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AQUA LUNG AMERICA, INC.,

Defendant.

1 Evan J. Smith, Esquire (SBN 242352) Ryan P. Cardona, Esquire (SBN 302113) BRODSKY & SMITH, LLC 2 9595 Wilshire Blvd., Ste. 900 3 Beverly Hills, CA 90212 MAR - 7 201/ Telephone: (877) 534-2590 Facsimile: (310) 247-0160 4 CLERK OF THE SUPERIOR COURT 5 Attorneys for Plaintiff 6 7 SUPERIOR COURT OF THE STATE OF CALIFORNIA 8 9 COUNTY OF ALAMEDA 10 EMA BELL, Case No. RG16843496 11 [RAMPOSEM] CONSENT JUDGMENT Plaintiff, 12 vs. Judge: Stephen M. Pulido

Dept.:

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Hearing Date: March 7, 2017

Hearing Time: 3:00 PM

Reservation #: R- 1813579

1. <u>Introduction</u>

- Lung"), The TJX Operating Companies, Inc., NBC Fourth Realty Corp. (collectively, "T.J. Maxx") and various public enforcement agencies with a document entitled "Notice of Violation of California Health & Safety Code § 25249.6, et seq." (the "Notice"). The Notice provided Aqua Lung and such others, including public enforcers, with notice that alleged that Aqua Lung was in violation of California Health & Safety Code § 25249.6 ("Proposition 65"), for failing to warn consumers and customers that Aqua Lung, Aqua Lung Sport, U.S. Divers, Aqua Sphere and MP branded sports bags manufactured, sold and/or distributed by Aqua Lung America under various trade names in California (the "Product" or "Products") manufactured, sold and/or distributed by Aqua Lung in California, exposed users in California to the chemical Di(2-ethylhexyl) phthalate (DEHP) and the chemical Diisononyl Phthalate (DINP). No public enforcer has diligently prosecuted the allegations set forth in the Notice.
- 1.2 On December 22, 2016, Bell filed a Complaint for Civil Penalties and Injunctive Relief ("Complaint") in Alameda County Superior Court, Case No. RG16843496, against Aqua Lung alleging violations of Proposition 65.
- 1.3 Aqua Lung is a corporation that employs more than ten persons under California Health and Safety Code §25249.6 and offered the Products for sale within the State of California.
 - 1.4 Aqua Lung and Bell are collectively referred to herein as, the "Parties".
- 1.5 Bell's Complaint alleges, among other things, that Aqua Lung sold the Products in California and/or to California citizens, that the Products contain DEHP and DINP, and that the resulting exposure violated provisions of Proposition 65, by knowingly and intentionally exposing persons to chemicals known to the State of California to cause both cancer and reproductive toxicity without first providing a clear and reasonable warning to such individuals.
- 1.6 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Aqua Lung as to the acts alleged in the Complaint, that venue is proper in the

¹ Including, but not limited to bags for snorkel gear and backpacks.

County of Alameda, and that this Court has jurisdiction to enter this Consent Judgment as a resolution of the allegations contained in the Complaint.

- 1.7 The Parties enter into this Consent Judgment pursuant to a full settlement of disputed claims between the Parties as alleged in the Complaint for the purpose of avoiding prolonged litigation. By execution of this Consent Judgment, Aqua Lung does not admit any violation of Proposition 65 and specifically denies that it has committed any such violation. Nothing in this Consent Judgment shall be construed as an admission by Aqua Lung of any fact, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by Aqua Lung of any fact, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy or defense that Aqua Lung may have in any other future legal proceeding. However, this paragraph shall not diminish or otherwise affect the obligations, responsibilities and duties of Aqua Lung under this Consent Judgment.
- 1.8 For purposes of this Consent Judgment, the term "Effective Date" shall mean the date that the Consent Judgment is entered by the Court.

2. Injunctive Relief

- 2.1 Commencing ninety (90) days after the Effective Date, and continuing thereafter, Aqua Lung shall only ship, sell, or offer for sale in California, Reformulated Product pursuant to Section 2.2 or a Product that is labeled with a clear and reasonable warning pursuant to Section 2.3. Aqua Lung and its Downstream Releasees (as set forth in Section 4 below) shall have no obligation to reformulate or label Products that entered the stream of commerce prior to the Effective Date or within ninety (90) days after the Effective Date even if sold after the Effective date. For purposes of this Settlement Agreement, a "Reformulated Product" is Product that is in compliance with the standard set forth below in section 2.2.
- 2.2 "Reformulated Product" shall mean Product that contains less than or equal to 1,000 parts per million ("ppm") of DEHP or DINP when analyzed pursuant to CPSC-CH-C1001-09.3 Standard Operating Procedure for Determination of Phthalates method.

Products it sells or distributes and that is intended for sale in California and that is not a Reformulated Product, provide clear and reasonable warnings as set forth in subsections 2.3(a) and (b) below. The warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion.

(a) Retail Store Sales

(i) Product Labeling. Aqua Lung shall affix a warning to the packaging, labeling or directly on each Product they sell or distribute and that are intended for sale in California and that is not a Reformulated Product that states:

[PROPOSITION 65] WARNING:

This product contains a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used.

(ii) Point of Sale Warnings. Alternatively to the Product Labeling set forth in Section 2.3(a)(i) above, Aqua Lung may provide warning signs in the form below to its customers in California with instructions to post the warning signs in close proximity to the point of display of the Product. Such instruction sent to Aqua Lung customers shall be sent by certified mail, return receipt requested.

[PROPOSITION 65] WARNING:

This product contains a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used.

(b) Mail Order Catalog Warning. In the event that Aqua Lung directly sells Product via a printed mail order catalog directly to consumers located in California after the Effective Date that is not a Reformulated Product, Aqua Lung shall provide a warning for such

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Product sold via printed mail order catalog to such California residents. A warning that is given in a printed mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

[PROPOSITION 65] WARNING:

This product contains a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used. Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, Aqua Lung may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol" with the following language on the inside of the front cover of the printed catalog or on the same page as any order form for the Product:

[PROPOSITION 65] WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used. The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, Aqua Lung must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(c) Internet Sales Warning. In the event that Aqua Lung sells Product via the internet directly to consumers located in California ninety (90) days after the Effective Date that is not a Reformulated Product, Aqua Lung shall provide a warning for such Product sold via the internet to such California residents. A warning that is given on the internet shall be in substantially the same type size as the Product description text and shall be given in conjunction with the direct sale of the Product. The warning shall appear either: (a) on the same web page on which the Product is displayed; (b) on the same web page as the order form for the Product; (c) on the same page as the price for the Product; (d) on the same webpage where the Product is displayed via web link or (e) on one or more web pages displayed to a purchaser during the checkout process. However, it shall not be a violation of this provision of the Consent Judgment

if an internet retailer, such as Amazon.com, unilaterally modifies the Product display, description, order form, or checkout process such that the warning provided by Aqua Lung no longer appears as required by this provision. The following warning shall be provided:

[PROPOSITION 65] WARNING:

This product contains a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used.

2.4 Alternative Warning. Aqua Lung may, but is not required, to use the alternative warning as set forth in this Section 2.4 (the "Alternative Warning"), below if it has knowledge that the Products will expose users to other chemicals. Aqua Lung shall affix the Alternative Warning to the packaging, labeling or directly on each Products sold in retail outlets in California by Aqua Lung or any person selling the Products that states:

[PROPOSITION 65] WARNING:

This product contains chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

The bracketed text may, but is not required to, be used.

3. Entry of Consent Judgment

- 3.1 The Parties hereby request that the Court promptly enter this Consent Judgment.

 Upon entry of this Consent Judgment, Bell and Aqua Lung waive their respective rights to a hearing or trial on the allegations of the Complaint and 60-Day Notice.
- 3.2 In the event that the Attorney General objects or otherwise comments on one or more provisions of this Consent Judgment, Aqua Lung agrees not to oppose, object to, or otherwise impede any reasonable steps taken by Bell to satisfy such concerns or objections.

4. Matters Covered By This Consent Judgment

4.1 Plaintiff's Public Release of Proposition 65 Claims. This Consent

Judgment is a final and binding resolution between Bell, acting on her own behalf, and on behalf
of the public and in the public interest, and Defendant Aqua Lung and its owners, parents,
subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors,
insurers, attorneys, predecessors, successors and assigns (collectively "Releasees") and all entities

to whom Releasees directly or indirectly provide, distribute or sell the Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Releasees")², and shall have preclusive effect such that no other person or entity, whether purporting to act in his, her, or its interests or the public interest shall be permitted to pursue and/or take any action with respect to any violation of Proposition 65 that was alleged in the Complaint, or that could have been brought pursuant to the Notice against Releasees and Downstream Releasees. ("Proposition 65 Claims"). As to alleged exposures to DEHP and/or DINP in the Product, compliance with the terms of this Consent Judgment by Aqua Lung is deemed sufficient to satisfy all obligations concerning compliance by Releasees and Downstream Releasees, with the requirements of Proposition 65 with respect to the Products.

- 4.2 Plaintiff's Release of Additional Claims. As to Bell for and in her individual capacity only, this Consent Judgment shall have preclusive effect such that she shall not be permitted to pursue and/or take any action with respect to any other statutory or common law claim, to the fullest extent that any such claim was or could have been asserted by her against Releasees and Downstream Releasees based on their exposure of Bell to DEHP and/or DINP in the Products, or their failure to provide a clear and reasonable warning of exposure to Bell as well as any other claim based in whole or in part on the facts alleged in the Complaint and the Notice, whether based on actions committed by Aqua Lung, TJ Maxx, or any of their downstream retailers of the Products ("DEHP and DINP Exposure Claims").
- 4.3 Waiver of Rights Under Section 1542 of the California Civil Code. As to Bell's public release of Proposition 65 Claims set forth in Section 4.1 ("Public Release") and her individual release of DEHP and DINP Exposure Claims set forth in Section 4.2 ("Individual Release"), Bell, acting on her own behalf and on behalf of the public with respect to the Public Release and acting in her individual capacity with respect to the Individual Release, waives all rights to institute any form of legal action, and releases all claims against Releasees and Downstream Releasees, for the Proposition 65 Claims and the DEHP and DINP Exposure Claims (referred to collectively in this Section as "Claims"). In furtherance of the foregoing, Bell, acting

² Such Downstream Releasees include but are not limited to T.J. Maxx.

on her own behalf and on behalf of the public with respect to the Public Release and acting in her individual capacity with respect to the Individual Release, waives any and all rights and benefits which she now has, or in the future may have, conferred upon her with respect to the Claims by virtue of the provisions of § 1542 of the California Civil Code, which provides as follows:

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

4.4 Aqua Lung's Release of Plaintiff Bell. Aqua Lung, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Bell, her attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Bell and her attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against Aqua Lung in this matter.

5. Enforcement of Judgment

5.1 Notice of Violation

- 5.1.1 In the event that, at any time following ninety (90) days after the Effective Date, Bell believes in good faith that Aqua Lung is not complying with Section 2 of this Consent Judgment, Bell may issue a Notice of Violation pursuant to this Section.
- 5.1.2 The Notice of Violation shall, at a minimum, set forth for each Product(s):

 (a) the alleged violation, (b) the date the alleged violation was observed, (c) the location at which the Product was sold, and (d) a description of the Product, including the Stock Keeping Unit ("SKU") number for such product, giving rise to the alleged violation. If Bell contends that Aqua Lung has sold a Product that contains DEHP or DINP in concentrations that exceed the reformulation standard set forth in Section 2.2, the Notice of Violation shall also set forth for each Product all test data obtained by Bell regarding the Product and supporting documentation sufficient for validation of the test results, including all laboratory reports, quality assurance reports and quality control reports associated with testing of the Product.

5.1.3 The Notice of Violation shall be sent to the person(s) identified in Section 8 to receive notices for Aqua Lung, and must be served within forty-five (45) days of the date the alleged violation(s) was or were observed.

5.2 Options Upon Receipt of A Notice of Violation

- 5.2.1 Within thirty (30) days of receipt of a Notice of Violation, Aqua Lung shall serve Bell with a Notice of Election that states whether Aqua Lung: (a) contests the Notice of Violation in accordance with Section 5.2.2 below; or (b) does not contest the Notice of Violation in accordance with Sections 5.2.3 below.
- 5.2.2 If Aqua Lung contests a Notice of Violation, the Parties shall meet and confer to attempt to resolve their dispute. If the parties do not reach an informal resolution of a Notice of Violation within thirty (30) days of the commencement of the meet and confer process, Bell may, by motion or order to show cause before this Court, seek to enforce the terms and conditions contained in this Consent Judgment. In any such proceeding, Bell may seek whatever fines, costs, penalties, attorneys' fees or remedies are provided by law for failure to comply with the Consent Judgment.
- 5.2.3 If Aqua Lung does not contest a Notice of Violation shall, it shall include in its Notice of Election a detailed description of corrective action that it has undertaken or proposes to undertake to remove the Product(s) identified in the Notice of Violation for sale in California. If there is a dispute over the corrective action, the Parties shall meet and confer pursuant to Section 5.2.2 before seeking any remedy in court. For any uncontested Notice of Violation Aqua Lung shall be liable for a stipulated penalty of \$1,000 per location at which a non-compliant product was identified.

6. Modification of Judgment

- 6.1 This Consent Judgment may be modified only by written agreement of the Parties upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any party as provided by law and upon an entry of a modified Consent Judgment by the Court.
- 6.2 Should any court enter final judgment in a case brought by Bell or the People involving the Products that sets forth standards defining when Proposition 65 warnings will or

will not be required ("Alternative Standards"), or if the California Attorney General's office otherwise provides written endorsement (i.e., a writing that is circulated by the Attorney General that is not intended for the purpose of soliciting further input or comments) of Alternative Standards applicable to products that are of the same general type and function as the Products and constructed from the same materials, Aqua Lung shall be entitled to seek a modification of this Consent Judgment on sixty (60) days' notice to Bell so as to be able to utilize and rely on such Alternative Standards in lieu of those set forth in Section 2 of this Consent Judgment. Bell shall not unreasonably contest any proposed application to effectuate such a modification provided that the Products for which such a modification is sought are of the same general type and function as those to which the Alternative Standards apply.

7. Settlement Payment

- 7.1 In settlement of all the claims referred to in this Consent Judgment, and without any admission of liability therefore, Aqua Lung shall make the following monetary payments:
- 7.1.1 Initial Civil Penalty. Within ten (10) business days of the entry of this Consent Judgment by the Court, Aqua Lung shall pay a total of \$2,000.00 in Initial Civil Penalties in accordance with this Section. The Initial Civil Penalty payment will be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the civil penalty remitted to Bell. Within ten (10) business days of the entry of this Consent Judgment by the Court, Aqua Lung shall issue two separate checks for the civil penalty payment to (a) "OEHHA" in the amount of \$1,500.00; and (b) "Brodsky & Smith, LLC in Trust for Bell" in the amount of \$500.00. Payment owed to Bell pursuant to this Section shall be delivered to the following payment address:

Evan J. Smith, Esquire Brodsky & Smith, LLC Two Bala Plaza, Suite 510 Bala Cynwyd, PA 19004

Payment owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at one of the following address(es):

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

A copy of the check payable to OEHHA shall be mailed to Brodsky & Smith, LLC at the address set forth above as proof of payment to OEHHA.

- 7.1.2 Final Civil Penalty. No later than ninety (90) days after the Effective Date, Aqua Lung shall make a Final Civil Penalty payment of \$2,000.00. Pursuant to Title 11 California Code of Regulations, Section 3203(c), Bell agrees that the Final Civil Penalty payment shall be waived in its entirety if, no later than ninety (90) days after the Effective Date, an officer of Aqua Lung provides Bell with a signed declaration certifying that all Products it ships for sale or distributes for sale in California as of the date of its certification are Reformulated Products or are marked with the warnings required by this Consent Decree (hereinafter "Labeled Product") and that Aqua Lung will continue to offer only Reformulated Products or Labeled Products in California in the future. The option to provide a declaration certifying its complete early reformulation or labeling of the Products in lieu of making the Final Civil Penalty payment otherwise required by this Section is a material term, and time is of the essence.
- 7.1.3 Attorney Fees and Costs. In addition to the payment above, Aqua Lung shall pay \$23,000.00 to Brodsky & Smith, LLC ("Brodsky & Smith") as complete reimbursement for Bell's attorneys' fees and costs, including any investigation and laboratory costs or expert fees, incurred in the course of bringing the Complaint and in enforcing Proposition 65, including without limitation, preparation of the 60-Day Notice letter and discussions with the office of the Attorney General. Payment shall be made within ten (10) business days of the entry of this

1	Consent Judgment by the Court and sent to the address for Brodsky & Smith set forth in Section		
2	7.1.1, above.		
3	8.	Notices	
4	8.1	Any and all notices between the Parties provided for or permitted under this	
5	Agreement, or by law, shall be in writing and personally delivered or sent by: (i) first-class		
6	(registered or certified mail) return receipt requested; or (ii) overnight or two-day courier on any		
7	party by the other party to the following addresses:		
8	For Aqua Lung:		
9	Jim Reinis		
10	Director of Operations Aqua Lung America 2340 Cousteau Ct		
11	Vista, CA 92081		
12	&		
13	Vaneeta Chintamaneni, Esq. Schiff Hardin LLP		
14 15	One Market, Spear Street Tower Thirty-First Floor San Francisco, CA 94105		
16	For Bell:		
17	Evan J. Smith		
18	BRODSKY & SMITH, LLC 9595 Wilshire Blvd., Suite 900 Beverly Hills, CA 90212		
19	Any party, from time to time, may specify in writing to the other party a change of address to		
20	which all notices and other communications shall be sent.		
21	9.	Authority to Stipulate	
22	9.1	Each signatory to this Consent Judgment certifies that he or she is fully authorized	
23	by the party he or she represents to enter into this Consent Judgment and to execute it on behalf o		
24	the party represented and legally to bind that party.		
25	10.	Counterparts	
26	10.1	This Stipulation may be signed in counterparts and shall be binding upon the	
27	Parties hereto as if all said Parties executed the original hereof.		
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11. Retention of Jurisdiction

11.1 This Court shall retain jurisdiction of this matter to implement the Consent Judgment.

12. Service on the Attorney General

12.1 Bell shall serve a copy of this Consent Judgment, signed by all Parties, on the California Attorney General on behalf of the Parties so that the Attorney general may review this Consent Judgment prior to its submittal to the Court for Approval. 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, the Parties may then submit it to the Court for Approval.

13. Entire Agreement

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

14. Governing Law and Construction

14.1 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.

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1	15. <u>Court Approval</u>				
2	15.1 If this Consent Judgment is not approved by the Court, it shall be of no force or				
3	effect, and cannot be used in any proceeding for any purpose.				
4	IT IS SO STIPULATED:				
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6	Dated:	Dated:			
7	~ 0.00				
8	By:	By: Aqua Lung America, Inc.			
9	Ema Boll				
10	IT IS SO ORDERED, ADJUDGE	D AND DECKEED:			
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12	Dated:	Judge of Superior Court			
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2	15.1 If this Consent Judgment is not approved by the Court, it shall be of πο force or		
3	effect, and cannot be used in any proceeding for any purpose.		
4	IT IS SO STIPULATED:		
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6	Dated: Dated:		
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8	By: By: SamerReinis)		
9	Ema Bell Aqua Lung America, Inc.		
10	IT IS SO ORDERED, ADJUDGED AND DECREED:		
11	Dated: 1 1 - 2017		
12	Judge of Superior Court		
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