#### Superior Court of California County of Los Angeles Reuben Yeroushalmi (SBN 193981) Peter T. Sato (SBN 238486) 09/06/2019 Shannon E. Royster (SBN 314126) Sherri R. Carter, Executive Officer / Clerk of Court YEROUSHALMI & YEROUSHALMI C. Wilson Deputy An Association of Independent Law Corporations 9100 Wilshire Boulevard, Suite 240W Beverly Hills, California 90212 Telephone: 310.623.1926 Facsimile: 310.623.1930 Attorneys for Plaintiffs, Consumer Advocacy Group, Inc. SUPERIOR COURT OF THE STATE OF CALIFORNIA 10 **COUNTY OF LOS ANGELES** CONSUMER ADVOCACY GROUP, INC., 11 CASE NO. BC672978 in the public interest, 12 CONSENT JUDGMENT PROPOSEDI Plaintiff, 13 Health & Safety Code § 25249.5 et seg. 14 V. 15 **BURLINGTON COAT FACTORY** Dept. 30 WAREHOUSE CORPORATION, a Judge: Hon. Barbara Scheper 16 Delaware Corporation, et al. Complaint filed: August 18, 2017 17 18 Defendants. 19 INTRODUCTION 20 This Consent Judgment is entered into by and between plaintiff, Consumer 1.1 21 Advocacy Group, Inc. (referred to as "CAG") acting on behalf of itself and in the interest of the 22 public, and defendants, L & Leung Leatherware, Ltd. (erroneously sued as "L & Leung Group") 23 and L & Leung Handbags MFY., Ltd. (referred to as "Defendants" collectively) with each 24 Party to the action and collectively referred to as "Parties." 25 26 27 28 [PROPOSED] CONSENT JUDGMENT

 1.2.1 Defendants are a business entity form unknown which does business in California and employs ten (10) or more persons. For purposes of this Consent Judgment, Defendants are 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").

1.2.2 CAG alleges that Defendant manufactured, caused to be manufactured, sold, or distributed Handbags with Polymer Layers, including but not limited, to "Carlos by Carlos Santana®"; CS056N15 YELLOW ESTRELLA CLUTCH; Handbag with yellow exterior layer and green interior layer; also featuring a wrist strap of the same material which can be used to zip and unzip the bag; STYLE CS056N15; SEA 2 ACC 09 443 63902530 6; UPC: 844883046010" ("Covered Products").

# 1.3 Listed Chemicals

1.3.1 Dijsononyl Phthalate ("DINP") is known to the State of California to cause cancer.

#### 1.4 Notices of Violation.

1.4.1 On October 21, 2016, CAG served Defendants, L & Leung Group, L & Leung US Office, L & Leung Handbags Mfy. Ltd. and various public enforcement agencies with a document entitled dated October 21, 2016 "60-Day Notice of Violation" ("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 DINP contained in Handbags sold by Defendants. No public enforcer has commenced or diligently prosecuted the allegations set forth in the October 21, 2016 Notice.

#### 1.5 Complaint.

On August 18, 2017, CAG filed a Complaint for civil penalties and injunctive relief ("Complaint") in Los Angeles Superior Court, Case No. BC672978, against Defendants. The

Complaint alleges that Defendants violated Proposition 65 by failing to give clear and reasonable warnings of exposure to DINP from the Covered Products.

## 1.6 Consent to Jurisdiction

For purposes of this Consent Judgment, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Defendants as to the acts alleged in the Complaint, 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 Complaint 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.

#### 1.7 No Admission

This Consent Judgment resolves claims that are denied and disputed. The Parties enter into this Consent Judgment pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Nothing in this Consent Judgment shall be construed as an admission by the Parties of any material allegation of the Complaint (each and every allegation of which Defendants deny), 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, shall constitute or be construed as an admission by the Parties, or give rise to any inference of any admission, of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by any 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,

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 or defense the Parties may have in any other or future legal proceeding, except as expressly provided in this Consent Judgment.

#### 2. DEFINITIONS

- 2.1 "Covered Products" means Handbags with Polymer Layers, including but not limited, to "Carlos by Carlos Santana®"; CS056N15 YELLOW ESTRELLA CLUTCH; Handbag with yellow exterior layer and green interior layer; also featuring a wrist strap of the same material which can be used to zip and unzip the bag; STYLE CS056N15; SEA 2 ACC 09 443 63902530 6; UPC: 844883046010. The Covered Products are limited to those sold of supplied by Defendants.
- 2.2 "Effective Date" means the date that this Consent Judgment is approved by the Court.
  - 2.4 "DINP" means Diisononyl Phthalate.
  - 2.5 "Notice" means the October 21, 2016 60 Day Notice of Violation sent by CAG.

#### INJUNCTIVE RELIEF

- 3.1 After the Effective Date, Defendants shall not sell the Covered Products in California unless they are reformulated to contain less than 0.1% by weight (1000 parts per million) DINP.
- 3.2 For any Covered Products still existing in Defendants' inventory as of the Effective Date, Defendants shall place a Proposition 65 compliant warning on them. 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. The pictogram shall be in yellow with a black exclamation mark; provided however, the pictogram may be in white instead of yellow if the Covered Product label does not contain the color yellow. The warning shall state:

 ⚠ WARNING: This product can expose you to chemicals including DINP, which is known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov.

#### 4. SETTLEMENT PAYMENT

- 4.1 Payment and Due Date: Within 10 business days of the Effective Date. Defendants shall pay a total of one hundred and twenty-six thousand dollars and zero cents (\$126,000.00) in full and complete settlement of all monetary claims by CAG related to the Notice, as follows:
- 4.1.1 Civil Penalty: Defendants shall issue separate checks totaling seven thousand four hundred and thirty dollars and zero cents (\$7,430.00) as penalties pursuant to Health & Safety Code § 25249.12:
- (a) Defendants will issue a check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of five thousand five hundred and seventy-two dollars and fifty cents (\$5,572.50) representing 75% of the total penalty and Defendants will issue a check to CAG in the amount of one thousand eight hundred and fifty-seven dollars and fifty cents (\$1,857.50) representing 25% of the total penalty; and
- (b) Separate 1099s shall be issued for each of the above payments: Defendants will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amounts of \$5,572.50. Defendants will also issue a 1099 to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.
- 4.1.2 Additional Settlement Payments: Defendants shall pay five thousand five hundred and seventy dollars and zero cents (\$5,570.00) in lieu of civil penalties to "Consumer Advocacy Group, Inc." CAG will use this payment for investigation of the public's exposure to Proposition 65 listed chemicals through various means, including laboratory fees for

activities, 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 retained experts who assist with the extensive scientific analysis necessary for those files in litigation, as well as administrative costs and fees related to such activities in order 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, thereby addressing the same public harm as allegedly in the instant Action. Further, should the court require it, CAG will submit under seal, an accounting of these funds as described above as to how the funds were used. The check shall be made payable to "Consumer Advocacy Group, Inc." and delivered to Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

testing for Proposition 65 listed chemicals, administrative costs and fees related to such

- 4.1.3 Reimbursement of Attorneys Fees and Costs: Defendants shall pay one hundred thirteen thousand dollars and zero cents (\$113,000.00) to "Yeroushalmi & Yeroushalmi" as complete reimbursement for any and all attorneys' fees and costs relating to this Action as against Defendants, including but not limited to reasonable investigation fees and costs, attorneys' fees, expert fees, and any other costs incurred as a result of investigating, bringing this matter to Defendant's attention, litigating, negotiating a settlement in the public interest, and seeking and obtaining court approval of this Consent Judgment. The check shall be made payable to "Yeroushalmi & Yeroushalmi" and delivered to Reuben Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.
- 4.2 Other than the payment to OEHHA described above, Payments shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212.

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This Consent Judgment is a full, final, and binding resolution between CAG on 5.1 behalf of itself and in the public interest and Defendants of any alleged violation of Proposition .65 that was or could have been asserted by CAG against Defendants for failure to provide Proposition 65 warnings of exposure to DINP from the Covered Products as set forth in the Notice for the Covered Products, and fully resolves all claims that have been or could have been asserted in this action up to and including the date of entry of Judgment for alleged failure to provide Proposition 65 warnings for the Covered Products regarding DINP. CAG, on behalf of itself and in the public interest, hereby discharges Defendants and its parent companies, subsidiaries, divisions, affiliates, suppliers, franchisees, licensors, licensees, customers distributors, wholesalers, retailers and all downstream entities in the distribution chain of any of the Covered Products (including but not limited to defendants Burlington Coat Factory Warehouse Corporation, Burlington Coat Factory Direct Corporation, Burlington Stores, Inc., Burlington Coat Factory of California, LLC, and Burlington Coat Factory of San Bernardino, LLC ("collectively, "Burlington Defendants"), and the predecessors, successors and assigns of any of them, and all of their respective officers, directors, shareholders, members, managers, employees, agents (collectively, "Released Parties"), from all claims up through the Effective Date for violations of Proposition 65 based on exposure to DINP from the 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 DINP from the Covered Products. Nothing in this Section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than Defendants or Released Parties.

5.2 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 of 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 DINP from the Covered Products. In furtherance of the foregoing, as to alleged exposures to DINP from the 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 DINP from the 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 DINP from the Covered Products, including but not limited to any exposure to, or failure to warn with respect to exposure to DINP from the 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 DINP from 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 enterinto this Consent Judgment, regardless of whether their lack of knowledge is the result of

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ignorance, oversight, error, negligence, or any other cause.

# THEOREMENT 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 60 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.

6.2 Notice of Violation. Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment, CAG shall provide a Notice of Violation ("NOV") to Defendants. The NOV shall include for each of the Covered Products: the date(s) the alleged violation(s) was deserved and the location at which the Covered Products were offered for sale, and shall be accompanied by all test data obtained by CAG regarding the Covered Products, including an identification of the component(s) of the Covered Products that were tested.

6.2.1 Non-Contested NOV. CAG shall take no further action regarding the alleged violation if, within 60 days of receiving such NOV, Defendants serves a Notice of Election ("NOE") that meets one of the following conditions:

(a) The Covered Products were shipped by Defendants for sale in California before the Effective Date, or

(b) Since receiving the NOV-Defendants have 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 Defendants or vendor, as applicable, or (ii) providing a clear and reasonable

warning for the Covered Products identified in the NOV pursuant to 27 Cal. Code Regs. §

6.2.2 Contested NOV. Defendants may serve a NOE informing CAG of its election to contest the NOV within 30 days of receiving the NOV.

(a) In its election, Defendants may request that the sample(s) 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 DINP in excess of the levels allowed in Section 3.1, above, CAG shall take no further action regarding the alleged violation. If the testing does not establish compliance with Section 3.1, above, Defendants may withdraw its NOE to contest the violation and may serve a new NOE pursuant to Section 6.2.1.

(c) If Defendants do not withdraw a NOE to contest the NOV, the

Parties 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 either Party to enforce this Consent Judgment, such party may seek whatever fines, costs, penalties or remedies as may be provided by law for any violation of Proposition 65 or this Consent Judgment.

# 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, County of Los Angeles, 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.

- 6.2 Notice of Violation. Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment, the Party alleging a violation shall provide written notice ("NOV") to the other Party. The NOV shall include information sufficient for the Party alleged to be in violation to be able to understand and correct the violation. With respect to NOVs from CAG relating to the Covered Products, for each of the Covered Products: Any notice to Defendants must contain (a) the name of the product, (b) specific dates when the product was sold in California, (c) the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.
- 6.2.1 Non-Contested NOV. For NOVs from CAG relating to the Covered Products, CAG shall take no further action regarding the alleged violation if, within 60 days of receiving such NOV, Defendants serve a Notice of Election ("NOE") that meets one of the following conditions:
- (a) The Covered Products were shipped by Defendants for sale in California before the Compliance Date, or
- (b) Since receiving the NOV Defendants have taken corrective action by either (i) taking all steps necessary to bring the sale of the product into compliance under the terms of this Consent Judgment, or (ii) 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 Defendants or vendor, as applicable, or (iii) refute the information provided in paragraph 6.2.
- 6.2.2 Contested NOV. For NOVs from CAG relating to the Covered Products, Defendants may serve a Notice of Election ("NOE") informing CAG of its election to contest the NOV within 30 days of receiving the NOV.
  - (a) In its election, Defendants 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 DINP in excess of the levels allowed in Section 3.1, above, CAG shall take no further action regarding the alleged violation. If the testing does not establish compliance with Section 3.1, above, Defendants may withdraw its NOE to contest the violation and may serve a new NOE pursuant to Section 6.2.1.
- (c) If Defendants do not withdraw a NOE to contest the NOV or take action under Section 6.2.1, above, the Parties 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 either Party to enforce this Consent Judgment, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

#### 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). The Parties agree to act in good faith to obtain Court approval of the Consent Judgment. 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 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.

# 8. MODIFICATION OF JUDGMENT

- 8.1 This Consent Judgment may be modified only upon written agreement of the Parties and, if the modification affects a substantive provision of this Consent Judgment, upon entry of a modified Consent Judgment by the Court thereon, or otherwise 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 Party prior to filing a motion to modify the Consent Judgment.
- 8.3 Within one-hundred and twenty (120) days of the Effective Date, CAG shall file a request for dismissal without prejudice of the Burlington Defendants with respect to the Second Cause of Action in the Complaint.

### 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. SERVICE ON THE ATTORNEY GENERAL

10.1 CAG shall serve a copy of this Consent Judgment, signed by both parties, on the California Attorney General 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.

#### 11. ATTORNEY FEES

11.1 Except as specifically provided in Sections 4.1.3 and 6.3, each Party shall bear its own attorneys' fees and costs in connection with this action.

12.1 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.

12.2 The terms of this Consent Judgment shall be governed by the laws of the State of 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 Defendant 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 Defendant from any obligation to comply with any pertinent state or federal law or regulation.

12.3 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.

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1	AGREED TO: AGREED TO:
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4	Name: Michael Marcy Name: Andrew Leung
5	Title: Director Title: Director.
6	CONSUMER ADVOCACY GROUP. L & LEUNG LEATHERWARE, LTD. AND L &
7	ÎNC. LEUNG HANDBAGS MFY., LÍD
8	TITLE CO ODDEDED
9	IT IS SO ORDERED.
10	Date: 09/09/2019 Backus M. Achou
11	Hon. Barbara Scheper
12	JUDGE OF THE SUPERIOR COURT
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	[PROPOSED] CONSENT JUDGMENT
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