# SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES

KATHERINE LEE BUCKLAND, et al.,

Plaintiffs,

v.

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THRESHOLD ENTERPRISES, LTD., et al.

Defendants.

Case No. BC344046 [Hon. Robert L. Hess]

[PROPOSED] CONSENT JUDGMENT ONLY AS TO DEFENDANT SUZANNE'S NATURAL FOODS, INC.

Complaint Filed: December 7, 2005 Location:

Dept. 24, Room 314

This Consent Judgment is entered into by and between Katherine Lee Buckland ("Ms. Buckland"), the California Women's Law Center ("CWLC" - collectively with Ms. Buckland, "Plaintiffs"), and defendant Suzanne's Natural Foods, Inc. (hereinafter "Defendant"). Plaintiffs and Defendant may be collectively referred to herein as "Parties."

- 1. **Definitions.** As used in this Consent Judgment, the following definitions shall apply:
- 1.1 "Regulated Chemicals" are: Progesterone, Medroxyprogesterone acetate, Testosterone and its esters, Methyltestosterone, Testosterone cypionate, and/or Testosterone enanthate as an ingredient. Each Regulated Chemical is a chemical known to the State of California to cause cancer and/or reproductive toxicity.

- 1.2 "Products" are consumer creams, gels and/or lotion products containing as an ingredient one or more of the Regulated Chemicals. "Products" shall also include any future Products that are manufactured by or on behalf of Defendant for sale in California under any product name or brand, whether a current or new name and/or brand.
- 1.3 Plaintiffs and Defendant will be referred to collectively as the "Parties" or individually as a "Party."

### 2. Background.

- 2.1 Plaintiff Katherine Lee Buckland is the Executive Director of the CWLC, a non-profit California corporation. Since its founding in 1989, CWLC has served as a unique advocate in California, working in collaboration with others to protect, secure and advance the comprehensive civil rights of women and girls. The CWLC works to ensure, through systemic change, that life opportunities for women and girls are free from unjust social, economic, and political constraints. CWLC is based in Los Angeles, and was incorporated under the laws of the State of California in 1989.
- 2.2 Ms. Buckland is a "consumer" within the meaning of California Civil Code ("Civil Code") § 1761(d). Ms. Buckland is also a "person" within the meaning of California Business and Professions ("B&P") Code §§17201, 17204 and 17506. She brought and settles this lawsuit on her own behalf and, to the fullest extent permitted by law, on behalf of the general public. CWLC brings its Proposition 65 causes of action in the public interest.
- 2.3 Defendant is a Missouri corporation, with its principal place of business located at 3106 South Connecticut Avenue, Joplin, Missouri 64804. Defendant directly or indirectly sells to California consumers Products, all of which Plaintiffs allege contain a Regulated Chemical(s) that is listed by the State of California as known to cause cancer and/or reproductive toxicity pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.5 et seq. ("Proposition 65"); Title 22, California Code of Regulations § 12000 et seq.
- 2.4 Beginning on or about February 9, 2006, CWLC served Defendant and each of the appropriate public enforcement agencies with a "60-Day Notice" that provided Defendant and

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the public enforcement agencies with a notice alleging that Defendant was in violation of Proposition 65 for failing to warn the purchasers of, and individuals using, the Products that the use of the Products exposes them to Regulated Chemicals. Defendant stipulates for the purpose of this Consent Judgment that the 60-Day Notice sent to it is adequate to comply with Title 22, California Code of Regulations § 12903. None of the public enforcement agencies has commenced and begun diligently prosecuting an action against Defendant for such alleged violations.

2.5 On or about October 5, 2005, Ms. Buckland, pursuant to Civil Code § 1782 served Defendant with a notice letter (the "CLRA Notice" – with the 60-Day Notice, the "Notices") via certified mail, return receipt requested, stating *inter alia* as follows:

These Products have been sold to literally millions of California consumers without any of the noticed companies providing a clear and reasonable warning prior to their purchase by a consumer that the Progesterone, Medroxyprogesterone acetate, Testosterone and its esters, Methyltestosterone, Testosterone cypionate, and/or Testosterone enanthate in these Products are chemicals known to be carcinogens and/or reproductive toxins by the State of California. Nor has any of the noticed companies disclosed the potential adverse health effect risks posed by exposure to these chemicals in these Products because Progesterone, Medroxyprogesterone acetate, Testosterone and its esters, Methyltestosterone, Testosterone cypionate, and/or Testosterone enanthate in these Products are chemicals regulated as drugs by the U.S. Food and Drug Administration under the federal Food, Drug and Cosmetic Act. These omissions of material facts constitute deceptive representations and misrepresentations, failure to disclose that the product is a regulated drug, and misbranding in violation of § 1770 of the CLRA.

2.6 On December 7, 2005, Plaintiffs filed their initial complaint entitled Buckland, et al. v. Threshold Enterprises, Ltd., et al., No. BC 344046, in the Los Angeles County Superior Court. On January 24, 2006, Plaintiffs filed their First Amended Complaint, and on April 21, 2006 brought Defendant into the case via the "Doe" Amendment procedure. Ms. Buckland alleged violations of the CLRA, Business & Professions Code §§ 17200 et seq. and 17500 et seq., and Civil Code §§ 1709 and 1710, against Defendant. Ms. Buckland alleged no claim, directly or indirectly, pursuant to Proposition 65 (H&S Code § 25249.5 et seq.) in the First Amended Complaint. CWLC alleged violations of Proposition 65 (H&S Code

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2.7 2.8 § 25249.5 et seq.) in the First Amended Complaint against parties other than Defendant. On August 21, 2006, Ms. Buckland filed a Supplemental Complaint. On November 6, 2006, CWLC filed a Second Amended Complaint and Ms. Buckland filed a First Amended Supplemental Complaint (together, "Complaints").

- 2.7 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of the violations contained in the Notices and the First Amended Complaint, and personal jurisdiction over Defendant as to the acts or omissions alleged in the First Amended Complaint; that venue is proper in the County of Los Angeles; and that this Court has jurisdiction to enter this Consent Judgment.
- 2.8 Defendant denies that the Products have been or are in violation of any law, and further contends that all Products have been and are safe for use as directed. However, the Parties desire to resolve this matter (including the Notices, First Amended Complaint and all related matters) without further litigation or cost.
- 2.9 The Parties enter into this Consent Judgment to settle certain disputed claims as alleged in the Notice and the First Amended Complaint, to avoid prolonged and costly litigation, and to promote the public interest. By executing and complying with this Consent Judgment, no Party admits any facts or conclusions of law including, but not limited to, any facts or conclusions of law regarding any violations of the California Legal Remedies Act (Civil Code § 1750 et seq.), the Unlawful Competition Law (B&P Code § 17200 et seq.), the False Advertising Law (B&P Code § 17500 et seq.), Civil Code §§1709 and 1710, Proposition 65 (H&S Code § 25249.5 et seq.) or any other statutory, common law or equitable claim or requirement relating to or arising from Defendant' Products. This Consent Judgment shall not be construed as an admission by Defendant as to any of the allegations in the Notice or the First Amended Complaint.

#### 3. <u>Injunctive Relief.</u>

# 3.1 Retail Sale of Products Requires a Warning

Pursuant to Civil Code § 1782(d), B&P Code §§ 17203 and 17535, and H&S Code § 25249.7(a), the sale of a Product by Defendant directly or indirectly to consumers in California

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 shall be accompanied by a warning. This warning shall be provided both by (a) product labeling pursuant to Paragraph 3.1.1 and 3.1.2; and (b) warnings for any mail order and Internet sales pursuant to Paragraph 3.1.3.

### 3.1.1 Product Label Warnings

For any Product that is manufactured by or at the direction of Defendant (i.e., private-label products), Defendant shall, at the earliest such time when, in the ordinary course of business, new labels for such Products are printed on or after April 1, 2006, include (in the same type size as the surrounding, non-heading text) the following warning on the label of each of its Products that it manufactures and ships for sale directly or indirectly to consumers in California, including the specific name or names of the Regulated Chemicals where shown:

"WARNING: This product contains [Progesterone,
Medroxyprogesterone acetate, Testosterone and its esters,
Methyltestosterone, Testosterone cypionate, and/or Testosterone
enanthate], a chemical(s) known to the State of California to cause
cancer. Consult with your physician before using this product."

#### 3.1.2 Notice to Third Parties

For any Product that is sold by Defendant but manufactured by a third party (i.e., non-private-label Products), Defendant shall, within 30 days of entry of this consent judgment by the court, notify the manufacturer or supplier of such Product (sending a copy of each such notice to Plaintiffs) that Defendant will not accept shipments of such Product for sale directly or indirectly to consumers in California unless such Product is accompanied by the warning required by paragraph 3.1.1 above or a comparable warning pursuant to the terms of a separate consent judgment applying to such Product.

## 3.1.3 Additional Warnings for Mail Order or Internet Sales

If Defendant sells a Product by mail order or over the Internet to a purchaser in the state of California on or after the date that is 90 days after the entry of this Consent Judgment by the court, the following additional requirements shall apply:

- (1) For such mail order sales sent to customers in California, the warning language required under this Consent Judgment at paragraph 3.1.1 shall be included in the mail order catalogue, either on the same page as any order form, or on the same page(s) upon which the Product's price is listed, in the same type size as the surrounding, non-heading text.
- (2) For such Internet sales sent to customers in California, the warning language required under this Consent Judgment at paragraph 3.1.1 shall be displayed (in the same type size as the surrounding, non-heading text) in one or more of the following ways: (a) on the same page upon which the Product is displayed or referenced; (b) on the same page as any order form for any Product; (c) on the same page as the price for the Product is displayed; (d) on one or more pages displayed to a purchaser over the Internet or via electronic mail during the checkout and order confirmation process for sale of a Product; or (e) in any manner such that it is likely to be read and understood by an ordinary individual under customary business conditions prior to the purchase of the Product.
- 3.2 Pursuant to Civil Code § 1782(d) and B&P Code §§ 17203 and 17535, and effective when, in the ordinary course of business (but no sooner than 90 days after entry of this Consent Judgment), Defendant prints or posts electronically new labels and advertising, marketing, mail order catalog or Internet-based descriptions of each of its respective Products, Defendant agrees to remove any "health-related" claims (as that term is used by the U.S. Food and Drug Administration under Title 21 United States Code § 321(g) and Title 21 Code of Federal Regulation, Part 310.530, Over-The-Counter Topically Applied Hormone Drug Products) made by Defendant for any of the Products.

# 4. Financial Settlement and Attorneys' Fee Payments.

4.1 In lieu of damages or penalties, Defendant shall pay to the CWLC the sum of \$500.00 ("Settlement Amount"), and shall make that payment to the Client Trust Account of the Carrick Law Group P.C., by wire transfer, certified or bank check in immediately available funds. This settlement amount shall be due and payable within five (5) calendar days after the date of notice of entry of this Consent Judgment. This settlement amount shall be disbursed promptly thereafter by the Carrick Law Group P.C. to the CWLC.

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4.2 Attorneys Fees and Costs. The Parties shall each bear their own attorneys' fees and costs.

# 5. Claims Covered and Released.

This Consent Judgment includes the resolution of actual and potential claims that were considered or could have been brought by Plaintiffs regarding the Regulated Chemicals in Defendant's Products. This Consent Judgment is a final and binding resolution between Plaintiffs and Defendant of any and all alleged violations of the California Consumer Legal Remedies Act, Unlawful Competition Law, False Advertising Law, Civil Code §§ 1709 and 1710, Proposition 65 (H&S Code § 25249.5 et seq.) or any other law that was or could have been asserted by Plaintiffs arising from or related to Products manufactured, distributed, or sold by Defendant through the date of entry of this Consent Judgment, including, but not limited to any claims for attorneys' fees and costs. Plaintiffs hereby release Defendant and Defendant's predecessors, successors, affiliates and assigns, the officers, directors, employees, shareholders, parents, subsidiaries, contract manufacturers, and counsel of each of them, from and against the claims described in this paragraph to the extent such claims do, did, or could arise from or relate to Defendant's Products; however, Plaintiffs cannot and expressly do not release any other claims, including specifically and without limitation any personal injury or directly related claims, that could be brought by any other individual or organization. Defendant hereby releases Ms. Buckland and CWLC from and against any claims arising out of Plaintiffs' filing or prosecution of this action. Each Party respectively waives any right to appeal or other review of this Consent Judgment, except as expressly provided in this Consent Judgment.

6. <u>Covenant Not To Sue</u>. Plaintiffs and Defendant covenant and agree that with regard to those matters that Plaintiffs have herein released and that are described above, neither Ms. Buckland, CWLC nor Defendant will ever institute a lawsuit or administrative proceedings against the other, nor shall Ms. Buckland, Defendant or CWLC assert any claim of any nature against any person or entity hereby released with regard to any such matters which have been released. However, nothing in this paragraph shall be interpreted to preclude enforcement of this Consent Judgment pursuant to Section 7 below.

- 7. Enforcement of Consent Judgment. Any Party may, by noticed motion or order to show cause before the Superior Court of Los Angeles, enforce this Consent Judgment. To enforce this Consent Judgment, any Party must first give written notice of any violation of this Consent Judgment alleged to have occurred to the Party alleged to be in violation. The Parties shall meet and confer in good faith and attempt to resolve the alleged violation. If a resolution is not reached within thirty (30) days of the date of the notice, the aggrieved Party may move the Court to hear and resolve the dispute. The prevailing Party in any proceeding brought to enforce this Consent Judgment shall be entitled to recover from the other Party the prevailing Party's reasonable attorneys' fees and costs incurred in the investigation and prosecution of such an enforcement proceeding.
- 8. Application of Consent Judgment. Sections 3, 5 and 6 of this Consent Judgment shall apply to, be binding upon and inure to the benefit of the Parties and the CWLC, their divisions, subdivisions, subsidiaries, affiliates, successors, predecessors and assigns, and the directors, officers, employees, legal counsel, and agents of each of them, as applicable, and will inure to the benefit of the Parties' parent companies, all suppliers, distributors, wholesalers, retailers and contract manufacturers, and all of their respective directors, officers, employees, legal counsel, and agents. This Consent Judgment shall have no effect on Products sold by Defendant and shipped to customers for use outside the State of California; provided that the Products are not sold directly or indirectly to consumers in California.
- Modification/Termination of Consent Judgment. This Consent Judgment may be modified or terminated upon written agreement of Defendant and Plaintiffs, with approval of the Court, or upon noticed motion for good cause shown. However, the Parties shall meet and confer in good faith and attempt to mutually agree upon any modification prior to the filing of any motion. The Parties acknowledge that new toxicological information or exposure assessments concerning hazardous substances and testing methodologies are continuously becoming available, and that statutory and regulatory standards applicable to the Products may evolve in the future, either of which may establish good cause for modification of this Consent Judgment. The burden of proof in any such motion shall be on the moving party to establish

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such good cause. The prevailing Party in any such motion shall be entitled to recover from the other Party the prevailing Party's reasonable attorneys' fees and costs incurred in the preparation and prosecution of such a motion.

- 10. Governing Law. This Consent Judgment shall be governed by, and construed in accordance with, the laws of the State of California.
- 11. Entire Agreement. The Parties declare and represent that no promise, inducement or other agreement has been made conferring any benefit upon any party except those contained herein and that this Consent Judgment contains the entire agreement pertaining to the subject matter hereof. This Consent Judgment supersedes any prior or contemporaneous negotiations, representations, agreements and understandings of the Parties with respect to such matters, whether written or oral. Parol evidence shall be inadmissible to show agreement by, between or among the Parties to any term or condition contrary to or in addition to the terms and conditions contained in this Consent Judgment. The Parties acknowledge that each has not relied on any promise, representation or warranty, expressed or implied, not contained in this Consent Judgment except with regard to that certain declaration executed under penalty of perjury by the Defendant providing information that induced Ms. Buckland and CWLC to enter into the financial terms of this Consent Judgment, which declaration may be used solely as evidence in any future enforcement proceeding brought pursuant to Section 7 above.
- 12. Challenges. Subject to Section 9 hereof, the Parties agree that they, individually or collectively, will not seek to challenge or to have determined invalid, void or unenforceable any provision of this Consent Judgment or this Consent Judgment itself. The Parties understand that this Consent Judgment contains the relinquishment of legal rights and each Party has, as each has deemed appropriate, sought the advice of legal counsel, which each of the Parties has encouraged the other to seek. Further, no Party has reposed trust or confidence in any other Party so as to create a fiduciary, agency or confidential relationship.
- 13. Construction. This Consent Judgment has been jointly negotiated and drafted. The language of this Consent Judgment shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

1	14. Authority to Stipulate to Consent Judgment. Each signatory to this Consent Judgment			
2	represents and warrants that each signatory has all requisite power, authority and legal right			
3	necessary to execute and deliver this Consent Judgment and to perform and carry out the			
4	transactions contemplated by this Consent Judgment. Each signatory to this Consent Judgment			
5	represents that each has been duly authorized to execute this Consent Judgment. No other or			
6	further authorization or approval from any person will be required for the validity and			
7	enforceability of the provisions of this Consent Judgment, except entry by the Court.			
8	15. <u>Cooperation and Further Assurances</u> . The Parties hereby will execute such other			
9	documents and take such other actions as may be necessary to further the purposes and fulfill the			
0	terms of this Consent Judgment.			
1	16. <u>Counterparts</u> . This Consent Judgment may be executed in counterparts and has the			
2	same force and effect as if all the signatures were obtained in one document.			
13	17. <u>Notices</u> .			
14	17.1 All correspondence and notices required by this Consent Judgment to Ms.			
5	Buckland shall be sent to:			
6	Katherine Lee Buckland, Esq. With a copy to: California Women's Law Center			
7	6300 Wilshire Boulevard, Suite 980 Roger Lane Carrick, Esq. Los Angeles, CA 90048 The Carrick Law Group, P.C.			
8	Tel: (323) 951-1041 350 S. Grand Avenue, Suite 2930 Fax: (323) 951-9870 Los Angeles, CA 90071-3406			
9	katie@cwlc.org Tel: (213) 346-7930 Fax: (213) 346-7931			
20	E-mail: roger@carricklawgroup.com			
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22	17.2 All correspondence and notices required by this Consent Judgment to Defendant			
23	shall be sent to Defendant as follows:			
4	Suzanne Charron With a copy to: 3106 South Connecticut			
25	Joplin, MO 64804 Trenton H. Norris, Esq. Tel: (417) 781-0909 Bingham McCutchen LLP			
26	Three Embarcadero Center, Suite 2500 San Francisco, CA 94111-4067			
.7	Tel: (415) 393-2602 Fax: (213) 393-2286			
R	E-mail: trent norris@hingham.com			

1	21. Non-Interference in Settlement Approval Process. The Parties will cooperate, as well		
2	as use their respective best efforts, to secure the Attorney General's approval of this Consent		
	Judgment, and not to seek his disapproval of any portion of this Consent Judgment.		
3	IT IS SO STIPULATED.		
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5	Date: December 2 2006 KATHERINE LEE BUCKLAND, an individual		
6	By: Latherine L Buckles		
7	KATHERINE LEE BUCKLAND		
8	CAN HODRIKA WOMENIE I AW CENTED		
9	Date: December 12/2006 CALIFORNIA WOMEN'S LAW CENTER		
10	Latherare Bucki		
11	KATHERINE LEE BUCKLAND		
12	Executive Director		
13	Date: December 5, 2006 SUZANNE'S NATURAL FOODS, INC.		
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15	By: Housanne Charron		
16	Suzanne Charron Chief Executive Officer		
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1	21. Non-Interference in Settlement A	pproval Process. The Parties will cooperate, as well	
2	as use their respective best efforts, to secure the Attorney General's approval of this Consent		
3	Judgment, and not to seek his disapproval of any portion of this Consent Judgment.		
4	IT IS SO STIPULATED.		
5	Date: December, 2006	KATHERINE LEE BUCKLAND, an individual	
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7		By:KATHERINE LEE BUCKLAND	
8			
9	Date: December, 2006	CALIFORNIA WOMEN'S LAW CENTER	
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11		By: KATHERINE LEE BUCKLAND	
12		Executive Director	
13	Date: December 5, 2006	SUZANNE'S NATURAL FOODS, INC.	
14		332.2.1.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.	
15		By: Suzanne Charron Suzanne Charron	
16		Suzanne Charron Chief Executive Officer	
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		12 [PROPOSED] CONSENT JUDGMEN'	

# FINDINGS AND ORDER

- 1. The Court finds that the warnings that may be required in Section 3 of the stipulated Consent Judgment in this matter regarding the sale of certain products by defendant Suzanne's Natural Foods, Inc. comply with the provisions of Health & Safety Code §§25249.5-25249.13.
- 2. In the stipulated Consent Judgment in this matter, the Parties' agreement in Section 4 of the Consent Judgment that no civil penalties are warranted is in accord with the criteria set forth in Health & Safety Code §25249.7(b) (2), in that payments totaling \$500.00 in financial relief in the form of "in lieu of damages or penalties" are to be made by the Defendant to Plaintiff California Women's Law Center ("CWLC"). The Court finds that CWLC has committed to use this financial relief in conformity with Proposition 65's overall goals as well as its own non-profit articles of incorporation to address the litigation's public health issue of protecting women's health through CWLC's programs, which include but are not limited to projects addressing public health, domestic violence, reproductive rights, and physical fitness issues.
- 3. Because each Party to the Consent Judgment is bearing its own attorneys' fees and costs, no finding by the Court is required as to whether those fees and costs are reasonable.
- 4. In light of the findings made above, and based upon the Court's review of the proposed stipulated Consent Judgment executed among the Parties, the Court finds that this Consent Judgment is just, and serves and will serve the pubic interest
- The Consent Judgment is hereby adopted as the ORDER and JUDGMENT of this
   Court.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED:	FEB = 5 2007	
		ROBERT L. HESS
		ROBERT L. HESS JUDGE OF THE SUPERIOR COURT
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