ORIGINAL FILED

GIDEON KRACOV (SBN 179815) 1 801 S. Grand Avenue, Ste. 1100 SEP O . ZIII 2 Los Angeles, CA 90017 los angeles 213.629.2071 RECEIVED 3 FAX 213.623.7755 SUPERIOR COURT gk@gideonlaw.net AUG 22 2011 4 Attorneys for Plaintiff Environmental Research Center 5 DEPT. 57 6 7 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 COUNTY OF LOS ANGELES 10 11 ENVIRONMENTAL RESEARCH CENTER,) Case No. BC465087 a non-profit California corporation; 12 Assigned to Hon. Ralph W. Dau Plaintiff, 13 [RROPOSED] ORDER APPROVING CONSENT JUDGMENT 14 NNC LLC dba NATURADE, a Delaware Health & Safety Code §25249.5, et seq. 15 limited liability company; DOES 1 through 10;) 16 Dept: 57 Defendant(s). 17 18 19 20 21 22 23 24 25 26

Plaintiff Environmental Research Center's Motion for Court Approval of the Consent Judgment came on regularly for hearing before this Court on August 24, 2011, the Honorable Ralph W. Dau, presiding, with attorneys for all parties in that case having had the opportunity to be heard by this Court. After considering the proposed Consent Judgment between Plaintiff and Defendant NNC LLC dba Naturade, the moving papers, declarations, pleadings, oral arguments and all other relevant documents in the court file, and any other matters presented to this Court, and GOOD CAUSE APPEARING THEREFORE, this Court GRANTS the Motion for Court Approval of the Consent Judgment, and makes the following findings pursuant to California Health & Safety Code section 25249.7(f) and 11 Cal. Code Regs. section 3201, et seq.:

- 1. The warning required by the Consent Judgment complies with Proposition 65;
- 2. The awards of attorney's fees and costs provided in the Consent Judgment is reasonable under California law;
 - 3. The penalties provided by the Consent Judgment are reasonable; and
 - 4. The Consent Judgment is in the public interest.

Therefore, for the foregoing reasons, the Consent Judgment shall be entered as the Judgment of this Court.

IT IS SO ORDERED.

DATE: <u>crp 0 1 2011!</u>



PROOF OF SERVICE

1	
2	I, Gideon Kracov, being duly sworn, deposes and says:
3	I am a citizen of the United States and work in Los Angeles County, California. I am over the age of eighteen years and am not a party to the within entitled action. My business address is: 801 S. Grand Ave., 11 th Fl., LA, CA 90017. On 6/19, 2011, I
4	served this list of persons with the following documents: [PROPOSED] ORDER
5	APPROVING CONSENT JUDGMENT
6	The documents were served on:
7	Todd Harrison Venable LLC
8	575 7th Street, NW
o	Washington, DC 20004
9	
10	by placing a true copy thereof enclosed in a sealed envelope, with postage thereon fully prepaid, in the United States Post Office mail box at 801 S. Grand Ave., Los Angeles, California, addressed as set forth above. I am
11	readily familiar with my firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on
12	the same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation
13	date of postage meter date is more than 1 day after date of deposit for mailing in affidavit.
14	
15	I declare under penalty of perjury, according to the laws of the State of California, that the foregoing is true and/correct.
16	Executed this, 2011 at Los Angeles, California.
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18	Gideon Kracov
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1	GIDEON KRACOV (SBN 179815) 801 S. Grand Avenue, Ste. 1100		ORIGINAL FILED
2	Los Angeles, CA 90017 213.629.2071 FAX 213.623.7755	RECEIVED	చారా?ం దేద్దు కూడాం. చే
	gk@gideonlaw.net		SEP 0, 2011
4	A. C. Di. C.C.	AUG 2 4 2011	LOS ANGELES SUPERIOR COURT
5	Attorneys for Plaintiff ENVIRONMENTAL RESEARCH (DEPT. 57 CENTER	The state of the s
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8	SUPERIOR COU	JRT OF THE STATE	OF CALIFORNIA
9	COUNTY OF LOS ANGELES		
10			
11	ENVIRONMENTAL RESEARCH (non-profit California corporation,	CENTER, a) CASE N	O. BC465087
12) Assigned	ł to Honorable Ralph W. Dau
13	Plaintiff,)	
14	NNC LLC dba NATURADE, a Dela limited liability company; DOES 1 th	- k 1 /	EDPROPOSED) STIPULATED NT JUDGMENT
15	Defendant(s).)) Dept: 57	
16)	
17)	
18			
19	IT IS HEREBY STIPULATE	D AND AGREED by	the Parties hereto, as follows:
20	WHEREAS:		
	A. ENVIRONMENTAL R	ESEARCH CENTER	("ERC") is a citizen enforcer of
21 22	California Health and Safety Code §	25249.6 et seq. (" Pro p	oosition 65") and is a non-profit
23	corporation organized under Californ	ia's Non-Profit Public	Benefit Corporation Law.
24	B. NNC LLC is a Delawar	e limited liability com	pany that does business as
25	NATURADE ("NATURADE"). NA	ATURADE allegedly n	nanufactured, packaged, distributed,
26	[REVISED PROPOSED] STIPULATED CO	ONSENT JUDGMENT 1	

marketed, and/or sold products containing lead and lead compounds sold in the State of 1 2 California including: Naturade 100% Soy Protein Booster - Natural 3 Naturade Calcium Shake - Vanilla Naturade Complete Cleanse Step 1 All-Natural Herbs 4 Naturade Cleanse Step 2 Bio-Active Fiber Naturade Veg Protein Booster Natural Flavor 5 Naturade N-R-G Protein Booster Vanilla Flavor 6 Naturade Total Soy Meal Replacement Vanilla Naturade Total Soy Meal Replacement Chocolate (hereinafter "the Product(s)"). 7 Any other products are not subject to the injunctive provisions herein, and are not covered by the 8 release of liability herein; 9 C. 10 "Parties" is intended to mean ERC and NATURADE only; 11 D. On February 27, 1987, the State of California officially listed the chemical lead as a 12 chemical known to cause reproductive toxicity, pursuant to California Health and Safety Code § 13 25249.8; 14 E. On October 1, 1992, the State of California officially listed the chemicals lead and 15 lead compounds as chemicals known to cause cancer, pursuant to California Health and Safety 16 Code § 25249.8; 17 18 F. The Products have allegedly been sold by NATURADE for use in California since 19 at least October 2009; 20 G. On September 24, 2010 and December 23, 2010, ERC served NATURADE and 21 each of the appropriate public enforcement agencies with a document entitled "60-Day Notice" 22 that provided NATURADE and the public enforcement agencies with notice that NATURADE 23 was in violation of Proposition 65 for failing to warn purchasers and individuals using the 24 Products that the use of the Products exposes them to lead, a chemical known to the State of 25 26 [REVISED PROPOSED] STIPULATED CONSENT JUDGMENT

California to cause cancer and/or reproductive toxicity ("Prop. 65 Notices");

- H. The Action was brought by ERC in the public interest at least sixty (60) days after ERC provided notice of the Proposition 65 violations to NATURADE and the appropriate public enforcement agencies and none of the public enforcement agencies had commenced and begun diligently prosecuting an action against NATURADE for such violations;
- I. For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the subject matter of this action and personal jurisdiction over the Parties, that venue is proper in this Court, and that this Court has jurisdiction to enter a Consent Judgment pursuant to the terms set forth herein;
- J. The Parties enter into this Consent Judgment to settle disputed claims between them and to avoid prolonged litigation. By execution of this Consent Judgment, NATURADE does not admit any violations or the applicability of Proposition 65. Except for the representations made above, nothing in this Consent Judgment shall be construed as an admission by NATURADE or Plaintiff of any fact, issue of law, or violation of law, nor shall compliance with this Consent Judgment constitute or be construed as an admission by NATURADE or Plaintiff of any fact, issue of law, or violation of law;
- K. Except as expressly provided herein, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy or defense the Parties may have in any other or further legal proceeding. This paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of any Party to this Consent Judgment; and,
- L. The "Effective Date" of this Consent Judgment shall be the date upon which this Consent Judgment is entered by the Court.

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NOW, THEREFORE, in consideration of the promises, covenants and agreements herein contained, the sufficiency and adequacy of which is hereby acknowledged by the Parties:

1. Injunctive Relief. On and after the Effective Date of this Consent Judgment, NATURADE shall not manufacture for sale in the State of California, distribute into the State of California, or directly sell in the State of California any Product for which the maximum dose recommended on the label contains more than 0.5 micrograms of lead, excluding the following amounts of naturally occurring lead in the ingredients listed below in Table 1A in accordance with the Attorney General's Stipulation Modifying Consent Judgments in *People v. Warner Lambert et al.* (San. Fran. Sup. Crt. Case No. 984503):

TABLE 1A

INGREDIENT Calcium Ferrous Fumarate Zinc Oxide Magnesium Oxide Magnesium Carbonate Magnesium Hydroxide Zinc Gluconate Potassium Chloride	NATURALLY OCCURRING AMOUNT OF LEAD
<u>Calcium</u>	<u>.8 mcg /g</u>
Ferrous Fumarate	<u>.4 mcg/g</u>
Zinc Oxide	8.0 mcg/g
Magnesium Oxide	<u>.4 mcg/g</u>
Magnesium Carbonate	.332 mcg/g
Magnesium Hydroxide	.4 mcg/g
Zinc Gluconate	.8 mcg/g
Potassium Chloride	1.1 mcg/g

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2. For Products that cause exposures in excess of that permitted by Paragraph 1, unless NATURADE can prove that the excess exposure is caused solely by "naturally occurring" lead at the "lowest level currently feasible," as set forth in 27 California Code of Regulations § 25501(a), NATURADE shall, at the point of manufacture, prior to shipment to California, or prior to distribution within California, (1) affix to or print on the Product container, cap, label, or unit package, or (2) display at the point of sale of the Products the following warning (the language in brackets in the warning below is optional):

WARNING: This product contains [lead,] a chemical known [to the State of California] to cause cancer, birth defects, or other reproductive harm.

The term "cancer" shall be included in the warning only if there is an exposure to a daily dose of more than 15 micrograms of lead when taken as directed on the Product's label and as defined by the quality control methodology set forth in paragraph 4 below.

3. The warning required by paragraph 2 above shall be prominently affixed to, printed on, or displayed proximately to the point of sale of each Product with such conspicuousness, as compared with other words, statements, designs, or devices on the labeling as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. If the warning is displayed on the product container or labeling, the warning shall be at least the same size as the largest of any other health or safety warnings on the product container or labeling, and the word "warning" shall be in all capital letters and in bold print. If printed on the labeling itself, the warning shall be contained in the same section of the labeling that states other safety warnings concerning the use of the product. The requirement for product labeling set forth herein is imposed pursuant to the terms of this Consent Judgment and is recognized by the parties [REVISED PROPOSED] STIPULATED CONSENT JUDGMENT

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as not being the exclusive method of providing a warning for the Products under Proposition 65 and its implementing regulations.

4. Once a year, on or before the anniversary of the entry of the Consent Judgment, NATURADE shall undertake testing of the Products. NATURADE (itself or through another) shall test at least two (2) randomly-selected samples of each Product for lead content, to confirm that the daily dose is no more than .5 micrograms of lead plus the allowable amounts of the lead for the ingredients listed in Table 1A when taken as directed on the Product's label. All testing pursuant to this Consent Judgment shall be performed by a laboratory certified by the California Environmental Laboratory Accreditation Program for the analysis of heavy metals or a laboratory that is approved by, accredited by, or registered with the United States Food & Drug Administration for the analysis of heavy metals. The method of selecting samples for testing must comply with the regulations of the Food and Drug Administration as set forth in Title 21, Part 111, Subpart E of the Code of Federal Regulations, including section 111.80(c). Testing for lead shall be performed using Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) and closed-vessel, microwave-assisted digestion employing high-purity reagents or any other testing method agreed upon in writing by the parties. Nothing in this Consent Judgment shall limit NATURADE's ability to conduct, or require that others conduct, additional testing of the Products, including the raw materials used in their manufacture. This Consent Judgment, including the testing and sampling methodology set forth in this paragraph, is the product of negotiation and compromise, and is accepted by the parties for purposes of settling,

¹ See Mindak, W.R., Cheng, J., Canas, B.J., & Bolger, P.M. Lead in Women's and [REVISED PROPOSED] STIPULATED CONSENT JUDGMENT

compromising, and resolving issues disputed in this action, including future compliance by NATURADE with this Consent Judgment, and shall not be used for any other purpose, or in any other matter and, except for the purpose of determining future compliance with this Consent Judgment, shall not constitute an adoption or employment of a method of analysis for a listed chemical in a specific medium as set forth in 27 California Code of Regulations § 25900(g). For the first two years from the date of this Consent Judgment, NATURADE shall provide any test results and documentation to ERC within 30 working days of completion of the testing; thereafter upon written request from ERC, and shall retain all test results and documentation from the date testing commenced.

- 5. The requirements of paragraphs 1, 2, 3 and 4 above, will only apply to any time in which NATURADE is a "person in the course of doing business," as that term is defined in Health and Safety Code § 25249.11(b). NATURADE represents that at the time it stipulated to entry of this Consent Judgment it was not a "person in the course of doing business" because it had fewer than 10 employees. NATURADE represents that it understands that even if NATURADE is not a "person in the course of doing business" under Proposition 65, other companies in its chain of distribution (such as manufacturers, retailers, or distributors) that have 10 or more employees are not exempt from Proposition 65 and could violate Proposition 65 by knowingly and intentionally exposing individuals to chemicals contained in NATURADE products without first giving a clear and reasonable warning.
 - 6. If at any time in the future NATURADE employs 10 or more employees, it will

Children's Vitamins, J. Agric. Food Chem. 2008, 56, 6892-96.

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notify ERC of this fact within 30 days. If ERC sends a written request to NATURADE for proof of the number of employees of NATURADE, within 45 days NATURADE will provide all appropriate documentation to ERC showing the number of employees it has employed in the previous 24 months.

- 7. NATURADE within nine (9) months of the Effective Date will put a recommended daily dose in writing on the label for all the Products. NATURADE will comply with this requirement regardless of whether it is a "person in the course of doing business," as that term is defined in Health and Safety Code § 25249.11(b).
- 8. NATURADE within thirty (30) days of the Effective Date will instruct all of its customer service personnel responding to consumer inquiries by phone, e-mail or other correspondence not to consume more than the a recommended daily dose on the writing on the label for all the Products. NATURADE will comply with this requirement regardless of whether it is a "person in the course of doing business," as that term is defined in Health and Safety Code § 25249.11(b).
- 9. **Civil Penalty Assessment**. NATURADE agrees to pay a civil penalty in the amount of \$6,675.00 pursuant to Health & Safety Code §25249.7(b). Plaintiff shall remit 75% of this amount to the State of California pursuant to Health & Safety Code §25192.
- 10. Payment In Lieu of Further Civil Penalties. NATURADE agrees to make an additional payment in lieu of further civil penalties in the amount of \$19,825.00 to ERC for projects to reduce exposures to toxic chemicals, and to increase consumer, worker and community awareness of the health hazards posed by toxic chemicals.

- agrees to remit the total amount of \$52,500.00 to Plaintiff, payable to: the "Law Offices of Gideon Kracov Client Trust Account" and remitted to the Law Office of Gideon Kracov at the law firm's address noted in the Notice provision below. The schedule for the payment of these funds shall be as follows: (a) an initial payment of \$12,500.00 within five (5) calendar days of execution of this Consent Judgment (to be held in trust by ERC until approval of this Consent Judgment); and, if this Consent Judgment is approved, (b) \$10,000.00 payment each for four consecutive months thereafter. In the event that any payments owed under this Consent Judgment is not remitted on or before its due date, NATURADE shall be deemed to be in default of its obligations under this Consent Judgment. Plaintiff shall provide written notice to NATURADE of any default; if NATURADE fails to remedy the default within two (2) business days of such notice, then all future payments due hereunder shall become immediately due and payable, with the prevailing federal funds rate applying to all interest accruing on unpaid balances due hereunder, beginning on the due date of the funds in default.
- Plaintiff's Release of NATURADE; includes A "Downstream Release."

 Plaintiff, acting on behalf of itself and acting on behalf of the general public, permanently and fully releases NATURADE, its parents, subsidiaries, affiliates (including those companies that are under common ownership and/or common control), shareholders, directors, members, officers, employees, and attorneys, and each entity to whom each of them directly or indirectly distributed or sold the Products, including iHerb, Inc. but not limited to distributors, wholesalers, customers, retailers, franchisees, and any other person or entity in the course of doing business [REVISED PROPOSED] STIPULATED CONSENT JUDGMENT

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who distributed, marketed or sold the products, from all claims of any nature asserted in the Prop. 65 Notices.

- Limits of Release. Nothing in this release is intended to apply to any 14. occupational or environmental exposures arising under Proposition 65 nor shall it apply to any NATURADE products not set forth on Exhibit A to this Consent Judgment.
- 15. Release of Environmental Research Center. NATURADE, by this Consent Judgment, waives all rights to institute any form of legal action against ERC for all actions or statements made or undertaken by ERC in the course of seeking enforcement of Proposition 65 against the named NATURADE by means of the Prop. 65 Notices.
- 16. Motion for Approval of Consent Judgment/Notice to the California Attorney General's Office. Upon execution of this Consent Judgment by the Parties, Plaintiff shall notice a Motion for Approval & Entry of Consent Judgment in the Los Angeles Superior Court pursuant to 11 California Code of Regulations §3000, et seq. This motion shall be served upon all of the Parties to the Action and upon the California Attorney General's Office. In the event that the Court fails to approve and order entry of the judgment, this Consent Judgment shall become null and void upon the election of any Party as to them and upon written notice to all of the Parties to the Action pursuant to the notice provisions herein. NATURADE and ERC shall use their best efforts to support entry of this Consent Judgment in the form submitted to the Office of the Attorney General. If the Attorney General objects in writing to any term in this Consent Judgment, the Parties shall use best efforts to resolve the concern in a timely manner and prior to the hearing on the motion to approve this Consent Judgment. If the Attorney General elects to file papers with the Court stating that the People shall appear at the hearing for entry of this Consent Judgment so as to oppose entry of the Consent Judgment, then a party may withdraw from this Consent Judgment prior to the date of the hearing, with notice to all Parties and the Attorney General, and upon such notice this Consent Judgment shall be null and void and any [REVISED PROPOSED] STIPULATED CONSENT JUDGMENT

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Todd Harrison Venable LLC 575 7th Street, NW Washington, DC 20004

- 21. Integration & Modification. This Consent Judgment, together with the Exhibits hereto which are specifically incorporated herein by this reference, constitutes the entire agreement between the Parties relating to the rights and obligations herein granted and assumed, and supersedes all prior agreements and understandings between the Parties. This Consent Judgment may be modified only upon the written agreement of the Parties.
- 22. **Counterparts.** This Consent Judgment may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.
- 23. Authorization. The undersigned are authorized to execute this Consent Judgment on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Consent Judgment.

DATED:	1.	Ву:	
!			Chris Heptinstall ENVIRONMENTAL RESEARCH CENTER
DATED: _ 3	3/24/11	Ву:	
	*****	e + v	Jay Drezner
			NNC LLC dba NATURADE
	Section 1997		and the second s
'IT IS SO OF	RDERED.		<u>'</u>
	1.3	- 14 i	
Dated:		•	
;	V		
f -	Carlos Constitution		Hon. Ralph W. Dau Judge of the Superior Court
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1	PROOF OF SERVICE
2	I, Gideon Kracov, being duly sworn, deposes and says:
3	I am a citizen of the United States and work in Los Angeles County, California. I
4	am over the age of eighteen years and am not a party to the within entitled action. My business address is: 801 S. Grand Ave., 11 th Fl., LA, CA 90017. On 1011, I served this list of persons with the following documents: [REVISED PROPOSED]
5	CONSENT JUDGMENT The documents were served on:
6	Todd Harrison
7	Venable LLC 575 7th Street, NW
8	Washington, DC 20004
9	by placing a true copy thereof enclosed in a sealed envelope, with postage thereon fully prepaid, in the United States Post Office mail box at 801 S.
10	Grand Ave., Los Angeles, California, addressed as set forth above. I am readily familiar with my firm's practice of collection and processing
11	correspondence for mailing. It is deposited with the U.S. Postal Service on the same day in the ordinary course of business. I am aware that on
12	motion of party served, service is presumed invalid if postal cancellation date of postage meter date is more than 1 day after date of deposit for
13	mailing in affidavit.
14	I declare under penalty of perjury, according to the laws of the State of California,
15	that the foregoing is true and correct.
16	Executed this, 2011 at Los Angeles, California.
17	Gideon Kracov
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4	served this list of persons with the following documents: ORDER GRANTING
5	JUDGMENT AND JUDGMENT
6	The documents were served on:
7	Todd Harrison Venable LLC
8	575 7th Street, NW
9	Washington, DC 20004
10	by placing a true copy thereof enclosed in a sealed envelope, with postage thereon fully prepaid, in the United States Post Office mail box at 801 S. Grand Ave., Los Angeles, California, addressed as set forth above. I am
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14	mailing in affidavit.
15	Via Email – TAharrison@venable.com
16	I declare under penalty of perjury, according to the laws of the State of California,
17	that the foregoing is true and correct.
18	Executed this, 2011 at Los Angeles, California.
19	Gideon Kracov
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