

60-DAY NOTICE OF VIOLATION

SENT IN COMPLIANCE WITH CALIFORNIA HEALTH & SAFETY CODE § 25249.7(d)

DATE: August 15, 2016

TO: **Eric Smidt, CEO/President Harbor Freight Tools USA, Inc.**

California Attorney General's Office;

District Attorney's Office for 58 Counties; and

City Attorneys for San Francisco, San Diego, San Jose, Sacramento and Los Angeles

FROM: Alicia Chin

I. INTRODUCTION

My name is Alicia Chin. I am a citizen of the State of California acting in the interest of the general public. I seek to promote awareness of exposures to toxic chemicals in products sold in California and, if possible, to improve human health by reducing hazardous substances contained in such items. This Notice is provided to the public agencies listed above pursuant to California Health & Safety Code § 25249.6 et seq. ("Proposition 65"). As noted above, notice is also being provided to the alleged violators: **Harbor Freight Tools USA, Inc.** (the "Violators"). The violations covered by this Notice consist of the product exposures, routes of exposure, and type of harm potentially resulting from exposure to the toxic chemicals ("listed chemicals") identified below, as follows:

Product Exposure: See Section VII. Exhibit A

Listed Chemicals: **Lead**

Routes of Exposure: Ingestion, Dermal, Inhalation

Types of Harm: Birth Defects and Other Reproductive Harm; Cancer

II. NATURE OF ALLEGED VIOLATION (PRODUCT EXPOSURE)

The specific types of products that are causing consumer exposures in violation of Proposition 65, and that are covered by this Notice, are listed under "Product Type" in Exhibit A in Section VII below. All products within the categories covered by this Notice shall be referred to hereinafter as the "products." Exposures to the listed chemicals from the use of the products have been occurring without the clear and reasonable warning required by Proposition 65, dating as far back as July 14, 2016, and for the entire period that the products have been made available

in California since the date of listing of the chemical. Without proper warnings regarding the toxic effects of exposures to the listed chemicals resulting from contact with the products, California citizens lack the information necessary to make informed decisions on whether and how to eliminate (or reduce) the risk of exposure to the listed chemicals from the reasonably foreseeable use of the products.

A. CONSUMER PRODUCT EXPOSURE (LEAD)

California citizens, through the act of buying, acquiring or utilizing the products, are exposed to the listed chemical. By way of example, consumers and other individuals, including children between 3 and 18 months of age, ingest the listed chemical when they, among other activities, ingest saliva from mouthing the product, and by dermal route during handling the brass ends, and via oral route from hand to mouth activity.

The California State Plan for Occupational Safety and Health incorporates the provisions of Proposition 65, as approved by Federal OSHA on June 6, 1997. This approval specifically placed certain conditions with regard to occupational exposures on Proposition 65, including that it does not apply to the conduct of manufacturers occurring outside the State of California. The approval also provides that an employer may use the means of compliance in the general hazard communication requirements to comply with Proposition 65. It also requires that supplemental enforcement is subject to the supervision of the California Occupational Safety and Health Administration. Accordingly, any settlement, civil complaint, or substantive court orders in this matter must be submitted to the Attorney General.

III. CONTACT INFORMATION Please direct all questions concerning this notice to me through my counsel's office at the following address:

Alicia Chin
c/o O'Neil Dennis
O'Neil Law Firm
385 Grand Ave., Ste. 300
Oakland, CA 94610
Telephone: (510) 272-9737

IV. PROPOSITION 65 INFORMATION

For general information concerning the provisions of Proposition 65, please feel free to contact the Office of Environmental Health Hazard Assessment's ("OEHHA") Proposition 65 Implementation Office at (916) 445-6900. For the Violator's reference, I have attached a copy of "Proposition 65: A Summary" which has been prepared by OEHHA.

V. RESOLUTION OF NOTICED CLAIMS

Based on the allegations set forth in this Notice, I intend to file a citizen enforcement lawsuit against the alleged Violator unless such Violator enters into a binding written agreement to: (1) recall products already sold or undertake best efforts to ensure that the requisite health hazard warnings are provided to those who have received such products; (2) provide clear and reasonable warnings for products sold in the future or reformulate such products to eliminate the

exposures; and (3) pay an appropriate civil penalty based on the factors enumerated in California Health & Safety Code § 25249.7(b). If the alleged Violator is interested in resolving this dispute without resorting to time-consuming and expensive litigation, please feel free to contact my counsel identified in Section III above. It should be noted that neither my counsel nor I can: (1) finalize any settlement until after the 60-day notice period has expired; nor (2) speak for the Attorney General or any district or city attorney who received this Notice. Therefore, while reaching an agreement with me will resolve my claims, such agreement may not satisfy the public prosecutors.

VI. ADDITIONAL NOTICE INFORMATION

Identified below is a specific example of a product recently purchased and witnessed as being available for purchase or use in California that is within the categories or types of offending products covered by this Notice. I believe and allege that the sale of the offending products also has occurred without the requisite Proposition 65 "clear and reasonable warning" at one or more locations and/or via other means including, but not limited to, transactions made over-the-counter, business-to-business, through the internet and/or via a catalog by the Violator.

Product: <u>CentralPnuematic Air Hose, # 61962</u>
Retailer(s): <u>Harbor Freight Tools USA, Inc.</u>
Manufacturer(s)/Distributor(s): <u>Harbor Freight Tools USA, Inc.</u>

VII. EXHIBIT A

Product Type: **CentralPnuematic Air Hose**

Such As: **CentralPnuematic Air Hose, # 61962**

Toxins: **Lead**

CERTIFICATE OF MERIT

Health and Safety Code Section 25249.7(d)

I, O'Neil Dennis, hereby declare:

1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged that the party identified in the notice has violated Health and Safety Code § 25249.6 by failing to provide clear and reasonable warnings;
2. I am the attorney for the noticing party;
3. I have consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the alleged exposure to the listed chemicals that are the subject of this action;
4. Based on the information obtained through those consultations, and on all other information in my possession, I believe there is a reasonable and meritorious case for the private action. I understand that "reasonable and meritorious case for the private action" means that the information provides a credible basis that all elements of the plaintiff's case can be established and the information did not prove that the alleged Violator will be able to establish any of the affirmative defenses set forth in the statute;
5. The copy of this Certificate of Merit served on the Attorney General attaches to it factual information sufficient to establish the basis for this certificate, including information identified in Health and Safety Code § 25249.7(h)(2) (i.e., (1) the identity of the persons consulted with and relied on by the certifier, and (2) the facts, studies, or other data reviewed by those persons).

Dated: August 15, 2016

A handwritten signature in black ink, appearing to be 'O'Neil Dennis', written over a horizontal line.

O'Neil Dennis

PROOF OF SERVICE

I, the undersigned, declare under penalty of perjury:

I am over the age of 18 years, and not a party to the within action; my business address is 385 Grand Ave., Suite 300, Oakland, CA 94610.

On August 15, 2016, I served the following documents:

60-DAY NOTICE OF VIOLATION SENT IN COMPLIANCE WITH HEALTH & SAFETY CODE §25249.7(d);

PROPOSITION 65: IN PLAIN LANGUAGE;

CERTIFICATE OF MERIT; AND

CERTIFICATE OF MERIT ATTACHMENTS (SERVED ONLY ON THE ATTORNEY GENERAL)

on the entity listed below via First Class Certified Mail through the United States Postal Service by placing a true and correct copy in a sealed envelope, addressed to the entity listed below and providing such envelope to a United States Postal Service Representative:

Eric Smidt, President Harbor Freight Tools USA, Inc. 26541 Agoura Rd. Calabasas, CA 91302	Harbor Freight Tools USA, Inc. c/o Corporation Service Company Which will do Business in California as CSC – Lawyers Incorporating Service 2710 Gateway Oaks Dr., Ste. 150N Sacramento, CA 95833
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as well as by providing copies of the above documents electronically uploaded to the public enforcers according to directions from their respective offices, and/or by placing a true and correct copy in a sealed envelope, addressed to each party listed below, and served as follows:

Electronically Uploaded to the Attorney General's website:

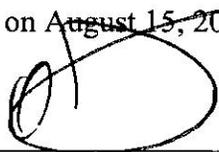
By placing each envelope in a United States Postal Service mailbox, postage prepaid:

The Attorney General of the State of California; The District Attorney for Each of the 58 counties in California; and -

The City Attorney for Los Angeles, San Diego, San Jose, San Francisco and Sacramento

A list of addresses for each of these recipients is attached.

Executed on August 15, 2016, at Oakland, California.



O'Neil Dennis

SERVICE LIST

Alameda County District Attorney 1225 Fallon Street, Room 900 Oakland, CA 94612	Alpine County District Attorney 270 Laramie Street, PO BOX 248 Markleeville, CA 96120	Amador County District Attorney 708 Court Street, Jackson, CA 95642
Butte County District Attorney 25 County Center Drive Oroville, CA 95965	Calaveras County District Attorney 891 Mountain Ranch Road San Andreas, CA 95249	Colusa County District Attorney 346 Fifth Street Colusa, CA 95932
Contra Costa County District Attorney 900 Ward Street Martinez, CA 94553	Del Norte County District Attorney 450 H Street, Room 171 Crescent City, CA 95531	El Dorado County District Attorney 515 Main Street Placerville, CA 95667
Fresno County District Attorney 2220 Tulare Street, #1000 Fresno, CA 93721	Glenn County District Attorney P.O. Box 430 Willows, CA 95988	Humboldt County District Attorney 825 5th Street, Fourth Floor Eureka, CA 95501
Imperial County District Attorney 940 West Main Street, Suite 102 El Centro, CA 92243	Inyo County District Attorney 168 North Edwards Street Independence, CA 93526	Kern County District Attorney 1215 Truxtun Avenue Bakersfield, CA 93301
Kings County District Attorney 1400 West Lacey Boulevard Hanford, CA 93230	Lake County District Attorney 255 North Forbes Street Lakeport, CA 95453	Lassen County District Attorney 220 South Lassen Street, Ste. 8 Susanville, CA 96130
Los Angeles County District Attorney 210 West Temple Street, Suite 18000 Los Angeles, CA 90012	Office of the City Attorney, Los Angeles 800 City Hall East 200 North Main Street Los Angeles, CA 90012	Madera County District Attorney 209 West Yosemite Avenue Madera, CA 93637
Marin County District Attorney 3501 Civic Center Drive, Room 130 San Rafael, CA 94903	Mariposa County District Attorney 5101 Jones Street, P.O. Box 730 Mariposa, CA 95338	Mendocino County District Attorney 100 North State Street, P.O. Box 1000 Ukiah, CA 95482
Merced County District Attorney 550 W. Main Street Merced, CA 95340	Modoc County District Attorney 204 S. Court Street, Ste. 202, Alturas, CA 96101	Mono County District Attorney P.O. Box 617 Bridgeport, CA 93517

<p>Monterey County District Attorney P.O. Box 1131 Salinas, CA 93902</p>	<p>Napa County District Attorney Carithers Building 931 Parkway Mall Napa, CA 94559</p>	<p>Nevada County District Attorney 201 Commercial Street Nevada City, CA 95959</p>
<p>Orange County District Attorney 401 Civic Center Drive West Santa Ana, CA 92701</p>	<p>Placer County District Attorney 10810 Justice Center Drive, Suite 240 Roseville, CA 95678</p>	<p>Plumas County District Attorney 520 Main Street, Room 404 Quincy, CA 95971</p>
<p>Riverside County District Attorney 3960 Orange Street Riverside, CA 92501</p>	<p>Sacramento County District Attorney 901 G Street Sacramento, CA 95814</p>	<p>San Benito County District Attorney 419 4th Street, Second Floor Hollister, CA 95203</p>
<p>San Bernardino County District Attorney 303 West 3rd Street, 6th Floor San Bernardino, CA 92415-0502</p>	<p>San Diego County District Attorney 330 W. Broadway Street San Diego, CA 92101</p>	<p>San Francisco County District Attorney 850 Bryant Street, Room 322 San Francisco, CA 94103</p>
<p>San Joaquin County District Attorney 222 East Weber Avenue, Room 202 Stockton, CA 95201</p>	<p>San Luis Obispo County District Attorney 1035 Palm Street, 4th Floor San Luis Obispo, CA 93408</p>	<p>San Mateo County District Attorney 400 County Center, Third Floor Redwood City, CA 94063</p>
<p>Santa Barbara County District Attorney 1112 Santa Barbara Street Santa Barbara, CA 93101</p>	<p>Santa Clara County District Attorney 70 West Hedding Street, West Wing San Jose, CA 95110</p>	<p>Santa Cruz County District Attorney 701 Ocean Street, Room 200 Santa Cruz, CA 95060</p>
<p>Shasta County District Attorney 1355 West Street Redding, CA 96001</p>	<p>Sierra County District Attorney 100 Courthouse Square Downieville, CA 95936</p>	<p>Siskiyou County District Attorney P.O. Box 986 Yreka, CA 96097</p>
<p>Solano County District Attorney 675 Texas Street, Suite 4500 Fairfield, CA 94533</p>	<p>Sonoma County District Attorney 600 Administration Drive, Room 212J Santa Rosa, CA 95403</p>	<p>Stanislaus County District Attorney 832 12th Street, Suite 300 Modesto, CA 95354</p>
<p>Sutter County District Attorney 463 Second Street, Suite 102 Yuba City, CA 95991</p>	<p>Tehama County District Attorney 444 Oak Street, Room L Red Bluff, CA 96080</p>	<p>Trinity County District Attorney P.O. Box 310 Weaverville, CA 96093</p>
<p>Tulare County District Attorney 221 South Mooney Boulevard, Rm 224</p>	<p>Tuolumne County District Attorney 423 North Washington Street Sonora, CA 95370</p>	<p>Ventura County District Attorney 800 South Victoria Avenue Ventura, CA 93009</p>

Visalia, CA 93291-4593		
Yolo County District Attorney 301 Second Street Woodland, CA 95695	Yuba County District Attorney 215 Fifth Street Marysville, CA 95901	Office of the City Attorney, San Jose 200 East Santa Clara Street, 16th Floor San Jose, CA 95113
Office of the City Attorney, Sacramento 915 I Street, 4th Floor Sacramento, CA 95814	Office of the City Attorney, San Diego 1200 Third Avenue, Suite 1620 San Diego, CA 92101	Office of the City Attorney, San Francisco 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102



Proposition 65 in Plain Language

Office of Environmental Health Hazard Assessment
California Environmental Protection Agency

What is Proposition 65?

In 1986, California voters approved an initiative to address their growing concerns about exposure to toxic chemicals. That initiative became the Safe Drinking Water and Toxic Enforcement Act of 1986, better known by its original name of Proposition 65.

Proposition 65 requires the State to publish a list of chemicals known to cause cancer or birth defects or other reproductive harm. This list, which must be updated at least once a year, has grown to include over 800 chemicals since it was first published in 1987.

Proposition 65 requires businesses to notify Californians about significant amounts of chemicals in the products they purchase, in their homes or workplaces, or that are released into the environment. By providing this information, Proposition 65 enables Californians to make informed decisions about protecting themselves from exposure to these chemicals. Proposition 65 also prohibits California businesses from knowingly discharging significant amounts of listed chemicals into sources of drinking water.

The Office of Environmental Health Hazard Assessment (OEHHA) administers the Proposition 65 program. OEHHA, which is part of the California Environmental Protection Agency (Cal/EPA), also evaluates all currently available scientific information on substances considered for placement on the Proposition 65 list.

What types of chemicals are on the Proposition 65 list?

The list contains a wide range of naturally occurring and synthetic chemicals that are known to cause cancer or birth defects or other reproductive harm. These chemicals include additives or ingredients in pesticides, common household products, food, drugs, dyes, or solvents. Listed chemicals may also be used in manufacturing and construction, or they may be byproducts of chemical processes, such as motor vehicle exhaust.

How is a chemical added to the list?

There are four principal ways for a chemical to be added to the Proposition 65 list. A chemical can be listed if either of two independent committees of scientists and health professionals finds that the chemical has been clearly shown to cause cancer or birth defects or other reproductive harm. These two committees—the Carcinogen Identification Committee (CIC) and the Developmental and Reproductive Toxicant (DART) Identification Committee—are part of OEHHA's Science Advisory Board. The

committee members are appointed by the Governor and are designated as the "State's Qualified Experts" for evaluating chemicals under Proposition 65. When determining whether a chemical should be placed on the list, the committees base their decisions on the most current scientific information available. OEHHA staff scientists compile all relevant scientific evidence on various chemicals for the committees to review. The committees also consider comments from the public before making their decisions.

A second way for a chemical to be listed is if an organization designated as an "authoritative body" by the CIC or DART Identification Committee has identified it as causing cancer or birth defects or other reproductive harm. The following organizations have been designated as authoritative bodies: the U.S. Environmental Protection Agency, U.S. Food and Drug Administration (U.S. FDA), National Institute for Occupational Safety and Health, National Toxicology Program, and International Agency for Research on Cancer.

A third way for a chemical to be listed is if an agency of the state or federal government requires that it be labeled or identified as causing cancer or birth defects or other reproductive harm. Most chemicals listed in this manner are prescription drugs that are required by the U.S. FDA to contain warnings relating to cancer or birth defects or other reproductive harm.

A fourth way requires the listing of chemicals meeting certain scientific criteria and identified in the California Labor Code as causing cancer or birth defects or other reproductive harm. This method established the initial chemical list following voter approval of Proposition 65 in 1986 and continues to be used as a basis for listing as appropriate.

What requirements does Proposition 65 place on companies doing business in California?

Businesses are required to provide a "clear and reasonable" warning before knowingly and intentionally exposing anyone to a listed chemical. This warning can be given by a variety of means, such as by labeling a consumer product, posting signs at the workplace, distributing notices at a rental housing complex, or publishing notices in a newspaper. Once a chemical is listed, businesses have 12 months to comply with warning requirements.

Proposition 65 also prohibits companies that do business within California from knowingly discharging listed chemicals into sources of drinking water. Once a chemical is listed, businesses have 20 months to comply with the discharge prohibition.

Businesses with less than 10 employees and government agencies are exempt from Proposition 65's warning requirements and prohibition on discharges into drinking water sources. Businesses are also exempt from the warning requirement and discharge prohibition if the exposures they cause are so low as to create no significant risk of cancer or birth defects or other reproductive harm. Health risks are explained in more detail below.

What does a warning mean?

If a warning is placed on a product label or posted or distributed at the workplace, a business, or in rental housing, the business issuing the warning is aware or believes

that one or more listed chemicals is present. By law, a warning must be given for listed chemicals unless exposure is low enough to pose no significant risk of cancer or is significantly below levels observed to cause birth defects or other reproductive harm.

For chemicals that are listed as causing cancer, the "no significant risk level" is defined as the level of exposure that would result in not more than one excess case of cancer in 100,000 individuals exposed to the chemical over a 70-year lifetime. In other words, a person exposed to the chemical at the "no significant risk level" for 70 years would not have more than a "one in 100,000" chance of developing cancer as a result of that exposure.

For chemicals that are listed as causing birth defects or reproductive harm, the "no observable effect level" is determined by identifying the level of exposure that has been shown to not pose any harm to humans or laboratory animals. Proposition 65 then requires this "no observable effect level" to be divided by 1,000 in order to provide an ample margin of safety. Businesses subject to Proposition 65 are required to provide a warning if they cause exposures to chemicals listed as causing birth defects or reproductive harm that exceed $1/1000^{\text{th}}$ of the "no observable effect level."

To further assist businesses, OEHHA develops numerical guidance levels, known as "safe harbor numbers" (described below) for determining whether a warning is necessary or whether discharges of a chemical into drinking water sources are prohibited. However, a business may choose to provide a warning simply based on its knowledge, or assumption, about the presence of a listed chemical without attempting to evaluate the levels of exposure. Because businesses do not file reports with OEHHA regarding what warnings they have issued and why, OEHHA is not able to provide further information about any particular warning. The business issuing the warning should be contacted for specific information, such as what chemicals are present, and at what levels, as well as how exposure to them may occur.

What are safe harbor levels?

As stated above, to guide businesses in determining whether a warning is necessary or whether discharges of a chemical into drinking water sources are prohibited, OEHHA has developed safe harbor levels. A business has "safe harbor" from Proposition 65 warning requirements or discharge prohibitions if exposure to a chemical occurs at or below these levels. These safe harbor levels consist of No Significant Risk Levels for chemicals listed as causing cancer and Maximum Allowable Dose Levels for chemicals listed as causing birth defects or other reproductive harm. OEHHA has established over 300 safe harbor levels to date and continues to develop more levels for listed chemicals.

What if there is no safe harbor level?

If there is no safe harbor level for a chemical, businesses that expose individuals to that chemical would be required to provide a Proposition 65 warning, unless the business can show that the anticipated exposure level will not pose a significant risk of cancer or reproductive harm. OEHHA has adopted regulations that provide guidance for calculating a level in the absence of a safe harbor level. Regulations are available at

Article 7 and Article 8 of Title 27, California Code of Regulations. Determining anticipated levels of exposure to listed chemicals can be very complex. Although a business has the burden of proving a warning is not required, a business is discouraged from providing a warning that is not necessary and instead should consider consulting a qualified professional if it believes an exposure to a listed chemical may not require a Proposition 65 warning.

Who enforces Proposition 65?

The California Attorney General's Office enforces Proposition 65. Any district attorney or city attorney (for cities whose population exceeds 750,000) may also enforce Proposition 65. In addition, any individual acting in the public interest may enforce Proposition 65 by filing a lawsuit against a business alleged to be in violation of this law. Lawsuits have been filed by the Attorney General's Office, district attorneys, consumer advocacy groups, and private citizens and law firms. Penalties for violating Proposition 65 by failing to provide notices can be as high as \$2,500 per violation per day.

How is Proposition 65 meeting its goal of reducing exposure to hazardous chemicals in California?

Since it was passed in 1986, Proposition 65 has provided Californians with information they can use to reduce their exposures to listed chemicals that may not have been adequately controlled under other State or federal laws. This law has also increased public awareness about the adverse effects of exposures to listed chemicals. For example, Proposition 65 has resulted in greater awareness of the dangers of alcoholic beverage consumption during pregnancy. Alcohol consumption warnings are perhaps the most visible health warnings issued as a result of Proposition 65.

Proposition 65's warning requirement has provided an incentive for manufacturers to remove listed chemicals from their products. For example, trichloroethylene, which causes cancer, is no longer used in most correction fluids; reformulated paint strippers do not contain the carcinogen methylene chloride; and toluene, which causes birth defects or other reproductive harm, has been removed from many nail care products. In addition, a Proposition 65 enforcement action prompted manufacturers to decrease the lead content in ceramic tableware and wineries to eliminate the use of lead-containing foil caps on wine bottles.

Proposition 65 has also succeeded in spurring significant reductions in California of air emissions of listed chemicals, such as ethylene oxide, hexavalent chromium, and chloroform.

Although Proposition 65 has benefited Californians, it has come at a cost for companies doing business in the state. They have incurred expenses to test products, develop alternatives to listed chemicals, reduce discharges, provide warnings, and otherwise comply with this law. Recognizing that compliance with Proposition 65 comes at a price, OEHHA is working to make the law's regulatory requirements as clear as possible and ensure that chemicals are listed in accordance with rigorous science in an open public process.

Where can I get more information on Proposition 65?

For general information on the Proposition 65 list of chemicals, you may contact OEHHA's Proposition 65 program at (916) 445-6900, or visit <http://www.oehha.ca.gov/prop65.html>. For enforcement information, contact the California Attorney General's Office at (510) 873-6321, or visit <http://oag.ca.gov/prop65>.

Updated February 2013