or 3051
- 25 8. Analyze the sample for total Lead (Pb) content using Inductively Coupled Plasma  
26 Mass Spectrometry (ICP-MS), Atomic Emission Spectrometry (ICP-AES), or Atomic  
27 Absorption Spectrometry, using standard operating procedures.
- 28 9. Digestion and analysis should achieve a reported detection limit no greater than



1 0.001% (10 ppm) for samples. Any necessary dilutions shall be made to assure that  
2 measurements are made within the calibrated range of the analytical instrument.

3 10. Lead content shall be expressed in parts per million (ppm).  
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1 EXHIBIT B

2 Letter of Instruction re Recall Notice

3 [Defendant Letterhead]

4 IMPORTANT LEGAL NOTICE

5 Date: [ ]

6  
7 Subject: Recall of Imitation "Pearls" and Imitation "Pearl" Products Pursuant to  
8 California Proposition 65 Judgment  
9

10 This letter is to advise you that the imitation "pearls" and imitation "pearl" products  
11 (the "Products") identified on the attachment to this letter allegedly expose users to lead, a  
12 chemical known to the State of California to cause cancer, birth defects, and other  
13 reproductive harm.

14 Although suppliers of the Products have already begun reformulating them to remove  
15 amounts of lead in excess of that allowed under Proposition 65, the imitation "pearl" items  
16 listed on the attachment to this letter are likely to contain higher levels of lead and may no  
17 longer legally be sold in California without a warning.

18 Please pull the imitation "pearl" items listed on the attached from public distribution  
19 immediately and contact us concerning arrangements for their return or destruction. If  
20 needed, we will then ensure that you are provided with replacement Products that can be  
21 legally sold in California without Proposition 65 warnings.

22 It is important for you to follow these instructions promptly because the sale of the  
23 items listed on the attached without a proper Proposition 65 warning could subject your store  
24 to legal action by the California Attorney General, other public prosecutors, or any person  
25 acting in the public interest, wherein monetary penalties of up to \$2,500 per violation may  
26 be sought.

27 Should you have any questions or concerns about this matter, please do not hesitate to  
28 contact [ ] at [ ] by phone, or by mail at the above at the above address.

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**ORDER AND JUDGMENT**

Based upon the stipulated Consent Judgment between the Parties, the settlement is approved and judgment is hereby entered according to the terms herein.

Dated:           AUG 07 2007          

**PATRICK J. MAHONEY**

Judge, Superior Court of the State of California