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ALEX CALVO, CLERK
BY LISA MITCHELL
DEPUTY, SANTA CRUZ COUNTY

5 Attorneys for Plaintiff PEOPLE
6 OF THE STATE OF CALIFORNIA

7
8 SUPERIOR COURT OF CALIFORNIA

9 IN AND FOR THE COUNTY OF SANTA CRUZ

10 PEOPLE OF THE STATE OF CALIFORNIA,) No. CV-153032
11 Plaintiffs) STIPULATED FINAL JUDGMENT
12 vs.)
13 TROWBRIDGE ENTERPRISES, INC.,)
14 PALACE ART AND OFFICE SUPPLY, and)
DOES 1 through 20, inclusive,)
15 Defendants.)
16

17 PEOPLE OF THE STATE OF CALIFORNIA ("Plaintiff"), appearing
18 through its attorney, Bob Lee, District Attorney, by Morgan C.
19 Taylor, Asst. District Attorney, and TROWBRIDGE ENTERPRISES, INC.
20 and PALACE ART AND OFFICE SUPPLY ("Settling Defendants"),
21 appearing through their attorney, Timothy J. Morgan, Esq., hereby
22 stipulate and agree, by their signatures set forth herein, that
23 without the taking of evidence, and without trial or adjudication
24 of any facts herein, the Court may enter this Stipulated Final
25 Judgment ("Judgment").

26 1. WHEREAS:

27 (a) Settling Defendant TROWBRIDGE ENTERPRISES, INC. was and
28 is a California corporation doing business in Santa Cruz County,

1 California as a retailer of art and office supplies, under the
2 fictitious business name of Settling Defendant PALACE ART AND
3 OFFICE SUPPLY, and employing ten or more persons.

4 (b) Plaintiff alleges that Settling Defendants have sold
5 certain mugs and other ceramic containers intended for the
6 consumption of food or beverages with colored artwork of designs,
7 containing lead (and/or lead compounds) and/or cadmium on the
8 exterior, including but not limited to "Zen Slug Mug, #8-39991-
9 00296-6," manufactured by Oxford West, which may be referred to
10 herein as "Products." The manner of exposure is and was through
11 ingestion and/or dermal contact. Lead and cadmium are listed
12 pursuant to the Safe Drinking Water and Toxic Enforcement Act of
13 1986, California Health & Safety Code §25249.5 et seq., also
14 known as Proposition 65, as known to cause birth defects or other
15 reproductive harm. Lead (and/or lead compounds) and cadmium may
16 alternatively be referred to herein as "Listed Chemicals."

17 (c) On or about September 27, 2005, Russell Brimer, a
18 citizen of California, served Settling Defendants, and various
19 public enforcement agencies, with a document entitled "60-Day
20 Notice of Violation" ("Notice") that provided Settling Defendants
21 and such public enforcers with notice alleging that Settling
22 Defendants were in violation of Health & Safety Code §25249.6 for
23 failing to warn purchasers that the Products exposed consumers in
24 California to the Listed Chemicals.

25 (d) On November 22, 2005, BOB LEE, District Attorney of the
26 County of Santa Cruz, in the name of the People of the State of
27 California, filed the present action in the Superior Court for
28 the County of Santa Cruz against Settling Defendants, alleging

1 violations of Health & Safety Code §25249.6 and Business &
2 Professions Code §17200, based on the alleged exposures to the
3 Listed Chemicals contained in the Products sold by Settling
4 Defendants.

5 (e) Settling Defendants deny the material factual and legal
6 allegations contained in Plaintiff's Complaint and maintain that
7 all products that they have sold in California, including these
8 Products, have been and are in compliance with all laws, and/or
9 that said sales were without knowledge of their status as
10 containing Listed Chemicals and without intent to expose any
11 individual to such Listed Chemicals. Nothing in this Judgment
12 shall be construed as an admission by Settling Defendants of any
13 fact, finding, issue of law, or violation of law, nor shall
14 compliance with this Judgment constitute or be construed as an
15 admission by Settling Defendants of any fact, finding,
16 conclusion, issue of law or violation of law, such being
17 specifically denied by Settling Defendants. Nothing in this
18 Judgment shall apply to, or be used as evidence regarding
19 compliance for any product sold, other than those Products
20 referred to specifically herein, by Settling Defendants with
21 Proposition 65 or any other statute or regulation. However, this
22 section shall not diminish or otherwise affect the obligations,
23 responsibilities and duties of Settling Defendants under this
24 Judgment.

25 (f) For purposes of this Judgment only, the Parties
26 stipulate that this Court has jurisdiction over the allegations
27 of violations contained in the Complaint and personal
28 jurisdiction over Settling Defendants as to the acts alleged in

1 the Complaint, that venue is proper in the County of Santa Cruz,
2 and that this Court has jurisdiction to enter this Judgment and
3 to enforce the provisions thereof.

4 2. THEREFORE:

5 The PEOPLE having filed their complaint, the parties having
6 stipulated to this final Judgment, and good cause appearing,

7 IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

8 (a) Settling Defendants shall not sell or offer for sale any
9 of the Products containing the Listed Chemicals in exterior
10 colored decorations unless such Products comply with the
11 provisions set forth herein.

12 (b) Settling Defendants shall not sell any of the Products
13 requiring warnings pursuant to §25249.6 in its retail stores
14 unless such warnings are provided in the following manner:

15 (1) Point of Sale warnings may be provided through one
16 or more signs posted at or near the point of sale or display of
17 the Products that state as follows:

18 "WARNING: The materials used as colored decoration on
19 this product contain chemicals, including lead and/or
20 cadmium, known to the State of California to cause birth
21 defects or other reproductive harm."

22 (2) Any Point of Sale warning provided pursuant to
23 this section shall be prominently placed with such
24 conspicuousness as compared with other words, statements, designs
25 or devices as to render it likely to be read and understood by an
26 ordinary individual under customary conditions of use or purchase
27 and shall be placed or written in a manner such that the consumer
28 understands to which Products the warnings apply.

1 (c) The Products shall be deemed to comply with Proposition
2 65 and be exempt from any Proposition 65 warning requirements if
3 all of the following standards are met:

4 (1) All designs applied to the exterior surface of the
5 Products that are sold by Settling Defendant contain less than
6 0.06% lead by weight in the decoration either before or after the
7 decoration is applied to the Product, using a test method of
8 sufficient sensitivity to establish a quantity limit of less than
9 600 parts per million (ppm).

10 (2) All designs applied to the exterior surface of the
11 Products that are sold by Settling Defendant contain less than
12 0.42% cadmium by weight in the decoration either before or after
13 the decoration is applied to the Product, using a test method of
14 sufficient sensitivity to establish a quantity limit of less than
15 2400 parts per million (ppm).

16 (3) There are no decorations within 20 millimeters of
17 the rim, or any decorations within 20 millimeters of the rim
18 result in a wipe test result of no more than 0.5 micrograms of
19 lead and no more than 4.1 micrograms of cadmium on a Ghost Wipe,
20 using the NIOSH 9100 wipe test method.

21 (d) Should any court of this state enter an order in a case
22 brought by the People of the State of California that sets forth
23 the standards defining when Proposition 65 warnings will or will
24 not be required for products substantially similar to the type
25 and function of Products at issue here ("Alternative Standards"),
26 or if the California Attorney General's Office or Office of
27 Environmental Health Hazard Assessment otherwise provide written
28 endorsement (i.e. a writing that is circulated by the Attorney

1 General that is not intended for the purposes of soliciting
2 further input or comments) of Alternative Standards applicable to
3 products that are of the same type and function as the Products,
4 Settling Defendants shall be entitled to seek a modification of
5 this Judgment so as to enable it to utilize and rely on such
6 Alternative Standards in lieu of those set forth above.
7 Plaintiff shall not unreasonably withhold consent to any proposed
8 stipulation to effectuate such a modification.

9 (e) This Judgment is a full, final, and binding resolution
10 between the Plaintiff and Settling Defendants, of any violation
11 of Proposition 65, Business & Professions Code sections 17200 et
12 seq., or any other statutory or common law claims that have been
13 or could have been asserted in the complaint against Settling
14 Defendants, arising from the failure to provide clear and
15 reasonable warnings required by Proposition 65 for exposure to
16 lead and/or cadmium from the use of the Products, whether based
17 on actions committed by Settling Defendants, or by any entity to
18 whom it distributes or sells the Products, and covers no other
19 claims. As to the Products, compliance with the terms of this
20 Judgment resolves any issue now, in the past, and in the future
21 concerning compliance by Settling Defendants, their parents,
22 shareholders, divisions, subdivisions, subsidiaries, sister
23 companies, affiliates, franchisees, cooperative members, and
24 licensees; their distributors, wholesalers, and retailers who
25 sell the Products; and the predecessors, successors, and assigns
26 of any of them; with the requirements of Proposition 65 with
27 respect to Listed Chemicals in the Products.

28 (f) The terms of this Judgment shall be governed by the laws

1 of the State of California and apply within the State of
2 California. In the event that Proposition 65 is repealed or is
3 otherwise rendered inapplicable by reason of law generally, or as
4 to the Products specifically, then Settling Defendants shall have
5 no further obligations pursuant to this Judgment with respect to,
6 and to the extent that, those Products are so affected.

7 (g) This Judgment may be modified only by (1) written
8 agreement of the Parties and upon entry of a modified Judgment by
9 the Court thereon, or (2) motion of any Party as provided by law
10 and upon entry of a modified Judgment by the Court. The Attorney
11 General shall be served with Notice of any proposed modification
12 to this Judgment at least fifteen (15) days in advance of its
13 consideration by the Court.

14 (h) The undersigned are authorized to execute this
15 Stipulation on behalf of their respective Parties and have read,
16 understood and agree to all of the terms and conditions of this
17 Judgment.

18 (i) The Court retains jurisdiction for the purpose of
19 entertaining applications at any time for such further orders as
20 may be necessary or appropriate for the construction or carrying
21 out of this Judgment, for the modification or termination of any
22 of its provisions, and the enforcement thereof, including the
23 punishment of any violations or contempts.

24 (j) All causes of action alleged against DOES 1 through 20,
25 inclusive, are hereby dismissed.


26 (k) Defendant shall pay to the Clerk of the Superior Court
27 of the County of Santa Cruz the sum of \$320.00 pursuant to
28 Government Code §6103.5.

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SO STIPULATED.

DATED: 8/30/06

BOB LEE
District Attorney


MORGAN CARLOS TAYLOR
Asst. District Attorney

DATED: 8/30/2006


TIMOTHY J. MORGAN
Attorney for Settling
Defendants TROWBRIDGE
ENTERPRISES, INC. and PALACE
ART AND OFFICE SUPPLY

IT IS SO ORDERED.

DATED: SEP 01 2006

ROBERT B. ATACK
JUDGE OF THE SUPERIOR COURT