1 2 3 4 5	Christopher M. Martin, State Bar No. 186021 Josh Voorhees, State Bar No. 241436 Troy C. Bailey, State Bar No. 277424 THE CHANLER GROUP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710 Telephone: (510) 848-8880 Facsimile: (510) 848-8118	OCT 1 2 2012 KIM TURNER, Court Executive Officer MARIN COUNTY SUPERIOR COURT By: D. Taylor, Deputy		
6 7	Attorneys for Plaintiff JOHN MOORE			
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
9	COUNTY OF MARIN			
10	UNLIMITED CIVIL JURISDICTION			
11				
12	JOHN MOORE,	Case No. CIV1105656		
13 14	Plaintiff,			
15	V.	[PROPOSED] JUDGMENT PURSUANT		
16	GUITAR CENTER, INC.; and DOES 1 through 150, inclusive,	TO TERMS OF PROPOSITION 65 SETTLEMENT AND [PROPOSED] CONSENT JUDGMENT AS TO		
17	Defendants.	DEFENDANT GUITAR CENTER, INC.		
18		Date: October 12, 2012		
19		Time: 8:30 a.m. Dept. E		
20		Judge: Hon. Faye D'Opal		
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Plaintiff John Moore and Defendant Guitar Center, Inc., having agreed through their respective counsel that Judgment be entered pursuant to the terms of their settlement agreement in the form of a Consent Judgment, and following this Court's issuance of an Order approving this Proposition 65 settlement and Consent Judgment,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, pursuant to Health & Safety Code § 25249.7(f)(4) and Code of Civil Procedure § 664.6, judgment is hereby entered in accordance with the terms of the Consent Judgment attached hereto as Exhibit 1. By stipulation of the parties, the Court will retain jurisdiction to enforce the settlement under Code of Civil Procedure § 664.6.

IT IS SO ORDERED.

Dated:

FAYE D'OPAL

JUDGE OF THE SUPERIOR COURT

1 2 3 4 5 6	Christopher M. Martin, State Bar No. 186021 Josh Voorhees, State Bar No. 241436 Troy C. Bailey, State Bar No. 277424 THE CHANLER GROUP 2560 Ninth Street, Suite 214 Berkeley, CA 94710 Telephone: (510) 848-8880 Facsimile: (510) 848-8118 Attorneys for Plaintiff JOHN MOORE						
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9	SUPERIOR COURT OF THE STATE OF CALIFORNIA						
10	FOR THE COUNTY OF MARIN						
11	UNLIMITED CIVIL JURISDICTION						
√ 12							
13	JOHN MOORE,) Case No. CIV1105656					
14	Plaintiff,						
15	v.	[PROPOSED] CONSENT JUDGMENT AS TO DEFENDANT GUITAR CENTER, INC.					
16	GUITAR CENTER, INC.; and DOES 1-150, inclusive,) 10 DB121 B11 11 0011 11 011 11 11 11 11 11 11 11 1					
17	Defendants.	-					
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	[PROPOSED] CONSENT JUDGMENT						

1. <u>INTRODUCTION</u>

1.1 John Moore and Guitar Center, Inc.

This Consent Judgment is entered into by and between plaintiff John Moore ("Moore" or "Plaintiff") and defendant Guitar Center, Inc. ("Guitar Center" or "Defendant"), with Plaintiff and Defendant collectively referred to as the "Parties" and each individually referred to as a "Party."

1.2 Plaintiff

Moore is an individual residing in California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances in consumer products.

1.3 Defendant

Guitar Center employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6, et seq. ("Proposition 65").

1.4 General Allegations

Moore alleges that Guitar Center manufactured, imported, distributed, sold and/or offered for sale benches with vinyl seats containing di(2-ethylhexyl)phthalate ("DEHP") in the State of California without the requisite Proposition 65 health hazard warnings. DEHP is listed pursuant to Proposition 65 as known to the State of California to cause birth defects and other reproductive harm.

1.5 Product Description

The products that are covered by this Consent Judgment are benches with vinyl seats containing DEHP including, but not limited to, the *ProLine Keyboard Bench*, *PL-1250* (#6 56238 00621 7), which Guitar Center manufactured, imported, distributed, sold and/or offered for sale in the state of California, hereinafter referred to as the "Products."

1.6 Notice of Violation

On August 2, 2011, Moore served Guitar Center and various public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") that provided the recipients with notice of alleged violations of Proposition 65 for failing to warn consumers that the Products exposed users in California to DEHP. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Notice.

1.7 Complaint

On or about November 16, 2011, Moore filed a complaint in the Superior Court in and for the County of Marin against Guitar Center, Inc. and Does 1 through 150, Moore v. Guitar Center, Inc., et al. Case No. CIVI105656 ("Complaint" or "Action") alleging, inter alia, violations of Proposition 65 based on the alleged exposures to DEHP contained in the Products.

1.8 No Admission

Guitar Center denies the material factual and legal allegations contained in Moore's Notice and Complaint, and maintains that all Products which Guitar Center allegedly manufactured, imported, distributed, sold, and/or offered for sale in California have been and are in compliance with all laws. Nothing in this Consent Judgment shall be construed as an admission by Guitar Center of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by Guitar Center of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Guitar Center. However, this section shall not diminish or otherwise affect Guitar Center's obligations, responsibilities, and duties under this Consent Judgment.

1.9 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Guitar Center as to the allegations contained in the Complaint, that venue is proper in the County of Marin, and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

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1.10 Effective Date

For purposes of this Consent Judgment, the term "Effective Date" shall mean the date this Consent Judgment is approved by the Court.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

Reformulation Standards 2.1

After the Effective Date, Guitar Center shall only manufacture, import, distribute, sell and/or offer for sale in California Products that are "Reformulated Products" or that provide warnings pursuant to Section 2.2 below. "Reformulated Products" are defined as those Products containing DEHP in concentrations less than or equal to 0.1 percent (1,000 parts per million) in each "Accessible Component" when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C or any other methodology utilized by federal and state agencies for the purpose of determining DEHP content in a solid substance. For purposes of this Section 2.1, the term "Accessible Component" means a component of a Product that could be touched by a person during reasonably foreseeable use. Reformulated Products shall be exempt from any Proposition 65 warning requirements regarding exposure to DEHP.

2.2 **Product Warnings**

After Moore filed the Complaint, Guitar Center began placing warnings on all Products offered for sale in California. The warnings included the following language:

> **WARNING:** This product contains a chemical known to the state of California to cause birth defects or other reproductive harm.

Therefore, the Parties agree that Guitar Center may continue to sell Products that are currently in Guitar Center's inventory and that contain the above warning label. Commencing 60 days after the Effective Date, however, Guitar Center shall, in accordance with Proposition 65, for all Products sold in California other than Reformulated Products, provide clear and reasonable warnings as set forth in subsections 2.2(a) and (b). Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual

under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion.

(a) Warnings for Retail Store Sales.

(i) Product Labeling. Guitar Center may perform its warning obligation by affixing a warning to the packaging, labeling, or directly on each Product sold in retail outlets in California by Guitar Center or any person selling the Products, that states:

WARNING: This product contains a chemical known to the state of California to cause birth defects and other reproductive harm.

perform its warning obligations by ensuring that signs are posted at its retail outlets in the state of California where the Products are sold. Point-of-sale warnings shall be provided through one or more warning signs posted in close proximity to the point of display of the Products that states:

WARNING: This product contains a chemical known to the state of California to cause birth defects and other reproductive harm.

Where more than one Product is sold in proximity to other like items or to those that do not require a warning (e.g., Reformulated Products as defined in Section 2.1), the following statement shall be used:¹

WARNING: The following products contain a chemical known to the state of California to cause birth defects and other reproductive harm.

[list products for which warning is required]

For purposes of the Consent Judgment, "sold in proximity" shall mean that the Product and another similar product are offered for sale close enough to each other that the consumer, under customary conditions of purchase, could not reasonably determine which of the two products is subject to the warning sign.

Warnings For Mail Order Catalog and Internet Sales.

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In the event that Guitar Center sells Products via mail order catalog and/or the internet, to customers located in California, after the Effective Date that are not Reformulated Products, Guitar Center shall provide warnings for such Products sold via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall identify the specific Product to which the warning applies as further specified in Sections 2.2(b)(i) and (ii).

Mail Order Catalog Warning. Any warning provided in a mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

> WARNING: This product contains a chemical known to the state of California to cause birth defects and other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, Guitar Center may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol" with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

> WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain a chemical known to the state of California to cause birth defects and other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, Guitar Center must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(ii) Internet Website Warning. A warning shall be given in conjunction with the sale of the Products via the internet, provided it appears either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

WARNING: This product contains a chemical known to the state of California to cause birth defects and other reproductive harm

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain a chemical known to the state of California to cause birth defects and other reproductive harm.

3. MONETARY PAYMENTS

3.1 <u>Initial Civil Penalty</u>

Guitar Center shall pay an initial civil penalty of \$5,000, to be apportioned in accordance with California Health & Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Moore. Such payment shall be made, in the manner detailed in Section 3.4 below.

3.2 Final Civil Penalty

Guitar Center shall pay a final civil penalty in the amount of \$10,000 on December 31, 2012. As incentive for Guitar Center to reformulate the Products, however, this final civil penalty shall be waived in its entirety if an officer of Guitar Center certifies in writing that it, as

of December 15, 2012, will sell, ship and offer for sale in California only Reformulated Products. Such certification must be received by The Chanler Group on or before December 15, 2012. The final civil penalty payment shall be apportioned in accordance with California Health & Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to OEHHA and the remaining 25% of the penalty remitted to Moore. Such payment shall be made in the manner detailed in Section 3.4 below.

3.3 Reimbursement of Plaintiff's Fees and Costs

The Parties reached an accord on the compensation due to Moore and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work performed in this matter, except fees that may be incurred on appeal. Under these legal principles, Guitar Center shall pay the amount of \$35,000 for fees and costs incurred investigating, litigating and enforcing this matter, including the fees and costs incurred (and yet to be incurred) negotiating, drafting, and obtaining the Court's approval of this Consent Judgment in the public interest. The check for reimbursement of fees and costs shall be made, in the manner detailed in Section 3.4 below.

3.4 Payment Procedures

3.4.1 Funds Held In Trust. All payments required by Sections 3.1 and 3.3 shall be delivered on or before the Effective Date to either The Chanler Group or the attorney of record for Guitar Center and shall be held in trust pending the Court's approval of this Consent Judgment.

Payments delivered to The Chanler Group shall be made payable, as follows:

- (a) One check made payable to "The Chanler Group in Trust for OEHHA" in the amount of \$3,750;
- (b) One check made payable to "The Chanler Group in Trust for John Moore" in the amount of \$1,250; and
- (c) One check made payable to "The Chanler Group in Trust" in the amount of \$35,000.

If Guitar Center elects to deliver payments to its attorney of record, those payments shall be made payable, as follows:

- (a) One check made payable to "Latham & Watkins LLP in Trust for OEHHA" in the amount of \$3,750;
- (b) One check made payable to "Latham & Watkins LLP in Trust for John Moore" in the amount of \$1,250; and
- (c) One check made payable to "Latham & Watkins LLP in Trust for The Chanler Group" in the amount of \$35,000.

If Guitar Center elects to deliver payments to its attorney of record, such attorney of record shall: (a) confirm in writing within five days of receipt that the funds have been deposited in a trust account; and (b) within two days of the date of the hearing on which the Court approves the Consent Judgment, deliver the payment to The Chanler Group in three separate checks, as follows:

- (a) One check made payable to "The Chanler Group in Trust for OEHHA" in the amount of \$3,750;
- (b) One check made payable to "The Chanler Group in Trust for John Moore" in the amount of \$1,250; and
- (c) One check made payable to "The Chanler Group" in the amount of \$35,000.

If the penalty payments required by Section 3.2 above are not waived, payments shall be delivered to The Chanler Group made payable, as follows:

- (a) One check made payable to "The Chanler Group in Trust for OEHHA" in the amount of \$7,500;
- (b) One check made payable to "The Chanler Group in Trust for John Moore" in the amount of \$2,500.

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DEHP from the Products as set forth in the Notice. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to exposures to DEHP from the Products as set forth in the Notice.

4.2 Plaintiff's Individual Release of Claims

In further consideration of the promises and agreements herein contained, and for the payments made pursuant to Section 3, Moore also, in his individual capacity only and not in his representative capacity, hereby releases Guitar Center from all claims, including without limitation all actions, causes of action, in law or in equity, suits, liabilities, demands, obligations, agreements, promises, royalties, accountings, costs, fines, penalties, expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees, damages), losses, claims, liabilities and demands of Plaintiff of any nature, character or kind, whether known or unknown, suspected or unsuspected (collectively, "Claims"), against Guitar Center and each of its retailers, distributors, franchisees, dealers, parent companies, corporate affiliates, successors, assignees, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively, "Releasees"). This release is limited to those Claims that arise under Proposition 65, as such Claims relate to Guitar Center's alleged failure to warn about exposures to DEHP contained in the Products.

Defendant's Release of Plaintiff 4.3

Guitar Center, on behalf of itself and its Releasees, hereby waives any and all claims against Moore, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Moore and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

5. **COURT APPROVAL**

This Consent Judgment is not effective until it is approved and entered by the court and shall be null and void if, for any reason, it is not approved and entered by the court within one

year after it has been fully executed by all Parties, in which event any monies that have been provided to Moore or his counsel pursuant to Section 3 above, shall be refunded within fifteen (15) days after receiving written notice from Guitar Center that the one-year period has expired.

6. **SEVERABILITY**

If, subsequent to the execution of this Consent Judgment, any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. GOVERNING LAW

The terms of this Consent Judgment shall be governed by the laws of the state of California and apply within the state of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Guitar Center shall provide written notice to Moore of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so affected.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any Party by the other Party at the following addresses:

To Guitar Center:

Winston P. Stromberg Latham & Watkins LLP 355 South Grand Avenue Los Angeles, CA 90071-1560

With a copy to:

Ellen Rosenberg, Vice President & Assistant General Counsel Guitar Center, Inc. 5795 Lindero Canyon Road Westlake Village, CA 91362

To Moore:

Proposition 65 Coordinator The Chanler Group 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

Any Party, from time to time, may specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Consent Judgment may be executed in counterparts and by facsimile or portable document format (".pdf"), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or .pdf signature shall be as valid as the original.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Moore agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

11. ADDITIONAL POST EXECUTION ACTIVITIES

The Parties agree to mutually employ their, and their counsel's, reasonable best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner. The Parties acknowledge that, pursuant to California Health and Safety Code section 25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment ("Noticed Motion"), which Moore shall file, and which Guitar Center shall not oppose. For purposes of this paragraph, best efforts shall include at a minimum that Guitar Center join in or file a joinder in the Noticed Motion and participate in any oral argument before the Court on the hearing of the Noticed Motion. If any third party objection to the Noticed Motion is filed, best efforts shall include at a minimum that Guitar Center join in or file a joinder to any reply brief filed by Moore. If the Superior Court does not approve the Noticed Motion, and the Parties choose not to pursue a modified Consent Judgment within 30 days of said denial, or in the event that the Superior Court approve this Consent

Judgment and any person successfully appeals that approval, all payments made pursuant to this Consent Judgment will be returned to Guitar Center.

12. MODIFICATION

This Consent Judgment may be modified only: (1) by written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion of any Party and entry of a modified Consent Judgment by the Court. The Attorney General shall be served with notice of any proposed modification to this Consent Judgment at least fifteen (15) days in advance of its consideration by the Court.

13. ENTIRE AGREEMENT

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

14. <u>AUTHORIZATION</u>

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.

AGREED TO:		AGREED TO:	
Date:	JUNE 24, 2012	Date:	
Ву:	Jh afen Plaintiff JOHN MOORE	By:	

Judgment and any person successfully appeals that approval, all payments made pursuant to this Consent Judgment will be returned to Guitar Center.

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motion of any Party and entry of a modified Consent Judgment by the Court. The Attorney

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14. 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.

AGREED TO:		AGREED TO:		
Date:	, , , , , , , , , , , , , , , , , , ,		Date:	June 15, 2012
Ву:	Plaintiff JOHN MOORE		Ву:	Defendant GUITAR CENTER, INC.
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