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21 SUPERIOR COURT OF THE STATE OF CALIFORNIA
22 COUNTY OF SAN FRANCISCO

23 MATEEL ENVIRONMENTAL JUSTICE
24 FOUNDATION,

25 Plaintiff,

26 v.

27 BELL AUTOMOTIVE PRODUCTS, INC.;
28 IMPERO ELECTRONICS, INC.; POTTERY
BARN, INC.; RESTORATION HARDWARE,
INC.; SMART INNOVATIONS, INC.; and
DOES 1 through 100 inclusive,

Defendants.

ENDORSED FILED
SUPERIOR COURT
COUNTY OF SAN FRANCISCO

NOV 28 2006

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Deputy Clerk

Case No. CGC-06-453399

~~PROPOSED~~ CONSENT JUDGMENT
FOR RESTORATION HARDWARE,
INC.

~~PROPOSED~~ CONSENT JUDGMENT
Case No. CGC-06-453399

1 **1. INTRODUCTION**

2 1.1 On or about February 13, 2006, the Mateel Environmental Justice Foundation
3 ("MEJF") and its attorneys, Klamath Environmental Law Center ("KELC") sent a 60 Day Notice
4 Letter to the Office of the California Attorney General of the State of California ("California
5 Attorney General"), all California counties' District Attorneys and all City Attorneys of California
6 cities with populations exceeding 750,000, (collectively, "Public Enforcers"), charging certain
7 businesses with violating the Safe Drinking Water and Toxic Enforcement Act of 1986, California
8 Health and Safety Code Section 25249.5 et seq. ("Proposition 65"), in their manufacture, distribution
9 and/or sale of wires and cables coated with polyvinyl chloride ("PVC"). Specifically, MEJF charged
10 that persons handling the PVC-coated wires and cables were exposed to certain chemicals, listed
11 under Proposition 65, including acrylonitrile, antimony trioxide, arsenic, 1,3 butadiene, carbon
12 tetrachloride, carbon black extracts, chlorinated paraffins, chloroform, ethyl acrylate, ethylene
13 thiourea, nickel, toluene, cadmium, hexavalent chromium, vinyl chloride, lead and lead compounds,
14 lead acetate, lead phosphate, lead subacetate and di(2ethylhexyl) phthalate.

15 1.2 On or about June 21, 2006, MEJF ("Plaintiff"), acting on behalf of itself, the public
16 interest, and the general public for the matters described in the Notice Letter, filed a Complaint for
17 civil penalties and injunctive relief ("Complaint") in the San Francisco Superior Court, fashioned,
18 *MATEEL ENVIRONMENTAL JUSTICE FOUNDATION v. BELL AUTOMOTIVE PRODUCTS,*
19 *INC., ET AL.*, Case No. CGC-06-453399, based on the Notice Letter. The Complaint alleged, among
20 other things, that RESTORATION HARDWARE, INC. ("Settling Defendant") violated
21 Proposition 65 by manufacturing, marketing and/or distributing to California residents products that
22 are themselves or which incorporate wires and cables that are PVC-coated and failing to provide clear
23 and reasonable warnings to California residents who handle and use such products that the handling
24 and use of those products in their normally intended manner will cause those persons to be exposed to
25 Proposition 65 Chemicals.

26 1.3 Plaintiff and Settling Defendant are, for purposes of this Consent Judgment,
27 collectively referred to as the "Parties," with each of them a "Party."

1.4 For purposes of this Consent Judgment, the term "Covered Products" means products that are themselves, or that incorporate, utilize, or have appended to them, Cords, and that are manufactured, distributed, marketed or sold by the Settling Defendant. The term Covered Products includes both such products that are subject to the Warning Requirements of Section 7, and those that are not, including those products that are exempted from the warning requirements of this Consent Judgment pursuant to Sections 7.1 or 7.3. The term "Covered Products" also includes products which are manufactured, distributed, marketed and/or sold by the Settling Defendant either under its own name or brand or under the name or brand of another (e.g., privately labeled products).

1.5 For purposes of this Consent Judgment only, the Settling Defendant admits that: (a) it is a business that employs more than ten persons and manufactures, distributes and/or sells Covered Products into the State of California; (b) the Covered Products contain one or more Proposition 65 Chemicals; and (c) Proposition 65 Chemicals are chemicals listed under Proposition 65 as being known to the State of California to cause cancer and/or reproductive toxicity.

1.6 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaints and personal jurisdiction over the Settling Defendant as to the acts alleged in the Complaints, that venue is proper in the County of San Francisco and that this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations contained in the Complaints and Notice Letters and of all claims which were or could have been raised by any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein, arising therefrom or related thereto.

1.7 The Parties enter into this Consent Judgment pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. This Consent Judgment shall not constitute an admission with respect to any material allegation of the Complaints, each and every allegation of which the Settling Defendant denies; nor may this Consent Judgment or compliance with it be used as evidence of any wrongdoing, misconduct, culpability or liability on the part of any Settling Defendant. The Settling Defendant maintains that its Covered Products have at all times complied with all applicable laws, including Proposition 65.

1 **2. SETTLEMENT PAYMENT**

2 2.1 In settlement of all of the claims referred to in this Consent Judgment against the
3 Settling Defendant:

4 (a) The Settling Defendant shall pay, within thirty (30) days of entry of this Consent
5 Judgment, \$40,000 (forty thousand dollars). The payments required by the preceding sentence shall
6 be made as follows:

7 (i) \$20,000 shall be paid to KELC for attorneys fees and costs incurred by
8 KELC on behalf of Plaintiff in investigating this matter and negotiating this Consent Judgment on
9 behalf of itself and the general public;

10 (ii) subject to Paragraph 2.2 below, \$10,000 be made payable to Californians
11 for Alternatives to Toxics and \$10,000 shall be made payable to the Ecological Rights Foundation.

12 2.2 MEJF and KELC represent and warrant that each of the organizations identified in
13 Paragraph 2.1(a)(ii) above is a tax exempt, section 501(c)(3) non-profit organization and that funds
14 distributed to these organizations pursuant to this Consent Judgment may only be spent to reduce
15 harm from toxic chemicals, or to increase consumer, worker and community awareness of health
16 hazards posed by lead and other toxic chemicals.

17 2.3 Except as specifically provided in this Consent Judgment, each side shall bear its own
18 costs and attorney's fees.

19 **3. ENTRY OF CONSENT JUDGMENT**

20 The Parties request that the Court promptly enter this Consent Judgment and waive their
21 respective rights to a hearing or trial on the allegations of the Complaint.

22 **4. MATTERS COVERED BY THIS CONSENT JUDGMENT**

23 4.1 For purposes of Section 4 of this Consent Judgment, the term Settling Defendant shall
24 include the Settling Defendant, as defined above, and its past, present and future parents, divisions,
25 subdivisions, brands, subsidiaries and affiliates and the predecessors, successors and assigns of any of
26 them, as well as their past, present and future officers, directors, employees, agents, attorneys,
27 representatives, shareholders and assigns. For purposes of Section 4, the term Settling Defendant

1 shall also be deemed to include the Settling Defendant's supplier of Covered Products, but only with
2 respect to those Covered Products that such supplier manufactures for the Settling Defendant. The
3 preceding sentence shall not apply with respect to a supplier who ships Covered Products directly to a
4 consumer at the request of the Settling Defendant, where a warning is provided to address the
5 obligations of this Consent Judgment solely pursuant to Section 7.5(e) below. A list delineating
6 some, but not necessarily all, of the names of the various business entities and brands or product
7 types referred to in this Paragraph and in existence on or before the date of this Consent Judgment is
8 attached hereto as Exhibit C.

9 4.2 As to Covered Products, this Consent Judgment is a final and binding resolution
10 between Plaintiff acting on behalf of itself and (as to those matters referenced in the Notice Letters)
11 in the public interest pursuant to Health and Safety Code Section 25249.7(d) and the Settling
12 Defendant of: (a) any violation of Proposition 65; or, (b) with respect to exposures to the Proposition
13 65 Chemicals associated with the use of Covered Products, any other statutory or common law claim,
14 to the fullest extent that any such claims were or could have been asserted by any person or entity
15 against the Settling Defendant based on its or their exposure of persons to chemicals contained in or
16 otherwise associated with the use of Covered Products manufactured, sold or distributed by, for or on
17 behalf of the Settling Defendant and/or their alleged failure to provide a clear and reasonable
18 warning of such exposure to such individuals; or (c) as to exposures to chemicals contained in or
19 otherwise associated with the use of Covered Products, any other claim based in whole or part on the
20 facts alleged in the Complaints or Notice Letters, whether based on actions or omissions committed
21 by the Settling Defendant or any other entity within the Settling Defendant's chain of distribution,
22 including, but not limited to, customers, wholesale or retail sellers or distributors and any other
23 person in the course of doing business ("Downstream Entity").

24 4.3 As to any claims, violations (except violations of this Consent Judgment), actions,
25 damages, costs, penalties, or causes of action which may arise or have arisen after the original date of
26 entry of this Consent Judgment, compliance by the Settling Defendant with the terms of this Consent
27 Judgment shall be deemed to constitute its full and complete compliance with Proposition 65 with
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1 respect to the provision of warnings for chemicals contained in or otherwise associated with the use
2 of Covered Products, provided that the concentrations of those chemicals other than lead are
3 materially similar to that associated with the Covered Products with respect to Proposition 65 at the
4 time this Consent Judgment is entered.

5 4.4 Notwithstanding Sections 4.2 or 4.3 above, as to all customers, distributors,
6 wholesalers, retailers or any other Downstream Entity, except as otherwise indicated in Sections 4.5
7 and 4.6 below, which may in the course of doing business use, maintain, distribute, or sell Covered
8 Products which are manufactured, distributed or sold by the Settling Defendant (including Covered
9 Products which are privately labeled by the Settling Defendant for a Downstream Entity), Plaintiff
10 (acting on behalf of itself and, as to those matters raised in the Notice Letters, on behalf of the general
11 public) waives all rights to institute any form of legal action whether under Proposition 65 or
12 otherwise, arising out of or resulting from or related directly or indirectly to, in whole or in part,
13 exposure to, or otherwise associated with the use of and alleged failure to warn with respect to
14 Proposition 65 Chemicals contained in Covered Products.

15 4.5 Nothing in this Consent Judgment shall be deemed to release, from past liability
16 under Proposition 65 or any other statute or regulation (except from liability for occupational
17 exposures under the circumstances set forth in Sections 4.6 of this Consent Judgment), any entity
18 which incorporates Cords obtained from the Settling Defendant into a Covered Product the entity
19 manufactures or distributes for sale to retail consumers, unless such entity is itself a Settling
20 Defendant; nor shall any such entity which is not itself a Settling Defendant be entitled to utilize or
21 otherwise rely on the provisions of this Consent Judgment. Notwithstanding the preceding sentence,
22 however, compliance with the terms of Section 7 of this Consent Judgment by an entity that
23 incorporates Cords obtained from the Settling Defendant into a Covered Product it manufactures or
24 distributes for sale to retail consumers, shall be deemed to constitute compliance with Proposition 65
25 with respect to Covered Products it sells in the future.

1 4.6 Nothing in this Consent Judgment shall be deemed to require an out of state
2 manufacturer of Covered Products to provide a Proposition 65 warning for occupational exposures
3 occurring within the State of California.

4 4.7 In furtherance of the foregoing, Plaintiff hereby waives any and all rights and
5 benefits which it now has, or in the future may have, conferred upon it by virtue of the provisions of
6 Section 1542 of the California Civil Code, which provides as follows:

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

13 Plaintiff understands and acknowledges that the significance and consequence of its waiver of
14 California Civil Code Section 1542 is that even if Plaintiff and/or, with respect to the matters raised
15 in the Notice Letters, any person or entity on whose behalf they purport to act or could act, suffers
16 future damages or harm arising out of, resulting from, or related directly or indirectly to, in whole or
17 in part, the matters covered in Sections 4.2, 4.3 and 4.4 above ("Damages"), Plaintiff and any person
18 or entity on whose behalf they purport to act or could act, will not be able to make any claim for such
19 Damages against the Settling Defendant or any of its customers, distributors, wholesalers, retailers, or
20 any other person in the course of doing business who may use, maintain, distribute or sell the
21 Covered Products. Furthermore, Plaintiff acknowledges that it intends these consequences for any
22 such Damages which may exist as of the date of this release but which Plaintiff does not know exist,
23 and which, if known, would materially affect its decision to enter into this Consent Judgment,
24 regardless of whether its lack of knowledge is the result of ignorance, oversight, error, negligence, or
25 any other cause, no matter how justifiable such cause may be.

26 4.8 The Settling Defendant waives all rights to institute any form of legal action against
27 Plaintiff, its officers, directors, attorneys, consultants and representatives for all legal actions
28 undertaken or statements made in the course of such legal actions to seek enforcement of this action
and judgment.

1 **5. ENFORCEMENT OF JUDGMENT**

2 5.1 The terms of this Consent Judgment shall be enforced exclusively by the Parties
3 hereto by means of noticed motion or order to show cause before the Superior Court of San Francisco
4 County.

5 5.2 Notwithstanding any other provision of this Consent Judgment, in the event Plaintiff
6 identifies Covered Products for which warnings are required under Section 7 and such warnings are
7 not actually being given as required and when specified ("Default"), Plaintiff shall promptly notify
8 Settling Defendant of the facts giving rise to such failure to warn ("Notice of Default"). A Notice of
9 Default shall contain documentation of the alleged default in the form of photographs and/or
10 declarations attesting to the lack of warning. In the event Settling Defendant notifies the Plaintiff
11 within sixty (60) days of receiving the Notice of Default that it will implement such measures as are
12 necessary to correct the alleged Default ("Notice of a Cure") for all units of the Covered Product at
13 issue shipped for sale by Settling Defendant beginning within one hundred twenty (120) days thereof,
14 Plaintiff shall take no further enforcement action with respect to such violation, and Settling
15 Defendant shall pay a penalty in the amount of \$5,000 (five thousand dollars) for each Covered
16 Product category/type (as opposed to individual products or model numbers) which was the subject
17 of a Notice of Default, of which \$3,000 (three thousand dollars) shall be paid as attorney's fees and
18 investigative costs to Plaintiff and \$2,000 (two thousand dollars) shall be paid as a civil penalty
19 payable to Plaintiff to be further divided by Plaintiff as provided in California Health and Safety
20 Code Section 25192. In the event Settling Defendant contests the alleged Default in whole or in part
21 and refuses to pay the aforementioned \$5,000, Mateel may bring an action to enforce the Consent
22 Judgment, bring an action for contempt, or bring a new Proposition 65 action to prosecute the
23 violation identified in the Notice of Default. This Section 5.2 shall not apply with respect to
24 allegations for failure to warn with respect to Covered Products manufactured or sold by Settling
25 Defendant which have already been subject to a Notice of Default and which are shipped for sale by
26 Settling Defendant more than one hundred twenty (120) days after the date of a Notice of a Cure.

1 **6. MODIFICATION OF JUDGMENT**

2 6.1 This Consent Judgment may be modified only upon written agreement of the Parties
3 and upon entry of a modified amended Consent Judgment by the Court, or upon motion of any Party
4 as provided by law and upon entry of a modified amended Consent Judgment by the Court.
5 Notwithstanding the immediately preceding sentence or any other term or provision of this Consent
6 Judgment, if Plaintiff or any affiliated entity, or the California Attorney General, enters into, or
7 agrees to in writing, or is otherwise bound by injunctive relief terms or provisions relating to the
8 provision of Proposition 65 warnings for Covered Products, with regard to their Cords, which, taken
9 together, are more favorable to the defendant(s) than the terms or provisions that this Consent
10 Judgment provide for a Covered Product of like kind and characteristics with respect to its
11 thermoset/thermoplastic-coated electrical cord and use, the terms of injunctive relief provided for in
12 Section 7 of this Consent Judgment shall automatically be deemed to have been modified to add such
13 more favorable terms or provisions as an option which the Settling Defendant may elect for
14 compliance with this Consent Judgment.

15 **7. INJUNCTIVE RELIEF**

16 7.1 Covered Products shall be deemed to comply with Proposition 65 and be exempt
17 from any Proposition 65 warning requirements if the Cords that are sold as a part of or in association
18 with those Covered Products meet the following criteria: (a) the surface contact layer of the Cords
19 shall have no lead as an intentionally added constituent; and (b) the surface contact layer of the Cords
20 shall have lead content by weight of no more than 0.03% (300 parts per million, or "300 ppm"). The
21 Settling Defendant may comply with the above requirements by relying on information obtained from
22 its suppliers regarding the content of the surface contact layer of the Cords, provided such reliance is
23 in good faith. Obtaining test results showing that the lead content is no more than 0.03%, using a
24 method of sufficient sensitivity to establish a limit of quantification (as distinguished from detection)
25 of less than 300 ppm shall be deemed to establish good faith reliance. Provided that the level of
26 quantitation requirement set forth in the preceding sentence is met, the test protocol and methods
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described on Exhibit D hereto may be relied on. Nothing in the preceding two sentences shall preclude a Settling Defendant from establishing good faith reliance by an alternative means.

7.2 Covered Products manufactured and shipped for distribution to or sale in California on or after the Effective Date that do not meet the warning exemption standard set forth in Section 7.1 of this Consent Judgment and are not exempt pursuant to Section 7.3 shall be accompanied by a warning as described in Section 7.4 below. For purposes of this Section, one year after the entry of this Consent Judgment shall be considered the "Effective Date."

7.3 The following Covered Products are deemed to be exempt from any Proposition 65 warning requirements with respect to Cords: (a) Covered Products which because of their size, weight or function have Cords that are handled only infrequently (such as upon their installation in a setting where they are not typically plugged and unplugged) ("Infrequently Handled Products"); (b) those Covered Products that: (i) are sold at retail before the Effective Date; or (ii) are distributed or shipped for sale outside the State of California; (c) Covered Products that use Cords only as internal components not normally accessible to the consumer during ordinary use; and/or (d) Covered Products which contain the Proposition 65 Chemical only as part of the inner conductor or other component not normally accessible to the consumer during ordinary use. Exhibit E contains a list of Covered Products/Product types that are deemed to meet the criteria for Infrequently Handled Products set forth in this Section 7.3 and are therefore exempt. Plaintiffs have previously provided the California Attorney General's Office and the Settling Defendant with a list of Covered Products/Product types that are deemed not to meet the criteria for Infrequently Handled Products set forth in this Section 7.3 and therefore are not exempt ("Non-Exempt Products List"). Exhibit E and the Non-Exempt Products List may be used as guidance in determining whether other Covered Products meet these criteria; Exhibit E and the Non-Exempt Products List may also be used by the Parties in the course of dispute resolution pursuant to Section 9. The Parties acknowledge that common usage of the terms "portable" and "non-portable" do not affect the classification of any Covered Products under this Consent Judgment. Covered Products may be considered Infrequently

Handled Products regardless of their weight or the likelihood that they may be used while moving, whether that be on a person, in a car, on an airplane or otherwise.

7.4 Should the Settling Defendant's Covered Products require Proposition 65 warnings under Section 7.2, the Settling Defendant shall, except as otherwise provided in Section 7.5 below, either provide one of the warnings described below or any other Proposition 65 warning that has been reviewed and approved in writing by the California Attorney General for use with Covered Products regarding their thermoset/thermoplastic-coated wires and/or cables:

"WARNING: This product contains chemicals, including lead, known to the State of California to cause [cancer, and] birth defects or other reproductive harm. ***Wash hands after handling.***"

or

"WARNING: Handling the cord on this product will expose you to lead, a chemical known to the State of California to cause [cancer, and] birth defects or other reproductive harm. ***Wash hands after handling.***"

or

"WARNING: The power cord on this product contains lead, a chemical known to the State of California to cause [cancer, and] birth defects or other reproductive harm. ***Wash hands after handling***

The word "WARNING" shall be in all capital letters and in bold typeface. The hand-washing admonition shall be in bold typeface and italicized. Inclusion of the bracketed words "cancer, and" in the above warning shall be at the Settling Defendant's option.

7.5 Unless otherwise indicated herein, the warning required or authorized in Sections 7.4 shall be given by having it: (a) affixed to the Covered Product itself or to the unit package of such Covered Product; (b) printed on the Covered Product itself or on the unit package of such Covered Product; (c) displayed on an internet site for those units of Covered Products sold on the internet; (d) included in the owner's manual if the conditions set forth in Section 7.9 below are satisfied ("Owner's Manual Warning"); or, (e) printed on the invoice issued directly to the consumer by the

1 Settling Defendant to confirm the sale, where the Settling Defendant sells Covered Products directly
2 to consumers by telephone, mail order, or internet sale, but never has physical possession of the
3 Covered Product or its packaging.

4 7.6 If the warning is printed on the product, package label, or invoice, then the warning
5 shall be contained in the same section of the label that contains other safety warnings, if any,
6 concerning the use of the Covered Product or near its displayed price and/or UPC code. Such
7 warning shall be prominently affixed to or printed on each such Covered Product, its label or package
8 or invoice, and displayed with such conspicuousness, as compared with other words, statements,
9 designs, or devices on such Covered Product, its label, package or display or invoice as to render it
10 likely to be read and understood by an ordinary individual under customary conditions of purchase or
11 use. With respect to the preceding sentence, the type size of any warning required by paragraph 7.4
12 must be legible, but otherwise need not be larger than any other warning language used in
13 conjunction with the Covered Product in question and its relative size may take into account the
14 nature, immediacy, and acuteness of the risks for which other warnings are given. If the size of a
15 Covered Product and its packaging is such that a warning required by this Consent Judgment cannot
16 physically be printed on its non-transparent portion in a legible size, the warning may be printed on a
17 separate piece of paper or cardstock and inserted into the Covered Product's packaging, provided that
18 i) the cardstock or paper containing the warning is not white or uncolored and contains only the
19 warning language, and ii) a substantial portion of the exterior of the packaging material is
20 transparent.

21 7.7 If a warning is provided on the internet pursuant to (c) above, the warning message
22 shall be displayed (or, upon the internet site user's identification as a California resident, such as
23 when the user types in a zip code, automatically appear) either: (a) on the same page on which the
24 Covered Product is displayed, (b) on the same page as the order form for the Covered Product, or (c)
25 on the same page as the price for the Covered Product.

26 7.8 If the warning is given in the owners manual pursuant to Section 7.9 below, it shall be
27 located in one of the following places in the manual: the outside of the front cover; the inside of the
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1 front cover; the first page other than the cover; or the outside of the back cover. The warning shall be
2 printed or stamped in the manual or contained in a durable label or sticker affixed to the manual in a
3 font no smaller than the font used for other safety warnings in the manual. Alternatively, the warning
4 may be included in a safety warning section of the owner's manual consistent with specifications
5 issued by Underwriters Laboratories.

6 7.9 A warning in the owner's manual of a Covered Product may be used to satisfy the
7 warning requirements of this Section 7 only under the following circumstances: the Covered Product
8 (i) may cause serious injury or bodily harm (other than by means of fire or electrocution) unless used
9 as directed; or (ii) is sophisticated, difficult to understand or install, set-up, or assemble; or (iii) has
10 one or more features a consumer must read about in order to know how to program or use the
11 Covered Product. However, a Covered Product may not utilize an owner's manual warning if it
12 meets the following criteria: (a) the Covered Product is unlikely to cause serious injury or bodily
13 harm other than by means of fire or electrocution; (b) the Covered Product is easily assembled or
14 programmed by an ordinary consumer without need to reference instructions; and (c) fundamental
15 operation of the Covered Product is easily understood and commonly performed by an ordinary
16 consumer without training or need to reference operating instructions. Exhibit F contains a list of
17 Covered Products/product types for which Owner's Manual Warnings are deemed to be an allowable
18 method of communicating the warnings required by this Section 7. Plaintiffs have previously
19 provided the California Attorney General's Office and the Settling Defendant with a list of Covered
20 Products/product types for which Owner's Manual Warnings are deemed not to be an allowable
21 method of communicating the warnings required by this Section 7 (the "Non-Owner's Manual
22 Product List"). Exhibit F and the Non-Owner's Manual Product List may be used as guidance in
23 determining whether the criteria for use of owner's manual warnings set forth in this Section are
24 satisfied. Exhibit F and the Non-Owner's Manual Products List may also be used by the Parties in
25 the course of dispute resolution pursuant to Section 9.

26 7.10 The Settling Defendant may provide an Owner's Manual Warning on any Covered
27 Products/product types, except for those listed on the Non-Owner's Manual Product List, that satisfy
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1 the criteria in Section 7.9, whether or not that Covered Product or product type is listed on Exhibit F.
2 Settling Defendant shall provide to Plaintiff, by certified mail or other confirmable delivery, a list of
3 those Covered Products for which an owner's manual warning is proposed to be given. Plaintiff
4 shall, within 60 days, notify Settling Defendant as to whether Plaintiff agrees that an owner's manual
5 warning is appropriate. In the event that Plaintiff determines that an Owner's Manual Warning is not
6 appropriate, it shall provide a written explanation of the basis therefore. In the event that the Settling
7 Defendant disagrees with Plaintiff's determination the settling defendant may elect to invoke the
8 Dispute Resolution process provided for in Section 9 hereof. Products not existing as of the
9 Effective Date that are introduced for sale after January 1, 2007 may use a owner's manual warning if
10 approved in writing by the California Attorney General's office, following 60 days prior notice to
11 Plaintiff.

12 7.11 The requirement for product labeling, set forth herein, is imposed pursuant to the
13 terms of this Consent Judgment. The Parties recognize that product labeling is not the exclusive
14 method of providing a warning under Proposition 65 and its implementing regulations.

15 8. **ADDED INFREQUENTLY HANDLED PRODUCTS**

16 8.1 Exhibit E contains a list of Infrequently Handled Products that are deemed to meet
17 the criteria of Section 7.3(a) and, therefore, deemed to be exempt from Proposition 65 warning
18 requirements. The Products appearing on Exhibit E and the Non-Exempt Products List may be used
19 as guidance to interpret the criteria of Section 7.3(a). A Covered Product not appearing on the Non-
20 Exempt Products List, is exempt if it meets the criteria of Section 7.3(a) whether or not it appears on
21 Exhibit E.

22 8.2 At Least 60 days prior to retail sale, Settling Defendant shall provide to Plaintiff by
23 certified mail or other confirmable delivery, a list of those Covered Products which do not exist as of
24 the Effective Date for which Settling Defendant contends are infrequently handled products for which
25 no warning is required. Plaintiff shall, within 60 days, notify Settling Defendant as to whether
26 Plaintiff agrees that that the Covered Product is infrequently handled and does not require a warning.
27 In the event that Plaintiff determines that a warning is required it shall provide a written explanation
28

1 of the basis therefore. In the event that the Settling Defendant disagrees with Plaintiff's
2 determination the settling defendant may elect to invoke the Dispute Resolution process provided for
3 in Section 9 hereof. Products not existing as of the Effective Date that are introduced for sale after
4 January 1, 2007 may be sold without a warning because they are infrequently handled if so approved
5 in writing by the California Attorney General's office, following 60 days prior notice to Plaintiff.

6 **9. DISPUTE RESOLUTION**

7 9.1 Wherever this Consent Judgment provides that the Settling Defendant may invoke
8 the Dispute Resolution process or file a motion to have the Court resolve an issue, the Settling
9 Defendant seeking a resolution shall first mail (by certified mail) and fax a notice to Plaintiff, setting
10 forth the dispute and the basis for the Party's position. The Parties interested in the dispute shall then
11 meet and confer in good faith within sixty (60) days to determine whether the dispute may be
12 resolved in order to avoid further litigation of the issue, unless both Parties waive, in writing, notice
13 and the opportunity to meet and confer. In the event that Plaintiff fails to meet and confer within the
14 sixty (60) day period, the Settling Defendant's position shall be deemed to have prevailed. In the
15 event that, after meeting and conferring, Plaintiff disapproves or disagrees with a position taken by
16 the Settling Defendant, Plaintiff shall notify the Settling Defendant in writing, sent by an overnight
17 delivery service requiring a signature upon delivery, within 14 (fourteen) days of meeting and
18 conferring. Should the Plaintiff do so and should the Settling Defendant wish to pursue its position,
19 the Settling Defendant shall then seek to have the California Attorney General concur with the
20 Settling Defendant's position. If the California Attorney General concurs in writing with the Settling
21 Defendant, the Settling Defendant shall provide notice thereof to Plaintiff and the Settling
22 Defendant's view shall prevail. If, however, the California Attorney General does not concur with
23 the Settling Defendant within ninety (90) days of the date on which the Settling Defendant sought the
24 California Attorney General's concurrence, the Settling Defendant shall have the right to bring the
25 issue to the Court by noticed motion for its de novo review and, provided that it is proceeding in good
26 faith, shall not be subject to further penalties during the pendency of such motion and/or if the motion
27 is not contested by Plaintiff. In the event that the Plaintiff chooses to contest such a motion and
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prevails, 1) the Settling Defendant shall be deemed to be in compliance with the terms of this Consent Judgment provided that it implements the warning requirements imposed as the result of the Court's determination within ninety (90) days that the Court's determination is final; and 2) Plaintiff may elect to seek to recover its attorney fees incurred in association with such motion as provided for by California Civil Procedure Code Section 1021.5.

10. **TERMINATION**

The Settling Defendant may elect (but is not required) to terminate its participation in this Consent Judgment beginning on January 31, 2008 or any date thereafter by means of filing with the court and serving on the Plaintiff, the California Attorney General, and counsel of record to the Settling Defendant with a notice of termination. In the event of the exercise of such an election, the Settling Defendant's obligations and rights and benefits hereunder shall immediately be deemed to cease to exist.

11. **APPLICATION OF JUDGMENT**

The obligations of this Consent Judgment shall apply to and be binding upon all plaintiffs, acting in the public interest pursuant to Health and Safety Code section 25249.7(d) and the Settling Defendant and the successors or assigns of any of them.

12. **AUTHORITY TO STIPULATE**

Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to enter into this Consent Judgment and to execute it on behalf of the Party represented and legally to bind that Party.

13. **NOTICES**

Whenever a notice is called for by this Consent Judgment, it shall be provided to the Settling Defendant at the addresses identified in Exhibit B hereto. If any Party desires to change the individual and/or address designated to receive notice on its behalf, such Party shall provide notice to all other Parties pursuant to the terms of this Section.

14. **RETENTION OF JURISDICTION**

This Court shall retain jurisdiction of this matter to implement this Consent Judgment.

1 15. **ENTIRE AGREEMENT**

2 This Consent Judgment contains the sole and entire agreement and understanding of the
3 Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations,
4 commitments and understandings related hereto. No representations, oral or otherwise, express or
5 implied, other than those contained herein have been made by any Party hereto. No other agreements
6 not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the
7 Parties.

8 16. **GOVERNING LAW**

9 The validity, construction and performance of this Consent Judgment shall be governed by the
10 laws of the State of California, without reference to any conflicts of law provisions of California law.

11 17. **COURT APPROVAL**

12 If this Consent Judgment is not approved and entered by the Court, or if the entry of this
13 Consent Judgment is successfully challenged, this Consent Judgment shall be of no force or effect,
14 and cannot be used in any proceeding for any purpose.
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1 IT IS SO STIPULATED:

2 DATED: 10/9/06

MATEEL ENVIRONMENTAL JUSTICE
FOUNDATION

By: 
William Verick

7
8 DATED: 10/6/06

RESTORATION HARDWARE, INC.

By: 

14 IT IS SO ORDERED.

15 DATED: NOV 28 2006

PETER J. BUSCH

JUDGE, SUPERIOR COURT OF CALIFORNIA

[PROPOSED] CONSENT JUDGMENT

Case No. CGC-06-453399

EXHIBIT A
(Copy Of 60-Day Notice Letter)

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EXHIBIT B
(Address For Notice Under Consent Judgment)

Restoration Hardware, Inc.
15 Koch Rd. Suite J
Corte Madera, CA 94925
Attention: Chief Financial Officer
Facsimile: (415) 927-7264

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EXHIBIT C
(Optional List of Certain Brand Names and Product Type)

Brocade Home (website: <http://www.brocadehome.com>)

EXHIBIT D
(Exemplar of Optional Testing Protocol)

Step 1: Cut 3-inch section of a cable that has not previously been used or wiped.

Step 2. On multiconductor cables, remove the insulated conductors and any other inner components from the 3-inch section of the cable. On single insulated conductors, remove the metallic conductor from the 3-inch section of the cable. Place the outer nonmetallic covering into a lead free receptacle (such as a pre-labeled resealable plastic food storage bag).

Step 3. Repeat steps 1 and 2 above for two additional cables such that a total of three samples are produced for laboratory analysis.

Step 4. Prepare samples for laboratory analysis according to EPA Method 160.4 or 3050. **[Samples must be prepared such that each sample is completely digested.]**

Step 5. Analyze samples for total lead by EPA Method 7420 (AA Flame).

Step 6. Compute the arithmetic mean from the three samples.

EXHIBIT E
(Infrequently Handled Products)

1	208- and 220-volt appliances (unless appliance is portable)
2	AC Adapters for foreign outlets and other voltage converters
3	Adjustable beds
4	Air Conditioner
5	Air Purifier
6	Amplifier for home stereo systems (including associated power and interconnector cords, but not including interconnector cords for microphones or musical instruments)
7	Answering machine
8	Audio mixer and associated power cords for in-studio, non-portable mixer units
9	Audio or video cable and adapter cords
10	Audio switcher power cords, unless designed to plug into front of audio/video appliance
11	Audio/video equipment and associated power and patch/pin cords (if A/V equipment is (i) not portable, e.g., no handle or carrying case, (ii) is not designed to plug into front of audio/video appliance, and (iii) is otherwise designed for long term installation)
12	Auto power adapters and cord, unless designed to plug into cigarette lighter or similar in-dash power source
13	Automotive wires and cables (installed)
14	Back cushion massager
15	Bathtub bubble mat
16	Bathtub spas
17	Battery Connection Cords (internal)
18	Battery charger units (except those used for automobiles)
19	Beard Trimmer (cordless models only)
20	Blender (not including hand-held models)
21	Bread Machine
22	Broadcast Equipment, and associated power and interconnector cords (if designed for in-studio or other non-portable installation)
23	Building wire (installed)
24	Calculator
25	Caller ID Unit
26	Can Opener
27	Carafes/Decanters, if cord attaches to separate base unit
28	Carbon Monoxide Detectors
29	Cash Registers
30	CATV Receiver Power Cords
31	CB radio/antenna cords (not handsets)
32	CD Player/changer (non-portable units only)
33	CD/DVD Home Theater Systems
34	Cielo Bath
35	Circuit Cable
36	Clock
37	Coffee Maker
38	Color Imaging System Power Cord & Cable (non-portable and not for use with portable computer system)

1	39	Combo Wash/Dryer
2	40	Compactor
3	41	Computer Adapter Cords (not for laptops, and not designed to plug into front of system)
4	42	Computer Cables (in walls)
5	43	Computer CD/DVD Drives (installed, not used with laptops)
6	44	Computer docking system
7	45	Computer Keyboard
8	46	Computer modem line (data and power)
9	47	Computer monitor cable
10	48	Computer Mouse (cordless)
11	49	Computer Peripheral AC Adaptor cord and I/F cable (not including those for portable computers or portable peripheral devices)
12	50	Computer Peripheral PCMCIA Card Cord (not including those for portable computers)
13	51	Computer Peripheral Wires & Cables (not including those for portable computers and those designed to plug into front of desktop computer (e.g., USB cords))
14	52	Computer Scanners (not including those designed for portable computers)
15	53	Computer Servers and External Storage Units
16	54	Computer Speaker Cords (not including those used with portable computers)
17	55	Computer Tape Drives
18	56	Controller/Tuner Power Cord
19	57	Convactor Power Cords
20	58	Cooktop Power Cords (not including those used with small portable hot plates)
21	59	Copier
22	60	Cordless Toothbrush
23	61	Data Logger Cable (unless included with portable device)
24	62	Deep fryer
25	63	Desktop computer power/patch/pin cords (unless designed to plug into front of computer (e.g., USB cords))
26	64	Digital imaging equipment (non-portable and not for use with portable computer system)
27	65	Digital media editor power cords/connecting cables (for installed, non-portable media editor units)
28	66	Digital Sender (digitizes and transmits images), for installed, non-portable units
	67	Digital Tuner (non-portable units only)
	68	Dishwasher
	69	Drink Mixer (not hand-held)
	70	Dryer
	71	DVD (non-portable units only)
	72	DVD Audio/Video Cable (unless designed to plug into front of system)
	73	DVD Recorder Power/Interconnector Cords (non-portable units only)
	74	Egg Cooker
	75	Electric Bedding
	76	Electric Grill - Indoor or Outdoor
	77	Electric Recliners/Massage Chairs
	78	Electric Sewing Machine (non-portable units only, i.e., those which have no handle or case)
	79	Electric Thermos Pot (if cord attaches to separate base unit)
	80	Electric/Digital Pianos, Organs (non-portable units only)
	81	Electrolysis Water System (corded base unit only)
	82	Electronic Musical instruments, including associated power and adaptor cords (non-portable)

1		units only)
2	83	Electronic White Board/Print Board Power Cords and Cables
3	84	Espresso & Cappuccino Makers
4	85	Facial Spas
5	86	Factory Automation Equipment (industrial systems, not for home use)
6	87	Fan/Heater Products (non-portable models only; i.e., in excess of 10 pounds, as packaged, or having blade diameter 9 inches or greater (rounded to the nearest whole inch) or smaller units which otherwise are regularly installed, or not typically moved from place to place).
7	88	Fax Machines
8	89	Fire Alarm cable
9	90	Fish Roaster
10	91	Flatbread Maker
11	92	Food Processor/Chopper (not including hand-held models)
12	93	Fountain, Decorative
13	94	Freezer
14	95	Garbage Disposals and associated cords (whether sold separately or with product)
15	96	Generators (large systems with only grounding wire)
16	97	Hair Clippers (cordless models only)
17	98	Hair Dryer (only models with retractable cord)
18	99	Hair setter (rollers only, not curling irons)
19	100	Ham and Two-Way Radio and Accessories and Adapters (not handset cords, unless microphone is designed on stand with switch)
20	101	Hard Disk Recorder peripheral and power cords (not including those for portable computers)
21	102	Headphones (cordless models only)
22	103	Headset with Earphone and Microphone (cordless models only)
23	104	Hole punch
24	105	Hot Lather Machine
25	106	Hot Lotion dispenser
26	107	Hot Pot/Kettle/Tea Brewer (if cord attaches to separate base unit)
27	108	Hot Water Dispenser
28	109	Humidifier/Dehumidifier
	110	Ice Cream Maker
	111	Ice Maker
	112	Indoor and outdoor phone cable (if designed for permanent installation)
	113	Intercoms (non-hand-held models only)
	114	Inverters/other power supplies (non-automotive uses)
	115	Iron (cordless only)
	116	Juicer/Juice extractor (non-hand-held models only)
	117	LCD Projector (CRT Monitor, receives data from computer) (except for use with portable computer)
	118	Letter opener
	119	Lighting (including tabletop and floor lamps, spotlights, or ceiling lighting, not holiday string lights or clip-on lights)
	120	Magnetic Card Reader/Writer including associated power cord and cable
	121	Meat Grinder (not hand-held models)
	122	Meat Slicer (not hand-held Electric Knives)
	123	Microphone (only including cords powering base unit of cordless microphone system)
	124	Microwave Oven

1	125	Mini Speaker System including associated connection cords (not including those for use with laptop computers or other portable devices)
2	126	Mixer (non-hand-held models only)
3	127	Mobil telephone battery cables (internal wires and cords only)
4	128	Mobile telephone accessories (only those using corded base charging unit or permanently installed in automobiles)
5	129	Mobile video screens designed for permanent installation (such as for use in automobiles or boats)
6	130	Multi-function office support device (combines functions such as copier, printer, fax machine, PBX, voice mail into one)
7	131	Neon sign & oil burner ignition cable
8	132	NIC/Modem cables
9	133	Optical Cable/Stereo Optical Cords (unless designed to plug into front of system)
10	134	Optical Disc AC Adapter (non-portable and not for use with portable computer systems)
11	135	Optical Disc Power Cords (non-portable and not for use with portable computer systems)
12	136	Ovens
13	137	Over-Range Microwave Ovens/Hoods
14	138	Paper shredder
15	139	Parrafin/wax Bath for Hands
16	140	Patch/pin cords, and cables, adapter cord, coaxial cable, A/V cord, S-VHS cord (when sold with device otherwise excluded)
17	141	Pencil sharpener
18	142	Personal Hygiene System and assoicated power cord
19	143	Pest Repeller
20	144	Pet Cage Dryers
21	145	Portable Dishwasher
22	146	Portable heater (only if designed for permanent installation)
23	147	Portable Washer
24	148	Postage meters
25	149	Postal scales
26	150	Potpourri heater
27	151	Power bases for charging wireless devices (if designed for long term installation)
28	152	Power tools (corded, cordless, stationary, or portable)
	153	Power/control/instrumentation tray cable (except for non-permanently-installed public address systems)
	154	Pressure Cooker
	155	Printer cables
	156	Printer power cord
	157	Projector, non-portable (no handle or carrying case)
	158	Public Address Amplifier and Accessories (non-portable or otherwise designed for permanent or long term installation)
	159	Radiator
	160	Radios with attached cord and without handles (including clock radios)
	161	Range
	162	Range Hoods/Vent
	163	Rechargeable Flashlights
	164	Rechargeable Lanterns
	165	Refrigerator
	166	Rice Cake Maker

[PROPOSED] CONSENT JUDGMENT

Case No. CGC-06-453399

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167	Rice Cooker
168	Riser/Plenum cable (if designed for permanent/long term installation)

169	Roaster Oven
170	Rope Lights (other than holiday string lights) if designed for permanent/long term installation
171	Satellite dish
172	Scales
173	Scanner antenna
174	Shavers - Cordless w/Corded Recharger Base only
175	Sink Top Switch for Disposer or Hot Water Dispenser (air activated switch mounted to sink or countertop, designed for permanent/long term installation)
176	Smoke detector (internal wires or if designed for permanent/long term installation)
177	Speaker wire (designed for use with components designed for long term/permanent installation; speaker wire associated with portable equipment with attached handle or carrying case not excluded)
178	Stapler
179	Steam cooker
180	Stereo and audio power/patch/pin cords (for use with non-portable components and except where designed to plug into front of system)
181	Surge protector
182	Telecom Data Cable (installed)
183	Telecom Power Cable (installed)
184	Tele-Homecare System (power cords)
185	Telephone power and data cord (phone to wall cords only)
186	Television (except small mobile models with attached/built in handle or carrying case)
187	Television Antenna
188	Television distribution system/swapper
189	Television Monitor (including computer monitors except small mobile models with attached/built in handle or carrying case)
190	Television peripheral cords (unless designed for use with devices that plug into the front of the set)
191	Thermostat Cable
192	Toaster
193	Toaster Oven
194	Towel Warmer
195	Transcriber and foot pedal and associated power and interconnecting cords
196	Underground Low-Energy Cable (exclusion applies to consumer uses only)
197	Vanity/lighted makeup mirror
198	VCR (unless portable with attached handle or carrying case)
199	Video mixer and switcher (if component of desktop system with no separate mice)
200	Video printer power cords/connecting cables (unless used with laptop)
201	Warming drawer
202	Washer/Dryer
203	Water distiller
204	Water filter units designed for permanent/long term installation
205	Water heater designed for permanent/long term installation
206	Water jet - Dental
207	Waxers - hair removal (corded base unit only)
208	Wine cellars
209	Diesel Locomotive and Motor Cable

[PROPOSED] CONSENT JUDGMENT

Case No. CGC-06-453399

210	Ignition Cable for Gas Tube Signage
211	Hook-Up Wire (intended for permanent or long-term installation)
212	Telephone Switching Station Cable
213	Loop Detector Wire Used in Traffic Counting
214	Utility Cable and Wire (Power and Communications)
215	Signal Cable
216	Power/Control/Instrumentation/Signal CableUtility Cable and Wire (Power and Communications)

[PROPOSED] CONSENT JUDGMENT

Case No. CGC-06-453399

EXHIBIT F
(Examples of Products For Which Warnings May Be Given In Owner's Manual)

1	Patch/pin cords, and cables, adapter cord, coaxial cable, A/V cord, S-VHS cord (when sold concurrently with equipment that also appears on this list)
2	AC adaptor cords (when sold concurrently with equipment that also appears on this list)
3	Air Pumps
4	Power and patch cords for professional/commercial audio/video equipment used in field (when sold concurrently with the equipment)
5	Interconnection or patchcables for portable audio/video/computer components or peripheral devices (when sold concurrently with equipment that also appears on this list)
6	Power adapters and cord for use with automotive cigarette lighter or similar power outlet (when sold concurrently with equipment that also appears on this list)
7	Power and interconnector cords for broadcast equipment used in field (when sold concurrently with the broadcast equipment)
8	Coffee warmer/urn (party-size)
9	Adapter and power cords for laptop and desktop computers/peripherals (when sold concurrently with computer or peripheral device)
10	Computer Joystick (owner's manual warning authorized only where reference to the owners manual is necessary to program or install software for use; alternatively, warning that otherwise would be placed in owner's manual must appear as part of on-screen programming/installation instructions)
11	Computer Mouse (when sold concurrently with equipment that also appears on this list)
12	Digital camera cords and cables (when sold concurrently with digital camera)
13	Portable DVD Player (e.g., with handles/carrying case)
14	Power and adaptor cords for portable electronic musical instruments and keyboards (when sold concurrently with the electronic musical instrument or keyboard)
15	Foot Massagers (wet)
16	Laptop Computer
17	Sandwich Maker
18	Telephone handset cord (handset-to-phone portion only where sold concurrently with telephone with programmable features)
19	Thermoelectric coolers
20	Travel Steamer
21	Vacuum cleaner, deep cleaner/extractor and/or carpet shampoo machine (both regular or retractable cord models)
22	Vaporizer
23	Video Camera power cords, adaptor cords (e.g., AC, auto), charger cords, connecting cables (when sold concurrently with video camera)
24	Video game accessories (owner's manual warning authorized where: i) accessory is sold with another product for which owners manual warnings are allowed; or ii) reference to the owners manual is necessary to program or install software for use). Warning that would otherwise be placed in owner's manual may alternatively be displayed as part of on-screen programming/installation instructions where use of

[PROPOSED] CONSENT JUDGMENT

Case No. CGC-06-453399

	such are necessary for initial product use.
25	Stand alone video mixer or switcher with non-integrated mouse
26	Portable warming tray
27	Cord of handheld waxers used for hair removal
28	Mobile telephones
29	Camera Cords and cables (only if sold concurrently with camera)
30	Telephones with programmable features

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2 FREDRIC EVENSON, CSB #198059
3 KLAMATH ENVIRONMENTAL LAW CENTER
4 424 First Street
5 Eureka, CA 95501
6 (707) 268-8900

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13 Attorneys for Plaintiff
14 MATEEL ENVIRONMENTAL JUSTICE FOUNDATION

15
16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17
18 COUNTY OF SAN FRANCISCO

19 MATEEL ENVIRONMENTAL JUSTICE
20 FOUNDATION,

21 Plaintiff,

22 vs.

23 BELL AUTOMOTIVE PRODUCTS, INC.,
24 et al.,

25 Defendants.

CASE NO. 453399

[PROPOSED] ORDER APPROVING
CONSENT JUDGMENT AS TO
DEFENDANT RESTORATION
HARDWARE, INC.

Date: November 28, 2006
Time: 9:30 a.m.
Dept. No.: 301

26
27 Plaintiff's motion for approval of settlement and entry of Consent Judgment was heard on
28 noticed motion on November 28, 2006 The court finds that:

1. The warnings and reformulation the Consent Judgment requires comply with the
requirements of Proposition 65.

ENDORSED FILED
SUPERIOR COURT
COUNTY OF SAN FRANCISCO

NOV 28 2006

GORDON PARK-LI, CLERK
BY: ERNALYN BURR
Deputy Clerk

1 2. The payments in lieu of civil penalties specified in the Consent Judgment are
2 reasonable and conform to the criteria of Health & Safety Code § 25249.7(b)(2).

3 3. The attorneys fees awarded under the Consent Judgment are reasonable as are the
4 rates awarded the attorneys.

5 Based on these findings, the settlement and the Consent Judgment are approved.

6 IT IS SO ORDERED.

7 Dated: NOV 28 2006

PETER J. BUSCH

Judge of the Superior Court