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Attorneys for Plaintiff
CENTER FOR ENVIRONMENTAL HEALTH

ENDORSED
FILED
San Francisco County Superior Court

JUN 11 2007

GORDON PARK-LI, Clerk
BY: JOSE RIOS MERIDA
Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

CENTER FOR ENVIRONMENTAL HEALTH,)
a non-profit corporation,)
Plaintiff,)
v.)
ROSS STORES, INC., et al; and DEFENDANT)
DOES 1 through 200, inclusive,)
Defendants.)

And consolidated actions.)

Lead Case No. CGC-05-444522

**~~PROPOSED~~ CONSENT JUDGMENT
RE: SA&E INTERNATIONAL BAGS
& ACCESSORIES, LLC, dba RUGGED
EQUIPMENT**

1 **1. INTRODUCTION**

2 **1.1** On March 2, 2007, plaintiff the Center for Environmental Health
3 (“CEH”), a non-profit corporation acting in the public interest, filed an amendment to its
4 complaint adding SA&E International Bags & Accessories, LLC, dba Rugged Equipment
5 (“Defendant”) as a defendant to the San Francisco County Superior Court case entitled *Center for*
6 *Environmental Health v. Ross Stores, Inc. et al.*, San Francisco County Superior Court Case
7 Number CGC-06-444522 (the “CEH Action”), for civil penalties and injunctive relief pursuant to
8 the provisions of Cal. Health & Safety Code §25249.5 *et seq.* (“Proposition 65”).

9 **1.2** Defendant is a corporation that employs 10 or more persons and
10 manufactured, distributed and/or sold soft food and beverage containers such as lunchboxes and
11 coolers (the “Products”) in the State of California. The term “Products” encompasses only
12 products designated for sale or distribution within the United States.

13 **1.3** Beginning or about December 22, 2006, CEH served Defendant and the
14 appropriate public enforcement agencies with the requisite 60-day notice alleging that Defendant
15 was in violation of Proposition 65. CEH’s notice and the Complaint in this Action allege that
16 Defendant exposes people who use or otherwise handle the Products to lead and/or lead
17 compounds (referred to interchangeably herein as “Lead”), chemicals known to the State of
18 California to cause cancer, birth defects and other reproductive harm, without first providing
19 clear and reasonable warning to such persons regarding the carcinogenicity and reproductive
20 toxicity of Lead. The notice and Complaint allege that Defendant’s conduct violates Health &
21 Safety Code §25249.6, the warning provision of Proposition 65. Defendant disputes such
22 allegations and asserts that all of its products are safe and comply with all applicable laws.

23 **1.4** Upon receipt of CEH’s Notice, Defendant took immediate measures to
24 address the allegations set forth therein and to investigate the substance of CEH’s allegations.

25 **1.5** For purposes of this Consent Judgment only, the parties stipulate that this
26 Court has jurisdiction over the subject matter of the violations alleged in CEH’s Complaint and
27 personal jurisdiction over Defendant as to the acts alleged in CEH’s Complaint, that venue is
28 proper in the County of San Francisco, and that this Court has jurisdiction to enter this Consent

1 Judgment as a full and final resolution of all claims which were or could have been raised in the
2 Complaint based on the facts alleged therein.

3 **1.6** The Parties enter into this Consent Judgment pursuant to a settlement of
4 certain disputed claims between the Parties as alleged in the Complaint. By executing this
5 Consent Judgment, the Parties do not admit any facts or conclusions of law. It is the parties'
6 intent that nothing in this Consent Judgment shall be construed as an admission by the Parties of
7 any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the
8 Consent Judgment constitute or be construed as an admission by the Parties of any fact,
9 conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall
10 prejudice, waive or impair any right, remedy, argument or defense the Parties may have in this or
11 any other or future legal proceedings.

12 **2. COMPLIANCE - REFORMULATION**

13 **2.1 Level.** After one hundred eighty days (180) of entry of this Consent
14 Judgment (the "Compliance Date"), Defendant shall not manufacture, distribute, ship, or sell or
15 cause to be manufactured, distributed or sold, any Product that is comprised of any interior lining
16 material or PVC material used for the exterior of the Product that contains Lead in concentrations
17 that exceed 200 parts per million ("ppm") or in which the exterior surface-coating contains Lead
18 concentrations exceeding 600 ppm.

19 **2.2 Certification of level from suppliers.** Defendant shall issue
20 specifications to its suppliers requiring that the interior lining of the Products and exterior
21 surface-coating of the Products do not contain materials which contain Lead concentrations
22 exceeding 200 ppm and 600 ppm, respectively, and that the exterior of the Products do not
23 contain PVC material with Lead concentrations exceeding 200 ppm. Defendant shall obtain
24 written certification from its suppliers of the Products certifying that the interior lining does not
25 contain Lead concentrations exceeding 200 ppm, that the exterior surface-coating does not
26 contain Lead exceeding 600 ppm, and that the exterior of the Product does not contain PVC
27 material with Lead concentrations exceeding 200 ppm.

28

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2 Complaint based on the facts alleged therein.

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25 contain Lead concentrations exceeding 200 ppm, that the exterior surface-coating does not
26 contain Lead exceeding 600 ppm, and that the exterior of the Product does not contain PVC
27 material with Lead concentrations exceeding 200 ppm.

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1 **2.3 Testing.** In order to ensure compliance with the requirements of Section
2 2.1, Defendant shall conduct (or cause to be conducted) testing to confirm that the interior lining
3 of the Products contains less than 200 ppm Lead, that the exterior surface-coating of the Products
4 contains less than 600 ppm Lead, and that the exterior of the Products do not contain PVC
5 material with Lead concentrations exceeding 200 ppm. All testing pursuant to this Section shall
6 be performed by an independent laboratory in accordance with EPA Method 3050B for the
7 interior lining and for any PVC material used in the exterior of the Product, and either EPA
8 Method 3050B or ASTM F-963 for the exterior surface coating (the "Test Protocol"). At the
9 request of CEH, the results of the testing performed pursuant to this Section shall be made
10 available to CEH.

11 **2.3.1 Testing Frequency.** For each of the first two orders of Products
12 purchased from Defendant's suppliers after the Compliance Date, Defendant shall randomly
13 select and test the greater of 0.1% (one-tenth of one percent) or two, but in no case more than
14 four, of the total Products purchased from each supplier of the Products intended for sale in
15 California. Following the first two orders, Defendant shall perform testing of the Products on
16 randomly selected units in accordance with Defendant's usual testing practices. Defendant's
17 usual testing practices include testing as required by its various retailers. At a minimum, during
18 each calendar year, Defendant shall randomly select and test the greater of 0.1% (one-tenth of
19 one percent) or two, but in no case more than four, of the total Products purchased from each
20 supplier of the Products intended for sale in California.

21 **2.3.2 Products that Exceed Stipulated Levels Pursuant to**
22 **Defendant's Testing.** If the results of the testing required pursuant to Section 2.3 show levels of
23 lead exceeding 200 ppm for the interior lining of a Product, 600 ppm for the exterior surface-
24 coating of a Product, or 200 ppm for PVC material used for the exterior of a Product, Defendant
25 shall: (1) refuse to accept all of the Products that were purchased under the particular purchase
26 order; (2) send a notice to the supplier explaining that such Products do not comply with the
27 suppliers' certification; and (3) apply the testing frequency set forth in 2.3.1 as though the next
28 shipment from the supplier were the first one following the Compliance Date.

1 **2.4 Confirmatory Testing by CEH.** CEH intends to conduct periodic testing
2 of the Products. Any such testing will be conducted by CEH at an independent laboratory, in
3 accordance with the Test Protocol. In the event that CEH's testing demonstrates Lead levels in
4 excess of 200 ppm for the interior lining, 600 ppm for the exterior surface-coating, or 200 ppm
5 for exterior PVC material of two or more Products, CEH shall inform Defendant of the test
6 results, including information sufficient to permit Defendant to identify the Product(s).
7 Defendant shall, within 30 days following such notice, provide CEH, at the address listed in
8 Section 12, with the certification and testing information demonstrating its compliance with
9 Sections 2.2 and 2.3 of this Consent Judgment. If Defendant fails to provide CEH with
10 information demonstrating that it complied with Sections 2.2 and/or 2.3, Defendant shall be
11 liable for stipulated payments in lieu of penalties for Products for which CEH produces tests
12 demonstrating Lead levels exceeding 200 ppm for the interior lining, 600 ppm for exterior
13 surface-coating, or 200 ppm for exterior PVC material, as set forth below. In addition,
14 Defendant shall then apply the testing frequency set forth in 2.3 as though the next shipment
15 from the supplier were the first one following the Compliance Date. The payments shall be made
16 to CEH and used for the purposes described in Section 3.1.

17 **2.4.1 Stipulated Payments In Lieu of Penalties.** If stipulated
18 payments in lieu of penalties are warranted under section 2.4, the stipulated payment amount
19 shall be as follows for each unit of Product for which CEH produces a test result with Lead levels
20 exceeding 200 ppm for the lining or 600 ppm for exterior surfaces:

21	First Occurrence:	\$1,250
22	Second Occurrence:	\$1,500
23	Third Occurrence:	\$1,750
24	Thereafter:	\$2,500

25 Notwithstanding the foregoing, the maximum stipulated payment amount in a calendar year,
26 regardless of the number of units of Product tested by CEH with exceedances of the Lead levels
27 set forth in this Consent Judgment, shall be \$5,000.

28 **2.4.2 Products in the stream of commerce.** Defendant's

1 Products that have been manufactured, shipped, sold, or that otherwise are in the stream of
2 commerce prior to the Compliance Date shall be released from any claims that were brought or
3 that could have been brought by CEH in its Complaint, as though they were Covered Claims
4 within the meaning of Section 7.1, below. As a result, the stipulated payments in section 2.4.1
5 above do not apply to these Products.

6 **3. SETTLEMENT PAYMENTS**

7 **3.1 Monetary Payment in Lieu of Penalty.** Defendant shall pay to CEH
8 five thousand dollars (\$5,000) in lieu of any penalty pursuant to Health and Safety Code
9 §25249.7(b). CEH shall use such funds to continue its work protecting people from exposures to
10 toxic chemicals. As part of this work, CEH intends to conduct periodic testing of the Products as
11 set forth in section 2.4. The parties acknowledge that the payment in lieu of penalty provided for
12 in this section has been greatly reduced due to Defendant's prompt agreement to eliminate PVC
13 from the Products. The payment required under this section shall be made payable to CEH.

14 **3.2 Attorneys' Fees and Costs.** Ten thousand dollars (\$10,000) shall be paid
15 to CEH to reimburse CEH and its attorneys for their reasonable investigation fees and costs,
16 attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to
17 Defendant' attention, litigating and negotiating a settlement in the public interest. The payment
18 required under this section shall be made payable to Lexington Law Group, LLP.

19 **3.3 Timing of payments.** The payments required under Sections 3.1 and 3.2
20 shall be made payable within 10 days of entry of judgment. All of the payments made pursuant
21 to this Section 3 shall be delivered to the Lexington Law Group, LLP at the address set forth in
22 section 12.1.

23 **4. MODIFICATION OF CONSENT JUDGMENT**

24 **4.1** This Consent Judgment may be modified by written agreement of
25 CEH and Defendant, or upon motion of CEH or Defendant as provided by law.

26 **4.2** CEH intends to enter into agreements with other entities that
27 manufacture, distribute and/or sell Products. Should Defendant determine that the provisions of
28 any such Consent Judgment with a similarly situated manufacturer or distributor of products are

1 less stringent, Defendant may request a modification of this Consent Judgment to conform with
2 the terms of the later entered Consent Judgment. Upon 30 days prior written notice of
3 Defendant's request for a modification, CEH shall inform Defendant whether it will agree to
4 such modification. If CEH does not agree, Defendant may move the Court for a modification
5 pursuant to this section.

6 **5. ENFORCEMENT OF CONSENT JUDGMENT**

7 **5.1** Either party may, by motion or application for an order to show cause,
8 enforce the terms and conditions contained in this Consent Judgment.

9 **6. APPLICATION OF CONSENT JUDGMENT**

10 **6.1** This Consent Judgment shall apply to and be binding upon the
11 parties hereto, their divisions, subdivisions and subsidiaries, and the successors or assigns of any
12 of them.

13 **7. CLAIMS COVERED**

14 **7.1** This Consent Judgment is a full, final and binding resolution between
15 CEH and Defendant of any violation of Proposition 65 that was or could have been asserted in
16 the Notice of Complaint against Defendant (including any claims that could be asserted in
17 connection with any of the Products covered by this Consent Judgment) or its parents,
18 subsidiaries, affiliates, directors, officers, employees, agents, attorneys, distributors, or customers
19 (collectively, "Defendant Releasees") based on failure to warn about alleged Proposition 65
20 exposures with respect to any Products manufactured, distributed or sold by Defendant
21 ("Covered Claims") on or prior to the date of entry of this Consent Judgment. Compliance with
22 the terms of this Consent Judgment constitutes compliance with Proposition 65 for purposes of
23 Lead exposures from the Products.

24 **7.2** Further, CEH hereby releases all retailers, distributors, and licensors of
25 Defendant's products from any claims related to the Notice, the Complaint and this Judgment
26 and CEH agrees to dismiss any such claims that it has asserted or could assert against any
27 retailers, distributors or licensors of Defendant's Products. If CEH has filed a complaint against
28 a retailer, distributor or licensor of Defendant's Products, then CEH shall, within 10 days of entry

1 of this Consent Judgment file a dismissal, with prejudice, as to those claims relating to
2 Defendant's Products. CEH shall provide Defendant with a conformed copy of the dismissal.
3 As to each of Defendant's retailers, distributors or licensors which have not been served with a
4 60-day notice letter or a complaint by CEH, CEH agrees not to serve a 60-day notice on said
5 retailer, distributor, or licensor which includes within its scope, whether directly or indirectly,
6 any of Defendant's products. For purposes of the release provided in this Section, the term
7 "retailer, distributor or licensor" shall include their respective related entities, predecessors,
8 successors, assigns, parents, subsidiaries, affiliates, officers, partners, directors, stockholders,
9 shareholders, attorneys, representatives, agents and employees, past, present and future.

10 **8. SEVERABILITY**

11 **8.1** In the event that any of the provisions of this Consent Judgment are
12 held by a court to be unenforceable, the validity of the enforceable provisions shall not be
13 adversely affected.

14 **9. SPECIFIC PERFORMANCE**

15 **9.1** The parties expressly recognize that Defendant's obligations
16 under this Consent Judgment are unique. In the event that any Defendant is found to be in breach
17 of this Consent Judgment for failure to comply with the provisions of Section 2 hereof, the
18 parties agree that it would be extremely impracticable to measure the resulting damages and that
19 such breach would cause irreparable damage. Accordingly, CEH, in addition to any other
20 available rights or remedies, may sue in equity for specific performance, and Defendant expressly
21 waive the defense that a remedy in damages will be adequate.

22 **10. GOVERNING LAW**

23 **10.1** The terms of this Consent Judgment shall be governed by the laws of
24 the State of California.

25 **11. RETENTION OF JURISDICTION**

26 **11.1** This Court shall retain jurisdiction of this matter to implement and
27 enforce the terms this Consent Judgment.

28 **11.2.** This Consent Judgment shall automatically terminate and be of no further

1 force, validity or effect as of August 1, 2011.

2 **12. PROVISION OF NOTICE**

3 **12.1** All notices required pursuant to this Consent Judgment and
4 correspondence shall be sent to the following:

5 For CEH:

6 Mark N. Todzo
7 Lexington Law Group, LLP
8 1627 Irving Street
9 San Francisco, CA 94122

9 For Defendant:

10 Abraham Shalam
11 SA&E International Bags & Equipment, LLC, dba Rugged Equipment
12 10 W. 33rd Street, Suite 1217
13 New York, NY 10001

13 **13. COURT APPROVAL**

14 **13.1** CEH will comply with the settlement notice provisions of Health and
15 Safety Code § 25249.7(f) and Title 11 of the California Code of Regulations § 3003.

16 **13.2** If this Consent Judgment is not approved by the Court, it shall be of no
17 further force and effect. If this Consent Judgment is appealed, with the exception of the
18 injunctive relief provisions in Section 2, above, which remain in effect during any appeal, it does
19 not become effective and has no force or effect until all issues on appeal are resolved.

20 **14. EXECUTION AND COUNTERPARTS**

21 **14.1** The stipulations to this Consent Judgment may be executed in
22 counterparts and by means of facsimile, which taken together shall be deemed to constitute one
23 document.

24 **15. AUTHORIZATION**

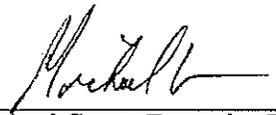
25 **15.1** Each signatory to this Consent Judgment certifies that he or she is
26 fully authorized by the party he or she represents to stipulate to this Consent Judgment and to
27 enter into and execute the Consent Judgment on behalf of the party represented and legally bind
28 that party. The undersigned have read, understand and agree to all of the terms and conditions of

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this Consent Judgment. Except as explicitly provided herein, each party is to bear its own fees and costs.

AGREED TO:

CENTER FOR ENVIRONMENTAL HEALTH



Dated: 3/21/07

Michael Green, Executive Director
Center for Environmental Health

SA&E INTERNATIONAL BAGS &
ACCESSORIES, LLC, dba RUGGED
EQUIPMENT

Dated: _____

Abraham Shalam
Chief Executive Officer

1 this Consent Judgment. Except as explicitly provided herein, each party is to bear its own fees
2 and costs.

3
4 **AGREED TO:**

5 CENTER FOR ENVIRONMENTAL HEALTH

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8 _____ Dated: _____
Michael Green, Executive Director
Center for Environmental Health

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11 SA&E INTERNATIONAL BAGS &
12 ACCESSORIES, LLC, dba RUGGED
EQUIPMENT

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14 _____
Abraham Shiram
Chief Executive Officer

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Dated: 3/31/07

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ORDER AND JUDGMENT

Based upon the stipulated Consent Judgment between CEH and SA&E International Bags & Accessories, LLC, dba Rugged Equipment, the settlement is approved and judgment is hereby entered according to the terms herein.

Dated: JUN 11 2007

RS **RICHARD A. KRAMER** 
Judge, Superior Court of the State of California

