ENDORSED FILED ALAMEDA COUNTY

AUG 08 2013

CLERK OF THE SUPERIOR COURT By D. WILLIAMS

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ALAMEDA

CENTER FOR ENVIRONMENTAL HEALTH,) Lead Case No. RG 09-459448
Plaintiff, v. LULU NYC LLC, et al.,	(Consolidated with Case Nos. RG 10- 494289, RG 10-494513, RG 10-494517 RG 11-598595, RG 11-598596, RG 11- 603764 and RG 12-658652) (PROPOSED) CONSENT
Defendants.	judgment as to melecompanies, inc. and melemanufacturing co. LLc
AND CONSOLIDATED CASES.))) _)

1. **DEFINITIONS**

- 1.1 "Covered Products" means wallets, handbags, purses, clutches and totes¹ that are Manufactured, distributed, sold or offered for sale by Settling Defendants.
- 1.2 "Effective Date" means the date on which this Consent Judgment is entered by the Court.
- 1.3 "Lead Limits" means the maximum concentrations of lead and lead compounds ("Lead") by weight specified in Section 3.2.

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¹ This term includes jewelry boxes.

- 1.4 "Manufactured" and "Manufactures" means to manufacture, produce, or assemble.
- 1.5 "Paint or other Surface Coatings" means a fluid, semi-fluid, or other material, with or without a suspension of finely divided coloring matter, which changes to a solid film when a thin layer is applied to a metal, wood, stone, paper, leather, cloth, plastic, or other surface. This term does not include printing inks or those materials which actually become a part of the substrate, such as the pigment in a plastic article, or those materials which are actually bonded to the substrate, such as by electroplating or ceramic glazing.
- 1.6 "Vendor" means a person or entity that Manufactures, imports, distributes, or supplies a Covered Product to Settling Defendants.

2. INTRODUCTION

- 2.1 The parties to this Consent Judgment ("Parties") are the Center for Environmental Health ("CEH") and defendants Mele Companies, Inc. and Mele Manufacturing Co. LLC (collectively, the "Settling Defendants").
- 2.2 On June 24, 2009, CEH filed the action entitled *CEH v. Lulu NYC LLC*, *et al.*, Case No. RG 09-459448, alleging Proposition 65 violations as to wallets, handbags, purses and clutches. The Court has consolidated the *Lulu* matter with a number of other related Proposition 65 cases.
- On or about March 27, 2012, CEH served a 60-Day Notice of Violation under Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5, *et seq.*), alleging that Settling Defendants violated Proposition 65 by exposing persons to Lead contained in wallets, handbags, purses and clutches, without first providing a clear and reasonable Proposition 65 warning. On December 5, 2012, CEH filed the action entitled *CEH v. Fashion Eden*, Case No. RG 12-658652, naming Settling Defendants as "Handbags Defendants" in the action.
- 2.4 Settling Defendants manufacture, distribute and/or offer for sale Covered Products in the State of California or has done so in the past.

2.6 Nothing in this Consent Judgment is or shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument or defense the Parties may have in any other legal proceeding. This Consent Judgment is the product of negotiation and compromise and is accepted by the Parties for purposes of settling, compromising and resolving issues disputed in this action.

3. INJUNCTIVE RELIEF

3.1 **Specification Compliance Date.** To the extent they have not already done so, no more than 30 days after the Effective Date, Settling Defendants shall provide the Lead Limits to their Vendors of Covered Products and shall instruct each Vendor to use reasonable efforts to provide Covered Products that comply with the Lead Limits on a nationwide basis.

3.2 **Lead Limits.**

Commencing on the Effective Date, Settling Defendants shall not purchase, import, Manufacture, or supply to an unaffiliated third party any Covered Product that will be sold or offered for sale to California consumers that contains a material or is made of a component that exceeds the following Lead Limits:

- 3.2.1 Paint or other Surface Coatings: 90 parts per million ("ppm").
- 3.2.2 Polyvinyl chloride ("PVC"): 200 ppm.
- 3.2.3 All other materials or components other than cubic zirconia (sometimes called cubic zirconium, CZ), crystal, glass or rhinestones: 300 ppm.
 - 3.3 **Final Retail Compliance Date.** Commencing on the Effective Date, Settling

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Defendants shall not sell or offer for sale in California any Covered Product that exceeds the Lead Limits specified in Section 3.2. For purposes of this Section 3.3, when Settling Defendants' direct customer sells or offers for sale to California consumers a Covered Product after the Effective Date, Settling Defendants are deemed to "offer for sale in California" that Covered Product.

3.4 Action Regarding Specific Products.

- 3.4.1 On or before the Effective Date, Settling Defendants shall cease selling the Mele Ellis Travel Clutch in Red, SKU No. 7802353, UPC No. 7-39175-97919-3 (the "Section 3.4 Product") in California. On or before the Effective Date, Settling Defendants shall also: (i) cease shipping the Section 3.4 Product to any of their stores and/or customers that resell the Section 3.4 Product in California, and (ii) send instructions to their stores and/or customers that resell the Section 3.4 Product in California instructing them either to: (a) return all of the Section 3.4 Product to Settling Defendants for destruction; or (b) directly destroy the Section 3.4 Product.
- 3.4.2 Any destruction of the Section 3.4 Product shall be in compliance with all applicable laws.
- 3.4.3 Within sixty days of the Effective Date, Settling Defendants shall provide CEH with written certification from Settling Defendants confirming compliance with the requirements of this Section 3.4.

4. ENFORCEMENT

- 4.1 Any Party may, after meeting and conferring, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Enforcement of the terms and conditions of Sections 3.2 and 3.3 of this Consent Judgment shall be brought exclusively pursuant to Sections 4.2 through 4.3.
- 4.2 **Notice of Violation.** CEH may seek to enforce the requirements of Sections 3.2 or 3.3 by issuing a Notice of Violation pursuant to this Section 4.2.
 - 4.2.1 **Service of Notice.** CEH shall serve the Notice of Violation on Settling Defendants within 45 days of the date the alleged violation(s) was or were observed,

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provided, however, that: (i) CEH may have up to an additional 45 days to provide Settling Defendants with the test data required by Section 4.2.2(d) below if it has not yet obtained it from its laboratory; and (ii) CEH may serve a Notice of Violation to a supplier of a Covered Product so long as: (a) the identity of the supplier cannot be discerned from the labeling of the Covered Product; and (b) the Notice of Violation to the supplier is served within 45 days of the date the supplier is identified by CEH.

- **Supporting Documentation.** The Notice of Violation shall, at a minimum, 4.2.2 set forth for each Covered Product: (a) the date(s) the alleged violation(s) was observed, (b) the location at which the Covered Product was offered for sale, (c) a description of the Covered Product giving rise to the alleged violation, and of each material or component that is alleged not to comply with the Lead Limits, including a picture of the Covered Product and all identifying information on tags and labels, and (d) all test data obtained by CEH regarding the Covered Product and related supporting documentation, including all laboratory reports, quality assurance reports and quality control reports associated with testing of the Covered Products. Such Notice of Violation shall be based at least in part upon total acid digest testing performed by an independent accredited laboratory. Wipe, swipe, x-ray fluorescence, and swab testing are not by themselves sufficient to support a Notice of Violation, although any such testing may be used as additional support for a Notice. The Parties agree that the sample Notice of Violation attached hereto as Exhibit A is sufficient in form to satisfy the requirements of subsections (c) and (d) of this Section 4.2.2.
- **Additional Documentation.** CEH shall promptly make available for inspection and/or copying upon request by and at the expense of Settling Defendants, all supporting documentation related to the testing of the Covered Products and associated quality control samples, including chain of custody records, all laboratory logbook entries for laboratory receiving, sample preparation, and instrumental analysis, and all printouts from all analytical instruments relating to the testing of Covered Product samples and any and all calibration, quality assurance, and quality control tests performed or relied upon in

conjunction with the testing of the Covered Products, obtained by or available to CEH that pertains to the Covered Product's alleged noncompliance with Section 3 and, if available, any exemplars of Covered Products tested.

- 4.2.4 **Multiple Notices.** If Settling Defendants have received more than four Notices of Violation in any 12-month period, at CEH's option, CEH may seek whatever fines, costs, penalties, or remedies are provided by law for failure to comply with the Consent Judgment. For purposes of determining the number of Notices of Violation pursuant to this Section 4.2.4, the following shall be excluded:
- (a) Multiple notices identifying Covered Products Manufactured for or sold to Settling Defendants from the same Vendor; and
- (b) A Notice of Violation that meets one or more of the conditions of Section 4.3.3(b).
- 4.3 **Notice of Election.** Within 30 days of receiving a Notice of Violation pursuant to Section 4.2, including the test data required pursuant to 4.2.2(d), Settling Defendants shall provide written notice to CEH stating whether they elect to contest the allegations contained in the Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election shall be deemed an election to contest the Notice of Violation. Any contributions to the Fashion Accessory Testing Fund required under this Section 4.3 shall be made payable to The Center for Environmental Health and included with Settling Defendants' Notice of Election.
 - 4.3.1 **Contested Notices.** If the Notice of Violation is contested, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including any test data. Within 30 days the parties shall meet and confer to attempt to resolve their dispute. Should such attempts at meeting and conferring fail, CEH may file an enforcement motion or application pursuant to Section 4.1. If Settling Defendants withdraw their Notice of Election to contest the Notice of Violation before any motion concerning the violations alleged in the Notice of Violation is filed pursuant to Section 4.1, Settling Defendants shall make a contribution to the Proposition 65 Fashion Accessory Testing Fund in the amount of \$12,500 and shall comply with all of the non-

monetary provisions of Section 4.3.2. If, at any time prior to reaching an agreement or obtaining a decision from the Court, CEH or a Settling Defendant acquires additional test or other data regarding the alleged violation, it shall promptly provide all such data or information to the other Party.

4.3.2 **Non-Contested Notices.** If the Notice of Violation is not contested, Settling Defendants shall include in their Notice of Election a detailed description of corrective action that they have undertaken or propose to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that the Covered Product will no longer be offered by Settling Defendants or their customers for sale in California. If there is a dispute over the sufficiency of the proposed corrective action or its implementation, CEH shall promptly notify Settling Defendants and the Parties shall meet and confer before seeking the intervention of the Court to resolve the dispute. In addition to the corrective action, Settling Defendants shall make a contribution to the Fashion Accessory Testing Fund in the amount of \$10,000, unless one of the provisions of Section 4.3.3 applies.

4.3.3 Limitations in Non-Contested Matters.

- (a) If Settling Defendants elect not to contest a Notice of Violation before any motion concerning the violation(s) at issue has been filed, the monetary liability of Settling Defendants shall be limited to the contributions required by Section 4.3.2 and this Section 4.3.3, if any.
 - (b) The contribution to the Fashion Accessory Testing Fund shall be:
 - (i) One thousand seven hundred fifty dollars (\$1,750) if Settling Defendants, prior to receiving and accepting for distribution or sale the Covered Product identified in the Notice of Violation, obtained test results demonstrating that all of the materials or components in the Covered Product identified in the Notice of Violation complied with the applicable Lead Limits, and further provided that such test results meet the same quality criteria to support a Notice of Violation as set forth in Section 4.2.2

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and that the testing was performed within two years prior to the date of the sales transaction on which the Notice of Violation is based. Settling Defendants shall provide copies of such test results and supporting documentation to CEH with their Notice of Election; or

- (ii) One thousand five hundred dollars (\$1,500) if Settling
 Defendants are in violation of Section 3.3 only insofar as that Section
 deems Settling Defendants to have "offered for sale" a product sold at
 retail by Settling Defendants' customer, provided however, that no
 contribution is required or payable if Settling Defendants have already
 been required to pay a total of ten thousand dollars (\$10,000) pursuant to
 this subsection. This subsection shall apply only to Covered Products that
 Settling Defendants demonstrate were shipped prior to the Effective Date;
 or
- (iii) Not required or payable, if the Notice of Violation identifies the same Covered Product or Covered Products, differing only in size or color, that have been the subject of another Notice of Violation within the preceding 12 months.

5. PAYMENTS

- 5.1 **Payments by Settling Defendants.** Within five (5) business days of the Effective Date, Settling Defendants shall pay the total sum of \$50,000 as a settlement payment. The total settlement amount for Settling Defendants shall be paid in three separate checks and delivered to the offices of the Lexington Law Group (Attn: Eric Somers), 503 Divisadero Street, San Francisco, California 94117-2212, and made payable and allocated as follows:
- 5.1.1 Settling Defendants shall pay the sum of \$6,600 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). CEH shall apportion this payment in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment). The civil penalty check shall be made payable to the Center For Environmental Health.

- 5.1.2 Settling Defendants shall pay the sum of \$9,900 as a payment in lieu of civil penalty to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3203(b). CEH shall use such funds to continue its work educating and protecting people from exposures to toxic chemicals, including heavy metals. In addition, as part of its Community Environmental Action and Justice Fund, CEH will use four percent of such funds to award grants to grassroots environmental justice groups working to educate and protect people from exposures to toxic chemicals. The method of selection of such groups can be found at the CEH web site at www.ceh.org/justicefund. The payment pursuant to this Section shall be made payable to the Center For Environmental Health.
- 5.1.3 Settling Defendants shall also separately pay the sum of \$33,500 to the Lexington Law Group as reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement check shall be made payable to the Lexington Law Group.

6. MODIFICATION

- 6.1 **Written Consent.** This Consent Judgment may be modified from time to time by express written agreement of the Parties with the approval of the Court, or by an order of this Court upon motion and in accordance with law.
- 6.2 **Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASED

This Consent Judgment is a full, final and binding resolution between CEH on behalf of itself and the public interest and Settling Defendants, and their parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, and attorneys ("Defendant Releasees"), and each entity to whom they directly or indirectly distribute or sell Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Downstream Defendant Releasees") of any violation of Proposition 65 that was or could have been asserted in the Complaint against

9. COURT APPROVAL

9.1 This Consent Judgment shall become effective upon entry by the Court. CEH shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendants shall each support entry of this Consent Judgment.

9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or effect and shall never be introduced into evidence or otherwise used in any proceeding for any purpose other than to allow the Court to determine if there was a material breach of Section 9.1.

10. ATTORNEYS' FEES

10.1 Should CEH prevail on any motion, application for an order to show cause or other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its reasonable attorneys' fees and costs incurred as a result of such motion or application. Should Settling Defendants prevail on any motion application for an order to show cause or other proceeding, Settling Defendants may be awarded their reasonable attorneys' fees and costs as a result of such motion or application upon a finding by the Court that CEH's prosecution of the motion or application lacked substantial justification. For purposes of this Consent Judgment, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.

- 10.2 Except as otherwise provided in this Consent Judgment, each Party shall bear its own attorneys' fees and costs.
- 10.3 Nothing in this Section 10 shall preclude a Party from seeking an award of sanctions pursuant to law.

11. TERMINATION

- This Consent Judgment shall be terminable by CEH or by Settling Defendants at any time after January 1, 2019, upon the provision of 30 days advanced written notice; such termination shall be effective upon the subsequent filing of a notice of termination with Superior Court of Alameda County.
- Should this Consent Judgment be terminated pursuant to this Section, it shall be of no further force or effect as to the terminated parties; provided, however that if CEH is the

terminating Party, the provisions of Sections 5 and 7 shall survive any termination and provided further that if Settling Defendants are the terminating Parties, the provisions of Sections 5 and 7.1 shall survive any termination.

12. OTHER TERMS

- The terms of this Consent Judgment shall be governed by the laws of the State of California.
- This Consent Judgment shall apply to and be binding upon CEH and Settling Defendants, and the successors or assigns of any of them.
- 12.3 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, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Consent Judgment have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.
- 12.4 Nothing in this Consent Judgment shall release, or in any way affect any rights that Settling Defendants might have against any other party, whether or not that party is a Settling Defendant.
- This Court shall retain jurisdiction of this matter to implement or modify the Consent Judgment.
- 12.6 The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document.

1	1 12.7 Each signatory to this Co	onsent Judgment certifies that he or she is fully			
2	authorized by the Party he or she represents to stipulate to this Consent Judgment and to enter into				
3	and execute the Consent Judgment on behalf	and execute the Consent Judgment on behalf of the Party represented and legally to bind that			
4	4 Party.				
5	5 12.8 The Parties, including the	neir counsel, have participated in the preparation of			
6	6 this Consent Judgment and this Consent Judgment	this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties.			
7	7 This Consent Judgment was subject to revis	This Consent Judgment was subject to revision and modification by the Parties and has been			
8	8 accepted and approved as to its final form b	accepted and approved as to its final form by all Parties and their counsel. Accordingly, any			
9	uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any				
10	Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this				
11	Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to				
12	be resolved against the drafting Party should not be employed in the interpretation of this Consen				
13	Judgment and, in this regard, the Parties he	Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.			
14	14				
15	15 IT IS SO ORDERED:				
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17	17 Dated: AUG 0 8 2013	The Honorable St.			
18	18	Judge of the Superior Court			
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CONSENT JUDGMENT - MELE COMPANIES, INC. - LEAD CASE NO. RG 09-459448

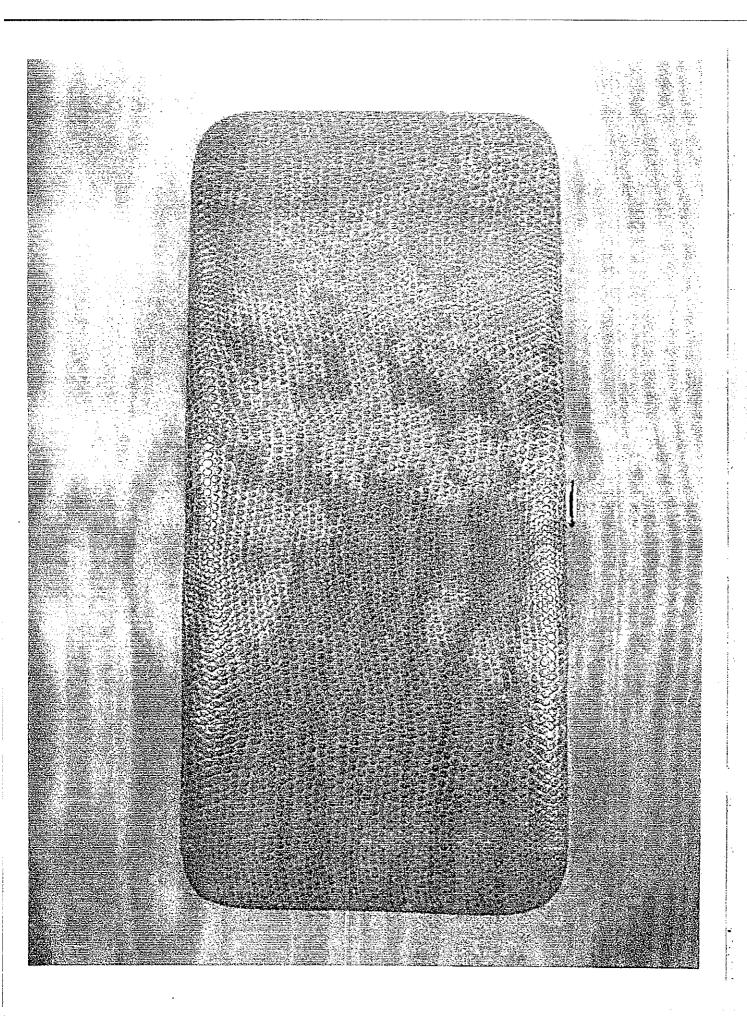
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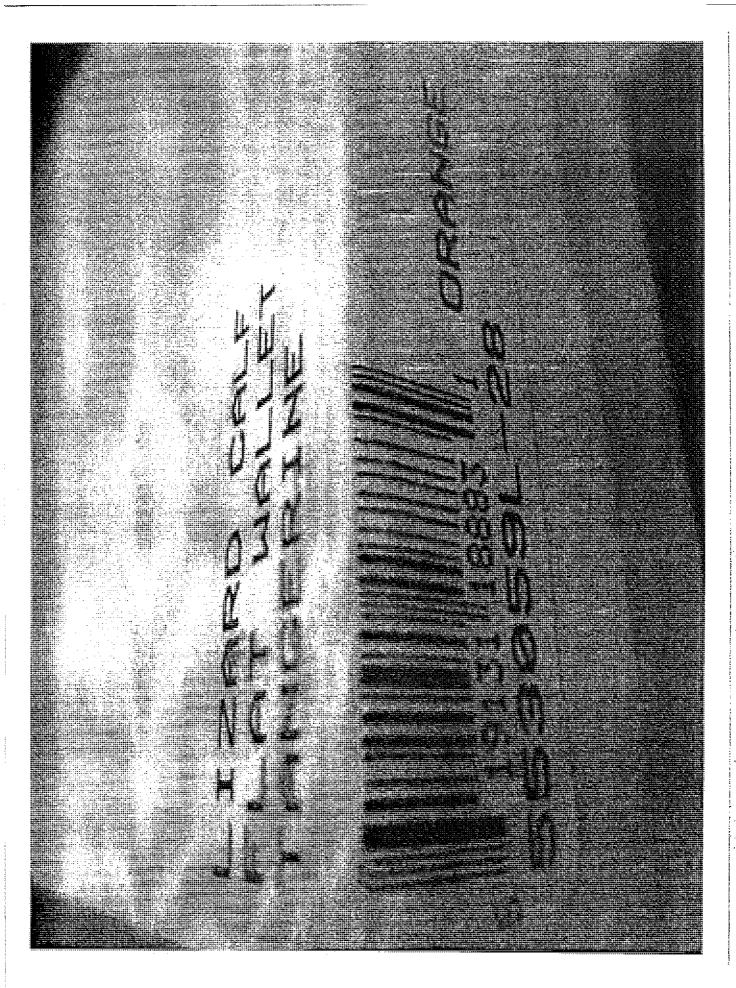
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23	Signature
24	RAYMOND R. WETE
25	Printed Name
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27	PRESIDENT
28	Title
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CONSENT JUDGMENT - MELE COMPANIES, INC. - LEAD CASE NO. RG 09-459448

Exhibit A





365 North Canyons Parkway, Suite 201 Tech Center: 2441 Constitution Drive Livermore CA 94551



925-828-1440 www.TheNFL.com

Analytical Report

August 03, 2011

Lexington Law Group 503 Divisidero Street San Francisco, CA 94117 Analytical Report No.: CL3573-33 Analysis Dates: 07/26/11 - 08/03/11

Listed below are the results of our analyses for sample(s) received on July 26, 2011.

CEH ID#AB789L, Wallet (Orange Surface Material On Main Part Of W					
Analyte	Result	Units	Method Ref.		
Lead	67500	ppm	NIOSH 7082		

A portion of the sample was digested in a microwave oven with concentrated nitric acid and analyzed by ICP-MS.

Sample(s) were received in good condition unless and results are reported based on the sample(s) as received, unless otherwise noted. Please note that these results apply only to the sample(s) submitted for this report. Samples from a different portion of the same lot may produce different results.

The National Food Lab services are provided subject to our standard terms and conditions, which can be found on our website, www.TheNFL.com. Should you have any questions concerning these results, please do not hesitate to contact us. Thank you for using the services of the National Food Lab.

Sincerely,

Grace Bandong, Division Manager, Food Contaminants - Chemistry

cc: The NFL's Accounts Receivable