

1 Mark N. Todzo, State Bar No. 168389 Meredyth Merrow, State Bar No. 327338 2 LEXINGTON LAW GROUP 503 Divisadero Street 3 San Francisco, CA 94117 Telephone: (415) 913-7800 4 Facsimile: (415) 759-4112 mtodzo@lexlawgroup.com 5 mmerrow@lexlawgroup.com 6 Counsel for Plaintiff CENTER FOR ENVIRONMENTAL HEALTH 7 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 COUNTY OF SAN FRANCISCO 10 11 CENTER FOR ENVIRONMENTAL HEALTH, 12 a non-profit corporation, 13 Plaintiff, 14 ٧. 15 DOLLS KILL, INC., et al., 16 17 Defendants. 18 19 20 21 22 23 24 25 26 27 28

SEP 1 5 2023

Case No. CGC-22-602383

Assigned For All Purposes To The Honorable Ethan P. Schulman, Dept. 304

[PROPOSED] AMENDED CONSENT JUDGMENT AS TO DEFENDANT DSW SHOE WAREHOUSE, INC. AND MAC DESIGN GROUP, LLC

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AMENDED CONSENT JUDGMENT (DSW SHOE WAREHOUSE, INC. & MAC DESIGN GROUP, LLC) - CASE NO. CGC-22-602383

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1.1 The parties to this Consent Judgment are: the Center for Environmental Health ("CEH"); Defendant DSW Shoe Warehouse, Inc. ("Settling Retailer"); and MAC Design Group, LLC ("Settling Manufacturer"). Settling Retailer and Settling Manufacturer are referred to collectively as the "Settling Parties." CEH, Settling Retailer and Settling Manufacturer are referred to collectively as the "Parties" to this Consent Judgment.

- 1.2 CEH alleges that Settling Retailer sells socks made primarily of polyester with spandex that contain Bisphenol A ("BPA") in the State of California ("Covered Products") or has done so in the past.
- 1.3 Settling Manufacturer manufacturers socks, some of which are sold to Settling Retailer.
- 1.4 On June 23, 2022, CEH served a 60-Day Notice of Violation under Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5, et seq.) ("Notice") to Settling Retailer, the California Attorney General, the District Attorneys of every County in the State of California, and the City Attorneys for every City in the State of California with a population greater than 750,000. The Notice alleges violations of Proposition 65 with respect to the presence of BPA in the Covered Products. Settling Retailer denies ever receiving such notice.
- 1.5 On October 13, 2022, CEH filed the operative complaint naming Settling Retailer as a defendant in this action. Settling Retailer alleges that receipt of the complaint was its first notice of CEH's allegations.
- 1.6 For purposes of this Consent Judgment only, the Parties stipulate that: (i) this Court has jurisdiction over the allegations of violations contained in the operative Complaints applicable to Settling Retailer and personal jurisdiction over the Settling Parties as to the acts alleged in the Complaint; (ii) venue is proper in the County of San Francisco; and (iii) this Court has jurisdiction to enter this Consent Judgment.
- 1.7 Nothing in this Consent Judgment is or shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance

with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any other legal proceeding. This Consent Judgment is the product of negotiation and compromise and is accepted by the Parties for purposes of settling, compromising, and resolving issues disputed in this action.

2. **DEFINITIONS**

- 2.1 "Covered Products" means socks made primarily of polyester with spandex that are manufactured, distributed, licensed or sold by Settling Manufacturer to Settling Retailer.
- 2.2 "Effective Date" means the date on which this Consent Judgment is entered by the Court.
- 2.3 "Test Protocol" means a method for measuring total BPA content as set forth in Exhibit A.

3. INJUNCTIVE RELIEF

Reformulation of Covered Products. Within six months following the Effective Date (the "Reformulation Date"), Settling Manufacturer shall not manufacture, distribute, license, sell, or offer for sale any Covered Product in California that contains BPA except as provided in Section 3.3 below. Within six months following the Effective Date (the "Reformulation Date"), Settling Retailer shall not sell, or offer for sale any Covered Product in California that contains BPA except as provided in Section 3.3 or except where Settling Manufacturer elects to provide the warning consistent with Section 3.4 below. For purposes of this Consent Judgment, a product "contains BPA" if BPA is an intentionally added ingredient in either the Covered Product or a component of the Covered Product, or contains in excess of one (1.0) part per million BPA as measured by the Test Protocol. Settling Manufacturer shall not replace the BPA with any other bisphenol (such as Bisphenol S or BPS). In the event that Settling Retailer learns either through Plaintiff or another means that the Covered Products contain BPA or another bisphenol in excess of the requirements set forth herein and Settling Manufacturer has not provided the warning consistent with Section 3.4 below, Settling Retailer

shall notify its supplier that it has breached its specification and cease selling the subject Covered Products in California until its supplier either sends a new shipment of Covered Products that are in compliance with Proposition 65 or provides Settling Retailer with the required warnings consistent with Section 3.4 below that Settling Retailer will affix to such Covered Products prior to selling them.

- 3.2 **Specification to Suppliers.** No more than thirty (30) days after the Effective Date, Settling Retailer shall issue specifications to their suppliers of Covered Products requiring that Covered Products not contain BPA or any other phenol (such as Bisphenol S or BPS).
- 3.3 **Sell-Through for Existing Inventory.** The reformulation requirements of Section 3.1 shall not apply to Covered Products that: a) Settling Retailer had entered into a binding agreement to purchase prior to the Effective Date, including but not limited to Covered Products in distribution centers, in inventory, or at retail locations; and b) to Covered Product that Settling Manufacturer had labelled with a State-approved Proposition 65 "safe harbor warning" (as described in § 3.4.1, below) prior to the Effective Date.

3.4 Clear and Reasonable Warnings.

3.4.1 **Election to Warn**. If Settling Manufacturer is unable to comply with the Reformulation provision set forth in Section 3.1 or otherwise elects to permanently avail itself of the warning option provided by this Section 3.4, Settling Manufacturer shall provide written notice to CEH prior to the Reformulation Date, and Settling Manufacturer concurrently shall make the additional payment specified in Section 5.2.5 below. Settling Manufacturer shall then provide Clear and Reasonable Warnings for each Covered Product sold in California that contains BPA. A Clear and Reasonable Warning under this Agreement shall state:



WARNING: This product can expose you to chemicals including Bisphenol A (BPA) 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.

The word "WARNING" shall be displayed in all capital letters and bold print and shall be preceded by the yellow warning triangle symbol depicted above, provided however, the

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symbol may be printed in black and white if the Covered Product label is produced without using the color yellow. This warning statement shall be prominently displayed on the outer packaging of the Covered Product and shall be displayed with such conspicuousness, as compared with other words, statements or designs as to render it likely to be seen, read and understood by an ordinary individual prior to sale. For internet, catalog or any other sale where the consumer is not physically present, the warning statement shall be displayed in such a manner that it is likely to be read and understood by an ordinary individual prior to the authorization of or actual payment.

4. ENFORCEMENT

- Plaintiff may, by motion or application for an order to show cause before the Superior Court of San Francisco County, enforce the terms and conditions contained in this Consent Judgment. Prior to bringing any motion or application to enforce the requirements of Section 3 above, Plaintiff shall provide the appropriate Settling Party with a Notice of Violation and a copy of any test results which purportedly support the Notice of Violation. CEH and the affected Settling Party(ies) shall then meet and confer regarding the basis for the anticipated motion or application in an attempt to resolve it informally, including providing Settling Party(ies) with a reasonable opportunity of at least thirty (30) days to cure any alleged violation. Should such attempts at informal resolution fail, Plaintiff may file an enforcement motion or application. This Consent Judgment may only be enforced by the Parties.
- 4.2 The first time Plaintiff's Notice of Violation involves BPS or any phenol other than BPA, affected Settling Party(ies) must provide notice to its supplier as set forth in Section 3.2, but shall have no further liability for violating the terms of this Consent Judgment. However, any subsequent Notice of Violation involving BPS or any phenol other than BPA shall be governed by Section 4.1

5. PAYMENTS

5.1 **Tax Information.** CEH has provided Settling Parties with appropriate tax identification information (*e.g.*, Internal Revenue Service "W-9" forms) for all Payees identified in Section 5.3.4 below.

DOCUMENT PREPARED ON RECYCLED PAPER Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 1001 I Street, MS #19B Sacramento, CA 95814

The CEH portion of the civil penalty payment for \$2,225 shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.3.2 \$6,600 as an Additional Settlement Payment ("ASP") to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204 and California Code of Regulations, Title 11, § 3204. CEH will use such funds to continue its work educating and protecting people from exposures to toxic chemicals, including BPA, in textiles and other products. CEH may also use a portion of such funds to monitor compliance with this Consent Judgment and to purchase and test Settling Parties' products to confirm compliance.

5.3.3 \$48,500 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$41,000 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$7,500 payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. Both of these payments shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.3.4 To summarize, Settling Parties shall deliver checks made out to the payees and in the amounts set forth below:

Payee	Туре	Amount	Deliver To
ОЕННА	Penalty	\$6,675	OEHHA per Section 5.2.1
Center For Environmental Health	Penalty	\$2,225	LLG
Center For Environmental Health	ASP	\$6,600	LLG

Lexington Law Group	Fee and Cost	\$41,000	LLG
Center For Environmental Health	Fee and Cost	\$7,500	LLG

5.4 If Settling Manufacturer avails itself of the permanent warning option provided for by Section 3.4, Settling Manufacturer shall make an additional payment of \$16,000 and no cents to be split between a civil penalty and ASP as set forth herein, concurrently with its written notice as provided in Section 3.4.1. Of the additional payment, \$10,000 shall be a civil penalty, apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty payment of \$7,500 shall be made payable to OEHHA, associated with taxpayer identification number 68-0284486, and sent to the OEHHA address set forth in section 5.3.1 above. The CEH portion of the additional civil penalty payment of \$2,500 shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. \$2,000 of the additional payment shall be made payable to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117 for fees and costs associated with the additional payment. The remaining \$4,000 of the additional payment shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981 and shall be used as set forth in Section 5.3.2 above. Both payments to CEH shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.5 **Failure to Comply With Payment Obligations.** Notwithstanding the provisions of the Enforcement of Judgments Law and Code of Civil Procedure §708.160, in the event that Settling Parties do not comply fully with their respective payment obligations under Section 5, in addition to any other enforcement mechanism available to CEH, CEH may obtain an order requiring the applicable Settling Party to submit to a Debtors Exam. In the event that an affected Settling Party fails to submit to any such Debtors Exam ordered by the Court, CEH may seek an order holding that Settling Party in contempt of Court.

6. MODIFICATION

6.1 **Written Consent.** This Consent Judgment may be modified from time to

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time by express written agreement of the Parties with the approval of the Court, or by an order of this Court upon motion and in accordance with law.

6.2 **Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASED

- 7.1 Provided that Settling Parties comply in full with their individual obligations under Section 5, this Consent Judgment is a full, final and binding resolution between CEH on behalf of itself and the public interest and Settling Parties and their respective parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, shareholders, successors, assigns, and attorneys ("Defendant Releasees"), and all entities to which Settling Parties distribute or sell Covered Products, such as distributors, wholesalers, customers, retailers, franchisees, licensors and licensees ("Downstream Defendant Releasees"), of any violation of Proposition 65 based on failure to warn about alleged exposure to BPA contained in Covered Products that were sold by Settling Parties prior to the Effective Date.
- 7.2 Provided that Settling Parties comply in full with their respective obligations under Section 5, CEH, for itself, its agents, successors and assigns, releases, waives and forever discharges any and all claims against that Settling Party, Defendant Releasees, and Downstream Defendant Releasees arising from any violation of Proposition 65 or any other statutory or common law claims that have been or could have been asserted by CEH individually regarding the failure to warn about exposure to BPA contained in Covered Products sold by each Settling Party prior to the Effective Date.
- 7.3 Compliance with the terms of this Consent Judgment by Settling Parties and Defendant Releasees shall constitute compliance with Proposition 65 by Settling Parties, Defendant Releasees, and Downstream Defendant Releasees with respect to any alleged failure to warn about BPA in Covered Products manufactured by Settling Manufacturer and distributed or sold by Settling Retailer after the Effective Date.
 - 7.4 Nothing in this Section 7 affects Plaintiff's right to commence or prosecute an

1	action under Proposition 65 against any person other than Settling Parties, Defendant Releasees,			
2	or Do	r Downstream Defendant Releasees.		
3	8.	NOTICE		
4		8.1	When CEH is entitled to receive any notice under this Consent Judgment, the	
5	notic	e shall be s	ent by first class and electronic mail to:	
6			Mark N. Todzo	
7			Lexington Law Group 503 Divisadero Street	
8			San Francisco, CA 94117 mtodzo@lexlawgroup.com	
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10	. .	8.2	When Settling Parties are entitled to receive any notice under this Consent	
11	Judgment, the notice shall be sent by first class and electronic mail to:			
12			Todd O. Maiden Reed Smith LLP	
13			101 Second Street, Suite 1800 San Francisco, California 94105	
14			tmaiden@reedsmith.com	
15		8.3	Any Party may modify the person and address to whom the notice is to be sent	
16	by se	nding the o	other Party notice by first class and electronic mail.	
17	9.	COURT	T APPROVAL	
18		9.1	This Consent Judgment shall become effective upon entry by the Court.	
19	Plain	tiff shall pr	repare and file a Motion for Approval of this Consent Judgment and the Parties	
20	shall	support en	try of this Consent Judgment.	
21		9.2	If this Consent Judgment is not entered by the Court, it shall be of no force or	
22	effect and shall never be introduced into evidence or otherwise used in any proceeding for any			
23	purpose other than to allow the Court to determine if there was a material breach of Section 9.1.			
24	10.	GOVERNING LAW AND CONSTRUCTION		
25		10.1	The terms of this Consent Judgment shall be governed by the laws of the State	
26	of Ca	lifornia.		
27	11.	ATTOR	RNEYS' FEES	
28		11.1	Should Plaintiff prevail on any motion, application for an order to show cause,	
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or other proceeding to enforce a violation of this Consent Judgment, Plaintiff shall be entitled to its reasonable attorneys' fees and costs incurred as a result of such motion or application. Should a Settling Party prevail on any motion application for an order to show cause or other proceeding, that Settling Party may be awarded its reasonable attorneys' fees and costs against Plaintiff as a result of such motion or application upon a finding by the Court that Plaintiff's prosecution of the motion or application lacked substantial justification. For purposes of this Consent Judgment, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.

- 11.2 Except as otherwise provided in this Consent Judgment, each Party shall bear its own attorneys' fees and costs.
- 11.3 Nothing in this Section 11 shall preclude a Party from seeking an award of sanctions pursuant to law.

12. ENTIRE AGREEMENT

understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Consent Judgment have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto only to the extent that they are expressly incorporated herein. No supplementation, modification, waiver or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

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SUCCESSORS AND ASSIGNS

This Consent Judgment shall apply to and be binding upon CEH and Settling Parties, and their respective divisions, subdivisions and subsidiaries, and the successors or assigns of any of them.

14. RETENTION OF JURISDICTION

14.1 This Court shall retain jurisdiction of this matter to implement or modify the Consent Judgment.

15. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT

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

16. NO EFFECT ON OTHER SETTLEMENTS

- 16.1 Nothing in this Consent Judgment shall preclude CEH from resolving any claim against an entity other than Settling Parties on terms that are different than those contained in this Consent Judgment.
- 16.2 If CEH enters into any consent judgment ("Settlement Document") with any other entity with respect to an alleged failure to warn of alleged exposures to BPA in socks made primarily of polyester with spandex in which it agrees to different injunctive terms (including without limitation a different Test Protocol), it shall provide Settling Parties with notice thereof by serving the Settlement Document on the Attorney General for posting on its public website, and one or both Settling Parties may thereafter seek to modify this Consent Judgment to adopt those injunctive terms and comply with them instead of those presently set forth in Section 3. If a Settling Party seeks to adopt different injunctive terms, it shall provide notice to CEH consistent with Section 6 of this Consent Judgment and CEH agrees to meet and confer in accordance with that provision and not to oppose that Settling Party's request for modification provided that the products at issue in the Settlement Document are substantially similar to the Covered Products.

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1	IT IS SO ORDERED:	
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3	Dated: 15, 2023	Judge of the Superior Court
4	IT IS SO STIPULATED:	ETHAN P. SCHULMAN
5	II IS SO SIII CEATED.	
6	Dated: August, 2023	CENTER FOR ENVIRONMENTAL HEALTH
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10		Regina Jackson
11		Regina Jackson Charlie Pizarro Interim Chief Executive Officer
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14	D-4-1- A4 2022	NOW CHOE WADEHOUGE INC
15	Dated: August, 2023	OSW SHOE WAREHOUSE, INC.
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17	S	ignature
18	<u> </u>	rinted Name
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22	Datade Assessed 2022	AAC DESIGN GROUP
23	Dated: August, 2023	TAC DESIGN GROUP
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AMENDED CONSENT JUDGMENT (DSW SHOE WAREHOUSE, INC. & MAC DESIGN GROUP LLC) – CASE NO. CGC-22-602383

1	IT IS SO ORDER	RED:	
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3	Dated:	_, 2023	Judge of the Superior Court
4	IT IS SO STIPULATED		
5	II IS SO STIPULATED	'.	
6	Datad: August 25, 2022		CENTER FOR ENVIRONMENTAL HEALTH
7	Dated: August <u>25</u> , 2023		CENTER FOR ENVIRONMENTAL HEALTH
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10			Charlie Pizarro
11			Interim Chief Executive Officer
12			
13	Dated: August, 2023		DSW SHOE WAREHOUSE, INC.
14			
15			Signature
16			
17			Printed Name
18			
19 20			Title
21	Dated: August, 2023		MAC DESIGN GROUP
22			
23			Signatura
24			Signature
25			Printed Name
26			I Integration
27			Title
28			
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 $AMENDED\ CONSENT\ JUDGMENT\ (DSW\ SHOE\ WAREHOUSE,\ INC.\ \&\ MAC\ DESIGN\ GROUP\ LLC)-CASE\ NO.\ CGC-22-602383$

1	IT IS SO ORDERED:	
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3	Dated:, 2023	Judge of the Superior Court
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5	IT IS SO STIPULATED:	
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7	Dated: August, 2023	CENTER FOR ENVIRONMENTAL HEALTH
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11	-	Charlie Pizarro Interim Chief Executive Officer
12		
13	Dated: August <u>23</u> , 2023	DSW SHOE WAREHOUSE, INC.
14	- /	(Page)
15		Signature
16		Signature
17		Miriam Shoap Printed Name
18		rimted Name
19		Senior Manager, Legal Services
20		Title
21	Dated: August 23, 2023	MAC DESIGN GROUP
22	/	Mr M-Whats
23		Signature
24		Mark McWhorter
25		Printed Name
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27		President Title
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AMENDED CONSENT JUDGMENT (DSW SHOE WAREHOUSE, INC. & MAC DESIGN GROUP LLC) - CASE NO. CGC-22-602383

1	EXHIBIT A
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3	"Test Protocol" as defined in Section 2.3 of the Consent Judgment means the following test method:
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5	a. Obtain homogenized 1 gram sample of the sock by shredding the entire sock and taking a representative 1-gram sample of the shreds.
6 7	b. Add the 1-gram sock sample to 10 ml of acetonitrile
8	c. Heat the solution using a hot plate for 3 hours at 40 degrees Celsius
9	d. Analytical method - Isotope dilution LC-Tandem MS (LC-MS)
10	e. Limit of detection 1 ppm
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12	f. Reporting BPA concentration in mg of BPA per kg of sample
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