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FILED
 ALAMEDA COUNTY

JUN 13 2014

CLERK OF THE SUPERIOR COURT
 By *A. Arnes* Deputy

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11
 12 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 13 COUNTY OF ALAMEDA
 14

15	Coordination Proceeding)	JUDICIAL COUNCIL COORDINATION
16	Special Title (Rule 3.350))	PROCEEDING NO: 4765
17	PROPOSITION 65 COCAMIDE DEA)	[<i>Shefa LMV, LLC v. Ross Stores, et al.</i> ,
18	CASES)	Los Angeles County Superior Court
19)	No. BC521400]
20)	[PROPOSED] AMENDED CONSENT
21)	JUDGMENT AS TO METHOD
22)	PRODUCTS, INC.
23)	Judge: Hon. George C. Hernandez, Jr.
24)	Action filed: October 11, 2013

1 **1. INTRODUCTION**

2 **1.1** This Consent Judgment is entered into by and between Plaintiff Shefa LMV, LLC
3 (“Shefa”) and Method Products, PBC, sued as and formerly known as Method Products, Inc.
4 (hereinafter “Method”). Shefa and Method are collectively referred to as the “Parties” and
5 individually as a “Party.”

6 **1.2** Shefa is a limited liability company in California that is acting as a private enforcer
7 pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health &
8 Safety Code § 25249.5 *et seq.* (“Proposition 65”), and is enforcing Proposition 65.

9 **1.3** On August 1, 2013, Method Products, Inc. formally reincorporated as a Delaware
10 public benefit corporation with the name Method Products, PBC.

11 **1.4** Method employs ten or more persons and is a person in the course of doing business
12 for purposes of Proposition 65.

13 **1.5** The products covered by this Consent Judgment (“Covered Products”) are hand
14 soaps manufactured, distributed and/or sold by Method that contain coconut oil diethanolamine
15 condensate (cocamide diethanolamine) (referred to herein as “cocamide DEA”), including but not
16 limited to Method Daffodil Bouquet, Method Cloudburst Hand Soap, Method Tomato Vine Hand
17 Soap and Method Honeysuckle Hand Soap.

18 **1.6** On or about July 1, 2013 and July 31, 2013, Shefa served Method and various public
19 enforcement agencies with documents entitled “60-Day Notice of Violation” pursuant to Health &
20 Safety Code § 25249.7(d) (the “Notices”), alleging that Method was in violation of Proposition 65.
21 Shefa’s Notices alleges that the Covered Products expose consumers to cocamide DEA without the
22 requisite Proposition 65 warnings. Cocamide DEA is listed pursuant to Proposition 65 as a
23 chemical known to the State of California to cause cancer.

24 **1.7** Shefa filed a Complaint in the above-captioned action (“Action”), alleging
25 Proposition 65 violations as to the Covered Products and asserting causes of action against Method
26 Products, Inc. under Proposition 65 and Cal. Bus. & Prof. Code §§ 17200 *et seq.*

27 **1.8** Upon entry of this Consent Judgment, the Complaint in the Action shall be deemed
28 to be amended to substitute Method Products, PBC in place of Method Products, Inc.

1 **1.9** Method denies the claims of alleged violations asserted against it in the Action and
2 denies that it has any liability under Proposition 65 or Cal. Bus. & Prof. Code §§ 17200 *et seq.*

3 **1.10** The Parties enter into this Consent Judgment to resolve all Proposition 65 claims
4 concerning the Covered Products set forth in the Notices and the Action.

5 **1.11** Nothing in this Consent Judgment shall be construed as an admission by the Parties
6 of any fact, finding, conclusion of law, issue of law or violation of law, nor shall compliance with
7 this Consent Judgment constitute or be construed as an admission by the Parties of any fact,
8 conclusion of law, issue of law, or violation of law.

9 **1.12** For purposes of this Consent Judgment only, the parties stipulate that this Court has
10 jurisdiction over Method as to the allegations contained in the Complaint, that venue is proper in
11 Alameda County Superior Court, and that this Court or, if the case is transferred back to the Los
12 Angeles County Superior Court at the conclusion of the Coordination Action, the Los Angeles
13 Superior Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

14 **1.13** Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy,
15 argument or defense the Parties may have in this or any other or future legal proceedings.

16 **1.14** The term "Effective Date" means the date on which this Consent Judgment is
17 approved and entered by the Court.

18 **2. INJUNCTIVE RELIEF**

19 **2.1 Reformulation of Covered Products.** As of the Effective Date, Method shall not
20 manufacture, distribute, sell or offer for sale any Covered Product that contains cocamide DEA and
21 that will be sold or offered for sale to California consumers.

22 **2.2** For purposes of this Consent Judgment, a Covered Product "contains cocamide
23 DEA" if cocamide DEA is an intentionally added ingredient in the Covered Product.

24 **2.3 Sell Through Period.** Method's Covered Products that were manufactured and
25 distributed for retail sale prior to the Effective Date shall be subject to the release of liability
26 pursuant to Section 5 of this Consent Judgment, without regard to when such Covered Products
27 were, or are in the future, sold to consumers. As a result, the obligations of Method as set forth
28

1 in this Consent Judgment, including but not limited to Section 2.1, do not apply to such Covered
2 Products.

3 **3. ENFORCEMENT**

4 Shefa may, by motion or application for an order to show cause before the Alameda County
5 Superior Court, or, if the case is transferred back to the Los Angeles County Superior Court at the
6 conclusion of the Coordination Action, the Los Angeles Superior Court, enforce the terms and
7 conditions contained in this Consent Judgment. Prior to bringing any motion or application to
8 enforce the requirements of Section 2 above, Shefa shall provide the Defendant with Notice of
9 Violation and a copy of any test results which purportedly support Shefa's Notice of Violation. The
10 Parties shall then meet and confer regarding the basis for Shefa's anticipated motion or application
11 in an attempt to resolve the matter informally, including providing Method a reasonable opportunity
12 of at least thirty (30) days to cure any alleged violation. Should such attempts at informal resolution
13 fail, Shefa may file its enforcement motion or application. The prevailing Party on any motion to
14 enforce this Consent Judgment shall be entitled to its reasonable attorney's fees and costs incurred
15 as a result of such motion or application.

16 **4. MONETARY PAYMENTS**

17 **4.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b)**

18 Method shall pay a total civil penalty payment of \$10,000.00 within ten (10) days of Court
19 entry of this Consent Judgment, as follows: the civil penalty shall be apportioned in accordance
20 with California Health & Safety Code § 25249.12 (c) and (d), with 75% of these funds remitted to
21 the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the
22 remaining 25% of the penalty remitted to Plaintiff, both pursuant to the procedures set forth in
23 Section 4.3.

24 **4.2 Reimbursement of Plaintiff's Fees and Costs**

25 The parties acknowledge that Plaintiff and its counsel offered to resolve this dispute
26 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving
27 this fee issue to be resolved after the material terms of the agreement had been settled. Method
28 expressed a desire to resolve the fee and cost issue after the other settlement terms had been

1 agreed. The Parties then attempted to (and did) reach an accord on the compensation due to
2 Plaintiff and its counsel under general contract principles and the private attorney general doctrine
3 codified at California Code of Civil Procedure § 1021.5, for all work performed in this matter,
4 except fees that may be incurred on appeal. Under these legal principles, Method shall pay the
5 amount of \$15,000.00 for fees and costs incurred investigating, litigating and enforcing this matter,
6 including the fees and costs incurred (and yet to be incurred) negotiating, drafting, and obtaining
7 the Court's approval of this Consent Judgment in the public interest.

8 **4.3 Payment Procedures**

9 All payments required by Sections 4.1 and 4.2 shall be within ten (10) days Court entry of
10 this Consent Judgment, in three checks made payable as follows:

- 11 (a) one check to "OEHHA" in the amount of \$7,500.00;
- 12 (b) one check to "Law Office of Daniel N. Greenbaum in Trust for Shefa LMV, LLC" in
13 the amount of \$2,500.00;
- 14 (c) one check to "Law Office of Daniel N. Greenbaum" in the amount of \$15,000.00.

15 **4.4 Issuance of 1099 Forms**

16 After the settlement funds have been transmitted to Plaintiff's counsel, DEFENDANT shall
17 issue separate 1099 forms, as follows:

- 18 (a) one 1099 form to the "Office of Environmental Health Hazard Assessment" (EIN:
19 68-0284486) in the amount of \$7,500.00;
- 20 (b) a second 1099 form to "Shefa LMV, LLC" in the amount of \$2,500.00, whose
21 address and tax identification number shall be furnished upon request;
- 22 (c) a third 1099 to "Law Office of Daniel N. Greenbaum" (EIN: 46-4580172) in the
23 amount of \$15,000.00;

24 **4.5 Issuance of Payments.**

25 **4.5.1** All payments owed to Plaintiff, pursuant to Section 4.1, shall be delivered to
26 the following payment address:
27
28

1 Daniel N. Greenbaum, Esq.
2 Law Office of Daniel N. Greenbaum
3 14752 Otsego Street
4 Sherman Oaks, CA 91403

5 **4.5.2** All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 4.1,
6 shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following addresses:

7 Mike Gyrics
8 Fiscal Operations Branch Chief
9 Office of Environmental Health Hazard Assessment
10 P.O. Box 4010
11 Sacramento, CA 95812-4010

12 With a copy of the checks payable to OEHHA mailed to the Law Office of Daniel N. Greenbaum at
13 the address set forth above in 4.5.1, as proof of payment to OEHHA.

14 **5. CLAIMS COVERED AND RELEASED**

15 **5.1 Full and Binding Resolution of Proposition 65 Allegations:** This Consent
16 Judgment is a full, final and binding resolution of the Action as set forth in this Section 5. Shefa, on
17 behalf of itself, its attorneys, agents, representatives, successors and assigns, and in the public
18 interest, waives all rights to participate in any action and releases and discharges (a) Method
19 Products, PBC, Method Products, Inc., and their parents, shareholders, divisions, subdivisions,
20 subsidiaries, partners, sister companies, and affiliates, and their successors and assigns (collectively,
21 the "Defendant Releasees"), and (b) finished product or ingredient manufacturers, distributors, and
22 suppliers, and all entities to whom any Defendant Releasee directly or indirectly distributed or sold
23 any Covered Products, including but not limited to distributors, wholesalers, customers, retailers
24 (including but not limited to Target Corp. and TJX Companies, Inc.), franchisees, cooperative
25 members, and Defendant Releasees' licensors and licensees (collectively, "Additional Releasees"),
26 with respect to all claims, including, without limitation, causes of action (in law or in equity), suits,
27 liabilities, demands, obligations, damages, costs, fines, penalties, expenses (including, but not
28 limited to, investigation fees, expert fees and attorneys' fees) or losses (collectively "Claims")
regarding any violation of Proposition 65 based on failure to warn about alleged exposures to

1 cocamide DEA in any Covered Products shipped, distributed or sold by Method prior to the
2 Effective Date.

3 **5.2 Individual Release:** Shefa, on behalf of itself, its past and current agents,
4 representatives, attorneys, and successors and/or assignees, and *not* in its representative capacity,
5 hereby provides a release that shall be effective as a full and final accord and satisfaction, as a bar to
6 all Claims under Proposition 65, Cal. Bus. & Prof. Code §§ 17200 *et seq.*, or any other statutory or
7 common law, that are or may be asserted against Defendant Releasees and Additional Releasees,
8 whether known or unknown, suspected or unsuspected, arising out of alleged exposures to, and/or
9 failure to warn of alleged exposures to, cocamide DEA or diethanolamine in the Covered Products
10 shipped, distributed or sold by Method prior to the Effective Date.

11 **5.3 General Release:** It is possible that other Claims not known to the Parties arising
12 out of the facts alleged in the Notices or the Action will develop or be discovered. Shefa, on behalf
13 of itself, its past and current agents, representatives, attorneys, and successors and/or assigns, and
14 not in its representative capacity, acknowledges that this Consent Judgment is expressly intended to
15 cover and include all such Claims, including all rights of action therefor. Shefa has full knowledge
16 of the contents of California Civil Code § 1542. Shefa acknowledges that the Claims released in
17 Section 5.2 include unknown Claims, and Shefa nevertheless waives California Civil Code § 1542
18 as to any such unknown Claims. California Civil Code § 1542 reads as follows:

19 **“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS**
20 **WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT**
21 **TO EXIST IN HIS OR HER FAVOR AT THE TIME OF**
22 **EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM**
23 **OR HER MUST HAVE MATERIALLY AFFECTED HIS OR**
24 **HER SETTLEMENT WITH THE DEBTOR.”**

25 Shefa, on behalf of itself, its past and current agents, representatives, attorneys, and successors
26 and/or assignees, and not in its representative capacity, acknowledges and understands the
27 significance and consequences of this specific waiver of California Civil Code § 1542.
28

1 **5.4** Compliance with the terms of this Consent Judgment by Method shall be deemed to
2 constitute compliance by any Defendant Releasee or Additional Releasee with Proposition 65
3 regarding alleged exposures to cocamide DEA in the Covered Products.

4 **5.5 Method's Release:** On behalf of itself and Defendant Releasees, Method waives all
5 rights to institute any form of action against Shefa or Shefa's attorneys, consultants and
6 representatives for all actions taken or statements made in the course of this Action prior to the date
7 of the execution of this Consent Judgment.

8 **6. COURT APPROVAL**

9 **6.1** This Consent Judgment is not effective until it is approved and entered by the Court
10 and shall be null and void if, for any reason, it is not approved and entered by the Court within one
11 year after it has been fully executed by all Parties.

12 **7. SOLE AGREEMENT**

13 **7.1** This Consent Judgment contains the sole and entire agreement and understanding of
14 the Parties with respect to the entire subject matter hereof, and any and all prior discussions,
15 negotiations, commitments or understandings related thereto, if any, are hereby merged herein and
16 therein. No representations, oral or otherwise, express or implied, other than those specifically
17 referred to in this Consent Judgment have been made by any Party hereto. No supplementation,
18 modification, waiver or termination of this Consent Judgment shall be binding unless executed in
19 writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent
20 Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether
21 or not similar, nor shall such waiver constitute a continuing waiver.

22 **8. MODIFICATION**

23 **8.1** This Consent Judgment may be modified from time to time by (i) a written
24 agreement of the Parties and upon entry of a modified consent judgment by the Court thereon; or
25 (ii) upon a successful motion or application of any Party and the entry of a modified consent
26 judgment by the Court.

1 **9. GOVERNING LAW AND APPLICATION**

2 **9.1** The terms of this Consent Judgment shall be governed by the laws of the State of
3 California and shall apply only to Covered Products that are sold or offered for sale in the State of
4 California. In the event that California's Office of Environmental Health Hazard Assessment
5 ("OEHHA") establishes a "safe harbor" limit for cocamide DEA, the Parties agree that it shall be
6 grounds for modification of this Consent Judgment with regard to any products thereafter
7 manufactured, imported, distributed and/or sold by Method for sale in the State of California which
8 fall within such "safe harbor" limit so established.

9 **9.2** This Consent Judgment shall apply to and be binding upon Shefa and Method and
10 their respective, divisions, subdivisions, and subsidiaries, successors and assigns.

11 **9.3** The Parties, including their counsel, have participated in the preparation of this
12 Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This
13 Consent Judgment was subject to revision and modification by the Parties and has been accepted
14 and approved as to its final form by all Parties and their counsel.

15 **9.4** Each Party to this Consent Judgment agrees that any statute or rule of construction
16 providing that ambiguities are to be resolved against the drafting Party should not be employed in
17 the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California
18 Civil Code § 1654.

19 **10. PROVISION OF NOTICE**

20 All notices required pursuant to this Consent Judgment and correspondence shall be sent to
21 the following:

22 For Shefa: Daniel Greenbaum, Esq.,
23 Law Office of Daniel N. Greenbaum
24 14752 Otsego Street
 Sherman Oaks, CA 91403

25 For Method: Sarah Esmaili, Esq.
26 Arnold & Porter LLP
27 Three Embarcadero Center, 10th Floor
 San Francisco, CA 94111

1 **11. ATTORNEYS' FEES**

2 **11.1** A Party who unsuccessfully brings or contests an action arising out of this Consent
3 Judgment shall be required to pay the prevailing Party's reasonable attorney's fees and costs. For
4 purposes of this Section 11.1, the prevailing Party refers to the Party that was successful in
5 obtaining relief more favorable to it than the relief that the other Party was amenable to providing
6 during the Parties' good faith attempt to resolve the dispute under Section 3.

7 **11.2** Nothing in this Section 11 shall preclude a Party from seeking an award of sanctions
8 pursuant to law.

9 **12. EXECUTION AND COUNTERPARTS**

10 The stipulations to this Consent Judgment may be executed in counterparts and by means of
11 facsimile and/or portable document format (pdf), which taken together shall be deemed to constitute
12 one document.

13 **13. COURT APPROVAL**

14 **13.1** This Consent Judgment shall not be effective until the Effective Date. Shefa shall
15 prepare and file a Motion for Approval of this Consent Judgment and Method shall make no
16 objections to entry of this Consent Judgment.

17 **13.2** If this Consent Judgment is not entered by the Court, it shall be of no force or effect.

18 **13.3** This Court shall retain jurisdiction of this matter to implement or modify the Consent
19 Judgment.

20 **14. COMPLIANCE WITH HEALTH AND SAFETY CODE § 25249.7(f)**

21 **14.1** Shefa agrees to comply with the reporting form requirements referenced in
22 California Health and Safety Code § 25249.7(f).

23 **15. AUTHORIZATION**

24 **15.1** Each signatory to this Consent Judgment certifies that he or she is fully authorized
25 by the Party he or she represents to stipulate to this Consent Judgment and to enter into and execute
26 the Consent Judgment on behalf of the Party represented and legally bind that Party.

27 **15.2** The undersigned have read, understand and agree to all of the terms and conditions
28 of this Consent Judgment.

1 **15.3** Except as explicitly provided herein, each Party is to bear its own fees and costs.

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3 **16. REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF**
4 **CONSENT JUDGMENT**

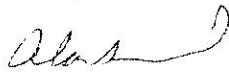
5 **16.1** This Consent Judgment came before this Court upon the request of the Parties. The
6 Parties request the Court to review this Consent Judgment and to make the following findings
7 pursuant to Cal. Health & Safety Code § 25249.7(f)(4):

- 8 1. The injunctive relief required by the Consent Judgment complies with Cal. Health &
9 Safety Code § 25249.7;
- 10 2. The reimbursement of fees and costs to be paid pursuant to the Consent Judgment is
11 reasonable under California law; and
- 12 3. The civil penalty amount to be paid pursuant to Consent Judgment is reasonable.


13 AGREED TO:

14 Dated: 5/19/14

SHEFA LMV, LLC

15 By: 
16 Alisa Fried

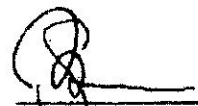
17 Approved as to form:

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19 Daniel Greenbaum, Esq.
20 Attorney for Shefa LMV, LLC


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Dated: 5/19/14

METHOD PRODUCTS, PBC, sued as
and formerly known as Method Products,
Inc.

By: 
Paul Yee, CFO

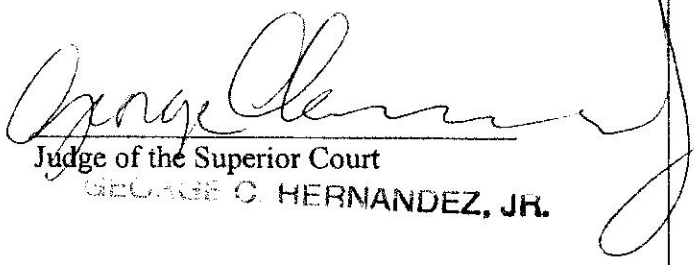
Approved as to form:


Sarah Esmaili, Esq.
Attorney for Method Products, PBC, sued
as and formerly known as Method
Products, Inc.

1 **ORDER AND JUDGMENT**

2 Based upon the stipulated Consent Judgment between Shefa LMV, LLC and Method
3 Products, PBC, the settlement is approved and the clerk is directed to enter judgment in accordance
4 with the terms herein.

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6 Dated: 6/13/2014

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9 Judge of the Superior Court
10 GEORGE C. HERNANDEZ, JR.

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