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CONSUMER ADVOCACY GROUP, INC.,

FILED
Superior Court of California
County of Los Angeles
12/20/2019

Sherri R. Carter, Executive Officer / Clerk of Court

By: Anthony He Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CASE NO. BC679776

in the public interest,		
Plaintiff,	CONSENT	JUDGMENT [PROPOSED]
v.	Health & Saf	ety Code § 25249.5 et seq.
VALU MART CO., a California Corporation et al.;	FAC Filed:	February 2, 2018
Defendants.	Dept: Judge:	48 Hon. Elizabeth White

1. INTRODUCTION

ADVOCACY GROUP, INC. (referred to as "CAG") acting on behalf of itself and in the interest of the public, and defendants, ROYAL DELUXE ACCESSORIES, LLC ("RDA"), ROYAL ITEMS, INC., a dissolved New York corporation ("RI"), FIVE BELOW, INC. ("FBI"), and 1616 HOLDINGS, INC., formerly known as Five Below Merchandising, Inc. ("FBM") (with RDA, RI, FBI, and FBM together referred to as "Defendants" and individually as a "Defendant"), with each a Party to the action and collectively referred to as "Parties." FBI and FBM (collectively, the "Five Below Parties") are named as defendants in this action, effective as

of the date of entry of this Consent Judgment and pursuant to the provisions of paragraph 7.4 of this Consent Judgment.

1.2 Defendants and Products

- 1.2.1 RI is a New York corporation that dissolved in 2011.
- 1.2.2 RDA is registered as a limited liability company in the State of New York.

 RDA manufactures, causes to be manufactured, distributes, and/or sells Covered Products as defined herein.
- 1.2.3 FBI is a Pennsylvania corporation, doing business in the State of California at all relevant times herein.
- 1.2.4 FBM is a Pennsylvania corporation that was formerly known as Five Below Merchandising, Inc. and is now known as 1616 Holdings, Inc., doing business in the State of California at all relevant times herein
- 1.2.5 For purposes of this Consent Judgment only, Defendants are each deemed a person in the course of doing business in California and are subject to the provisions of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65").

1.3 Chemicals of Concern

- 1.3.1 Bis (2-ethylhexyl) phthalate (aka DEHP) is a chemical known to the State of California to cause cancer and reproductive harm.
- 1.3.2 Di-*n*-Butyl Phthalate (aka DBP) is a chemical known to the State of California to cause reproductive harm.
- 1.4 **Notices of Violation**. The notice of violation identified in paragraph 1.4.6 below was directed to all Defendants. All of the other notices of violation identified below were directed to RI and/or RDA only.
- 1.4.1 On or about December 18, 2015, CAG served RI, RDA, and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2015-01295 ("AG2015-01295 Notice") that provided the

 recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DBP contained in Footwear, specifically Flip Flops sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2015-01295 Notice.

- 1.4.2 On or about December 30, 2016, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2017-00008 ("AG2017-00008 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DBP contained in Footwear, specifically Children's Footwear with Polymer Straps sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2017-00008 Notice.
- 1.4.3 On or about February 15, 2018, CAG served RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2018-00208 ("AG2018-00208 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in School Accessories, specifically Plastic Pencil Cases sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2018-00208 Notice.
- 1.4.4 On or about March 8, 2018, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2018-00292 ("AG2018-00292 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Footwear, specifically Plastic Rain Boots sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2018-00292 Notice.
- 1.4.5 On or about March 8, 2018, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California

Attorney General number 2018-00304 ("AG2018-00304 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Fashion Accessories, specifically Plastic Bags sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2018-00304 Notice.

- 1.4.6 On or about July 16, 2018, CAG served Defendants and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2018-01172 ("AG2018-01172 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Fashion Accessories, specifically Plastic Bags sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2018-01172 Notice.
- 1.4.7 On or about May 30, 2019, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2019-01088 ("AG2019-01088 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DBP contained in Women's Footwear, specifically Women's Flip Flops with Polymer Components sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2019-01088 Notice.
- 1.4.8 On or about June 28, 2019, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2019-01251 ("AG2019-01251 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Children's Footwear, specifically Children's Plastic Sandals sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2019-01251 Notice.

- 1.4.9 On or about July 17, 2019, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2019-01408 ("AG2019-01408 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Fashion Accessories, specifically Purses with Plastic Components sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2019-01408 Notice.
- 1.4.10 On or about July 17, 2019, CAG served RI, RDA and various public enforcement agencies with a document entitled "60-Day Notice of Violation" with California Attorney General number 2019-01430 ("AG2019-01430 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in Children's Accessories, specifically Vinyl/Plastic Children's Zipper Purses sold and/or distributed by Defendants. No other public enforcer has commenced or diligently prosecuted the allegations set forth in the AG2019-01430 Notice.

1.5 Complaints

- 1.5.1 On October 10, 2017, CAG filed a complaint for civil penalties and injunctive relief in Los Angeles Superior Court, Case No. BC679776 against Valu Mart Co. The Complaint alleges, among other things, that Valu Mart Co. violated Proposition 65 by failing to give clear and reasonable warnings of exposure to DBP from certain Covered Products (as that term is defined below).
- 1.5.2 On February 02, 2018, CAG filed a First Amended Complaint ("Complaint") in BC679776, naming RI and RDA as defendants. The Complaint alleges, among other things, that RI and RDA violated Proposition 65 by failing to give clear and reasonable warnings of exposure to DBP from certain Covered Products, specifically Children's Footwear with Polymer Straps.

1.5.3 On November 8, 2018, CAG filed a complaint for civil penalties and injunctive relief ("2nd Complaint") in Los Angeles Superior Court, Case No. 18STCVO4336 against the Defendants. The Complaint alleges, among other things, that Defendants violated Proposition 65 by failing to give clear and reasonable warning of exposure to DEHP from certain Covered Products, specifically Plastic Bags, and that RI and RDA violated Proposition 65 by failing to give clear and reasonable warnings of exposure to DEHP from certain other Covered Products, specifically Plastic Rain Boots.

1.6 Consent to Jurisdiction

- 1.6.1 For purposes of this Consent Judgment only, CAG, RI and RDA stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaints and Notices and personal jurisdiction over Defendants as to the acts alleged in the Complaints and Notices, that venue is proper in the County of Los Angeles and that this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations contained in the Complaints and of all claims which were or could have been raised by any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or related thereto.
- 1.6.2. For purposes of this Consent Judgment only and subject to the provisions of paragraph 7.4, CAG and the Five Below Parties stipulate that: (a) this Court has jurisdiction over the violations alleged in the 2nd Complaint and deemed to be asserted in this action and in the AG2018-01172 Notice; (b) this Court has personal jurisdiction over the Five Below Parties as to the acts alleged against them in the 2nd Complaint and deemed to be asserted in this action and in the AG2018-01172 Notice; (3) venue is proper in the County of Los Angeles; and (4) this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations against the Five Below Parties contained in the 2nd Complaint and deemed to be asserted in this action and of the AG2018-01172 Notice, and of all claims which were or could have been raised by any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or related thereto.

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1.7 No Admission

This Consent Judgment resolves claims that are denied and disputed. This Consent Judgment contains a full and final settlement of any and all claims between CAG, on the one hand, and RI and RDA, on the other hand, and a separate full and final settlement of any and all claims between CAG, on the one hand, and the Five Below Parties, on the other hand, and is being entered into by the Parties for the purpose of avoiding prolonged litigation. Nothing in this Consent Judgment shall be construed as an admission by any Defendant of any material allegation of the Complaint or the 2nd Complaint directed to such Defendant (each and every allegation of which each Defendant denies), any fact, conclusion of law, issue of law or violation of law, including without limitation, any admission concerning any violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine, or the meaning of the terms "knowingly and intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section 25249.6. Nothing in this Consent Judgment, nor compliance with its terms applicable to a given Defendant, shall constitute or be construed as an admission of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability on the part of such Defendant, its officers, directors, employees, or parent, subsidiary or affiliated corporations, or be offered or admitted as evidence in any administrative or judicial proceeding or litigation in any court, agency, or forum. Furthermore, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument, or defense any of the Parties may have in any other or future legal proceeding, except as expressly provided in this Consent Judgment.

DEFINITIONS 2.

- "DEHP Covered Products" means Plastic Pencil Cases, Plastic Rain Boots, Plastic 2.1 Bags, Children's Plastic Sandals, Purses with Plastic Components, and Vinyl/Plastic Children's Zipper Purses distributed, sold or supplied by RDA and/or RI.
 - "Plastic Pencil Cases" means plastic pencil cases, including but not 2.1.1 limited to "I Love School" "Sport Stationary"; "\$0.99"; "Warning: Choking hazard-small parts. Under 3 years of age must be used with constant adult

supervision,"; "Run #:01"; "Date of Production: 03/2017"; "Manufacturer:			
SIEN"; "Item: EMS56511"; "Made in China"; "Distributed by: Royal Deluxe			
Accessories, LLC."; "UPC: 613153565113".			
2.1.2 "Plastic Rain Boots" means plastic rain boots, including but not limited to			
• "Black, Multicolor Rain Boots; "37"; "NO: 3855" Raised Flower Design; "UPC			
613153080487"; "STYLE #AG 8048"; "1105653" "WARNING: CHOKING			
HAZARD Small Parts. Not for Children under 3 yrs MADE IN CHINA"			
• Red and Black Rain Boots; "36"; "NO: 3855" Raised Flower Design; "UPC			
613153080487"; "STYLE #AG 8048"; "1105653" "WARNING: CHOKING			
HAZARD Small Parts. Not for Children under 3 yrs MADE IN CHINA"			
• Pink Rain Boots; "37"; "NO: 3855" Raised Flower Design; "UPC			
613153080494"; "STYLE #AG 8049"; "1105654" "WARNING: CHOKING			
HAZARD Small Parts. Not for Children under 3 yrs MADE IN CHINA"			
• Green Rain Boots; "37"; "NO: 3855" Raised Flower Design; "UPC			
613153080494"; "STYLE #AG 8049"; "1105654" "WARNING: CHOKING			
HAZARD Small Parts. Not for Children under 3 yrs MADE IN CHINA"			
• Burgundy and Navy Rain Boots; "37"; "NO: 3855" Raised Flower Design;			
"UPC 613153080487"; "STYLE #AG 8048"; "1105653" "WARNING:			
CHOKING HAZARD Small Parts. Not for Children under 3 yrs MADE IN			
CHINA".			
2.1.3 "Plastic Bags" means plastic bags including but not limited to: (1) Yellow			
plastic zippered cartoon-themed bag; "ZIPPER POUCH"; "NEWEST			
FASHIONS – BEST QUALITY – GREAT VALUES"; "Run#:01"; "Date of			
Production: 07/2016"; "Manufacturer: Li Sheng"; "ITEM: EM60009"; "MADE			
IN CHINA"; "Distributed by: Royal Deluxe Accessories, LLC"; UPC			
61315360009, and (2) "ZIPPER POUCH", Yellow Plastic Bag with brown			

winking poop emoji, "NEWEST FASHIONS BEST QUALITY GREAT

VALUES", "Run#:01", "Date of Production: 08/2016", "Manufacturer: Li
Sheng", "ITEM: EM60009", "MADE IN CHINA", "Distributed by: Royal
Deluxe Accessories, LLC", UPC:613153600098."

- 2.1.4 "Children's Plastic Sandals" means children's plastic sandals, including but not limited to, Girls Plastic Sandals with Blue and Green Bow. "Distributed by: Royal Deluxe Accessories LLC. Manufacturer: Fang Shing Shoes Factory"; "RN#106804"; "UPC 6 13153 09040 0"; "Made in China".
- 2.1.5 "Purses with Plastic Components" means purses with plastic components, including but not limited to: (1) Blue "Mermaid Zipper Purse;" "aahs!;" "415831;" "NEWEST FASHION;" "BEST QUALITY;" "GREAT VALUES;" "DISTRIBUTED BY: Royal Deluxe Accessories, LLC;" "MADE IN CHINA;" "6 13153 78565 8", and (2) Purple "Mermaid Zipper Purse;" "aahs!;" "415831;" "NEWEST FASHION;" "BEST QUALITY;" "GREAT VALUES;" "DISTRIBUTED BY: Royal Deluxe Accessories, LLC;" "MADE IN CHINA;" "6 13153 78565 8".
- 2.1.6 "Vinyl/Plastic Children's Zipper Purses" means vinyl/plastic children's zipper purses including but not limited to: Zipper Purse; Unicorn Coin Purse; Item: ZIP78525; UPC: 613153785252; SKU: 415835; Run#: 01; Date of Production: 09/2018; Manufacturer: Caika; DISTRIBUTED BY: Royal Deluxe Accessories, LLC; Made in China.
- 2.2 "DBP Covered Products" means Flip Flops, Children's Footwear with Polymer Straps, and Women's Flip Flops with Polymer Components distributed, sold or supplied by RDA and/or RI.
 - 2.2.1 "Flip Flops" means flip flops, including but not limited to "Pink Flip Flops, "Super Bonus Pack", "Ladies Flip Flop & Flower Clip Fleurs a Pince", "Fashions for footware", "To flip-flops, sliders, hair bands, jeans, scarves,

bracelets, belts, handbags, shirts and so much MORE.", "Size XL/9-10", "Item# AG8000", "Made in China", SKU# 613153080005.

- 2.2.2 "Children's Footwear with Polymer Straps" means children's footwear with polymer straps including but not limited to, "Comfortable High Wedge"; Size M 1/2; Item# AG8078; Yellow flip flop with plastic straps; soles decorated with flower patterns; "WARING: CHOCKING HAZARD"; Made in China; UPC: 613153080784.
- 2.2.3 "Women's Flip Flops with Polymer Components" means women's flip flops with polymer components, including but not limited to, "Ladies Flip Flop & Flower Clip Fleurs a Pince"; "For hair for flip flop"; "Fun for your feet interchangeable clip-on accessories"; "Super Bonus Pack"; "Fashions for footware"; "To flip-flops, sliders, hair bands, jeans, scarves, bracelets, belts, handbags, shirts and so much MORE." "Size XL/11"; "Item# AG8000"; "UPC 6 13153 08000 5"; "Made in China".
- 2.3 "Covered Products" means DEHP Covered Products and DBP Covered Products distributed, sold or supplied by RDA and/or RI.
- 2.4 "Effective Date" means the date that this Consent Judgment is approved by the Court.
- 2.5 "DBP" means Di-*n*-Butyl Phthalate, a chemical known to the State of California to cause reproductive harm.
- 2.6 "DEHP" means Bis (2-ethylhexyl) phthalate, a chemical known to the State of California to cause cancer and reproductive harm.
- 2.7 "Complaints" means the Complaint (case number BC679776) and 2nd Complaint (case number 18STCVO4336).
- 2.8 "Notices" means the 60-Day Notices of Violation identified at paragraphs 1.4.1 to 1.4.10 above.

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3. INJUNCTIVE RELIEF / REFORMULATION / CLEAR AND REASONABLE WARNINGS.

- 3.1 Reformulation After Effective Date:
- 3.1.1 After the Effective Date, RDA and RI shall not sell in California, offer for sale in California, or ship for sale in California any DEHP Covered Products unless the level of DEHP does not exceed 0.1% by weight (1,000 parts per million (ppm)) and RDA and RI shall not sell in California, offer for sale in California, or ship for sale in California any DBP Covered Products unless the level of DBP does not exceed 0.1% by weight (1,000 ppm).
- 3.1.2 After the Effective Date, FBI and FBM each shall not sell in California, offer for sale in California, or ship for sale in California any Plastic Bags purchased from RDA or RI unless the level of DEHP does not exceed 0.1% by weight (1,000 ppm).
- 3.2 For any Covered Products still existing in the RDA inventory and for any Plastic Bags in the Five Below Parties' inventory as of the Effective Date, a Defendant shall place a Proposition 65 compliant warning on such products prior to selling or offering for sale in California after the Effective Date as set forth herein. Any warning provided pursuant to this section shall be affixed to the packaging of, or directly on, the Covered Products, and be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. A symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline shall precede the text of the warning. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".
- 3.2.1 CAG and RDA and RI agree that the following warning language shall constitute compliance with Proposition 65 with respect to the alleged DEHP in the DEHP Covered Products in RDA and RI's existing inventory as of the Effective Date distributed and/or sold by RDA or RI after the Effective Date and CAG and the Five Below Parties agree that the

following warning language shall constitute compliance with Proposition 65 with respect to the alleged DEHP in the Plastic Bags distributed, sold or supplied by RDA and/or RI in the Five Below Parties' existing inventory as of the Effective Date:

WARNING: This product can expose you to chemicals including DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

3.2.2 CAG and RDA and RI agree that the following warning language shall constitute compliance with Proposition 65 with respect to the alleged DBP in the DBP Covered Products in existing inventory as of the Effective Date distributed and/or sold by RDA and RI after the Effective Date:

WARNING: This product can expose you to chemicals including DBP, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

3.2.3 RDA and RI may alternatively use the following short-form warning which shall constitute compliance with Proposition 65 with respect to the alleged DBP in the DBP Covered Products in existing inventory as of the Effective Date distributed and/or sold by RDA and RI after the Effective Date, and the Five Below Parties may alternatively use the following short-form warning which shall constitute compliance with Proposition 65 with respect to the alleged DEHP in the Plastic Bags distributed, sold or supplied by RDA and/or RI in the Five Below Parties' existing inventory as of the Effective Date:

▲ WARNING: Cancer and Reproductive Harm – P65Warnings.ca.gov.

Any warning provided pursuant to this paragraph 3.2.3 must be placed directly on the product or the product's labeling.

4. SETTLEMENT PAYMENT

- 4.1 Payment and Due Date: After the Effective Date, Defendants shall pay a total of two hundred and eighty-eight thousand dollars and zero cents (\$288,000.00) in full and complete settlement of all monetary claims by CAG related to the Notices. Of the total settlement of \$288,000.00, defendant RDA has agreed to fund two-hundred and sixty thousand dollars (\$260,000.00) and the Five Below Parties have agreed to fund twenty-eight thousand dollars (\$28,000.00) of the total payment. The Parties acknowledge that the payment obligations as more specifically set forth below are several only and that RDA and RI shall have no obligation to fund any portion of the payments to be made by the Five Below Parties (and shall each be entitled to the full extent and benefit of the releases and protections afforded them by this Consent Judgment irrespective of whether the Five Below Parties make their payments) and that the Five Below Parties shall have no obligation to fund any portion of the payments to be made by RDA (and shall each be entitled to the full extent and benefit of the releases and protections afforded them by this Consent Judgment irrespective of whether RDA makes its payments). The total settlement payment of \$288,000.00 shall be delivered as follows:
- 4.1.1 Civil Penalty: Defendants shall issue separate checks totaling sixty-one thousand seven hundred and twenty dollars (\$61,720.00) as penalties pursuant to Health & Safety Code § 25249.12:
- (a) RDA, and RDA alone, shall pay fifty-five thousand seven hundred and twenty dollars and eighty-two cents (\$55,720.82) of the total \$61,720.00 in civil penalties. RDA will issue a check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of forty-one thousand seven hundred and ninety dollars and sixty-one cents (\$41,790.61) representing its pro-rata share of the 75% of the total penalty and RDA will issue a separate check to CAG in the amount of thirteen thousand nine

hundred and thirty dollars and twenty cents (\$13,930.20) representing its pro-rata share of the 25% of the total penalty; and

- (b) The Five Below Parties, and the Five Below Parties alone, shall pay five thousand nine hundred and ninety-nine dollars and eighteen cents (\$5,999.18) of the total \$61,720.00 in civil penalties. The Five Below Parties will issue a check made payable to OEHHA in the amount of four thousand four hundred and ninety-nine dollars and thirty-nine cents (\$4,499.39) representing its pro-rata share of the 75% of the total penalty and the Five Below Parties will issue a separate check to CAG in the amount of one thousand four hundred ninety-nine dollars and eighty cents (\$1,499.80) representing their pro-rata share of the 25% of the total penalty; and
- (c) RDA shall issue separate 1099 forms for each of its above respective payments in this paragraph 4.1.1 and the Five Below Parties shall issue separate 1099 forms for each of their above respective payments in this paragraph 4.1.1. 1099 forms issued to OEHHA shall be sent to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486). 1099 forms issued to CAG shall be sent CAG, c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

4.1.2 Additional Settlement Payments:

(a) Defendants shall make separate payments, in the total amount of forty-six thousand two hundred and eighty dollars (\$46,280.00), as an Additional Settlement Payment to "Consumer Advocacy Group, Inc." pursuant to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d). Of the total Additional Settlement Payment of \$46,280.00, RDA, and RDA alone, will issue a separate check to CAG for and will be severally responsible for the payment of forty-one thousand and seven hundred and eighty-one dollars and fifty-eight cents (\$41,781.58) and the Five Below Parties, and the Five Below Parties alone, will issue a separate check to CAG for and will be severally responsible for the payment of four thousand four hundred and ninety-eight dollars and forty-two cents (\$4,498.42).

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(b) CAG will use this Additional Settlement Payment as follows, eighty five percent (85%) for fees of investigation, purchasing and testing for Proposition 65 listed chemicals in various products, and for expert fees for evaluating exposures through various mediums, including but not limited to consumer product, occupational, and environmental exposures to Proposition 65 listed chemicals, and the cost of hiring consulting and retaining experts who assist with the extensive scientific analysis necessary for those files in litigation and to offset the costs of future litigation enforcing Proposition 65 but excluding attorney fees; fifteen percent (15%) for administrative costs incurred during investigation and litigation to reduce the public's exposure to Proposition 65 listed chemicals by notifying those persons and/or entities believed to be responsible for such exposures and attempting to persuade those persons and/or entities to reformulate their products or the source of exposure to completely eliminate or lower the level of Proposition 65 listed chemicals including but not limited to costs of documentation and tracking of products investigated, storage of products, website enhancement and maintenance, computer and software maintenance, investigative equipment, CAG's member's time for work done on investigations, office supplies, mailing supplies and postage. Within 30 days of a request from the Attorney General, CAG shall provide to the Attorney General copies of documentation demonstrating how the above funds have been spent. CAG shall be solely responsible for ensuring the proper expenditure of such additional settlement payment.

4.1.3 Reimbursement of Attorneys Fees and Costs: Defendants shall pay one hundred and eighty thousand dollars (\$180,000.00) to "Yeroushalmi & Yeroushalmi" as reimbursement for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to Defendants' attention, litigating, and negotiating a settlement in the public interest. Of this total \$180,000.00 payment, RDA, and RDA alone, will issue a separate check to Yeroushalmi & Yeroushalmi for and shall be solely and severally responsible for payment of one hundred and sixty-two thousand four hundred and ninety-seven dollars and sixty cents (\$162,497.60), and the Five Below Parties, and the Five

Below Parties alone, will issue a separate check to Yeroushalmi & Yeroushalmi for and shall be solely and severally responsible for payment of seventeen thousand five hundred and two dollars and forty cents (\$17,502.40).

4.2 Other than the payment to OEHHA described above, all payments referenced in paragraphs 4.1.1, 4.1.2, and 4.1.3 above, shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212. The payment to OEHHA shall be delivered to:

Office of Environmental Health Hazard Assessment
Attn: Mike Gyurics
1001 I Street, Mail Stop 12-B
Sacramento, California 95812.

Concurrently with their respective payments to OEHHA, Defendants shall provide CAG with written confirmation that the payment to OEHHA was delivered.

5. MATTERS COVERED BY THIS CONSENT JUDGMENT

5.1 Release of RDA and RI:

CAG on behalf of itself and in the public interest and RDA and RI, of any alleged violation of Proposition 65 that was or could have been asserted by CAG against RDA and RI for failure to provide Proposition 65 warnings of exposure to DEHP from the DEHP Covered Products and to DBP from DBP Covered Products as set forth in the Notices, and fully resolves all claims that have been or could have been asserted against RDA and RI up to the Effective Date for failure to provide Proposition 65 warnings for the exposure to DEHP from the DEHP Covered Products and to DBP from DBP Covered Products. CAG, on behalf of itself and in the public interest, hereby discharges RDA and RI and its parent companies, subsidiaries, divisions, affiliates, franchisees, licensors, licensees, customers, distributors, wholesalers, retailers and all downstream entities in the distribution chain of the Covered Products, and the predecessors, successors and assigns of any of them, and all of their respective officers, directors, shareholders,

members, managers, employees, agents, except defendants Valu Mart Co., Buy Low Market Corp., and K V Mart Co. (collectively, "Released Parties"), from all claims up through the Effective Date for violations of Proposition 65 based on exposure to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products. Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance by the Released Parties with Proposition 65 regarding alleged exposures to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products. Nothing in this section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than the Released Parties. As noted above, CAG expressly reserves the right to pursue defendants, Valu Mart Co., Buy Low Market Corp., and K V Mart Co. for any and all claims; nothing in this section releases any of CAG's claims arising out of the Notices or in the Complaints against Valu Mart Co., Buy Low Market Corp., and K V Mart Co.

5.1.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against the Released Parties arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products. In furtherance of the foregoing, as to alleged exposures to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products CAG on behalf of itself only, hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it with respect to Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the

DEHP Covered Products and to DBP from the DBP Covered Products by virtue of the provisions of section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products, including but not limited to any exposure to, or failure to warn with respect to exposure to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products, CAG will not be able to make any claim for those damages against Released Parties. Furthermore, CAG acknowledges that it intends these consequences for any such Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the DEHP Covered Products and to DBP from the DBP Covered Products as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Consent Judgment, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

5.2 Release of the Five Below Parties:

5.2.1 This Consent Judgment is a full, final, and binding resolution between CAG on behalf of itself and in the public interest and the Five Below Parties, of any alleged violation of Proposition 65 that was or could have been asserted by CAG against the Five Below Parties for failure to provide Proposition 65 warnings of exposure to DEHP from the Plastic Bags as set forth in the AG2018-01172 Notice, and fully resolves all claims that have been or

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could have been asserted against the Five Below Parties in this action and/or in the 2nd Complaint up to the Effective Date for failure to provide Proposition 65 warnings for the exposure to DEHP from any Plastic Bags purchased from RDA or RI. CAG, on behalf of itself and in the public interest, hereby discharges the Five Below Parties and their respective parent companies, subsidiaries, divisions, affiliates, franchisees, licensors, licensees, customers, distributors, wholesalers, retailers and all downstream entities in the distribution chain of the Plastic Bags purchased from RDA or RI, and the predecessors, successors and assigns of any of them, and all of their respective officers, directors, shareholders, members, managers, employees, agents, except defendants Valu Mart Co., Buy Low Market Corp., and K V Mart Co. (collectively, "Five Below Released Parties"), from all claims up through the Effective Date for violations of Proposition 65 based on exposure to DEHP from the Plastic Bags purchased from RDA or RI. Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance by the Five Below Released Parties with Proposition 65 regarding alleged exposures to DEHP from the Plastic Bags purchased from RDA or RI. Nothing in this section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than FBI, FBM or Five Below Released Parties. As noted above, CAG expressly reserves the right to pursue defendants, Valu Mart Co., Buy Low Market Corp., and K V Mart Co. for any and all claims; nothing in this section releases any of CAG's claims arising out of the Notices or in the Complaints against Valu Mart Co., Buy Low Market Corp., and K V Mart Co. The release of the Five Below Parties and the Five Below Released Parties identified in this section 5 are limited to those Plastic Bags purchased from RDA and RI.

5.2.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) of any nature whatsoever, whether known or

unknown, fixed or contingent (collectively "Claims"), against the Five Below Released Parties arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the Plastic Bags purchased from RDA or RI. In furtherance of the foregoing, as to alleged exposures to DEHP from the Plastic Bags purchased from RDA or RI, CAG on behalf of itself only, hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it with respect to Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the Plastic Bags purchased from RDA or RI by virtue of the provisions of section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the Plastic Bags purchased from RDA or RI, including but not limited to any exposure to, or failure to warn with respect to exposure to DEHP from the Plastic Bags purchased from RDA or RI, CAG will not be able to make any claim for those damages against Five Below Released Parties. Furthermore, CAG acknowledges that it intends these consequences for any such Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to DEHP from the Plastic Bags purchased from RDA or RI as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Consent Judgment, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

6.

ENFORCEMENT OF JUDGMENT

- 6.1 The terms of this Consent Judgment shall be enforced exclusively by the Parties hereto. The Parties may, by noticed motion or order to show cause before the Superior Court of California, Los Angeles County, giving the notice required by law, enforce the terms and conditions contained herein. A Party may enforce any of the terms and conditions of this Consent Judgment only after that Party first provides 30 days notice to the Party allegedly failing to comply with the terms and conditions of this Consent Judgment and attempts to resolve such Party's failure to comply in an open and good faith manner. Notwithstanding the immediately preceding sentence CAG may bring a motion or an action to enforce any breach of the settlement payment terms in Section 4 upon five (5) days written notice by CAG to the Defendants.
- Notice of Violation. Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment other than for failure to make payment, CAG shall provide a Notice of Violation ("NOV") to each Defendant it contends has failed to comply with the terms of this Consent Judgment (a "Notice Recipient"). The NOV shall include for each of the Covered Products: the date(s) the alleged violation(s) was observed and the location at which the Covered Products were offered for sale and shall be accompanied by all test data obtained by CAG in unredacted form (except for data on products unrelated to the NOV) regarding the Covered Products, and any other evidence or support for the allegations in the NOV.
 - 6.2.1 Non-Contested NOV. CAG shall take no further action regarding the alleged violation if, within 60 days of receiving such NOV, the Notice Recipient serves a Notice of Election ("NOE") that meets one of the following conditions:
 - (a) The Covered Products were shipped by the Notice Recipient for sale in California before the Effective Date, or
 - (b) Since receiving the NOV, the Notice Recipient has taken corrective action by either (i) requesting that its customers or stores in California, as applicable, remove the Covered Products identified in the NOV from sale in California

and destroy or return the Covered Products to the Notice Recipient or vendor, as applicable, or (ii) by bringing the Covered Products identified in the NOV into compliance with Section 3 above with written confirmation to CAG.

- 6.2.2 **Contested NOV.** A Notice Recipient may serve a NOE informing CAG of its election to contest the NOV within 30 days of receiving the NOV.
- (a) In its election, the Notice Recipient may request that the sample(s) of Covered Products tested by CAG be subject to confirmatory testing at an EPA-accredited laboratory.
- (b) If the confirmatory testing establishes that the Covered Products do not contain DEHP and/or DBP in excess of the levels allowed in paragraph 3.1, above, CAG shall take no further action regarding the alleged violation. If the testing does not establish compliance with paragraph 3.1, above, the Notice Recipient may withdraw its NOE to contest the violation and may serve a new NOE pursuant to paragraph 6.2.1.
- (c) If a Notice Recipient does not withdraw a NOE to contest the NOV, the CAG and the Notice Recipient shall meet and confer for a period of no less than 30 days before CAG may seek an order enforcing the terms of this Consent Judgment.
- 6.3 In any proceeding brought by any Party to enforce this Consent Judgment, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

7. ENTRY OF CONSENT JUDGMENT

- 7.1 CAG shall file a motion seeking approval of this Consent Judgment pursuant to California Health & Safety Code § 25249.7(f). Upon entry of the Consent Judgment, CAG and Defendants waive their respective rights to a hearing or trial on the allegations of the Complaint.
- 7.2 The Parties shall make all reasonable efforts possible to have the Consent Judgment approved by the Court.
- 7.3 If this Consent Judgment is not approved in full by the Court, (a) this Consent Judgment and any and all prior agreements between the Parties merged herein shall terminate

and become null and void, and the actions shall revert to the status that existed prior to the execution date of this Consent Judgment; (b) no term of this Consent Judgment or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in this Action, or in any other proceeding; and (c) the Parties agree to meet and confer to determine whether to modify the terms of the Consent Judgment and to resubmit it for approval.

7.4 Concurrently with entry of the Consent Judgment, the operative pleading in this action is deemed to have been amended to include CAG's allegations and claims with respect to the Notices identified at paragraphs 1.4.1, 1.4.3, 1.4.5, 1.4.7, 1.4.8, 1.4.9, and 1.4.10 and in the 2nd Complaint. For purposes of entry of this Consent Judgment only, Defendants stipulate that this Court has personal jurisdiction over Defendants and subject matter jurisdiction with respect to the allegations and claims with respect to the Notices identified at paragraphs 1.4.1, 1.4.3, 1.4.5, 1.4.7, 1.4.8, 1.4.9, and 1.4.10 and in the 2nd Complaint, which are included in the operative complaint, and personal jurisdiction over Defendants for entry of the Consent Judgment.8.

MODIFICATION OF JUDGMENT

- 8.1 This Consent Judgment may be modified only upon written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any party as provided by law and upon entry of a modified Consent Judgment by the Court.
- 8.2 Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Parties prior to filing a motion to modify the Consent Judgment.

9. RETENTION OF JURISDICTION

9.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment under Code of Civil Procedure § 664.6.

10. DUTIES LIMITED TO CALIFORNIA

10.1 This Consent Judgment shall have no effect on Covered Products sold by Defendants outside the State of California.

11. SERVICE ON THE ATTORNEY GENERAL

11.1 CAG shall serve a copy of this Consent Judgment, signed by the Parties, on the California Attorney General so that the Attorney General may review this Consent Judgment prior to its approval by the Court. No sooner than forty-five (45) days after the Attorney General has received the aforementioned copy of this Consent Judgment, and in the absence of any written objection by the Attorney General to the terms of this Consent Judgment, may the Court approve this Consent Judgment.

12. ATTORNEY FEES

12.1 Except as specifically provided in paragraphs 4.1.3 and 6.3, each Party shall bear its own costs and attorney fees in connection with this action.

13. GOVERNING LAW

- 13.1 The validity, construction and performance of this Consent Judgment shall be governed by the laws of the State of California, without reference to any conflicts of law provisions of California law.
- California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Covered Products, then any Defendants subject to this Consent Judgment may provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Covered Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve a Defendants from any obligation to comply with any pertinent state or federal law or regulation.
- 13.3 The Parties, including their counsel, have participated in the preparation of this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This Consent Judgment was subject to revision and modification by the Parties and has been accepted

and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

EXECUTION AND COUNTERPARTS

This Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document and have the same force and effect as original signatures.

Any notices under this Consent Judgment shall be by First-Class Mail or E-mail.

YEROUSHALMI & YEROUSHALMI 9100 Wilshire Boulevard, Suite 240W Email: lawfirm@yeroushalmi.com

301 E. Colorado Blvd., Suite 600

12121 Wilshire Blvd., Suite 322 (424) 465-1530 Email: singlin@cermaklegal.com

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Five Below Legal Department Approved

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AGREED TO:	
Date: 510 3 , 2019	98
A	Five Below
	Legal Department Approved
Name: Ravold Mischitam	
Title: <u>General</u> Coverel	
1616 HOLDINGS, INC. formerly known as Five Below Merchandising, Inc.	
IT IS SO ORDERED.	ē
21110	RTLL COR
Date: 12/20/2019	Spick an Histo
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×	
	Date: Sept 3 , 2019 Name: Parall Madatum Title: General Course 1616 HOLDINGS, INC. formerly known as Five Below Merchandising, Inc. IT IS SO ORDERED.