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17 LAURENCE VINOCUR and  
18 PETER ENGLANDER

19 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
20 FOR THE COUNTY OF ALAMEDA  
21 UNLIMITED CIVIL JURISDICTION

22 LAURENCE VINOCUR and PETER  
23 ENGLANDER,  
24  
25 Plaintiffs,  
26  
27 v.  
28 CHEYENNE INDUSTRIES, LLC; et al.  
29  
30 Defendants.

) Case No.: RG13673710  
)  
) **[PROPOSED] JUDGMENT PURSUANT**  
) **TO TERMS OF PROPOSITION 65**  
) **SETTLEMENTS AND CONSENT**  
) **JUDGMENTS AS TO CHEYENNE**  
) **INDUSTRIES, LLC; JONATHAN LOUIS**  
) **INTERNATIONAL LTD.; LEXINGTON**  
) **FURNITURE INDUSTRIES, INC.**  
) **(NAMED AS LEXINGTON HOME**  
) **FURNISHINGS); SUMMER INFANT**  
) **(USA), INC.; VIRCO MANUFACTURING**  
) **CORP; GLOBAL INDUSTRIES, INC;**  
) **HELEN OF TROY L.P.; OTTO**  
) **INTERNATIONAL (USA) LLC; RECARO**  
) **CHILD SAFETY LLC; THE**  
) **UTTERMOST COMPANY; STEIN**  
) **WORLD OPERATING COMPANY;**  
) **RESTORATION HARDWARE, INC; AND**  
) **KMART CORPORATION**

) Date: January 24, 2014  
) Time: 9:00 a.m.  
) Dept.: 17  
) Judge: Hon. George C. Hernandez, Jr.

ENDORSED  
FILED  
ALAMEDA COUNTY

JAN 30 2014

CLERK OF THE SUPERIOR COURT  
By YOLANDA ESTRADA Deputy

1 Plaintiffs Laurence Vinocur and Peter Englander, and Defendants Cheyenne Industries,  
2 LLC; Jonathan Louis International Ltd.; Lexington Furniture Industries, Inc. (named as  
3 Lexington Home Furnishings); Summer Infant (USA), Inc.; Virco Manufacturing Corp; Global  
4 Industries, Inc.; Helen Of Troy L.P.; Otto International (USA) LLC; Recaro Child Safety LLC;  
5 The Uttermost Company; Stein World Operating Company; Restoration Hardware, Inc.; and  
6 Kmart Corporation (collectively "Cheyenne Defendants"), have agreed through their respective  
7 counsel that Judgment be entered pursuant to the terms of their settlement agreements in the  
8 form of Consent Judgments, and pursuant to this Court's order approving the Proposition 65  
9 settlements and Consent Judgments,

10 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, pursuant to Health and  
11 Safety Code section 25249.7(f)(4) and Code of Civil Procedure section 664.6, judgment is  
12 hereby entered in accordance with the terms of the Consent Judgments attached hereto as  
13 Exhibits 1, 2 and 3, as subject to the terms of the Court's order approving the subject  
14 Proposition 65 Settlements. By stipulation of the parties, the Court will retain jurisdiction to  
15 enforce the terms of the Settlements under Code of Civil Procedure section 664.6.

16 **IT IS SO ORDERED.**

17  
18 Dated: JAN 30 2014

**GEORGE C. HERNANDEZ, JR.**  
\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT

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# **Exhibit 1**

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10 Attorneys for Plaintiffs  
LAURENCE VINO CUR and PETER ENGLANDER

11  
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF ALAMEDA - UNLIMITED CIVIL JURISDICTION  
14

15 LAURENCE VINO CUR and PETER  
ENGLANDER  
16  
17 Plaintiffs,  
18  
19 v.  
20 CHEYENNE INDUSTRIES, LLC; et al.  
21  
22 Defendants.  
23  
24  
25  
26  
27  
28

Case No. RG 13-673710

Assigned for All Purposes to  
Judge George C. Hernandez, Jr.,  
Department 17

**[PROPOSED] CONSENT JUDGMENT AS  
TO CHEYENNE INDUSTRIES, LLC;  
JONATHAN LOUIS INTERNATIONAL  
LTD.; LEXINGTON FURNITURE  
INDUSTRIES, INC. (named as Lexington  
Home Furnishings); SUMMER INFANT  
(USA), INC.; AND VIRCO  
MANUFACTURING CORP.**

(Health & Safety Code § 25249.6 *et seq.*)

Complaint Filed: April 2, 2013

1 **1. INTRODUCTION**

2 **1.1 Parties**

3 This Consent Judgment is entered into by and between plaintiffs LAURENCE VINO CUR  
4 and PETER ENGLANDER ("Plaintiffs") on the one hand and defendants CHEYENNE  
5 INDUSTRIES, LLC; JONATHAN LOUIS INTERNATIONAL LTD.; LEXINGTON  
6 FURNITURE INDUSTRIES, INC. (named as Lexington Home Furnishings); SUMMER INFANT  
7 (USA), INC.; AND VIRCO MANUFACTURING CORP as further identified in the Exhibit A's  
8 attached hereto (collectively referred to herein as the "Settling Defendants") on the other hand, with  
9 Plaintiffs and the Settling Defendants collectively referred to as the "Parties."

10 **1.2 Plaintiffs**

11 Plaintiffs are individuals residing in the State of California who seek to promote awareness  
12 of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous  
13 substances contained in consumer and commercial products.

14 **1.3 Settling Defendants**

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

18 **1.4 General Allegations**

19 **1.4.1** Plaintiffs allege that each Settling Defendant manufactured, imported, sold  
20 and/or distributed for sale in California, products with foam cushioned components containing  
21 tris(1,3-dichloro-2-propyl) phosphate ("TDCPP") and/or tris(2-chloroethyl) phosphate ("TCEP")  
22 without the requisite Proposition 65 health hazard warnings.

23 **1.4.2** Pursuant to Proposition 65, on April 1, 1992, California identified and listed  
24 TCEP as a chemical known to cause cancer. TCEP became subject to the "clear and reasonable  
25 warning" requirements of the Act one year later on April 1, 1993. Cal. Code Regs., Tit. 27, §  
26 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

27 **1.4.3** Pursuant to Proposition 65, on October 28, 2011, California identified and  
28 listed TDCPP as a chemical known to cause cancer. TDCPP became subject to the "clear and

1 reasonable warning” requirements of Proposition 65 one year later on October 28, 2012. Cal. Code  
2 Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

3 TDCPP and TCEP are hereinafter collectively referred to as the “Listed Chemicals.” Plaintiffs  
4 allege that the Listed Chemicals escape from foam padding, leading to human exposures.

### 5 1.5 Product Description

6 The categories of products that are covered by this Consent Judgment as to each Settling  
7 Defendant are identified on Exhibit A (hereinafter “Products”). Polyurethane foam that is supplied,  
8 shaped or manufactured for use as a component of another product, such as upholstered furniture,  
9 but which is not itself a finished product, is specifically excluded from the definition of Products  
10 and shall not be identified by a Settling Defendant on Exhibit A as a Product.

### 11 1.6 Notices of Violation

12 Beginning in December 2012, Plaintiffs served Settling Defendants and certain requisite  
13 public enforcement agencies with “60-Day Notices of Violation” (“Notices”) that provided the  
14 recipients with notice of alleged violations of Proposition 65 based on the alleged failure to warn  
15 customers, consumers, and workers in California that the Products expose users to one or more  
16 Listed Chemicals.<sup>1</sup> To the best of the Parties’ knowledge, no public enforcer has commenced or is  
17 diligently prosecuting the allegations set forth in the Notices.

### 18 1.7 Complaint

19 On April 19, 2013, Plaintiffs filed a First Amended Complaint in the Superior Court in and  
20 for the County of Alameda against the Settling Defendants, other defendants and Does 4 through  
21 150, *Laurence Vinocur and Peter Englander v. Cheyenne Industries, LLC, et al.*, Case No. RG 13-  
22 673710, alleging violations of Proposition 65, based in part on the alleged unwarned exposures to  
23 TDCPP contained in the Products. On July 9, 2013, Englander filed a Second Amended Complaint  
24 (“Complaint”), alleging additional violations of Proposition 65, including unwarned exposures to  
25 TCEP.

26  
27 <sup>1</sup> Based on their further investigation, Plaintiffs have also issued supplemental 60-day notices to  
28 some of the Settling Defendants alleging that the Products contain and expose Californians to di(2-  
ethylhexyl)phthalate (“DEHP”). DEHP and other phthalates including butyl benzyl phthalate (“BBP”) and  
Di-n-butyl phthalate (“DBP”) are listed under Proposition 65 as chemicals known to cause birth defects and  
other reproductive harm.



1           2.3    **Effective Date**

2           “Effective Date” shall mean October 15, 2013.

3           2.4    **Private Label Covered Products**

4           “Private Label Covered Products” means Products that bear a brand or trademark owned or  
5 licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of  
6 California.

7           2.5    **Reformulated Products**

8           “Reformulated Products” shall mean Products that contain no Detectable amount of TDCPP  
9 or TCEP.<sup>2</sup>

10          2.6    **Reformulation Standard**

11          The “Reformulation Standard” shall mean containing no more than 25 ppm for each of  
12 TDCPP and TCEP.

13          2.7    **Retailer**

14          “Retailer” means an individual or entity that offers a Product for retail sale to consumers in  
15 the State of California.

16    **3.    INJUNCTIVE RELIEF: REFORMULATION**

17          3.1    **Reformulation Commitment**

18          Commencing on March 31, 2014, Settling Defendants shall not manufacture or import for  
19 distribution or sale to California Customers, or cause to be manufactured or imported for  
20 distribution or sale to California Customers, any Products that are not Reformulated Products.

21          3.2    **Vendor Notification/Certification**

22          On or before the Effective Date, each Settling Defendant shall provide written notice to all  
23 of its then-current vendors of the Products, instructing each such vendor to use reasonable efforts to  
24 provide it with only Reformulated Products. In addressing the obligation set forth in the preceding  
25 sentence, a Settling Defendant shall not employ statements that will encourage a vendor to delay  
26 compliance with the Reformulation Standard. The Settling Defendant shall subsequently obtain

27 \_\_\_\_\_  
28           <sup>2</sup> As to the Settling Defendants who received supplemental Notices concerning DEHP, the term  
“Reformulated Products” further requires that the Products for which claims concerning DEHP were noticed  
(the “Phthalate Products”) contain no more than 1000 ppm each of DEHP, BBP, and DBP.

1 written certifications, no later than April 1, 2014, from such vendors, and any newly engaged  
2 vendors, that the Products manufactured by such vendors are in compliance with the Reformulation  
3 Standard. Certifications shall be held by the Settling Defendant for at least two years after their  
4 receipt and shall be made available to Plaintiffs upon request.

### 5 3.3 Products No Longer in a Settling Defendant's Control

6 No later than 45 days after the Effective Date, each Settling Defendant shall send a letter,  
7 electronic or otherwise ("Notification Letter") to: (1) each California Customer and/or Retailer  
8 which it, after October 28, 2011, supplied the item for resale in California described as an exemplar  
9 in the Notice(s) the Settling Defendant received from Plaintiffs ("Exemplar Product"); and (2) any  
10 California Customer and/or Retailer that the Settling Defendant reasonably understands or believes  
11 had any inventory for resale in California of Exemplar Products as of the relevant Notice's dates.  
12 The Notification Letter shall advise the recipient that the Exemplar Product "contains TDCPP  
13 and/or TCEP, chemicals known to the State of California to cause cancer," and request that the  
14 recipient either: (a) label the Exemplar Products remaining in inventory for sale in California, or to  
15 California Customers, pursuant to Section 3.5; or (b) return, at the Settling Defendant's sole  
16 expense, all units of the Exemplar Product held for sale in California, or to California Customers, to  
17 the Settling Defendant or a party the Settling Defendant has otherwise designated. The Notification  
18 Letter shall require a response from the recipient within 15 days confirming whether the Exemplar  
19 Product will be labeled or returned. The Settling Defendant shall maintain records of all  
20 correspondence or other communications generated pursuant to this Section for two years after the  
21 Effective Date and shall promptly produce copies of such records upon Plaintiffs' written request.

### 22 3.4 Current Inventory

23 Any Products in, or manufactured and en route to, a Settling Defendant's inventory as of or  
24 after December 31, 2013, that do not qualify as Reformulated Products and that the Settling  
25 Defendant has reason to believe may be sold or distributed for sale in California, shall contain a  
26 clear and reasonable warning as set forth in Section 3.5 below unless Section 3.6 applies.<sup>3</sup>  
27

28 <sup>3</sup> This shall not apply to Products which are Private Label Covered Products in a Retailer Settling  
Defendants' inventory as of December 31, 2013.

1           **3.5 Product Warnings**

2                   **3.5.1 Product Labeling**

3           Any warning provided under Section 3.3 or 3.4 above shall be affixed to the packaging,  
4 labeling, or directly on each Product. Each warning shall be prominently placed with such  
5 conspicuousness as compared with other words, statements, designs, or devices as to render it likely  
6 to be read and understood by an ordinary individual under customary conditions before purchase.  
7 Each warning shall be provided in a manner such that the consumer or user understands to which  
8 specific Product the warning applies, so as to minimize the risk of consumer confusion.

9           A warning provided pursuant to this Consent Judgment shall state:

10                           **WARNING:** This product contains [TDCPP and/or  
11   TCEP], flame retardant chemicals  
  known to the State of California to  
  cause cancer.<sup>4</sup>

12           Attached as Exhibit B are template warnings developed by Plaintiffs that are deemed to be clear and  
13 reasonable for purposes of this Consent Judgment.<sup>5</sup> Provided that the other requirements set forth  
14 in this Section are addressed, including as to the required warning statement and method of  
15 transmission as set forth above, Settling Defendants remain free not to utilize the template  
16 warnings.

17                   **3.5.2 Internet Website Warning**

18           A warning shall be given in conjunction with the sale of the Products to California, or  
19 California Customers, via the internet, which warning shall appear on one or more web pages

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21           <sup>4</sup> The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if  
22 the Settling Defendant had begun to use it, prior to the Effective Date. A Settling Defendant that seeks to  
23 use alternative warning language, other than the language specified above or the safe harbor warning  
24 specified in 27 CCR § 25603.2, or that seeks to use an alternate method of transmission of the warning, must  
25 obtain the Court's approval of its proposed alternative and provide all Parties and the Office of the Attorney  
General with timely notice and the opportunity to comment or object before the Court acts on the request.  
The Parties agree that the following warning language shall not be deemed to meet the requirements of 27  
CCR § 25601 *et seq.* and shall not be used pursuant to this Consent Judgment: (a) "cancer or birth defects or  
other reproductive harm" and (b) "cancer, birth defects or other reproductive harm."

26           <sup>5</sup> The characteristics of the template warnings are as follows: (a) a yellow hang tag measuring 3" x  
27 5", with no less than 12 point font, with the warning language printed on each side of the hang tag, which  
28 shall be affixed directly to the Product; (b) a yellow warning sign measuring 8.5" x. 11", with no less that 32  
point font, with the warning language printed on each side, which shall be affixed directly to the Product;  
and (c) for Products sold at retail in a box or packaging, a yellow warning sticker measuring 3" x 3", with no  
less than 12 point font, which shall be affixed directly to the Product packaging.

1 displayed to a purchaser during the checkout process. The following warning statement shall be  
2 used and shall: (a) appear adjacent to or immediately following the display, description, or price of  
3 the Product; (b) appear as a pop-up box; or (c) otherwise appear automatically to the consumer.  
4 The warning text shall be the same type size or larger than the Product description text:

5 **WARNING:** This product contains [TDCPP and/or  
6 TCEP], flame retardant chemicals  
7 known to the State of California to  
8 cause cancer.<sup>6</sup>

### 8 3.6 Alternatives to Interim Warnings

9 The obligations of a Settling Defendant under Section 3.3 shall be relieved provided the  
10 Settling Defendant certifies on or before December 15, 2013 that only Exemplar Products meeting  
11 the Reformulation Standard will be offered for sale in California, or to California Customers for  
12 sale in California, after December 31, 2013. The obligations of a Settling Defendant under Section  
13 3.4 shall be relieved provided the Settling Defendant certifies on or before December 15, 2013 that,  
14 after June 30, 2014, it will only distribute or cause to be distributed for sale in, or sell in,  
15 California, or to California Customers for sale in California, Products (i.e., Products beyond the  
16 Exemplar Product) meeting the Reformulation Standard. The certifications provided by this  
17 Section are material terms and time is of the essence.

## 18 4. MONETARY PAYMENTS

### 19 4.1 Civil Penalties Pursuant to Health & Safety Code § 25249.7(b)

20 In settlement of all the claims referred to in this Consent Judgment, a Settling Defendant  
21 shall pay the civil penalties shown for it on Exhibit A in accordance with this Section.<sup>7</sup>  
22 Each penalty payment will be allocated in accordance with California Health & Safety Code  
23 § 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental  
24 Health Hazard Assessment (“OEHHA”), 12.5% of the penalty remitted to “The Chanler Group in  
25 Trust for Englander” and the remaining 12.5% of the penalty remitted to “The Chanler Group in  
26

27 <sup>6</sup> Footnote 4, *supra*, applies in this context as well.

28 <sup>7</sup> For Settling Defendants that received supplemental Notices alleging violations of Proposition 65 concerning DEHP in Phthalate Products, the penalty amount shown on Exhibit A includes an additional component to address the resolution of those additional claims.

1 Trust for Vinocur.” Each penalty payment shall be made within two business days of the date it is  
2 due and be delivered to the addresses listed in Section 4.5 below. A Settling Defendant shall be  
3 liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under  
4 this Section that are not received within two business days of the due date.

5 4.1.1 Initial Civil Penalty. On or before the Effective Date, each Settling  
6 Defendant shall make an initial civil penalty payment in the amount identified on the Settling  
7 Defendant’s Exhibit A.

8 4.1.2 Second Civil Penalty. On or before January 15, 2014, each Settling  
9 Defendant shall make a second civil penalty payment in the amount identified on the Settling  
10 Defendant’s Exhibit A. The amount of the second penalty may be reduced according to any penalty  
11 waiver the Settling Defendant is eligible for under Sections 4.1.4(i) and 4.1.4(iii), below.

12 4.1.3 Third Civil Penalty. On or before November 30, 2014, each Settling  
13 Defendant shall make a third civil penalty payment in the amount identified on the Settling  
14 Defendant’s Exhibit A. The amount of the third penalty may be reduced according to any penalty  
15 waiver the Settling Defendant is eligible for under Sections 4.1.4(ii) and 4.1.4(iv), below.

16 4.1.4 Reductions to Civil Penalty Payment Amounts. Each Settling Defendant  
17 may reduce the amount of the second and/or third civil penalty payments identified on the Settling  
18 Defendant’s Exhibit A by providing Plaintiffs with certification of certain efforts undertaken to  
19 reformulate their Products or limit the ongoing sale of non-reformulated Products in California.  
20 The options to provide a written certification in lieu of making a portion of a Settling Defendant’s  
21 civil penalty payment constitute material terms of this Consent Judgment, and with regard to such  
22 terms, time is of the essence.

23 4.1.4(i) **Partial Penalty Waiver for Accelerated Reformulation of**  
24 **Products Sold or Offered for Sale in California.**

25 As shown on an electing Settling Defendant’s Exhibit A, a portion of the second civil  
26 penalty shall be waived, to the extent that it has agreed that, as of November 1, 2013, and  
27 continuing into the future, it shall only manufacture or import for distribution or sale to California  
28 Customers or cause to be manufactured or imported for distribution or sale to California Customers,

1 Reformulated Products. An officer or other authorized representative of a Settling Defendant that  
2 has exercised this election shall provide Plaintiffs with a written certification confirming  
3 compliance with such conditions, which certification must be received by Plaintiffs' counsel on or  
4 before December 15, 2013.

5 **4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.**

6 As shown on an electing Settling Defendant's Exhibit A, a portion of the third civil penalty  
7 shall be waived, to the extent that it has agreed that, as of March 15, 2014, and continuing into the  
8 future, it shall only manufacture or import for distribution or sale in California or cause to be  
9 manufactured or imported for distribution or sale in California, Reformulated Products which also  
10 do not contain tris(2,3-dibromopropyl)phosphate ("TDBPP") in a detectable amount of more than  
11 25 parts per million ("ppm") (the equivalent of .0025%) in any material, component, or constituent  
12 of a subject product, when analyzed by an accredited laboratory pursuant to EPA testing  
13 methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to  
14 determine the presence, and measure the quantity, of TDBPP in a solid substance. An officer or  
15 other authorized representative of a Settling Defendant that has exercised this election shall provide  
16 Plaintiffs with a written certification confirming compliance with such conditions, which  
17 certification must be received by Plaintiffs' counsel on or before November 15, 2014.

18 **4.1.4(iii) Partial Penalty Waiver for Withdrawal of Unreformulated**  
19 **Exemplar Products from the California Market.**

20 As shown on a Settling Defendant's Exhibit A, a portion of the second civil penalty shall be  
21 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
22 with written certification, by December 15, 2013, confirming that each individual or establishment  
23 in California to which it supplied the Exemplar Product after October 28, 2011, has elected to return  
24 all remaining Exemplar Products held for sale in California.<sup>8</sup>

25  
26  
27 <sup>8</sup> For purposes of this Section, the term Exemplar Products shall further include Products for which  
28 Plaintiffs have, prior to August 31, 2013, provided the Settling Defendants with test results from an  
accredited laboratory showing the presence of a Listed Chemical at a level in excess of 250 ppm pursuant to  
EPA testing methodologies 3545 or 8270C.

1                                   4.1.4(iv) **Partial Penalty Waiver for Termination of Distribution to**  
2                                   **California of Unreformulated Inventory.**

3                   As shown on a Settling Defendant's Exhibit A, a portion of the third civil penalty shall be  
4 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
5 with written certification, on or before November 15, 2014, confirming that, as of July 1, 2014, it  
6 has and will continue to distribute, offer for sale, or sell in California, or to California Customers,  
7 only Reformulated Products.

8                                   4.2       **Representations**

9                   Each Settling Defendant represents that the sales data and other information concerning its  
10 size, knowledge of Listed Chemicals, and prior reformulation and/or warning efforts, it provided to  
11 Plaintiffs was truthful to its knowledge and a material factor upon which Plaintiffs have relied to  
12 determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this  
13 Consent Judgment. If, within nine months of the Effective Date, Plaintiffs discover and present to a  
14 Settling Defendant, evidence demonstrating that the preceding representation and warranty was  
15 materially inaccurate, then a Settling Defendant shall have 30 days to meet and confer regarding the  
16 Plaintiffs' contention. Should this 30 day period pass without any such resolution between the  
17 Plaintiffs and the Settling Defendant, Plaintiffs shall be entitled to file a formal legal claim  
18 including, but not limited to, a claim for damages for breach of contract.

19                   Each Settling Defendant further represents that in implementing the requirements set forth  
20 in Sections 3.1 and 3.2 of this Consent Judgment, it will voluntarily employ commercial best efforts  
21 to achieve reformulation of its Products and Additional Products on a nationwide basis and not  
22 employ statements that will encourage a vendor to limit its compliance with the Reformulation  
23 Standard to goods intended for sale to California Consumers.

24                                   4.3       **Stipulated Penalties for Certain Violations of the Reformulation**  
25                                   **Standard.**

26                   If Plaintiffs provide notice and appropriate supporting information to a Settling Defendant  
27 that levels of a Listed Chemical in excess of the Reformulation Standard have been detected in one  
28 or more Products labeled or otherwise marked in an identifiable manner as manufactured or

1 imported after a deadline for meeting the Reformulation Standard has arisen for a Settling  
2 Defendant under Sections 3.1 or 3.6 above, the Settling Defendant may elect to pay a stipulated  
3 penalty to relieve any further potential liability to Plaintiffs under Proposition 65 or sanction under  
4 this Consent Judgment as to Products sourced from the vendor in question.<sup>9</sup> The stipulated penalty  
5 shall be \$1,500 if the violation level is below 100 ppm and \$3,000 if the violation level is between  
6 100 ppm and 249 ppm, this being applicable for any amount in excess of the Reformulation  
7 Standards but under 250 ppm.<sup>10</sup> Plaintiffs shall further be entitled to reimbursement of their  
8 associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. A  
9 Settling Defendant under this Section must provide notice and appropriate supporting information  
10 relating to the purchase (e.g. vendor name and contact information including representative,  
11 purchase order, certification (if any) received from vendor for the exemplar or subcategory of  
12 products), test results, and a letter from a company representative or counsel attesting to the  
13 information provided, to Plaintiffs within 30 calendar days of receiving test results from Plaintiffs'  
14 counsel. Any violation levels at or above 250 ppm shall be subject to the full remedies provided  
15 pursuant to this Consent Judgment and at law.

16 **4.4 Reimbursement of Fees and Costs**

17 The Parties acknowledge that Plaintiffs and their counsel offered to resolve this dispute  
18 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving  
19 this fee reimbursement issue to be resolved after the material terms of the agreement had been  
20 settled. Shortly after the other settlement terms had been finalized, the Settling Defendants  
21 expressed a desire to resolve the fee and cost issue. The Settling Defendants then agreed to pay  
22 Plaintiffs and their counsel under general contract principles and the private attorney general  
23 doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed  
24 through the mutual execution of this agreement, including the fees and costs incurred as a result of

25 <sup>9</sup> This Section shall not be applicable where the vendor in question had previously been found by the  
26 Settling Defendant to have provided unreliable certifications as to meeting the Reformulation Standard in its  
27 Products on more than one occasion. Notwithstanding the foregoing, a stipulated penalty for a second  
28 exceedance by a Settling Defendant's vendor at a level between 100 and 249 ppm shall not be available after  
July 1, 2015.

<sup>10</sup> Any stipulated penalty payments made pursuant to this Section should be allocated and remitted in  
the same manner as set forth in Sections 4.1 and 4.5, respectively.

1 investigating, bringing this matter to the Settling Defendant's attention, negotiating a settlement in  
2 the public interest, and seeking court approval of the same. In addition, the negotiated fee and cost  
3 figure expressly includes the anticipated significant amount of time plaintiffs' counsel will incur to  
4 monitor various provisions in this agreement over the next two years, with the exception of  
5 additional fees that may be incurred pursuant to a Settling Defendant's election in Section 11. Each  
6 Settling Defendant more specifically agreed, upon the Court's approval and entry of this Consent  
7 Judgment, to pay Plaintiffs' counsel the amount of fees and costs indicated on the Settling  
8 Defendant's Exhibit A. Each Settling Defendant further agreed to tender and shall tender its full  
9 required payment under this Section to a trust account at The Chanler Group (made payable "In  
10 Trust for The Chanler Group") within two business days of the Effective Date. Such funds shall be  
11 released from the trust account upon the Court's approval and entry of this Consent Judgment.

12 **4.5 Payment Procedures**

13 **4.5.1 Issuance of Payments.**

14 (a) All payments owed to Plaintiffs and their counsel, pursuant to Sections 4.1,  
15 4.3 and 4.4 shall be delivered to the following payment address:

The Chanler Group  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710

19 (b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 4.1,  
20 shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at one of the following  
21 addresses, as appropriate:

For United States Postal Service Delivery:  
Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:  
Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

1                   4.5.2 Proof of Payment to OEHHA. A copy of each check payable to OEHHA  
2 shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in  
3 Section 4.5.1(a) above, as proof of payment to OEHHA.

4                   4.5.3 Tax Documentation. A Settling Defendant shall issue a separate 1099 form  
5 for each payment required by this Section to: (a) Peter Englander, whose address and tax  
6 identification number shall be furnished upon request after this Consent Judgment has been fully  
7 executed by the Parties; (b) Laurence Vinocur, whose address and tax identification number shall be  
8 furnished upon request after this Consent Judgment has been fully executed by the Parties; (c)  
9 OEHHA, who shall be identified as "California Office of Environmental Health Hazard  
10 Assessment" (EIN: 68-0284486) in the 1099 form, to be delivered directly to OEHHA, P.O. Box  
11 4010, Sacramento, CA 95814; and (d) "The Chanler Group" (EIN: 94-3171522) to the address set  
12 forth in Section 4.5.1(a) above.

13 **5. CLAIMS COVERED AND RELEASED**

14 **5.1 Plaintiffs' Release of Proposition 65 Claims**

15 Plaintiffs, acting on their own behalf and in the public interest, release each Settling  
16 Defendant, its parents, subsidiaries, affiliated entities under common ownership, directors, officers,  
17 agents employees, attorneys, and each entity to whom the Settling Defendant directly or indirectly  
18 distribute or sell Products, including, but not limited, to downstream distributors, wholesalers,  
19 customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"),  
20 from all claims for violations of Proposition 65 through the Effective Date based on unwarned  
21 exposures to the Listed Chemicals in the Products, as set forth in the Notices. Compliance with the  
22 terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to  
23 exposures to the Listed Chemicals from the Products, as set forth in the Notices. The Parties further  
24 understand and agree that this Section 5.1 release shall not extend upstream to any entities, other  
25 than Settling Defendants, that manufactured the Products or any component parts thereof, or any  
26 distributors or suppliers who sold the Products or any component parts thereof to a Settling  
27 Defendant, except as to entities that are within the Settling Defendant's same corporate family;  
28 nevertheless entities upstream of a Settling Defendant that is a Retailer of a Private Labeled

1 Covered Product shall be released as to the Private Labeled Covered Products offered for sale in  
2 California, or to California Customers, by the Retailer in question.<sup>11</sup>

3 **5.2 Plaintiffs' Individual Releases of Claims**

4 Plaintiffs, in their individual capacities only and *not* in their representative capacities,  
5 provide a release herein which shall be effective as a full and final accord and satisfaction, as a bar  
6 to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses,  
7 claims, liabilities, and demands of Plaintiffs of any nature, character, or kind, whether known or  
8 unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to  
9 TDCPP, TCEP, and/or TDBPP in the Products or Additional Products (as defined in Section 11.1  
10 and delineated on a Settling Defendant's Exhibit A) manufactured, imported, distributed, or sold by  
11 Settling Defendants prior to the Effective Date.<sup>12</sup> The Parties further understand and agree that this  
12 Section 5.2 release shall not extend upstream to any entities that manufactured the Products or  
13 Additional Products, or any component parts thereof, or any distributors or suppliers who sold the  
14 Products or Additional Products, or any component parts thereof to Settling Defendants, except that  
15 entities upstream of a Settling Defendant that is a Retailer of a Private Labeled Covered (or  
16 Additional) Product shall be released as to the Private Labeled Covered (or Additional) Products  
17 offered for sale in California by the Retailer in question. Nothing in this Section affects Plaintiffs'  
18 rights to commence or prosecute an action under Proposition 65 against a Releasee that does not  
19 involve a Settling Defendant's Products or Additional Products.<sup>13</sup>

20 **5.3 Settling Defendants' Release of Plaintiffs**

21 Each Settling Defendant, on behalf of itself, its past and current agents, representatives,  
22 attorneys, successors, and assignees, hereby waives any and all claims against Plaintiffs and their  
23 attorneys and other representatives, for any and all actions taken or statements made (or those that

24 <sup>11</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
25 include DEHP with respect to those Settling Defendants that received supplemental Notices alleging  
26 violations of Proposition 65 as to exposures to DEHP.

27 <sup>12</sup> The injunctive relief requirements of Section 3 shall apply to Additional Products as otherwise  
28 specified.

<sup>13</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
include DEHP, BBP and DBP with respect to those Settling Defendants that received supplemental Notices  
alleging violations of Proposition 65 as to exposures to DEHP.

1 could have been taken or made) by Plaintiffs and their attorneys and other representatives, whether  
2 in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this  
3 matter with respect to the Products or Additional Products.

4 **6. COURT APPROVAL**

5 This Consent Judgment is not effective until it is approved and entered by the Court and  
6 shall be null and void if, for any reason, it is not approved in its entirety and entered by the Court  
7 within one year after it has been fully executed by all Parties. If the Court does not approve the  
8 Consent Judgment, the Parties shall meet and confer as to whether to modify the language or appeal  
9 the ruling. If the Parties do not jointly agree on a course of action to take, then the case shall  
10 proceed in its normal course on the Court's trial calendar. If the Court's approval is ultimately  
11 overturned by an appellate court, the Parties shall meet and confer as to whether to modify the  
12 terms of this Consent Judgment. If the Parties do not jointly agree on a course of action to take,  
13 then the case shall proceed in its normal course on the Court's trial calendar. In the event that this  
14 Consent Judgment is entered by the Court and subsequently overturned by any appellate court, any  
15 monies that have been provided to OEHHA, Plaintiffs or their counsel pursuant to Section 4, above,  
16 shall be refunded within 15 days of the appellate decision becoming final. If the Court does not  
17 approve and enter the Consent Judgment within one year of the Effective Date, any monies that  
18 have been provided to OEHHA or held in trust for Plaintiffs or their counsel pursuant to Section 4,  
19 above, shall be refunded to the associated Settling Defendant within 15 days.

20 **7. GOVERNING LAW**

21 The terms of this Consent Judgment shall be governed by the laws of the State of California.  
22 In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by  
23 reason of law generally, or if any of the provisions of this Consent Judgment are rendered  
24 inapplicable or are no longer required as a result of any such repeal or preemption, or rendered  
25 inapplicable by reason of law generally as to the Products, then a Settling Defendant may provide  
26 written notice to Plaintiffs of any asserted change in the law, and shall have no further obligations  
27 pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so  
28

1 affected. Nothing in this Consent Judgment shall be interpreted to relieve a Settling Defendant  
2 from any obligation to comply with any pertinent state or federal law or regulation.

3 **8. NOTICES**

4 Unless specified herein, all correspondence and notices required to be provided pursuant to  
5 this Consent Judgment shall be in writing and sent by: (i) personal delivery, (ii) first-class  
6 registered or certified mail, return receipt requested; or (iii) overnight courier to any party by the  
7 other party at the following addresses:

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

9 For Defendants: At the address shown on Exhibit A.

10  
11 Any Party, from time to time, may specify in writing to the other Party a change of address to  
12 which all notices and other communications shall be sent.

13 **9. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES**

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

17 **10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

18 Plaintiffs and their attorneys agree to comply with the reporting form requirements  
19 referenced in California Health & Safety Code section 25249.7(f).

20 **11. ADDITIONAL POST EXECUTION ACTIVITIES**

21 11.1 In addition to the Products, where a Settling Defendant has identified on Exhibit A  
22 additional products that contain Listed Chemicals and that are sold or offered for sale by it in  
23 California, or to California Customers, ("Additional Products"), then by no later than October 15,  
24 2013, the Settling Defendant may provide Plaintiffs with additional information or representations  
25 necessary to enable them to issue a 60-Day Notice of Violation and valid Certificate of Merit  
26 therefore, pursuant to Health & Safety Code section 25249.7, that includes the Additional Products.  
27 Polyurethane foam that is supplied, shaped or manufactured for use as a component of a product,  
28 such as upholstered furniture, is specifically excluded from the definition of Additional Products

1 and shall not be identified by a Settling Defendant on Exhibit A as an Additional Product. Except  
2 as agreed upon by Plaintiffs, Settling Defendants shall not include a product, as an Additional  
3 Product, that is the subject of an existing 60-day notice issued by Plaintiffs or any other private  
4 enforcer at the time of execution. After receipt of the required information, Plaintiffs agree to issue  
5 a supplemental 60-day notice in compliance with all statutory and regulatory requirements for the  
6 Additional Products. Plaintiffs will, and in no event later than October 1, 2014, prepare and file an  
7 amendment to this Consent Judgment to incorporate the Additional Products within the defined  
8 term "Products" and serve a copy thereof and its supporting papers (including the basis for  
9 supplemental stipulated penalties, if any) on the Office of the California Attorney General; upon the  
10 Court's approval and finding that the supplemental stipulated penalty amount, if any, is reasonable,  
11 the Additional Products shall become subject to Section 5.1 in addition to Section 5.2. The Settling  
12 Defendant shall, at the time it elects to utilize this Section and tenders the additional information or  
13 representations regarding the Additional Products to Plaintiffs, tender to The Chanler Group's trust  
14 account an amount not to exceed \$8,750 as stipulated penalties and attorneys' fees and costs  
15 incurred by Plaintiffs in issuing the new notice and engaging in other reasonably related activities,  
16 which may be released from the trust as awarded by the Court upon Plaintiffs' application. Any fee  
17 award associated with the modification of the Consent Judgment to include Additional Products  
18 shall not offset any associated supplemental penalty award, if any. (Any tendered funds remaining  
19 in the trust thereafter shall be refunded to the Settling Defendant within 15 days). Such payment  
20 shall be made to "in trust for The Chanler Group" and delivered as per Section 4.5.1(a) above.

21       11.2 Plaintiffs and Settling Defendant(s) agree to support the entry of this agreement as a  
22 Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner.  
23 The Parties acknowledge that, pursuant to California Health & Safety Code section 25249.7, a  
24 noticed motion is required to obtain judicial approval of this Consent Judgment, which Plaintiffs  
25 shall draft and file. If any third party objection to the noticed motion is filed, Plaintiffs and each  
26 Settling Defendant shall work together to file a reply and appear at any hearing before the Court.  
27 This provision is a material component of the Consent Judgment and shall be treated as such in the  
28 event of a breach.

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 **AGREED TO:**

**AGREED TO:**

11  
12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_ Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

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16  
17 **AGREED TO:**

18  
19 \_\_\_\_\_  
20 By:  
21 Title:  
22 For: Settling Defendant

23  
24  
25  
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27  
28 Date: September \_\_, 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 **AGREED TO:**

**AGREED TO:**

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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

12 \_\_\_\_\_  
13 Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

14 Date: September \_\_, 2013

15  
16  
17 **AGREED TO:**

18 \_\_\_\_\_  
19 By: Brad Moore  
20 Title: Regulatory Director  
21 For: Cheyenne Industries, LLC  
22 Settling Defendant



22 Date: September 19, 2013

1 12. MODIFICATION

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 13. AUTHORIZATION

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 AGREED TO:

AGREED TO:

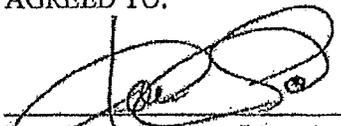
12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

17 AGREED TO:

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19 \_\_\_\_\_  
20 By: JAVIER SANCHEZ  
21 Title: EMPLOYER  
22 For: JOURNAL OF LOUIS. INTL  
Settling Defendant

22 Date: September 21, 2013

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1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 AGREED TO:

AGREED TO:

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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

12 \_\_\_\_\_  
13 Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

17 AGREED TO:

18  
19 \_\_\_\_\_  
20 By: *Craig Spooner*  
21 Title: *COO*  
22 For: *LOUNGTOWN FURNITURE INDUSTRIES, INC*  
Settling Defendant

22 Date: September 20, 2013

1 12. MODIFICATION

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 13. AUTHORIZATION

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

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10 AGREED TO:

AGREED TO:

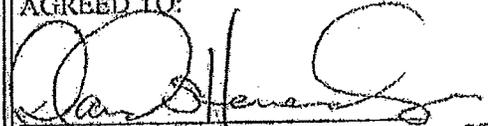
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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

12 \_\_\_\_\_  
13 Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

14 Date: September \_\_, 2013

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17 AGREED TO:

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19 \_\_\_\_\_  
20 By: DAVID S. HEMENDIN  
21 Title: COO  
22 For: SUMMER INFANT  
23 Settling Defendant

24  
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26  
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28  
29 Date: September 20, 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 AGREED TO:

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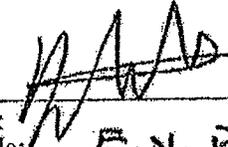
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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_ Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

17 AGREED TO:

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19   
20 \_\_\_\_\_  
21 By: **E.N.P.**  
Title: **Vice President**  
For: **Vicor Mfg. Corporation**  
**Settling Defendant**

22 Date: September 23, 2013

EXHIBIT A

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- I. Name of Settling Defendant: CHEYENNE INDUSTRIES, LLC
- II. Names of Releasees (optional/partial): TARGET, KOHL'S
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$50,000, as follows:

\$12,000 initial payment due on or before the Effective Date;

\$24,000 second payment due on or before January 15, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(i) and \$10,000 may be waived pursuant to Section 4.1.4(iii); and

\$14,000 third payment due on or before November 30, 2014, of which \$8,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$46,000, as follows:

Fees and Costs attributable to Cheyenne Industries: \$38,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

Brad Moore

\_\_\_\_\_  
Name

Regulatory Director

\_\_\_\_\_  
Title

Cheyenne Industries, LLC

\_\_\_\_\_  
Company/Firm Name

Address 6301 FORBING ROAD

LITTLE ROCK, ARKANSAS

72209



1 EXHIBIT A

- 2 I. Name of Settling Defendant: JONATHAN LOUIS INTERNATIONAL, LTD.  
3 II. Names of Releasees (optional/partial): LIVING SPACES LLC  
4 III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture  
5 IV. Types of Additional Products the Settling Defendant Elects to Address (if any):  
6

7 V. Settling Defendant's Required Settlement Payments

8 A. Penalties of \$81,000, as follows:

9 \$15,000 initial payment due on or before the Effective Date;

10 \$42,000 second payment due on or before January 15, 2014, of which  
11 \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be  
waived pursuant to Section 4.1.4(ii); and

12 \$24,000 third payment due on or before November 30, 2014, of which  
13 \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be  
waived pursuant to Section 4.1.4(iv).

14 B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs  
15 totaling \$53,000, as follows:

16 Fees and Costs attributable to Jonathan Louis: \$45,000.

17 Additional Fees and Costs attributable to action filed by Plaintiff(s) before  
18 the Effective Date naming an unaffiliated third party that is released by the  
Settling Defendant's participation in the Consent Judgment: \$8,000

19 VII. Person(s) to receive Notices pursuant to Section 8

20 JAVIER SANCHEZ

21 Name

22 EVP/CFO

23 Title

24 JONATHAN LOUIS INT'L

25 Company/Firm Name

26 Address 544 W. 130<sup>th</sup> ST.

27 EMERYVA, CA

28 90248

EXHIBIT A

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- I. Name of Settling Defendant: LEXINGTON FURNITURE INDUSTRIES, INC.
- II. Names of Releasees (optional/partial): EASTERNS WHOLESALE FURNITURE CO. OF CALIFORNIA, INC.
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$83,500, as follows:

\$17,500 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$53,000, as follows:

Fees and Costs attributable to Lexington Furniture: \$45,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

CRAIG SPOONER

Name

CHIEF OPERATING OFFICER

Title

LEXINGTON FURNITURE INDUSTRIES, INC

Company/Firm Name

Address

1300 NATIONAL HIGHWAY

THOMASVILLE, NC 27360

EXHIBIT A

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- I. Name of Settling Defendant: SUMMER INFANT (USA), INC.
- II. Names of Releasees (optional/partial): TOYS "R" US
- III. Types of Covered Products Applicable to Settling Defendant: Foam-cushioned pads for children and infants to sit or lie on, such as rest mats, changing/bassinet pads, high chair seats, infant car seats, infant travel beds
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

---

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$81,000, as follows:

\$15,000 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$53,000, as follows:

Fees and Costs attributable to Summer Infant (USA): \$45,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

Tony Paolo

Name

Senior Vice President - Corporate Quality

Title

Summer Infant, Inc.

Company/Firm Name

Address 1275 Park East Drive

Woonsocket, RI 02895

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EXHIBIT A

- I. Name of Settling Defendant: VIRCO MANUFACTURING CORP.
- II. Names of Releasees (optional/partial): CALIFORNIA OFFICE FURNITURE, INC.
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$83,500, as follows:

\$17,500 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(ii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$53,000, as follows:

Fees and Costs attributable to Virco: \$45,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

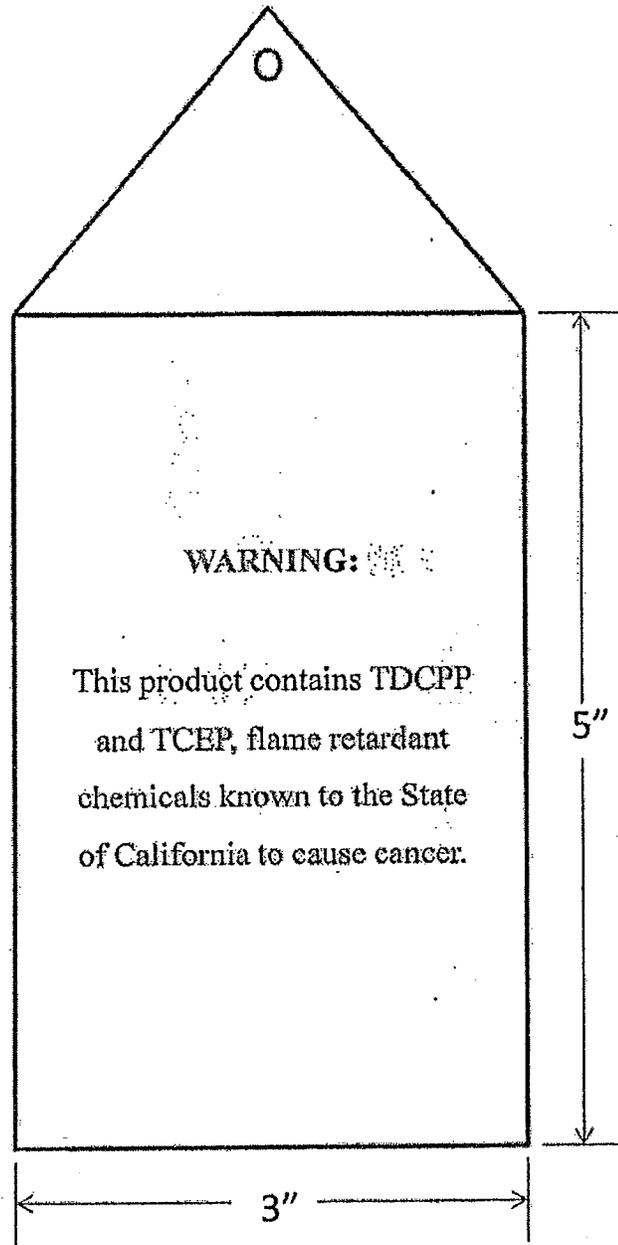
VII. Person(s) to receive Notices pursuant to Section 8

[Signature]  
Name  
Executive Vice President  
Title

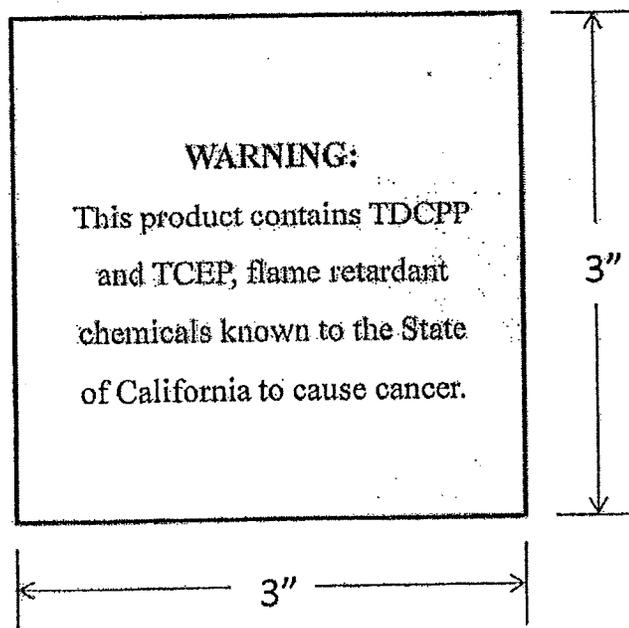
VIRCO MFG CORPORATION  
Company/Firm Name

Address 2027 Harpers Way  
Torrance, CA 90501





**INSTRUCTIONS:** Print warning on each side of hang tag.  
Minimum 12 pt. font. "WARNING:" text must be bold.



**INSTRUCTIONS:** Minimum 12 pt. font. "WARNING:" text must be bold.

**WARNING:**

This product contains TDCPP and TCEP, flame

8.5"

retardant chemicals known to the State of

California to cause cancer.

11"

**INSTRUCTIONS:** Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.

# **Exhibit 2**

1 Clifford A. Chanler, State Bar No. 135534  
THE CHANLER GROUP  
2 2560 Ninth Street  
Parker Plaza, Suite 214  
3 Berkeley, CA 94710  
Telephone: (510) 848-8880  
4 Facsimile: (510) 848-8118

5 Christopher C. Moscone, State Bar No. 170250  
Rachel J. Sater, State Bar No. 147976

6 MOSCONE EMBLIDGE SATER & OTIS LLP  
7 220 Montgomery Street, Suite 2100  
San Francisco, CA 94104  
8 Telephone: (415) 362-3599  
9 Facsimile: (415) 362-2006

10 Attorneys for Plaintiffs  
LAURENCE VINOCUR and PETER ENGLANDER

11  
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF ALAMEDA - UNLIMITED CIVIL JURISDICTION  
14

15 LAURENCE VINOCUR and PETER  
ENGLANDER

16 Plaintiffs,

17 v.

18 CHEYENNE INDUSTRIES, LLC; et al.

19 Defendants.  
20  
21  
22  
23  
24

Case No. RG 13-673710

Assigned for All Purposes to  
Judge George C. Hernandez, Jr.,  
Department 17

**[PROPOSED] CONSENT JUDGMENT AS  
TO GLOBAL INDUSTRIES, INC; HELEN  
OF TROY L.P.; OTTO INTERNATIONAL  
(USA) LLC; RECARO CHILD SAFETY,  
LLC AND THE UTTERMOST COMPANY**

**(Health & Safety Code § 25249.6 et seq.)**

Complaint Filed: April 2, 2013

1 **1. INTRODUCTION**

2 **1.1 Parties**

3 This Consent Judgment is entered into by and between plaintiffs LAURENCE VINO CUR  
4 and PETER ENGLANDER (“Plaintiffs”) on the one hand and defendants GLOBAL INDUSTRIES,  
5 INC; HELEN OF TROY L.P.; OTTO INTERNATIONAL (USA) LLC; RECARO CHILD  
6 SAFETY LLC; AND THE UTTERMOST COMPANY as further identified in the Exhibit A’s  
7 attached hereto (collectively referred to herein as the “Settling Defendants”) on the other hand, with  
8 Plaintiffs and the Settling Defendants collectively referred to as the “Parties.”

9 **1.2 Plaintiffs**

10 Plaintiffs are individuals residing in the State of California who seek to promote awareness  
11 of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous  
12 substances contained in consumer and commercial products.

13 **1.3 Settling Defendants**

14 Each Settling Defendant employs ten or more persons and is a person in the course of doing  
15 business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California  
16 Health & Safety Code § 25249.6, *et seq.* (“Proposition 65”).

17 **1.4 General Allegations**

18 1.4.1 Plaintiffs allege that each Settling Defendant manufactured, imported, sold  
19 and/or distributed for sale in California, products with foam cushioned components containing  
20 tris(1,3-dichloro-2-propyl) phosphate (“TDCPP”) and/or tris(2-chloroethyl) phosphate (“TCEP”)   
21 without the requisite Proposition 65 health hazard warnings.

22 1.4.2 Pursuant to Proposition 65, on April 1, 1992, California identified and listed  
23 TCEP as a chemical known to cause cancer. TCEP became subject to the “clear and reasonable  
24 warning” requirements of the Act one year later on April 1, 1993. Cal. Code Regs., Tit. 27, §  
25 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

26 1.4.3 Pursuant to Proposition 65, on October 28, 2011, California identified and  
27 listed TDCPP as a chemical known to cause cancer. TDCPP became subject to the “clear and  
28

1 reasonable warning” requirements of Proposition 65 one year later on October 28, 2012. Cal. Code  
2 Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

3 TDCPP and TCEP are hereinafter collectively referred to as the “Listed Chemicals.” Plaintiffs  
4 allege that the Listed Chemicals escape from foam padding, leading to human exposures.

### 5 1.5 Product Description

6 The categories of products that are covered by this Consent Judgment as to each Settling  
7 Defendant are identified on Exhibit A (hereinafter “Products”). Polyurethane foam that is supplied,  
8 shaped or manufactured for use as a component of another product, such as upholstered furniture,  
9 but which is not itself a finished product, is specifically excluded from the definition of Products  
10 and shall not be identified by a Settling Defendant on Exhibit A as a Product.

### 11 1.6 Notices of Violation

12 Beginning in December 2012, Plaintiffs served Settling Defendants and certain requisite  
13 public enforcement agencies with “60-Day Notices of Violation” (“Notices”) that provided the  
14 recipients with notice of alleged violations of Proposition 65 based on the alleged failure to warn  
15 customers, consumers, and workers in California that the Products expose users to one or more  
16 Listed Chemicals.<sup>1</sup> To the best of the Parties’ knowledge, no public enforcer has commenced or is  
17 diligently prosecuting the allegations set forth in the Notices.

### 18 1.7 Complaint

19 On April 19, 2013, Plaintiffs filed a First Amended Complaint in the Superior Court in and  
20 for the County of Alameda against the Settling Defendants, other defendants and Does 4 through  
21 150, *Laurence Vinocur and Peter Englander v. Cheyenne Industries, LLC, et al.*, Case No. RG 13-  
22 673710, alleging violations of Proposition 65, based in part on the alleged unwarned exposures to  
23 TDCPP contained in the Products. On July 9, 2013, Englander filed a Second Amended Complaint  
24 (“Complaint”), alleging additional violations of Proposition 65, including unwarned exposures to  
25 TCEP.

26  
27 <sup>1</sup> Based on their further investigation, Plaintiffs have also issued supplemental 60-day notices to  
28 some of the Settling Defendants alleging that the Products contain and expose Californians to di(2-  
ethylhexyl)phthalate (“DEHP”). DEHP and other phthalates including butyl benzyl phthalate (“BBP”) and  
Di-n-butyl phthalate (“DBP”) are listed under Proposition 65 as chemicals known to cause birth defects and  
other reproductive harm.

1           **1.8    No Admission**

2           The Settling Defendants deny the material factual and legal allegations contained in  
3 Plaintiffs' Notices and Complaints and maintain that all products that they have manufactured,  
4 imported, distributed, and/or sold in California, including the Products, have been and are in  
5 compliance with all laws. Nothing in this Consent Judgment shall be construed as an admission by  
6 a Settling Defendant of any fact, finding, conclusion, issue of law, or violation of law, nor shall  
7 compliance with this Consent Judgment constitute or be construed as an admission by any Settling  
8 Defendant of any fact, finding, conclusion, issue of law, or violation of law. However, this section  
9 shall not diminish or otherwise affect a Settling Defendant's obligations, responsibilities, and duties  
10 under this Consent Judgment.

11           **1.9    Consent to Jurisdiction**

12           For purposes of this Consent Judgment only, the Parties stipulate that this Court has  
13 jurisdiction over the Settling Defendants as to the allegations contained in the Complaints, that  
14 venue is proper in the County of Alameda, and that this Court has jurisdiction to enter and enforce  
15 the provisions of this Consent Judgment pursuant to Proposition 65 and California Code of Civil  
16 Procedure § 664.6.

17           **2.    DEFINITIONS**

18           **2.1    California Customers**

19           "California Customer" shall mean any customer that a Settling Defendant reasonably  
20 understands is located in California, has a California warehouse or distribution center, maintains a  
21 retail outlet in California, or has made internet sales into California on or after January 1, 2011.

22           **2.2    Detectable**

23           "Detectable" shall mean containing more than 25 parts per million ("ppm") (the equivalent  
24 of .0025%) of any one chemical in any material, component, or constituent of a  
25 subject product, when analyzed by an accredited laboratory pursuant to EPA testing methodologies  
26 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the  
27 presence, and measure the quantity, of TDCPP and/or TCEP in a solid substance.

1           **2.3     Effective Date**

2           “Effective Date” shall mean October 15, 2013.

3           **2.4     Private Label Covered Products**

4           “Private Label Covered Products” means Products that bear a brand or trademark owned or  
5 licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of  
6 California.

7           **2.5     Reformulated Products**

8           “Reformulated Products” shall mean Products that contain no Detectable amount of TDCPP  
9 or TCEP.<sup>2</sup>

10          **2.6     Reformulation Standard**

11          The “Reformulation Standard” shall mean containing no more than 25 ppm for each of  
12 TDCPP and TCEP.

13          **2.7     Retailer**

14          “Retailer” means an individual or entity that offers a Product for retail sale to consumers in  
15 the State of California.

16 **3.     INJUNCTIVE RELIEF: REFORMULATION**

17          **3.1     Reformulation Commitment**

18          Commencing on March 31, 2014, Settling Defendants shall not manufacture or import for  
19 distribution or sale to California Customers, or cause to be manufactured or imported for  
20 distribution or sale to California Customers, any Products that are not Reformulated Products.

21          **3.2     Vendor Notification/Certification**

22          On or before the Effective Date, each Settling Defendant shall provide written notice to all  
23 of its then-current vendors of the Products, instructing each such vendor to use reasonable efforts to  
24 provide it with only Reformulated Products. In addressing the obligation set forth in the preceding  
25 sentence, a Settling Defendant shall not employ statements that will encourage a vendor to delay  
26 compliance with the Reformulation Standard. The Settling Defendant shall subsequently obtain

27 \_\_\_\_\_  
28 <sup>2</sup> As to the Settling Defendants who received supplemental Notices concerning DEHP, the term  
“Reformulated Products” further requires that the Products for which claims concerning DEHP were noticed  
(the “Phthalate Products”) contain no more than 1000 ppm each of DEHP, BBP, and DBP.

1 written certifications, no later than April 1, 2014, from such vendors, and any newly engaged  
2 vendors, that the Products manufactured by such vendors are in compliance with the Reformulation  
3 Standard. Certifications shall be held by the Settling Defendant for at least two years after their  
4 receipt and shall be made available to Plaintiffs upon request.

### 5 3.3 Products No Longer in a Settling Defendant's Control

6 No later than 45 days after the Effective Date, each Settling Defendant shall send a letter,  
7 electronic or otherwise ("Notification Letter") to: (1) each California Customer and/or Retailer  
8 which it, after October 28, 2011, supplied the item for resale in California described as an exemplar  
9 in the Notice(s) the Settling Defendant received from Plaintiffs ("Exemplar Product"); and (2) any  
10 California Customer and/or Retailer that the Settling Defendant reasonably understands or believes  
11 had any inventory for resale in California of Exemplar Products as of the relevant Notice's dates.  
12 The Notification Letter shall advise the recipient that the Exemplar Product "contains TDCPP  
13 and/or TCEP, chemicals known to the State of California to cause cancer," and request that the  
14 recipient either: (a) label the Exemplar Products remaining in inventory for sale in California, or to  
15 California Customers, pursuant to Section 3.5; or (b) return, at the Settling Defendant's sole  
16 expense, all units of the Exemplar Product held for sale in California, or to California Customers, to  
17 the Settling Defendant or a party the Settling Defendant has otherwise designated. The Notification  
18 Letter shall require a response from the recipient within 15 days confirming whether the Exemplar  
19 Product will be labeled or returned. The Settling Defendant shall maintain records of all  
20 correspondence or other communications generated pursuant to this Section for two years after the  
21 Effective Date and shall promptly produce copies of such records upon Plaintiffs' written request.

### 22 3.4 Current Inventory

23 Any Products in, or manufactured and en route to, a Settling Defendant's inventory as of or  
24 after December 31, 2013, that do not qualify as Reformulated Products and that the Settling  
25 Defendant has reason to believe may be sold or distributed for sale in California, shall contain a  
26 clear and reasonable warning as set forth in Section 3.5 below unless Section 3.6 applies.<sup>3</sup>

27  
28 <sup>3</sup> This shall not apply to Products which are Private Label Covered Products in a Retailer Settling  
Defendants' inventory as of December 31, 2013.

1           3.5    **Product Warnings**

2                   3.5.1   **Product Labeling**

3           Any warning provided under Section 3.3 or 3.4 above shall be affixed to the packaging,  
4 labeling, or directly on each Product. Each warning shall be prominently placed with such  
5 conspicuousness as compared with other words, statements, designs, or devices as to render it likely  
6 to be read and understood by an ordinary individual under customary conditions before purchase.  
7 Each warning shall be provided in a manner such that the consumer or user understands to which  
8 specific Product the warning applies, so as to minimize the risk of consumer confusion.

9           A warning provided pursuant to this Consent Judgment shall state:

10                               **WARNING:** This product contains [TDCPP and/or  
11   TCEP], flame retardant chemicals  
  known to the State of California to  
  cause cancer.<sup>4</sup>

12           Attached as Exhibit B are template warnings developed by Plaintiffs that are deemed to be clear and  
13 reasonable for purposes of this Consent Judgment.<sup>5</sup> Provided that the other requirements set forth  
14 in this Section are addressed, including as to the required warning statement and method of  
15 transmission as set forth above, Settling Defendants remain free not to utilize the template  
16 warnings.

17                   3.5.2   **Internet Website Warning**

18           A warning shall be given in conjunction with the sale of the Products to California, or  
19 California Customers, via the internet, which warning shall appear on one or more web pages

20 \_\_\_\_\_  
21           <sup>4</sup> The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if  
22 the Settling Defendant had begun to use it, prior to the Effective Date. A Settling Defendant that seeks to  
23 use alternative warning language, other than the language specified above or the safe harbor warning  
24 specified in 27 CCR § 25603.2, or that seeks to use an alternate method of transmission of the warning, must  
25 obtain the Court's approval of its proposed alternative and provide all Parties and the Office of the Attorney  
General with timely notice and the opportunity to comment or object before the Court acts on the request.  
The Parties agree that the following warning language shall not be deemed to meet the requirements of 27  
CCR § 25601 *et seq.* and shall not be used pursuant to this Consent Judgment: (a) "cancer or birth defects or  
other reproductive harm" and (b) "cancer, birth defects or other reproductive harm."

26           <sup>5</sup> The characteristics of the template warnings are as follows: (a) a yellow hang tag measuring 3" x  
27 5", with no less than 12 point font, with the warning language printed on each side of the hang tag, which  
28 shall be affixed directly to the Product; (b) a yellow warning sign measuring 8.5" x. 11", with no less than 32  
point font, with the warning language printed on each side, which shall be affixed directly to the Product;  
and (c) for Products sold at retail in a box or packaging, a yellow warning sticker measuring 3" x 3", with no  
less than 12 point font, which shall be affixed directly to the Product packaging.



1 Trust for Vinocur.” Each penalty payment shall be made within two business days of the date it is  
2 due and be delivered to the addresses listed in Section 4.5 below. A Settling Defendant shall be  
3 liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under  
4 this Section that are not received within two business days of the due date.

5 4.1.1 Initial Civil Penalty. On or before the Effective Date, each Settling  
6 Defendant shall make an initial civil penalty payment in the amount identified on the Settling  
7 Defendant’s Exhibit A.

8 4.1.2 Second Civil Penalty. On or before January 15, 2014, each Settling  
9 Defendant shall make a second civil penalty payment in the amount identified on the Settling  
10 Defendant’s Exhibit A. The amount of the second penalty may be reduced according to any penalty  
11 waiver the Settling Defendant is eligible for under Sections 4.1.4(i) and 4.1.4(iii), below.

12 4.1.3 Third Civil Penalty. On or before November 30, 2014, each Settling  
13 Defendant shall make a third civil penalty payment in the amount identified on the Settling  
14 Defendant’s Exhibit A. The amount of the third penalty may be reduced according to any penalty  
15 waiver the Settling Defendant is eligible for under Sections 4.1.4(ii) and 4.1.4(iv), below.

16 4.1.4 Reductions to Civil Penalty Payment Amounts. Each Settling Defendant  
17 may reduce the amount of the second and/or third civil penalty payments identified on the Settling  
18 Defendant’s Exhibit A by providing Plaintiffs with certification of certain efforts undertaken to  
19 reformulate their Products or limit the ongoing sale of non-reformulated Products in California.  
20 The options to provide a written certification in lieu of making a portion of a Settling Defendant’s  
21 civil penalty payment constitute material terms of this Consent Judgment, and with regard to such  
22 terms, time is of the essence.

23 4.1.4(i) **Partial Penalty Waiver for Accelerated Reformulation of**  
24 **Products Sold or Offered for Sale in California.**

25 As shown on an electing Settling Defendant’s Exhibit A, a portion of the second civil  
26 penalty shall be waived, to the extent that it has agreed that, as of November 1, 2013, and  
27 continuing into the future, it shall only manufacture or import for distribution or sale to California  
28 Customers or cause to be manufactured or imported for distribution or sale to California Customers,

1 Reformulated Products. An officer or other authorized representative of a Settling Defendant that  
2 has exercised this election shall provide Plaintiffs with a written certification confirming  
3 compliance with such conditions, which certification must be received by Plaintiffs' counsel on or  
4 before December 15, 2013.

5 **4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.**

6 As shown on an electing Settling Defendant's Exhibit A, a portion of the third civil penalty  
7 shall be waived, to the extent that it has agreed that, as of March 15, 2014, and continuing into the  
8 future, it shall only manufacture or import for distribution or sale in California or cause to be  
9 manufactured or imported for distribution or sale in California, Reformulated Products which also  
10 do not contain tris(2,3-dibromopropyl)phosphate ("TDBPP") in a detectable amount of more than  
11 25 parts per million ("ppm") (the equivalent of .0025%) in any material, component, or constituent  
12 of a subject product, when analyzed by an accredited laboratory pursuant to EPA testing  
13 methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to  
14 determine the presence, and measure the quantity, of TDBPP in a solid substance. An officer or  
15 other authorized representative of a Settling Defendant that has exercised this election shall provide  
16 Plaintiffs with a written certification confirming compliance with such conditions, which  
17 certification must be received by Plaintiffs' counsel on or before November 15, 2014.

18 **4.1.4(iii) Partial Penalty Waiver for Withdrawal of Unreformulated**  
19 **Exemplar Products from the California Market.**

20 As shown on a Settling Defendant's Exhibit A, a portion of the second civil penalty shall be  
21 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
22 with written certification, by December 15, 2013, confirming that each individual or establishment  
23 in California to which it supplied the Exemplar Product after October 28, 2011, has elected to return  
24 all remaining Exemplar Products held for sale in California.<sup>8</sup>

25  
26  
27 <sup>8</sup> For purposes of this Section, the term Exemplar Products shall further include Products for which  
28 Plaintiffs have, prior to August 31, 2013, provided the Settling Defendants with test results from an  
accredited laboratory showing the presence of a Listed Chemical at a level in excess of 250 ppm pursuant to  
EPA testing methodologies 3545 or 8270C.

1                                   4.1.4(iv) **Partial Penalty Waiver for Termination of Distribution to**  
2                                   **California of Unreformulated Inventory.**

3           As shown on a Settling Defendant's Exhibit A, a portion of the third civil penalty shall be  
4 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
5 with written certification, on or before November 15, 2014, confirming that, as of July 1, 2014, it  
6 has and will continue to distribute, offer for sale, or sell in California, or to California Customers,  
7 only Reformulated Products.

8                                   4.2     **Representations**

9           Each Settling Defendant represents that the sales data and other information concerning its  
10 size, knowledge of Listed Chemicals, and prior reformulation and/or warning efforts, it provided to  
11 Plaintiffs was truthful to its knowledge and a material factor upon which Plaintiffs have relied to  
12 determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this  
13 Consent Judgment. If, within nine months of the Effective Date, Plaintiffs discover and present to a  
14 Settling Defendant, evidence demonstrating that the preceding representation and warranty was  
15 materially inaccurate, then a Settling Defendant shall have 30 days to meet and confer regarding the  
16 Plaintiffs' contention. Should this 30 day period pass without any such resolution between the  
17 Plaintiffs and the Settling Defendant, Plaintiffs shall be entitled to file a formal legal claim  
18 including, but not limited to, a claim for damages for breach of contract.

19           Each Settling Defendant further represents that in implementing the requirements set forth  
20 in Sections 3.1 and 3.2 of this Consent Judgment, it will voluntarily employ commercial best efforts  
21 to achieve reformulation of its Products and Additional Products on a nationwide basis and not  
22 employ statements that will encourage a vendor to limit its compliance with the Reformulation  
23 Standard to goods intended for sale to California Consumers.

24                                   4.3     **Stipulated Penalties for Certain Violations of the Reformulation**  
25                                   **Standard.**

26           If Plaintiffs provide notice and appropriate supporting information to a Settling Defendant  
27 that levels of a Listed Chemical in excess of the Reformulation Standard have been detected in one  
28 or more Products labeled or otherwise marked in an identifiable manner as manufactured or

1 imported after a deadline for meeting the Reformulation Standard has arisen for a Settling  
2 Defendant under Sections 3.1 or 3.6 above, the Settling Defendant may elect to pay a stipulated  
3 penalty to relieve any further potential liability to Plaintiffs under Proposition 65 or sanction under  
4 this Consent Judgment as to Products sourced from the vendor in question.<sup>9</sup> The stipulated penalty  
5 shall be \$1,500 if the violation level is below 100 ppm and \$3,000 if the violation level is between  
6 100 ppm and 249 ppm, this being applicable for any amount in excess of the Reformulation  
7 Standards but under 250 ppm.<sup>10</sup> Plaintiffs shall further be entitled to reimbursement of their  
8 associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. A  
9 Settling Defendant under this Section must provide notice and appropriate supporting information  
10 relating to the purchase (e.g. vendor name and contact information including representative,  
11 purchase order, certification (if any) received from vendor for the exemplar or subcategory of  
12 products), test results, and a letter from a company representative or counsel attesting to the  
13 information provided, to Plaintiffs within 30 calendar days of receiving test results from Plaintiffs'  
14 counsel. Any violation levels at or above 250 ppm shall be subject to the full remedies provided  
15 pursuant to this Consent Judgment and at law.

#### 16 4.4 Reimbursement of Fees and Costs

17 The Parties acknowledge that Plaintiffs and their counsel offered to resolve this dispute  
18 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving  
19 this fee reimbursement issue to be resolved after the material terms of the agreement had been  
20 settled. Shortly after the other settlement terms had been finalized, the Settling Defendants  
21 expressed a desire to resolve the fee and cost issue. The Settling Defendants then agreed to pay  
22 Plaintiffs and their counsel under general contract principles and the private attorney general  
23 doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed  
24 through the mutual execution of this agreement, including the fees and costs incurred as a result of

25 <sup>9</sup> This Section shall not be applicable where the vendor in question had previously been found by the  
26 Settling Defendant to have provided unreliable certifications as to meeting the Reformulation Standard in its  
27 Products on more than one occasion. Notwithstanding the foregoing, a stipulated penalty for a second  
28 exceedance by a Settling Defendant's vendor at a level between 100 and 249 ppm shall not be available after  
July 1, 2015.

<sup>10</sup> Any stipulated penalty payments made pursuant to this Section should be allocated and remitted in  
the same manner as set forth in Sections 4.1 and 4.5, respectively.

1 investigating, bringing this matter to the Settling Defendant's attention, negotiating a settlement in  
2 the public interest, and seeking court approval of the same. In addition, the negotiated fee and cost  
3 figure expressly includes the anticipated significant amount of time plaintiffs' counsel will incur to  
4 monitor various provisions in this agreement over the next two years, with the exception of  
5 additional fees that may be incurred pursuant to a Settling Defendant's election in Section 11. Each  
6 Settling Defendant more specifically agreed, upon the Court's approval and entry of this Consent  
7 Judgment, to pay Plaintiffs' counsel the amount of fees and costs indicated on the Settling  
8 Defendant's Exhibit A. Each Settling Defendant further agreed to tender and shall tender its full  
9 required payment under this Section to a trust account at The Chanler Group (made payable "In  
10 Trust for The Chanler Group") within two business days of the Effective Date. Such funds shall be  
11 released from the trust account upon the Court's approval and entry of this Consent Judgment.

12 **4.5 Payment Procedures**

13 4.5.1 Issuance of Payments.

14 (a) All payments owed to Plaintiffs and their counsel, pursuant to Sections 4.1,  
15 4.3 and 4.4 shall be delivered to the following payment address:

16 The Chanler Group  
17 Attn: Proposition 65 Controller  
18 2560 Ninth Street  
19 Parker Plaza, Suite 214  
20 Berkeley, CA 94710

21 (b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 4.1,  
22 shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at one of the following  
23 addresses, as appropriate:

24 For United States Postal Service Delivery:

25 Mike Gyurics  
26 Fiscal Operations Branch Chief  
27 Office of Environmental Health Hazard Assessment  
28 P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

1           4.5.2 Proof of Payment to OEHHA. A copy of each check payable to OEHHA  
2 shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in  
3 Section 4.5.1(a) above, as proof of payment to OEHHA.

4           4.5.3 Tax Documentation. A Settling Defendant shall issue a separate 1099 form  
5 for each payment required by this Section to: (a) Peter Englander, whose address and tax  
6 identification number shall be furnished upon request after this Consent Judgment has been fully  
7 executed by the Parties; (b) Laurence Vinocur, whose address and tax identification number shall be  
8 furnished upon request after this Consent Judgment has been fully executed by the Parties; (c)  
9 OEHHA, who shall be identified as "California Office of Environmental Health Hazard  
10 Assessment" (EIN: 68-0284486) in the 1099 form, to be delivered directly to OEHHA, P.O. Box  
11 4010, Sacramento, CA 95814; and (d) "The Chanler Group" (EIN: 94-3171522) to the address set  
12 forth in Section 4.5.1(a) above.

13 **5. CLAIMS COVERED AND RELEASED**

14 **5.1 Plaintiffs' Release of Proposition 65 Claims**

15 Plaintiffs, acting on their own behalf and in the public interest, release each Settling  
16 Defendant (inclusive of its parents, subsidiaries, affiliated entities under common ownership,  
17 directors, officers, agents employees, attorneys) and each entity to whom the Settling Defendant  
18 directly or indirectly distribute or sell Products, including, but not limited, to downstream  
19 distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees  
20 (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective  
21 Date based on unwarned exposures to the Listed Chemicals in the Products, as set forth in the  
22 Notices. Compliance with the terms of this Consent Judgment constitutes compliance with  
23 Proposition 65 with respect to exposures to the Listed Chemicals from the Products, as set forth in  
24 the Notices. The Parties further understand and agree that this Section 5.1 release shall not extend  
25 upstream to any entities, other than Settling Defendants, that manufactured the Products or any  
26 component parts thereof, or any distributors or suppliers who sold the Products or any component  
27 parts thereof to a Settling Defendant, except as to entities that are within the Settling Defendant's  
28 same corporate family; nevertheless entities upstream of a Settling Defendant that is a Retailer of a

1 Private Labeled Covered Product shall be released as to the Private Labeled Covered Products  
2 offered for sale in California, or to California Customers, by the Retailer in question.<sup>11</sup>

3 **5.2 Plaintiffs' Individual Releases of Claims**

4 Plaintiffs, in their individual capacities only and *not* in their representative capacities,  
5 provide a release herein which shall be effective as a full and final accord and satisfaction, as a bar  
6 to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses,  
7 claims, liabilities, and demands of Plaintiffs of any nature, character, or kind, whether known or  
8 unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to  
9 TDCPP, TCEP, and/or TDBPP in the Products or Additional Products (as defined in Section 11.1  
10 and delineated on a Settling Defendant's Exhibit A) manufactured, imported, distributed, or sold by  
11 Settling Defendants prior to the Effective Date.<sup>12</sup> The Parties further understand and agree that this  
12 Section 5.2 release shall not extend upstream to any entities that manufactured the Products or  
13 Additional Products, or any component parts thereof, or any distributors or suppliers who sold the  
14 Products or Additional Products, or any component parts thereof to Settling Defendants, except that  
15 entities upstream of a Settling Defendant that is a Retailer of a Private Labeled Covered (or  
16 Additional) Product shall be released as to the Private Labeled Covered (or Additional) Products  
17 offered for sale in California by the Retailer in question. Nothing in this Section affects Plaintiffs'  
18 rights to commence or prosecute an action under Proposition 65 against a Releasee that does not  
19 involve a Settling Defendant's Products or Additional Products.<sup>13</sup>

20 **5.3 Settling Defendants' Release of Plaintiffs**

21 Each Settling Defendant, on behalf of itself, its past and current agents, representatives,  
22 attorneys, successors, and assignees, hereby waives any and all claims against Plaintiffs and their  
23 attorneys and other representatives, for any and all actions taken or statements made (or those that

24 \_\_\_\_\_  
25 <sup>11</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
26 include DEHP with respect to those Settling Defendants that received supplemental Notices alleging  
27 violations of Proposition 65 as to exposures to DEHP.

28 <sup>12</sup> The injunctive relief requirements of Section 3 shall apply to Additional Products as otherwise  
specified.

<sup>13</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
include DEHP, BBP and DBP with respect to those Settling Defendants that received supplemental Notices  
alleging violations of Proposition 65 as to exposures to DEHP.

1 could have been taken or made) by Plaintiffs and their attorneys and other representatives, whether  
2 in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this  
3 matter with respect to the Products or Additional Products.

4 **6. COURT APPROVAL**

5 This Consent Judgment is not effective until it is approved and entered by the Court and  
6 shall be null and void if, for any reason, it is not approved in its entirety and entered by the Court  
7 within one year after it has been fully executed by all Parties. If the Court does not approve the  
8 Consent Judgment, the Parties shall meet and confer as to whether to modify the language or appeal  
9 the ruling. If the Parties do not jointly agree on a course of action to take, then the case shall  
10 proceed in its normal course on the Court's trial calendar. If the Court's approval is ultimately  
11 overturned by an appellate court, the Parties shall meet and confer as to whether to modify the  
12 terms of this Consent Judgment. If the Parties do not jointly agree on a course of action to take,  
13 then the case shall proceed in its normal course on the Court's trial calendar. In the event that this  
14 Consent Judgment is entered by the Court and subsequently overturned by any appellate court, any  
15 monies that have been provided to OEHHA, Plaintiffs or their counsel pursuant to Section 4, above,  
16 shall be refunded within 15 days of the appellate decision becoming final. If the Court does not  
17 approve and enter the Consent Judgment within one year of the Effective Date, any monies that  
18 have been provided to OEHHA or held in trust for Plaintiffs or their counsel pursuant to Section 4,  
19 above, shall be refunded to the associated Settling Defendant within 15 days.

20 **7. GOVERNING LAW**

21 The terms of this Consent Judgment shall be governed by the laws of the State of California.  
22 In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by  
23 reason of law generally, or if any of the provisions of this Consent Judgment are rendered  
24 inapplicable or are no longer required as a result of any such repeal or preemption, or rendered  
25 inapplicable by reason of law generally as to the Products, then a Settling Defendant may provide  
26 written notice to Plaintiffs of any asserted change in the law, and shall have no further obligations  
27 pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so  
28

1 affected. Nothing in this Consent Judgment shall be interpreted to relieve a Settling Defendant  
2 from any obligation to comply with any pertinent state or federal law or regulation.

3 **8. NOTICES**

4 Unless specified herein, all correspondence and notices required to be provided pursuant to  
5 this Consent Judgment shall be in writing and sent by: (i) personal delivery, (ii) first-class  
6 registered or certified mail, return receipt requested; or (iii) overnight courier to any party by the  
7 other party at the following addresses:

8 For Plaintiffs: Proposition 65 Coordinator, The Chanler Group, 2560 Ninth Street,  
9 Parker Plaza, Suite 214, Berkeley, CA 94710-2565

10 For Defendants: At the address shown on Exhibit A.

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

13 **9. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES**

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

17 **10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

18 Plaintiffs and their attorneys agree to comply with the reporting form requirements  
19 referenced in California Health & Safety Code section 25249.7(f).

20 **11. ADDITIONAL POST EXECUTION ACTIVITIES**

21 11.1 In addition to the Products, where a Settling Defendant has identified on Exhibit A  
22 additional products that contain Listed Chemicals and that are sold or offered for sale by it in  
23 California, or to California Customers, ("Additional Products"), then by no later than October 15,  
24 2013, the Settling Defendant may provide Plaintiffs with additional information or representations  
25 necessary to enable them to issue a 60-Day Notice of Violation and valid Certificate of Merit  
26 therefore, pursuant to Health & Safety Code section 25249.7, that includes the Additional Products.  
27 Polyurethane foam that is supplied, shaped or manufactured for use as a component of a product,  
28 such as upholstered furniture, is specifically excluded from the definition of Additional Products

1 and shall not be identified by a Settling Defendant on Exhibit A as an Additional Product. Except  
2 as agreed upon by Plaintiffs, Settling Defendants shall not include a product, as an Additional  
3 Product, that is the subject of an existing 60-day notice issued by Plaintiffs or any other private  
4 enforcer at the time of execution. After receipt of the required information, Plaintiffs agree to issue  
5 a supplemental 60-day notice in compliance with all statutory and regulatory requirements for the  
6 Additional Products. Plaintiffs will, and in no event later than October 1, 2014, prepare and file an  
7 amendment to this Consent Judgment to incorporate the Additional Products within the defined  
8 term "Products" and serve a copy thereof and its supporting papers (including the basis for  
9 supplemental stipulated penalties, if any) on the Office of the California Attorney General; upon the  
10 Court's approval and finding that the supplemental stipulated penalty amount, if any, is reasonable,  
11 the Additional Products shall become subject to Section 5.1 in addition to Section 5.2. The Settling  
12 Defendant shall, at the time it elects to utilize this Section and tenders the additional information or  
13 representations regarding the Additional Products to Plaintiffs, tender to The Chanler Group's trust  
14 account an amount not to exceed \$8,750 as stipulated penalties and attorneys' fees and costs  
15 incurred by Plaintiffs in issuing the new notice and engaging in other reasonably related activities,  
16 which may be released from the trust as awarded by the Court upon Plaintiffs' application. Any fee  
17 award associated with the modification of the Consent Judgment to include Additional Products  
18 shall not offset any associated supplemental penalty award, if any. (Any tendered funds remaining  
19 in the trust thereafter shall be refunded to the Settling Defendant within 15 days). Such payment  
20 shall be made to "in trust for The Chanler Group" and delivered as per Section 4.5.1(a) above.

21 11.2 Plaintiffs and Settling Defendant(s) agree to support the entry of this agreement as a  
22 Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner.  
23 The Parties acknowledge that, pursuant to California Health & Safety Code section 25249.7, a  
24 noticed motion is required to obtain judicial approval of this Consent Judgment, which Plaintiffs  
25 shall draft and file. If any third party objection to the noticed motion is filed, Plaintiffs and each  
26 Settling Defendant shall work together to file a reply and appear at any hearing before the Court.  
27 This provision is a material component of the Consent Judgment and shall be treated as such in the  
28 event of a breach.

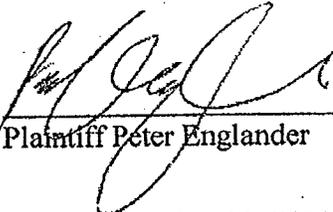
1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 AGREED TO:

11   
12 \_\_\_\_\_  
13 Plaintiff Peter Englander

14 Date: September 30, 2013

AGREED TO:

  
15 \_\_\_\_\_  
16 Plaintiff Laurence Vinocur

17 Date: October 2, 2013

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19  
20 AGREED TO:

21 \_\_\_\_\_  
22 By:  
23 Title:  
24 For: Settling Defendant

25  
26  
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28  
29 Date: September \_\_, 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 AGREED TO:

AGREED TO:

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17 AGREED TO:

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\_\_\_\_\_  
Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

Date: September \_\_, 2013

Date: September \_\_, 2013

By: *Dea Fawcett*  
Title: *DIRECTOR*  
For: GLOBAL INDUSTRIES, INC.

Settling Defendant

Date: October 3, 2013

1 12. MODIFICATION

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 13. AUTHORIZATION

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 AGREED TO:

AGREED TO:

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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_   
Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

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17 AGREED TO:

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19 \_\_\_\_\_  
20 By: GERALD J. RUBIN  
21 Title: PRESIDENT, CEO & CHAIRMAN  
22 For: KECEN OF TROY LP  
Settling Defendant

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Date: September <sup>30</sup> \_\_, 2013

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**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.

**13. 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:

\_\_\_\_\_  
Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

Date: September \_\_, 2013

Date: September \_\_, 2013

AGREED TO:



\_\_\_\_\_  
By: **WILLIAM HOLLANDS**  
Title: **PRESIDENT**  
For: **OTTO INTERNATIONAL USA**  
Settling Defendant

Date: September 24 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 AGREED TO:

AGREED TO:

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12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_   
Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

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17 AGREED TO:

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19 \_\_\_\_\_  
20 By: *John Riccio*  
21 Title: *President, RECARO Child Safety, LLC*  
22 For: Settling Defendant

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Date: September 26, 2013

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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.

13. 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:

\_\_\_\_\_  
Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

Date: September \_\_, 2013

Date: September \_\_, 2013

AGREED TO:

Ken Delp  
By: Ken Delp  
Title: VP of Operations  
For: Uttermost  
Settling Defendant

Date: September 24, 2013

EXHIBIT A

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- I. Name of Settling Defendant: GLOBAL INDUSTRIES, INC.
- II. Names of Releasees (optional/partial): KANTERS HOME & OFFICE FURNITURE
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$81,000, as follows:

- \$15,000 initial payment due on or before the Effective Date;
- \$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and
- \$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$53,000, as follows:

- Fees and Costs attributable to Global Industries: \$45,000.
- Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

Brian Barker

Name

Counsel

Title

The Global Group of Companies / Teknion

Company/Firm Name

Address 580 Supertest Road

Toronto, Ontario

M3J 2M7 CANADA



EXHIBIT A

- I. Name of Settling Defendant: OTTO INTERNATIONAL (USA), LLC  
II. Names of Releasees (optional/partial): BURLINGTON COAT FACTORY  
III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture  
IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$50,000, as follows:

\$12,000 initial payment due on or before the Effective Date;

\$24,000 second payment due on or before January 15, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(i) and \$10,000 may be waived pursuant to Section 4.1.4(iii); and

\$14,000 third payment due on or before November 30, 2014, of which \$8,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$46,000, as follows:

Fees and Costs attributable to Otto International (USA): \$38,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

JEFF LUEBBERS

Name

VP-FINANCE

Title

OTTO INTERNATIONAL (USA)

Company/Firm Name

Address 104 SE EXECUTIVE DR ST 4

BENTONVILLE, AR 72712

EXHIBIT A

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- I. Name of Settling Defendant: RECARO CHILD SAFETY, LLC
- II. Names of Releasees (optional/partial): BED BATH & BEYOND, BUY BUY BABY
- III. Types of Covered Products Applicable to Settling Defendant: Car seats, strollers
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):
- V. Settling Defendant's Required Settlement Payments

A. Penalties of \$83,500, as follows:

\$17,500 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(ii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$53,000, as follows:

Fees and Costs attributable to Recaro Child Safety, LLC: \$45,000.

Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VII. Person(s) to receive Notices pursuant to Section 8

John Riedl  
Name

President  
Title

RECARO Child Safety LLC  
Company/Firm Name

Address 1600 Harmon Road  
Auburn Hills, MI 48326

EXHIBIT A

- I. Name of Settling Defendant: THE UTTERMOST COMPANY
- II. Names of Releasees (optional/partial):
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$78,500, as follows:

\$12,500 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs attributable to Uttermost: \$47,500.

VII. Person(s) to receive Notices pursuant to Section 8

Ken Delp      Ken Delp  
Name

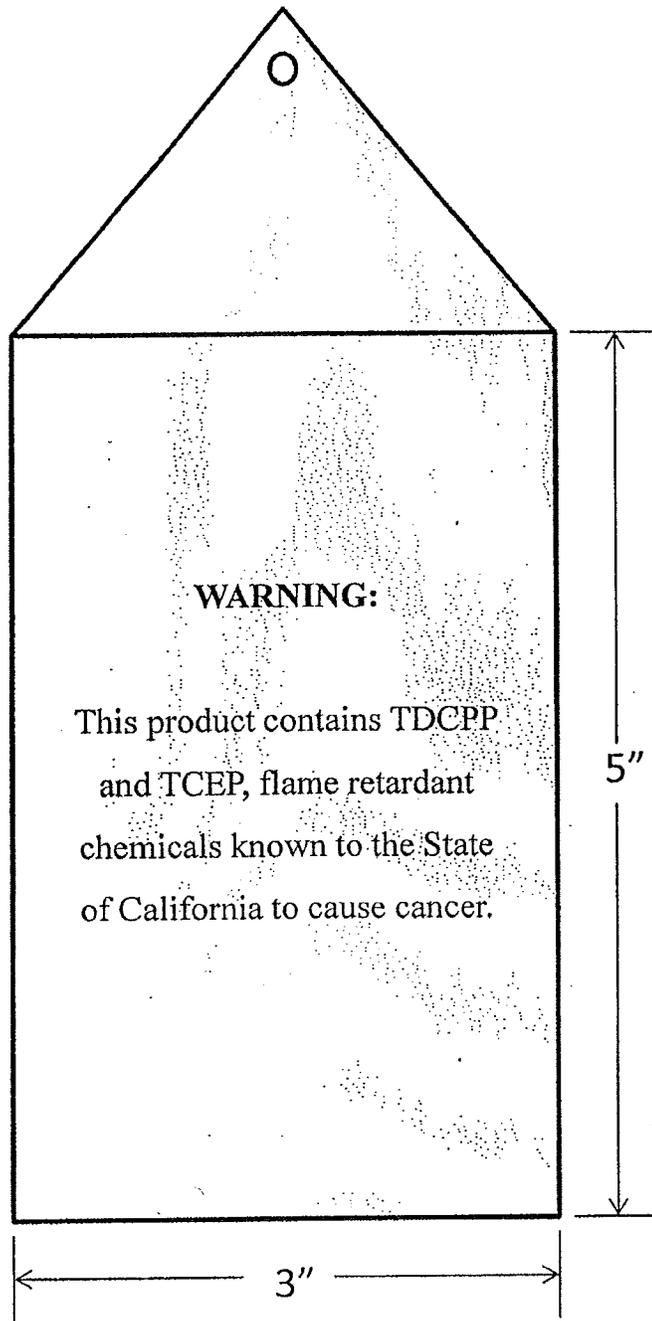
Vice President of Operations  
Title

The Uttermost Co  
Company/Firm Name

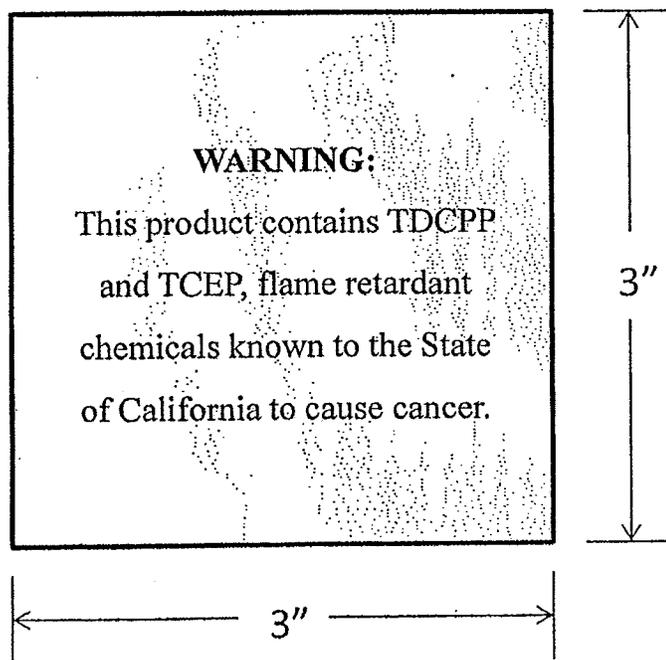
Address 3325 Grassy Hill Rd  
Rocky Mount, VA 24151

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EXHIBIT B  
(ILLUSTRATIVE WARNINGS)



**INSTRUCTIONS:** Print warning on each side of hang tag.  
Minimum 12 pt. font. "WARNING:" text must be bold.



**INSTRUCTIONS:** Minimum 12 pt. font. "WARNING:" text must be bold.

**WARNING:**

This product contains TDCPP and TCEP, flame

8.5"

retardant chemicals known to the State of

California to cause cancer.

11"

INSTRUCTIONS:

Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.

# **Exhibit 3**

1 Clifford A. Chanler, State Bar No. 135534  
THE CHANLER GROUP  
2 2560 Ninth Street  
Parker Plaza, Suite 214  
3 Berkeley, CA 94710  
Telephone: (510) 848-8880  
4 Facsimile: (510) 848-8118

5 Christopher C. Moscone, State Bar No. 170250  
Rachel J. Sater, State Bar No. 147976

6  
7 MOSCONE EMBLIDGE SATER & OTIS LLP  
220 Montgomery Street, Suite 2100  
San Francisco, CA 94104  
8 Telephone: (415) 362-3599  
Facsimile: (415) 362-2006

9 Attorneys for Plaintiffs  
10 LAURENCE VINOCUR and PETER ENGLANDER

11  
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF ALAMEDA - UNLIMITED CIVIL JURISDICTION  
14

15 LAURENCE VINOCUR and PETER  
ENGLANDER

16 Plaintiffs,

17 v.

18 CHEYENNE INDUSTRIES, LLC; et al.

19 Defendants.  
20  
21  
22  
23  
24

Case No. RG 13-673710

Assigned for All Purposes to  
Judge George C. Hernandez, Jr.,  
Department 17

**[PROPOSED] CONSENT JUDGMENT AS  
TO STEIN WORLD OPERATING  
COMPANY; RESTORATION  
HARDWARE, INC; AND KMART  
CORPORATION**

(Health & Safety Code § 25249.6 *et seq.*)

Complaint Filed: April 2, 2013

1 **1. INTRODUCTION**

2 **1.1 Parties**

3 This Consent Judgment is entered into by and between plaintiffs LAURENCE VINOCUR  
4 and PETER ENGLANDER ("Plaintiffs") on the one hand and defendants STEIN WORLD  
5 OPERATING COMPANY; RESTORATION HARDWARE, INC; and KMART CORPORATION  
6 as further identified in the Exhibit A's attached hereto (collectively referred to herein as the  
7 "Settling Defendants") on the other hand, with Plaintiffs and the Settling Defendants collectively  
8 referred to as the "Parties."

9 **1.2 Plaintiffs**

10 Plaintiffs are individuals residing in the State of California who seek to promote awareness  
11 of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous  
12 substances contained in consumer and commercial products.

13 **1.3 Settling Defendants**

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

17 **1.4 General Allegations**

18 1.4.1 Plaintiffs allege that each Settling Defendant manufactured, imported, sold  
19 and/or distributed for sale in California, products with foam cushioned components containing  
20 tris(1,3-dichloro-2-propyl) phosphate ("TDCPP") and/or tris(2-chloroethyl) phosphate ("TCEP")  
21 without the requisite Proposition 65 health hazard warnings.

22 1.4.2 Pursuant to Proposition 65, on April 1, 1992, California identified and listed  
23 TCEP as a chemical known to cause cancer. TCEP became subject to the "clear and reasonable  
24 warning" requirements of the Act one year later on April 1, 1993. Cal. Code Regs., Tit. 27, §  
25 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

26 1.4.3 Pursuant to Proposition 65, on October 28, 2011, California identified and  
27 listed TDCPP as a chemical known to cause cancer. TDCPP became subject to the "clear and  
28

1 reasonable warning” requirements of Proposition 65 one year later on October 28, 2012. Cal. Code  
2 Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

3 TDCPP and TCEP are hereinafter collectively referred to as the “Listed Chemicals.” Plaintiffs  
4 allege that the Listed Chemicals escape from foam padding, leading to human exposures.

#### 5 1.5 Product Description

6 The categories of products that are covered by this Consent Judgment as to each Settling  
7 Defendant are identified on Exhibit A (hereinafter “Products”). Polyurethane foam that is supplied,  
8 shaped or manufactured for use as a component of another product, such as upholstered furniture,  
9 but which is not itself a finished product, is specifically excluded from the definition of Products  
10 and shall not be identified by a Settling Defendant on Exhibit A as a Product.

#### 11 1.6 Notices of Violation

12 Beginning in December 2012, Plaintiffs served Settling Defendants and certain requisite  
13 public enforcement agencies with “60-Day Notices of Violation” (“Notices”) that provided the  
14 recipients with notice of alleged violations of Proposition 65 based on the alleged failure to warn  
15 customers, consumers, and workers in California that the Products expose users to one or more  
16 Listed Chemicals.<sup>1</sup> To the best of the Parties’ knowledge, no public enforcer has commenced or is  
17 diligently prosecuting the allegations set forth in the Notices.

#### 18 1.7 Complaint

19 On April 19, 2013, Plaintiffs filed a First Amended Complaint in the Superior Court in and  
20 for the County of Alameda against the Settling Defendants, other defendants and Does 4 through  
21 150, *Laurence Vinocur and Peter Englander v. Cheyenne Industries, LLC, et al.*, Case No. RG 13-  
22 673710, alleging violations of Proposition 65, based in part on the alleged unwarned exposures to  
23 TDCPP contained in the Products. On July 9, 2013, Englander filed a Second Amended Complaint  
24 (“Complaint”), alleging additional violations of Proposition 65, including unwarned exposures to  
25 TCEP.

26  
27 <sup>1</sup> Based on their further investigation, Plaintiffs have also issued supplemental 60-day notices to  
28 some of the Settling Defendants alleging that the Products contain and expose Californians to di(2-  
ethylhexyl)phthalate (“DEHP”). DEHP and other phthalates including butyl benzyl phthalate (“BBP”) and  
Di-n-butyl phthalate (“DBP”) are listed under Proposition 65 as chemicals known to cause birth defects and  
other reproductive harm.

1           **1.8 No Admission**

2           The Settling Defendants deny the material factual and legal allegations contained in  
3 Plaintiffs' Notices and Complaints and maintain that all products that they have manufactured,  
4 imported, distributed, and/or sold in California, including the Products, have been and are in  
5 compliance with all laws. Nothing in this Consent Judgment shall be construed as an admission by  
6 a Settling Defendant of any fact, finding, conclusion, issue of law, or violation of law, nor shall  
7 compliance with this Consent Judgment constitute or be construed as an admission by any Settling  
8 Defendant of any fact, finding, conclusion, issue of law, or violation of law. However, this section  
9 shall not diminish or otherwise affect a Settling Defendant's obligations, responsibilities, and duties  
10 under this Consent Judgment.

11           **1.9 Consent to Jurisdiction**

12           For purposes of this Consent Judgment only, the Parties stipulate that this Court has  
13 jurisdiction over the Settling Defendants as to the allegations contained in the Complaints, that  
14 venue is proper in the County of Alameda, and that this Court has jurisdiction to enter and enforce  
15 the provisions of this Consent Judgment pursuant to Proposition 65 and California Code of Civil  
16 Procedure § 664.6.

17           **2. DEFINITIONS**

18           **2.1 California Customers**

19           "California Customer" shall mean any customer that a Settling Defendant reasonably  
20 understands is located in California, has a California warehouse or distribution center, maintains a  
21 retail outlet in California, or has made internet sales into California on or after January 1, 2011.

22           **2.2 Detectable**

23           "Detectable" shall mean containing more than 25 parts per million ("ppm") (the equivalent  
24 of .0025%) of any one chemical in any material, component, or constituent of a  
25 subject product, when analyzed by an accredited laboratory pursuant to EPA testing methodologies  
26 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the  
27 presence, and measure the quantity, of TDCPP and/or TCEP in a solid substance.

28

1           2.3    **Effective Date**

2           “Effective Date” shall mean October 15, 2013.

3           2.4    **Private Label Covered Products**

4           “Private Label Covered Products” means Products that bear a brand or trademark owned or  
5 licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of  
6 California.

7           2.5    **Reformulated Products**

8           “Reformulated Products” shall mean Products that contain no Detectable amount of TDCPP  
9 or TCEP.<sup>2</sup>

10          2.6    **Reformulation Standard**

11          The “Reformulation Standard” shall mean containing no more than 25 ppm for each of  
12 TDCPP and TCEP.

13          2.7    **Retailer**

14          “Retailer” means an individual or entity that offers a Product for retail sale to consumers in  
15 the State of California.

16    **3.    INJUNCTIVE RELIEF: REFORMULATION**

17          3.1    **Reformulation Commitment**

18          Commencing on March 31, 2014, Settling Defendants shall not manufacture or import for  
19 distribution or sale to California Customers, or cause to be manufactured or imported for  
20 distribution or sale to California Customers, any Products that are not Reformulated Products.

21          3.2    **Vendor Notification/Certification**

22          On or before the Effective Date, each Settling Defendant shall provide written notice to all  
23 of its then-current vendors of the Products, instructing each such vendor to use reasonable efforts to  
24 provide it with only Reformulated Products. In addressing the obligation set forth in the preceding  
25 sentence, a Settling Defendant shall not employ statements that will encourage a vendor to delay  
26 compliance with the Reformulation Standard. The Settling Defendant shall subsequently obtain

27  
28          <sup>2</sup> As to the Settling Defendants who received supplemental Notices concerning DEHP, the term  
“Reformulated Products” further requires that the Products for which claims concerning DEHP were noticed  
(the “Phthalate Products”) contain no more than 1000 ppm each of DEHP, BBP, and DBP.

1 written certifications, no later than April 1, 2014, from such vendors, and any newly engaged  
2 vendors, that the Products manufactured by such vendors are in compliance with the Reformulation  
3 Standard. Certifications shall be held by the Settling Defendant for at least two years after their  
4 receipt and shall be made available to Plaintiffs upon request.

### 5 3.3 Products No Longer in a Settling Defendant's Control

6 No later than 45 days after the Effective Date, each Settling Defendant shall send a letter,  
7 electronic or otherwise ("Notification Letter") to: (1) each California Customer and/or Retailer  
8 which it, after October 28, 2011, supplied the item for resale in California described as an exemplar  
9 in the Notice(s) the Settling Defendant received from Plaintiffs ("Exemplar Product"); and (2) any  
10 California Customer and/or Retailer that the Settling Defendant reasonably understands or believes  
11 had any inventory for resale in California of Exemplar Products as of the relevant Notice's dates.  
12 The Notification Letter shall advise the recipient that the Exemplar Product "contains TDCPP  
13 and/or TCEP, chemicals known to the State of California to cause cancer," and request that the  
14 recipient either: (a) label the Exemplar Products remaining in inventory for sale in California, or to  
15 California Customers, pursuant to Section 3.5; or (b) return, at the Settling Defendant's sole  
16 expense, all units of the Exemplar Product held for sale in California, or to California Customers, to  
17 the Settling Defendant or a party the Settling Defendant has otherwise designated. The Notification  
18 Letter shall require a response from the recipient within 15 days confirming whether the Exemplar  
19 Product will be labeled or returned. The Settling Defendant shall maintain records of all  
20 correspondence or other communications generated pursuant to this Section for two years after the  
21 Effective Date and shall promptly produce copies of such records upon Plaintiffs' written request.

### 22 3.4 Current Inventory

23 Any Products in, or manufactured and en route to, a Settling Defendant's inventory as of or  
24 after December 31, 2013, that do not qualify as Reformulated Products and that the Settling  
25 Defendant has reason to believe may be sold or distributed for sale in California, shall contain a  
26 clear and reasonable warning as set forth in Section 3.5 below unless Section 3.6 applies.<sup>3</sup>  
27

28 <sup>3</sup> This shall not apply to Products which are Private Label Covered Products in a Retailer Settling  
Defendants' inventory as of December 31, 2013.

1           **3.5 Product Warnings**

2                   **3.5.1 Product Labeling**

3           Any warning provided under Section 3.3 or 3.4 above shall be affixed to the packaging,  
4 labeling, or directly on each Product. Each warning shall be prominently placed with such  
5 conspicuousness as compared with other words, statements, designs, or devices as to render it likely  
6 to be read and understood by an ordinary individual under customary conditions before purchase.  
7 Each warning shall be provided in a manner such that the consumer or user understands to which  
8 specific Product the warning applies, so as to minimize the risk of consumer confusion.

9           A warning provided pursuant to this Consent Judgment shall state:

10                           **WARNING:** This product contains [TDCPP and/or  
11   TCEP], flame retardant chemicals  
12   known to the State of California to  
   cause cancer.<sup>4</sup>

13 Attached as Exhibit B are template warnings developed by Plaintiffs that are deemed to be clear and  
14 reasonable for purposes of this Consent Judgment.<sup>5</sup> Provided that the other requirements set forth  
15 in this Section are addressed, including as to the required warning statement and method of  
16 transmission as set forth above, Settling Defendants remain free not to utilize the template  
17 warnings.

18                   **3.5.2 Internet Website Warning**

19           A warning shall be given in conjunction with the sale of the Products to California, or  
20 California Customers, via the internet, which warning shall appear on one or more web pages

21           <sup>4</sup> The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if  
22 the Settling Defendant had begun to use it, prior to the Effective Date. A Settling Defendant that seeks to  
23 use alternative warning language, other than the language specified above or the safe harbor warning  
24 specified in 27 CCR § 25603.2, or that seeks to use an alternate method of transmission of the warning, must  
25 obtain the Court's approval of its proposed alternative and provide all Parties and the Office of the Attorney  
General with timely notice and the opportunity to comment or object before the Court acts on the request.  
The Parties agree that the following warning language shall not be deemed to meet the requirements of 27  
CCR § 25601 *et seq.* and shall not be used pursuant to this Consent Judgment: (a) "cancer or birth defects or  
other reproductive harm" and (b) "cancer, birth defects or other reproductive harm."

26           <sup>5</sup> The characteristics of the template warnings are as follows: (a) a yellow hang tag measuring 3" x  
27 5", with no less than 12 point font, with the warning language printed on each side of the hang tag, which  
28 shall be affixed directly to the Product; (b) a yellow warning sign measuring 8.5" x. 11", with no less that 32  
point font, with the warning language printed on each side, which shall be affixed directly to the Product;  
and (c) for Products sold at retail in a box or packaging, a yellow warning sticker measuring 3" x 3", with no  
less than 12 point font, which shall be affixed directly to the Product packaging.



1 Trust for Vinocur.” Each penalty payment shall be made within two business days of the date it is  
2 due and be delivered to the addresses listed in Section 4.5 below. A Settling Defendant shall be  
3 liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under  
4 this Section that are not received within two business days of the due date.

5 4.1.1 Initial Civil Penalty. On or before the Effective Date, each Settling  
6 Defendant shall make an initial civil penalty payment in the amount identified on the Settling  
7 Defendant’s Exhibit A.

8 4.1.2 Second Civil Penalty. On or before January 15, 2014, each Settling  
9 Defendant shall make a second civil penalty payment in the amount identified on the Settling  
10 Defendant’s Exhibit A. The amount of the second penalty may be reduced according to any penalty  
11 waiver the Settling Defendant is eligible for under Sections 4.1.4(i) and 4.1.4(iii), below.

12 4.1.3 Third Civil Penalty. On or before November 30, 2014, each Settling  
13 Defendant shall make a third civil penalty payment in the amount identified on the Settling  
14 Defendant’s Exhibit A. The amount of the third penalty may be reduced according to any penalty  
15 waiver the Settling Defendant is eligible for under Sections 4.1.4(ii) and 4.1.4(iv), below.

16 4.1.4 Reductions to Civil Penalty Payment Amounts. Each Settling Defendant  
17 may reduce the amount of the second and/or third civil penalty payments identified on the Settling  
18 Defendant’s Exhibit A by providing Plaintiffs with certification of certain efforts undertaken to  
19 reformulate their Products or limit the ongoing sale of non-reformulated Products in California.  
20 The options to provide a written certification in lieu of making a portion of a Settling Defendant’s  
21 civil penalty payment constitute material terms of this Consent Judgment, and with regard to such  
22 terms, time is of the essence.

23 4.1.4(i) **Partial Penalty Waiver for Accelerated Reformulation of**  
24 **Products Sold or Offered for Sale in California.**

25 As shown on an electing Settling Defendant’s Exhibit A, a portion of the second civil  
26 penalty shall be waived, to the extent that it has agreed that, as of November 1, 2013, and  
27 continuing into the future, it shall only manufacture or import for distribution or sale to California  
28 Customers or cause to be manufactured or imported for distribution or sale to California Customers,

1 Reformulated Products. An officer or other authorized representative of a Settling Defendant that  
2 has exercised this election shall provide Plaintiffs with a written certification confirming  
3 compliance with such conditions, which certification must be received by Plaintiffs' counsel on or  
4 before December 15, 2013.

5 **4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.**

6 As shown on an electing Settling Defendant's Exhibit A, a portion of the third civil penalty  
7 shall be waived, to the extent that it has agreed that, as of March 15, 2014, and continuing into the  
8 future, it shall only manufacture or import for distribution or sale in California or cause to be  
9 manufactured or imported for distribution or sale in California, Reformulated Products which also  
10 do not contain tris(2,3-dibromopropyl)phosphate ("TDBPP") in a detectable amount of more than  
11 25 parts per million ("ppm") (the equivalent of .0025%) in any material, component, or constituent  
12 of a subject product, when analyzed by an accredited laboratory pursuant to EPA testing  
13 methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to  
14 determine the presence, and measure the quantity, of TDBPP in a solid substance. An officer or  
15 other authorized representative of a Settling Defendant that has exercised this election shall provide  
16 Plaintiffs with a written certification confirming compliance with such conditions, which  
17 certification must be received by Plaintiffs' counsel on or before November 15, 2014.

18 **4.1.4(iii) Partial Penalty Waiver for Withdrawal of Unreformulated**  
19 **Exemplar Products from the California Market.**

20 As shown on a Settling Defendant's Exhibit A, a portion of the second civil penalty shall be  
21 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
22 with written certification, by December 15, 2013, confirming that each individual or establishment  
23 in California to which it supplied the Exemplar Product after October 28, 2011, has elected to return  
24 all remaining Exemplar Products held for sale in California.<sup>8</sup>

25  
26  
27 <sup>8</sup> For purposes of this Section, the term Exemplar Products shall further include Products for which  
28 Plaintiffs have, prior to August 31, 2013, provided the Settling Defendants with test results from an  
accredited laboratory showing the presence of a Listed Chemical at a level in excess of 250 ppm pursuant to  
EPA testing methodologies 3545 or 8270C.

1                                   4.1.4(iv) **Partial Penalty Waiver for Termination of Distribution to**  
2                                   **California of Unreformulated Inventory.**

3                   As shown on a Settling Defendant's Exhibit A, a portion of the third civil penalty shall be  
4 waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiffs  
5 with written certification, on or before November 15, 2014, confirming that, as of July 1, 2014, it  
6 has and will continue to distribute, offer for sale, or sell in California, or to California Customers,  
7 only Reformulated Products.

8                                   4.2       **Representations**

9                   Each Settling Defendant represents that the sales data and other information concerning its  
10 size, knowledge of Listed Chemicals, and prior reformulation and/or warning efforts, it provided to  
11 Plaintiffs was truthful to its knowledge and a material factor upon which Plaintiffs have relied to  
12 determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this  
13 Consent Judgment. If, within nine months of the Effective Date, Plaintiffs discover and present to a  
14 Settling Defendant, evidence demonstrating that the preceding representation and warranty was  
15 materially inaccurate, then a Settling Defendant shall have 30 days to meet and confer regarding the  
16 Plaintiffs' contention. Should this 30 day period pass without any such resolution between the  
17 Plaintiffs and the Settling Defendant, Plaintiffs shall be entitled to file a formal legal claim  
18 including, but not limited to, a claim for damages for breach of contract.

19                   Each Settling Defendant further represents that in implementing the requirements set forth  
20 in Sections 3.1 and 3.2 of this Consent Judgment, it will voluntarily employ commercial best efforts  
21 to achieve reformulation of its Products and Additional Products on a nationwide basis and not  
22 employ statements that will encourage a vendor to limit its compliance with the Reformulation  
23 Standard to goods intended for sale to California Consumers.

24                                   4.3       **Stipulated Penalties for Certain Violations of the Reformulation**  
25                                   **Standard.**

26                   If Plaintiffs provide notice and appropriate supporting information to a Settling Defendant  
27 that levels of a Listed Chemical in excess of the Reformulation Standard have been detected in one  
28 or more Products labeled or otherwise marked in an identifiable manner as manufactured or

1 imported after a deadline for meeting the Reformulation Standard has arisen for a Settling  
2 Defendant under Sections 3.1 or 3.6 above, the Settling Defendant may elect to pay a stipulated  
3 penalty to relieve any further potential liability to Plaintiffs under Proposition 65 or sanction under  
4 this Consent Judgment as to Products sourced from the vendor in question.<sup>9</sup> The stipulated penalty  
5 shall be \$1,500 if the violation level is below 100 ppm and \$3,000 if the violation level is between  
6 100 ppm and 249 ppm, this being applicable for any amount in excess of the Reformulation  
7 Standards but under 250 ppm.<sup>10</sup> Plaintiffs shall further be entitled to reimbursement of their  
8 associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. A  
9 Settling Defendant under this Section must provide notice and appropriate supporting information  
10 relating to the purchase (e.g. vendor name and contact information including representative,  
11 purchase order, certification (if any) received from vendor for the exemplar or subcategory of  
12 products), test results, and a letter from a company representative or counsel attesting to the  
13 information provided, to Plaintiffs within 30 calendar days of receiving test results from Plaintiffs'  
14 counsel. Any violation levels at or above 250 ppm shall be subject to the full remedies provided  
15 pursuant to this Consent Judgment and at law.

#### 16 4.4 Reimbursement of Fees and Costs

17 The Parties acknowledge that Plaintiffs and their counsel offered to resolve this dispute  
18 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving  
19 this fee reimbursement issue to be resolved after the material terms of the agreement had been  
20 settled. Shortly after the other settlement terms had been finalized, the Settling Defendants  
21 expressed a desire to resolve the fee and cost issue. The Settling Defendants then agreed to pay  
22 Plaintiffs and their counsel under general contract principles and the private attorney general  
23 doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed  
24 through the mutual execution of this agreement, including the fees and costs incurred as a result of

25 <sup>9</sup> This Section shall not be applicable where the vendor in question had previously been found by the  
26 Settling Defendant to have provided unreliable certifications as to meeting the Reformulation Standard in its  
27 Products on more than one occasion. Notwithstanding the foregoing, a stipulated penalty for a second  
28 exceedance by a Settling Defendant's vendor at a level between 100 and 249 ppm shall not be available after  
July 1, 2015.

<sup>10</sup> Any stipulated penalty payments made pursuant to this Section should be allocated and remitted in  
the same manner as set forth in Sections 4.1 and 4.5, respectively.

1 investigating, bringing this matter to the Settling Defendant's attention, negotiating a settlement in  
2 the public interest, and seeking court approval of the same. In addition, the negotiated fee and cost  
3 figure expressly includes the anticipated significant amount of time plaintiffs' counsel will incur to  
4 monitor various provisions in this agreement over the next two years, with the exception of  
5 additional fees that may be incurred pursuant to a Settling Defendant's election in Section 11. Each  
6 Settling Defendant more specifically agreed, upon the Court's approval and entry of this Consent  
7 Judgment, to pay Plaintiffs' counsel the amount of fees and costs indicated on the Settling  
8 Defendant's Exhibit A. Each Settling Defendant further agreed to tender and shall tender its full  
9 required payment under this Section to a trust account at The Chanler Group (made payable "In  
10 Trust for The Chanler Group") within two business days of the Effective Date. Such funds shall be  
11 released from the trust account upon the Court's approval and entry of this Consent Judgment.

12           4.5    **Payment Procedures**

13                   4.5.1    Issuance of Payments.

14                   (a)    All payments owed to Plaintiffs and their counsel, pursuant to Sections 4.1,  
15 4.3 and 4.4 shall be delivered to the following payment address:

16                                   The Chanler Group  
17                                   Attn: Proposition 65 Controller  
18                                   2560 Ninth Street  
19                                   Parker Plaza, Suite 214  
20                                   Berkeley, CA 94710

21                   (b)    All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 4.1,  
22 shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at one of the following  
23 addresses, as appropriate:

24                                   For United States Postal Service Delivery:

25   Mike Gyurics  
26   Fiscal Operations Branch Chief  
27   Office of Environmental Health Hazard Assessment  
28   P.O. Box 4010  
   Sacramento, CA 95812-4010

                                 For Non-United States Postal Service Delivery:

   Mike Gyurics  
   Fiscal Operations Branch Chief  
   Office of Environmental Health Hazard Assessment  
   1001 I Street  
   Sacramento, CA 95814

1                   4.5.2 Proof of Payment to OEHHA. A copy of each check payable to OEHHA  
2 shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in  
3 Section 4.5.1(a) above, as proof of payment to OEHHA.

4                   4.5.3 Tax Documentation. A Settling Defendant shall issue a separate 1099 form  
5 for each payment required by this Section to: (a) Peter Englander, whose address and tax  
6 identification number shall be furnished upon request after this Consent Judgment has been fully  
7 executed by the Parties; (b) Laurence Vinocur, whose address and tax identification number shall be  
8 furnished upon request after this Consent Judgment has been fully executed by the Parties; (c)  
9 OEHHA, who shall be identified as "California Office of Environmental Health Hazard  
10 Assessment" (EIN: 68-0284486) in the 1099 form, to be delivered directly to OEHHA, P.O. Box  
11 4010, Sacramento, CA 95814; and (d) "The Chanler Group" (EIN: 94-3171522) to the address set  
12 forth in Section 4.5.1(a) above.

13 **5. CLAIMS COVERED AND RELEASED**

14 **5.1 Plaintiffs' Release of Proposition 65 Claims**

15 Plaintiffs, acting on their own behalf and in the public interest, release each Settling  
16 Defendant, its parents, subsidiaries, affiliated entities under common ownership, directors, officers,  
17 agents employees, attorneys, and each entity to whom the Settling Defendant directly or indirectly  
18 distribute or sell Products, including, but not limited, to downstream distributors, wholesalers,  
19 customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"),  
20 from all claims for violations of Proposition 65 through the Effective Date based on unwarned  
21 exposures to the Listed Chemicals in the Products, as set forth in the Notices. Compliance with the  
22 terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to  
23 exposures to the Listed Chemicals from the Products, as set forth in the Notices. The Parties further  
24 understand and agree that this Section 5.1 release shall not extend upstream to any entities, other  
25 than Settling Defendants, that manufactured the Products or any component parts thereof, or any  
26 distributors or suppliers who sold the Products or any component parts thereof to a Settling  
27 Defendant, except as to entities that are within the Settling Defendant's same corporate family;  
28 nevertheless entities upstream of a Settling Defendant that is a Retailer of a Private Labeled

1 Covered Product shall be released as to the Private Labeled Covered Products offered for sale in  
2 California, or to California Customers, by the Retailer in question.<sup>11</sup>

3 **5.2 Plaintiffs' Individual Releases of Claims**

4 Plaintiffs, in their individual capacities only and *not* in their representative capacities,  
5 provide a release herein which shall be effective as a full and final accord and satisfaction, as a bar  
6 to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses,  
7 claims, liabilities, and demands of Plaintiffs of any nature, character, or kind, whether known or  
8 unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to  
9 TDCPP, TCEP, and/or TDBPP in the Products or Additional Products (as defined in Section 11.1  
10 and delineated on a Settling Defendant's Exhibit A) manufactured, imported, distributed, or sold by  
11 Settling Defendants prior to the Effective Date.<sup>12</sup> The Parties further understand and agree that this  
12 Section 5.2 release shall not extend upstream to any entities that manufactured the Products or  
13 Additional Products, or any component parts thereof, or any distributors or suppliers who sold the  
14 Products or Additional Products, or any component parts thereof to Settling Defendants, except that  
15 entities upstream of a Settling Defendant that is a Retailer of a Private Labeled Covered (or  
16 Additional) Product shall be released as to the Private Labeled Covered (or Additional) Products  
17 offered for sale in California by the Retailer in question. Nothing in this Section affects Plaintiffs'  
18 rights to commence or prosecute an action under Proposition 65 against a Releasee that does not  
19 involve a Settling Defendant's Products or Additional Products.<sup>13</sup>

20 **5.3 Settling Defendants' Release of Plaintiffs**

21 Each Settling Defendant, on behalf of itself, its past and current agents, representatives,  
22 attorneys, successors, and assignees, hereby waives any and all claims against Plaintiffs and their  
23 attorneys and other representatives, for any and all actions taken or statements made (or those that

24  
25 <sup>11</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
include DEHP with respect to those Settling Defendants that received supplemental Notices alleging  
violations of Proposition 65 as to exposures to DEHP.

26 <sup>12</sup> The injunctive relief requirements of Section 3 shall apply to Additional Products as otherwise  
27 specified.

28 <sup>13</sup> For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall  
include DEHP, BBP and DBP with respect to those Settling Defendants that received supplemental Notices  
alleging violations of Proposition 65 as to exposures to DEHP.

1 could have been taken or made) by Plaintiffs and their attorneys and other representatives, whether  
2 in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this  
3 matter with respect to the Products or Additional Products.

4 **6. COURT APPROVAL**

5 This Consent Judgment is not effective until it is approved and entered by the Court and  
6 shall be null and void if, for any reason, it is not approved in its entirety and entered by the Court  
7 within one year after it has been fully executed by all Parties. If the Court does not approve the  
8 Consent Judgment, the Parties shall meet and confer as to whether to modify the language or appeal  
9 the ruling. If the Parties do not jointly agree on a course of action to take, then the case shall  
10 proceed in its normal course on the Court's trial calendar. If the Court's approval is ultimately  
11 overturned by an appellate court, the Parties shall meet and confer as to whether to modify the  
12 terms of this Consent Judgment. If the Parties do not jointly agree on a course of action to take,  
13 then the case shall proceed in its normal course on the Court's trial calendar. In the event that this  
14 Consent Judgment is entered by the Court and subsequently overturned by any appellate court, any  
15 monies that have been provided to OEHHA, Plaintiffs or their counsel pursuant to Section 4, above,  
16 shall be refunded within 15 days of the appellate decision becoming final. If the Court does not  
17 approve and enter the Consent Judgment within one year of the Effective Date, any monies that  
18 have been provided to OEHHA or held in trust for Plaintiffs or their counsel pursuant to Section 4,  
19 above, shall be refunded to the associated Settling Defendant within 15 days.

20 **7. GOVERNING LAW**

21 The terms of this Consent Judgment shall be governed by the laws of the State of California.  
22 In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by  
23 reason of law generally, or if any of the provisions of this Consent Judgment are rendered  
24 inapplicable or are no longer required as a result of any such repeal or preemption, or rendered  
25 inapplicable by reason of law generally as to the Products, then a Settling Defendant may provide  
26 written notice to Plaintiffs of any asserted change in the law, and shall have no further obligations  
27 pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so  
28

1 affected. Nothing in this Consent Judgment shall be interpreted to relieve a Settling Defendant  
2 from any obligation to comply with any pertinent state or federal law or regulation.

3 **8. NOTICES**

4 Unless specified herein, all correspondence and notices required to be provided pursuant to  
5 this Consent Judgment shall be in writing and sent by: (i) personal delivery, (ii) first-class  
6 registered or certified mail, return receipt requested; or (iii) overnight courier to any party by the  
7 other party at the following addresses:

8 For Plaintiffs: Proposition 65 Coordinator, The Chanler Group, 2560 Ninth Street,  
9 Parker Plaza, Suite 214, Berkeley, CA 94710-2565

10 For Defendants: At the address shown on Exhibit A.

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

13 **9. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES**

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

17 **10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

18 Plaintiffs and their attorneys agree to comply with the reporting form requirements  
19 referenced in California Health & Safety Code section 25249.7(f).

20 **11. ADDITIONAL POST EXECUTION ACTIVITIES**

21 11.1 In addition to the Products, where a Settling Defendant has identified on Exhibit A  
22 additional products that contain Listed Chemicals and that are sold or offered for sale by in  
23 California, or to California Customers, ("Additional Products"), then by no later than October 15,  
24 2013, the Settling Defendant may provide Plaintiffs with additional information or representations  
25 necessary to enable them to issue a 60-Day Notice of Violation and valid Certificate of Merit  
26 therefore, pursuant to Health & Safety Code section 25249.7, that includes the Additional Products.  
27 Polyurethane foam that is supplied, shaped or manufactured for use as a component of a product,  
28 such as upholstered furniture, is specifically excluded from the definition of Additional Products

1 and shall not be identified by a Settling Defendant on Exhibit A as an Additional Product. Except  
2 as agreed upon by Plaintiffs, Settling Defendants shall not include a product, as an Additional  
3 Product, that is the subject of an existing 60-day notice issued by Plaintiffs or any other private  
4 enforcer at the time of execution. After receipt of the required information, Plaintiffs agree to issue  
5 a supplemental 60-day notice in compliance with all statutory and regulatory requirements for the  
6 Additional Products. Plaintiffs will, and in no event later than October 1, 2014, prepare and file an  
7 amendment to this Consent Judgment to incorporate the Additional Products within the defined  
8 term "Products" and serve a copy thereof and its supporting papers (including the basis for  
9 supplemental stipulated penalties, if any) on the Office of the California Attorney General; upon the  
10 Court's approval and finding that the supplemental stipulated penalty amount, if any, is reasonable,  
11 the Additional Products shall become subject to Section 5.1 in addition to Section 5.2. The Settling  
12 Defendant shall, at the time it elects to utilize this Section and tenders the additional information or  
13 representations regarding the Additional Products to Plaintiffs, tender to The Chanler Group's trust  
14 account an amount not to exceed \$8,750 as stipulated penalties and attorneys' fees and costs  
15 incurred by Plaintiffs in issuing the new notice and engaging in other reasonably related activities,  
16 which may be released from the trust as awarded by the Court upon Plaintiffs' application. Any fee  
17 award associated with the modification of the Consent Judgment to include Additional Products  
18 shall not offset any associated supplemental penalty award, if any. (Any tendered funds remaining  
19 in the trust thereafter shall be refunded to the Settling Defendant within 15 days). Such payment  
20 shall be made to "in trust for The Chanler Group" and delivered as per Section 4.5.1(a) above.

21       11.2 Plaintiffs and Settling Defendant(s) agree to support the entry of this agreement as a  
22 Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner.  
23 The Parties acknowledge that, pursuant to California Health & Safety Code section 25249.7, a  
24 noticed motion is required to obtain judicial approval of this Consent Judgment, which Plaintiffs  
25 shall draft and file. If any third party objection to the noticed motion is filed, Plaintiffs and each  
26 Settling Defendant shall work together to file a reply and appear at any hearing before the Court.  
27 This provision is a material component of the Consent Judgment and shall be treated as such in the  
28 event of a breach.

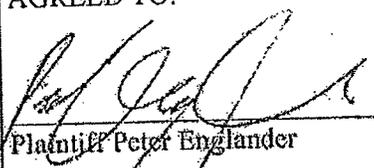
1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

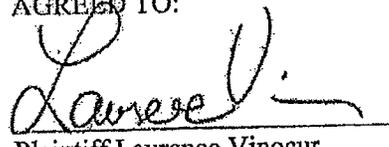
6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

9  
10 **AGREED TO:**

11   
12 \_\_\_\_\_  
13 Plaintiff Peter Englander

14 Date: October 7, 2013

**AGREED TO:**

  
15 \_\_\_\_\_  
16 Plaintiff Laurence Vinocur

17 Date: October 4, 2013

18  
19 **AGREED TO:**

20 \_\_\_\_\_  
21 By:  
22 Title:  
23 For: Settling Defendant

24 Date: September \_\_, 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 AGREED TO:

AGREED TO:

12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_   
Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

17 AGREED TO:

19 \_\_\_\_\_  
20 By: *Donna Brockman*  
21 Title: *CEO*  
22 For: *Shu World Operating Co.*  
Settling Defendant

22 Date: *October*  
September 11, 2013

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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.

13. 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:

\_\_\_\_\_  
Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

Date: September \_\_, 2013

Date: September \_\_, 2013

AGREED TO:



By: Edward J. Lee  
Title: VP + Deputy General Counsel  
For: Restoration Hardware, Inc.  
Settling Defendant

Date: September 30, 2013

1 **12. MODIFICATION**

2 This Consent Judgment may be modified only: (1) by written agreement of the Parties and  
3 upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion  
4 of any party and entry of a modified Consent Judgment by the Court.

5 **13. AUTHORIZATION**

6 The undersigned are authorized to execute this Consent Judgment on behalf of their  
7 respective Parties and have read, understood, and agree to all of the terms and conditions of this  
8 Consent Judgment.

10 **AGREED TO:**

**AGREED TO:**

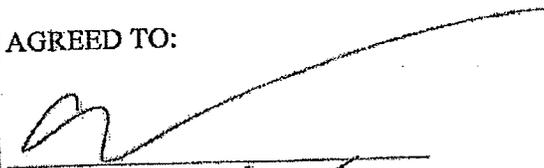
12 \_\_\_\_\_  
13 Plaintiff Peter Englander

\_\_\_\_\_  
Plaintiff Laurence Vinocur

14 Date: September \_\_, 2013

Date: September \_\_, 2013

17 **AGREED TO:**

18 \_\_\_\_\_  
19 

20 By: *CARY M. [unclear]*  
21 Title: *VT / Deputy General Counsel*  
22 For: *KIMMEX CORPORATION / SEARS HOLDINGS CORPORATION*  
Settling Defendant

22 Date: *September 14*, 2013

EXHIBIT A

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- I. Name of Settling Defendant: STEIN WORLD OPERATING COMPANY
- II. Names of Releasees (optional/partial): CONNOLLY'S APPLIANCE-FURNITURE, INC.
- III. Types of Covered Products Applicable to Settling Defendant: Upholstered furniture
- IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$53,000, as follows:

\$15,000 initial payment due on or before the Effective Date;  
\$24,000 second payment due on or before January 15, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(i) and \$10,000 may be waived pursuant to Section 4.1.4(ii); and  
\$14,000 third payment due on or before November 30, 2014, of which \$8,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$48,000, as follows:

Fees and Costs attributable to Stein World: \$40,000.  
Additional Fees and Costs attributable to action filed by Plaintiff(s) before the Effective Date naming an unaffiliated third party that is released by the Settling Defendant's participation in the Consent Judgment: \$8,000

VI. Person(s) to receive Notices pursuant to Section 8

Stephen Kosmaliski

Name

President & CEO

Title

Stein World Operating Company

Company/Firm Name

Address 5800 Challenge Dr

Memphis, TN 38115

EXHIBIT A

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I. Name of Settling Defendant: RESTORATION HARDWARE, INC.

II. Names of Releasees (optional/partial):

III. Types of Covered Products Applicable to Settling Defendant (Check All That Match 60-Day Notice or Supplemental Notice Received):

Foam-cushioned pads for children and infants to lie on, such as rest mats

Upholstered furniture

Foam-filled mattresses, mattress toppers, pillows, cushions, travel beds

Car seats, strollers

Other (specify): Vinyl Shower Curtains (for DEHP)

IV. Types of Additional Products the Settling Defendant Elects to Address (if any):

V. Settling Defendant's Required Settlement Payments

A. Penalties of \$84,000, as follows:

\$18,000 initial payment due on or before the Effective Date;

\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and

\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).

B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$60,000.

VII. Person(s) to receive Notices pursuant to Section 8

Eugene Chang

Name

Title

Restoration Hardware, Inc.

Company/Firm Name

1 Address 15 Koch Rd, Suite J  
2 Corte Madera, CA 94925  
3 Attn: Legal Dept.  
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1 EXHIBIT A

2 I. Name of Settling Defendant: KMART CORPORATION.

3 II. Names of Releasees (optional/partial): SEARS HOLDING CORPORATION

4 III. Types of Covered Products Applicable to Settling Defendant (Check All That Match 60-  
Day Notice or Supplemental Notice Received):

5  Foam-cushioned pads for children and infants to lie on, such as rest mats

6  Upholstered furniture (exclusive of Jaclyn Smith branded upholstered furniture  
distributed to Kmart by Largo International, Inc.)

7  Foam-filled mattresses, mattress toppers, pillows, cushions, travel beds

8  Car seats, strollers

9  Other (specify):

10 IV. Types of Additional Products the Settling Defendant Elects to Address (if any):  
11

12 V. Settling Defendant's Required Settlement Payments

13 A. Penalties of \$50,000, as follows:

14 \$12,000 initial payment due on or before the Effective Date;

15 \$24,000 second payment due on or before January 15, 2014, of which  
16 \$14,000 may be waived pursuant to Section 4.1.4(i) and \$10,000 may be  
waived pursuant to Section 4.1.4(iii); and

17 \$14,000 third payment due on or before November 30, 2014, of which  
18 \$8,000 may be waived pursuant to Section 4.1.4(ii) and \$6,000 may be  
waived pursuant to Section 4.1.4(iv).

19 B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs  
20 totaling \$48,000, as follows:

21 Fees and Costs attributable to Kmart: \$40,000.

22 Additional Fees and Costs attributable to additional action filed by  
23 Plaintiff(s) before the Effective Date naming Kmart that is released by the  
Settling Defendant's participation in the Consent Judgment: \$8,000.

1 VI. Person(s) to receive Notices pursuant to Section 8

2 CAROL MERVILLE  
3 Name

4 VP / DEPUTY GENERAL COUNSEL  
5 Title

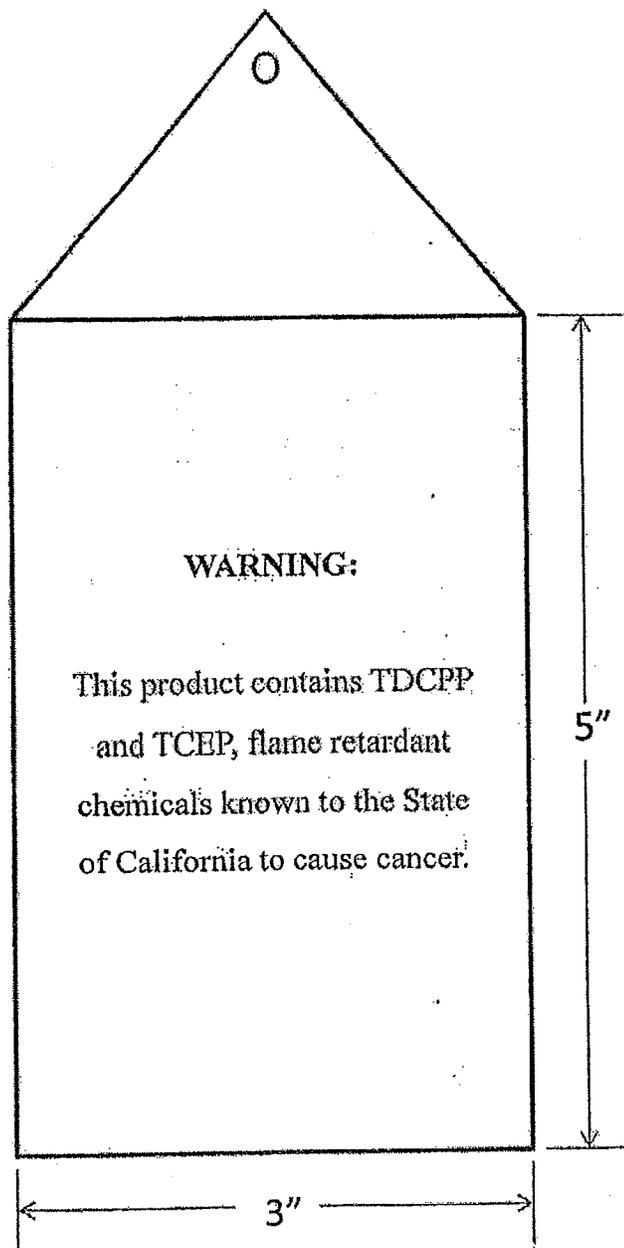
6 KIMMART CORPORATION  
7 Company/Firm Name

8 Address 3233 BEVERLY ROAD  
9 HOFFMAN ESTATES, IL 60179

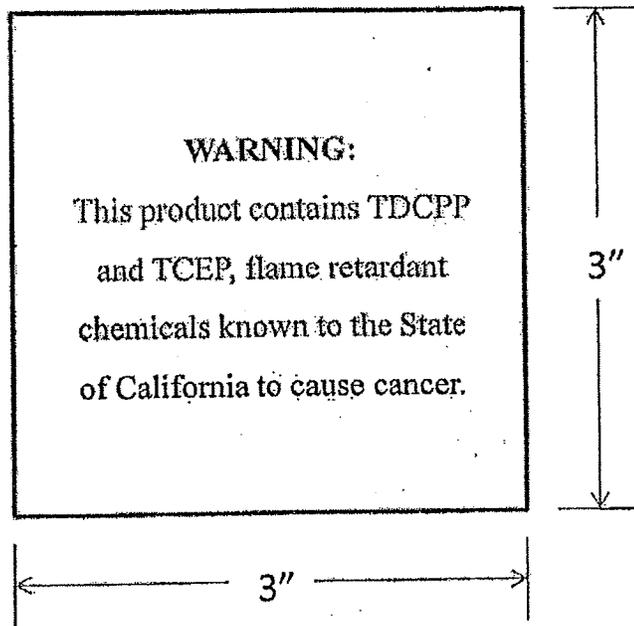
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EXHIBIT B  
(ILLUSTRATIVE WARNINGS)



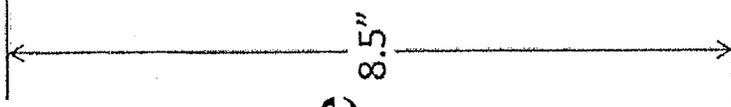
**INSTRUCTIONS:** Print warning on each side of hang tag.  
Minimum 12 pt. font. "WARNING:" text must be bold.



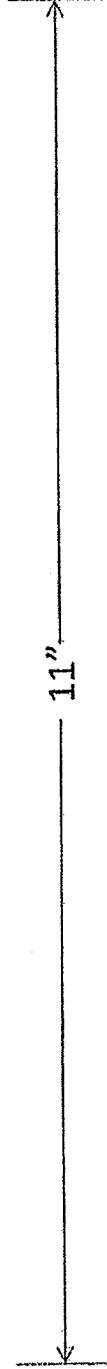
**INSTRUCTIONS:** Minimum 12 pt. font. "WARNING:" text must be bold.

**WARNING:**

This product contains TDCPP and TCEP, flame  
retardant chemicals known to the State of  
California to cause cancer.



8.5"



11"

**INSTRUCTIONS:** Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.