THE PARTIES HAVE AGREED TO THE FOLLOWING RELIEF:

- 1. <u>Permanent Prohibition</u>: No Product may be shipped by Defendant Threshold Enterprises, Ltd. for sale in the State of California after sixty (60) days following the Effective Date if, when used or consumed in accordance with the Defendant's label directions, it causes an exposure to lead in excess of 14 micrograms/day. (Par. 2.4 of the Consent Judgment)
- 2. <u>Product Testing</u>: Threshold Enterprises will test each product (or all of each product's ingredients) listed in Attachment A of the Consent Judgment for Lead, Arsenic, Cadmium and Mercury. (Section 2.1 of the Consent Judgment)
- 3. <u>Warnings</u> (Section 2.2 of the Consent Judgment):
 - a. <u>Package warnings</u>: Threshold Enterprises will not sell products that contain Lead, Arsenic, Cadmium or Mercury in excess of the amounts listed in Paragraphs 2.3.1-2.3.4 of the Consent Judgment without providing a clear and reasonable warning to consumers as set forth in the Consent Judgment.
 - b. <u>Mail-order and Internet warnings</u>: Threshold Enterprises will not sell products that contain Lead, Arsenic, Cadmium or Mercury in excess of the amounts listed in Paragraph 2.3.1-2.3.4 of the Consent Judgment without providing a clear and reasonable warning to consumers as set forth in the Consent Judgment.
- 4. <u>Civil Penalties</u>: Pursuant to Health & Safety Code § 25249.7(b), Threshold Enterprises will pay \$45,000 in civil penalties. (Par. 3.2 of the Consent Judgment). If Threshold Enterprises violates the terms of the Consent Judgment, it shall be liable for a stipulated civil penalty in the amount of \$5.00 per unit item sold in violation of this Consent Judgment, unless the Defendant's actual per unit sale price to the buyer was less than \$5.00, in which case the stipulated penalty shall be fifty percent (50%) of the sale price Defendant received from the relevant buyer for the Products at issue. Total civil penalties concerning all Products sold in violation of this Consent Judgment shall not exceed \$70,000 for such violations in any calendar year. (Par. 3.1 of the Consent Judgment).
- 5. <u>Payment in Lieu of Civil Penalties</u>: Threshold Enterprises will pay \$190,000 to As You Sow, which shall forward these funds to (a) California non-profit groups; and (b) the AYS Foundation Environmental Enforcement Fund; these funds shall be used to reduce exposures to toxic chemicals, and to increase consumer, worker and community awareness of the health hazards posed by toxic chemicals. (Par. 3.3 of the Consent Judgment)
- 6. <u>Payment of AYS' Investigation & Legal Fees</u>: Threshold Enterprises has agreed to pay AYS' reasonable investigation, expert and attorney's fees and costs in the amount of \$165,000. (Par. 4.1 of the Consent Judgment)

1 2	ANDREW L. PACKARD (State Bar No. 168690) MICHAEL P. LYNES (State Bar No. 230462) Law Offices of Andrew L. Packard				
3	294 Page Street s San Francisco, CA 94102	en Francisco County Superior Court			
4	Tel. (415) 431-2970	SEP - 8 2005			
5		BORDON PARK-LI, Clerk			
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7					
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA				
9	CITY AND COUNTY OF SAN FRANCISCO – UNLIMITED JURISDICTION				
10					
11	AS YOU SOW, a non-profit corporation,	Case No. 422847			
12	Plaintiff,				
13	VS.				
14	THRESHOLD ENTERPRISES, LTD., a	[PROPOSED] CONSENT JUDGMENT			
15	Corporation and dba PLANETARY FORMULAS and SOURCE NATURALS, and DOES 1 through				
16	20,				
17	Defendants.				
18					
19	This Consent Judgment is entered into by an	nd between AS YOU SOW, a non-profit			
20	organization ("Plaintiff" or "AYS"), and Threshold	Enterprises, LTD., ("Defendant" or			
21	"THRESHOLD"). Defendant is a Delaware corporation in good standing. This Consent				
22	Judgment shall be effective upon entry (the "Effective Date") by the court. Plaintiff and				
23	Defendant (each a "Party" and collectively, "the Parties") agree to the terms and conditions set				
24	forth below.				
25	1. INTRODUCTION				
26	1.1 AYS is a Section 501(c)(3) non-profit foundation dedicated to, among other				
27	causes, the protection of the environment, the promotion of human health, the improvement of				
28	worker and consumer rights, environmental education, and corporate accountability. AYS is				
	[PROPOSED] CONSENT JUDGMENT				

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based in San Francisco, California and incorporated under the laws of the State of California. AYS is a corporation in good standing.

1.2 Defendant directly or indirectly sells to California consumers certain herbs, herbal products, dietary supplements (defined as "products consisting of single or multiple herbal ingredients, including herbal, botanical, mineral and animal products, formulated into tablets, capsules, pills, powders and liquids"), bulk herbs, infusions, powders, tea pills, pills, patent formulas, teas, bulk teas, liquids and/or capsules (the "Products"), all of which AYS alleges contain chemicals listed by the State of California as known to cause cancer and/or reproductive toxicity pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), California Health and Safety Code § 25249.5 et seq.; Title 22, California Code of Regulations § 12000 et seq. For purposes of this Consent Judgment only, each of the Products is deemed to be a "food" within the meaning of Title 22, California Code of Regulations § 12501.

1.3 The specific Products covered by this Consent Judgment as of the Effective Date are set forth in Exhibit A hereto. Any products not set forth in Exhibit A hereto are not covered by the injunctive provisions herein, except as specifically provided in Section 9: *New Products*, and are not covered by the release of liability set forth in Section 6 herein.

1.4 Pursuant to Health & Safety Code § 25249.8: (a) on February 27, 1987, the State 18 19 of California listed the chemical lead as a chemical known to cause reproductive toxicity; (b) on October 1, 1992, the State of California listed the chemicals lead and lead compounds as 20 chemicals known to cause cancer; (c) on July 1, 1990 the State of California listed the chemicals 21 22 mercury and mercury compounds as chemicals known to cause reproductive toxicity; (d) on 23 February 27, 1987, the State of California officially listed the chemical arsenic as a chemical 24 known to cause cancer; (e) on May 1, 1997, the State of California officially listed the chemical arsenic as a chemical known to cause reproductive toxicity; (f) on October 1, 1987, the State of 25 California officially listed the chemicals cadmium and cadmium compounds as chemicals known 26 to cause cancer; (g) on May 1, 1997, the State of California officially listed the chemical 27

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cadmium as a chemical known to cause reproductive toxicity. For purposes of this Consent Judgment, the foregoing chemicals as listed under Proposition 65 shall be the "Metals."

1.5 Beginning on May 5, 2003, AYS began serving Defendant and each of the appropriate public enforcement agencies with "60-Day Notices" that provided Defendant and the public enforcement agencies with a notice alleging that Defendant was in violation of Proposition 65 for failing to warn the purchasers and individuals using the Products that the use of the Products exposes them to certain chemicals known to the State of California to cause cancer and/or reproductive toxicity (each, a "60-Day Notice"). A copy of each such 60-Day Notice issued to Defendant is attached hereto as Exhibit B. AYS will serve an additional 60-Day Notice on or about June 15, 2005, a copy of which shall be attached to the attorney declaration filed and served with AYS' Motion for Approval & Entry of Consent Judgment. (See Section 7 hereinbelow). Defendant stipulates for the purpose of this Consent Judgment that the 60-Day Notice or 60-Day Notices sent to it are adequate to comply with Title 22, California Code of Regulations §12903.

1.6 On July 28, 2003, AYS filed a Complaint (the "Action") in San Francisco
 Superior Court, alleging violations of Proposition 65 and California Business and Professions
 Code § 17200 et seq.

1.7 AYS brings the Action in the public interest. AYS has provided 60-Day Notice(s) to Defendant and the appropriate public enforcement agencies and none of the public enforcement agencies has commenced and begun diligently prosecuting an action against Defendant for such alleged violations.

1.8 For purposes of this Consent Judgment, each Party stipulates that venue is proper and that this Court has subject matter jurisdiction over the allegations contained in the Action and to enter this Consent Judgment as a full and final resolution of all causes of action pled, or which could have been pled based on the facts alleged in the Action. The Parties enter into this Consent Judgment to settle disputed claims between them and to avoid prolonged litigation. By execution of this Consent Judgment, Defendant does not admit any violations or the applicability of Proposition 65 or the Business and Professions Code, or any other law or standard applicable to

Proposition 65 or the Business and Professions Code, or any other law or standard applicable to [PROPOSED] CONSENT JUDGMENT 3

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warning or disclosure concerning the manufacture, distribution and/or sale of the Products. Except for the representations made above, nothing in this Consent Judgment shall be construed as an admission by Defendant or Plaintiff of any fact, issue of law, or violation of law, nor shall

compliance with this Consent Judgment constitute or be construed as an admission by Defendant or Plaintiff of any fact, issue of law, or violation of law.

1.9 Except as expressly provided herein, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy or defense the Parties may have in any other or further legal proceeding. This paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of any Party to this Consent Judgment.

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2. INJUNCTIVE PROVISIONS

2.1 Defendant's Duty To Ascertain The Metals Content of The Products On Or Before Sixty Days Following the Effective Date. On or before sixty (60) days following the Effective Date, Defendant shall ascertain the concentration of Metals in each of the Products as follows.

15 2.1.1 Lead, Arsenic And Cadmium Testing Protocol. In accordance with 16 Sections 2.1.5 and 2.1.6, to ascertain a Product's concentration of lead, arsenic and cadmium, respectively, Defendant shall test the Product (or rely on testing of the Product by others provided 17 it is undertaken in the manner set forth herein), using one or more of the following methods: (a) 18 inductively coupled plasma mass spectrometry ("ICP-MS") under the protocol set forth in EPA 19 Method 6020; (b) ICP-MS under the protocol attached hereto as Exhibit D; or (c) graphite furnace 20 atomic absorption spectrometry ("GFAA") under the protocol attached hereto as Exhibit E, but 21 only so long as Defendant has not acquired the equipment and performed the training of its 22 23 personnel necessary to conduct ICP-MS testing. If Defendant elects to conduct tests under the protocol attached hereto as Exhibit E, and if the test results show that the use or consumption of a 24 Product will cause a total daily exposure¹ to any of the Metals at or greater than 95% of the level 25 of concern for that Metal (e.g. - for lead, a result indicating an exposure of 3.8 micrograms/day or 26

¹ For purposes of this Consent Judgment only, the term "exposure" is deemed to mean
 "ingestion", consistent with Title 22, Cal. Code Regs., section 12102(i) (which defines the term
 "expose" as "to cause to ingest....").
 [PROPOSED] CONSENT JUDGMENT

greater), then Defendant shall promptly re-test the material (Finished Product or Raw Material) using the ICP-MS protocols specified in Exhibit D or EPA Method 6020, and rely on the ICP-MS test results in assessing its compliance obligations hereunder.

2.1.2 Mercury Testing Protocol. In accordance with Section 2.1.5, to ascertain a Product's concentration of mercury, Defendant shall test the Product (or rely on testing of the Product by others provided it is undertaken in the manner set forth herein) using one or more of the following methods: (a) the protocol set forth in EPA Method 7471A (including, at Defendant's option, conformity with EPA Method 3052); (b) the protocol set forth in EPA Method 7473; (c) the protocol set forth in EPA Method 6020; (d) ICP-MS under the protocol attached hereto as Exhibit D; or (e) graphite furnace atomic absorption spectrometry ("GFAA") under the protocol attached hereto as Exhibit E, but only so long as Defendant has not acquired the equipment and performed the training of its personnel necessary to conduct ICP-MS testing. If Defendant elects to conduct tests under the protocol attached hereto as Exhibit E, and if the test results show that the use or consumption of a Product will cause a total daily exposure to any of the Metals at or greater than 95% of the level of concern for that Metal (e.g. - for inorganic mercury, a result indicating an exposure of 2.85 micrograms/day or greater), then Defendant shall promptly re-test the material (Finished Product or Raw Material) using the ICP-MS protocols specified in Exhibit D or the EPA Methods set forth above in this Section 2.1.2, and rely on the ICP-MS test results in assessing its compliance obligations hereunder.

20 2.1.3 Additional Testing Protocols. In the event that equally or more accurate
21 testing methods are developed or identified and accepted by the scientific community as accurate
22 enough to allow for detection and quantification of any Metal to ascertain compliance under this
23 Consent Judgment, any Party shall have the right to move the court to modify this Consent
24 Judgment as set forth in Section 8 herein, to allow testing by such equally or more accurate
25 testing method in addition to the methods authorized herein.

26 2.1.4 Approved Laboratories. Product or raw material testing may be
 27 undertaken at Defendant's in-house laboratories or by third-party testing laboratories; however,
 28 all third-party laboratory testing shall be performed only at laboratories that are certified,
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accredited, or registered by a federal or California state agency, including but not limited to the U.S. Environmental Protection Agency, the U.S. Food and Drug Administration, or the California Department of Health Services for the purposes of administering the specific protocol used in such testing. If a given agency does not certify specific protocols for testing for Metals in dietary supplements, the certification, accreditation or registration customarily bestowed upon laboratories testing dietary supplements or ingredients in dietary supplements for Metals in accordance with that agency's standards shall be required; if no such agency standards exist specifically for dietary supplements, then the standards for foods shall be required.

9 Sampling Protocol For Ascertaining Metals Content. In fulfilling its 2.1.5 duty to ascertain the concentration of each Metal in each Product, Defendant may at its option, 10 test (or rely on testing of the Product by others) Representative Samples of the finished Products, 11 or test (or rely on testing of raw materials by others) Representative Samples of each of the raw 12 materials comprising the finished Product(s). Any results relied upon must use the analytical 13 methods and sampling requirements specified herein, except that a Defendant (or a laboratory 14 conducting tests for Defendant) may modify or adjust an analytical method if necessary to ensure 15 accurate results in light of the nature, composition, quantity, or other characteristic of the test 16 specimen, the nature of the test, or the specific equipment being used to conduct the test so as to 17 enhance the quality and reliability of the test results. If Defendant (or a laboratory conducting 18 tests for Defendant) modifies or adjusts any analytical method specified in this Consent 19 Judgment, in the event of an enforcement action by AYS under this Consent Judgment contesting 20 such modification or adjustment, Defendant shall bear the burden of showing by a preponderance 21 of the evidence that the modification or adjustment was (a) necessary, appropriate and reasonable 22 under the circumstances; and (b) fully consistent with generally accepted scientific principles and practices concerning analytical testing and test methods for Metals in foods, including dietary supplements.

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2.1.6 **Representative Sampling.**

27 Finished Products. "Representative Sampling" as used herein shall mean (a) with respect to the testing of finished Products, any of the following, at Defendant's option: (a) 28 [PROPOSED] CONSENT JUDGMENT 6

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testing of two (2) or more samples, each from a different final Product of the most recent manufacturing, labeling or processing lot or batch ("Manufacturing Lot") of that Product; or (b) testing of one (1) sample from the most recent Manufacturing Lot of a Product, provided that the one sample actually tested is a composite of three (3) or more samples taken from three (3) or more final Products from that most recent Manufacturing Lot or batch of that Product. Each of the three (3) or more samples taken from three (3) or more final Products must be equal pursuant to generally accepted good practices to the other samples (e.g., 4 capsules taken from each of three final Products, or 1 gram taken from each of three final Products).

(b) Raw Materials. "Representative Sampling" as used herein shall mean with respect to the testing of raw material, testing of one (1) sample from the most recent shipping lot received by Defendant of each raw material comprising the Product, provided that the one sample actually tested is a composite of three (3) or more samples from the most recent shipping lot of that raw material. Each of the three (3) or more raw material samples which comprise the composite sample actually tested shall be equal to the other samples pursuant to generally accepted good practices.

16 (c) First Two Years' Frequency of Sampling. During each of the two years after the Effective Date, for purposes of documenting compliance with Sections 2.2, 2.4 and 9 of 17 this Consent Judgment after sixty (60) days from the Effective Date, Defendant shall conduct (or 18 have conducted on its behalf) Representative Sampling meeting the definition of either Section 19 2.1.6(a) or 2.1.6(b), or any combination of the two, as Defendant shall elect in its sole discretion. 20 The Parties agree that Representative Sampling shall for the first two years after the Effective 21 22 Date mean the testing either of (1) each Manufacturing Lot of a finished Product pursuant to 23 2.1.6(a), or (2) each raw material comprising a finished Product, or (3) any combination of the two, provided Defendant has laboratory test data with respect to each Product Defendant ships for 24 sale to California between the Effective Date and the second anniversary of the Effective Date. 25

 (d) Sampling Frequency After Second Anniversary of Effective Date.
 After the second anniversary of the Effective Date, Defendant shall conduct (or have conducted
 on its behalf) Representative Sampling on raw materials or finished Products, as the case may be, [PROPOSED] CONSENT JUDGMENT 7

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but Defendant may adjust the frequency of the sampling regime set forth in Section 2.1.6(c). Any adjustments to the sampling regime shall be sufficient to allow Defendant to continue to accurately determine levels of Metals in Products or in raw materials. Any adjustments to the sampling regime shall be based upon Defendant's consideration of the following factors: (i) existing data, (ii) the variability of Metals levels in a raw material or in a Product, as documented through testing, (iii) the predictability of the distribution of the range of Metals levels in a raw material, based on prior laboratory test data, (iv) the amount of a raw material used in a finished Product, and (v) other relevant considerations. In any proceeding to enforce this Consent Judgment, Defendant bears the burden of showing by substantial evidence that any testing regime adopted under this Section 2.1.6(d) is reasonable and is sufficient to accurately determine Metals levels in raw materials or finished Products. This Section 2.1.6(d) governs the frequency of sampling, and does not alter the definitions of Representative Sampling set forth in Sections 2.1.6(a), (b), or (c) or the testing protocols set forth herein. Defendant is not limited to providing only Representative Sampling data to Plaintiff in the event Plaintiff conducts compliance monitoring under Section 2.1.7 or otherwise moves to enforce this Consent Judgment.

2.1.7 Compliance Monitoring. At any time following 60 days after the 16 Effective Date, AYS may request that Defendant provide, within thirty-five (35) days of the date 17 of its request, documentation supporting the sale in California of any Product without the health 18 19 hazard warnings specified in this Consent Judgment. For the first three years after the Effective Date, such requests may be made with respect to as many as twenty-five (25) percent, annually, 20 of the number of Products listed on Defendant's then current Product list, up to a maximum of 21 thirty (30) requests in total for up to thirty (30) different Products in a year. For subsequent years 22 23 four and five after the Effective Date, AYS may request information on no more than ten (10) percent, annually, of the number of Products listed on Defendant's then current Product list, up to 24 a maximum of twelve (12) requests in total for up to twelve (12) different Products in a year. 25 After the fifth year after the Effective Date, AYS shall not be entitled to request information 26 pursuant to this Section 2.1.7, unless a violation of this Consent Judgment previously was 27 established within the three years preceding the date of the AYS request, in which case AYS shall 28 [PROPOSED] CONSENT JUDGMENT 8

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be entitled to tender up to twelve (12) requests in total for information respecting up to twelve (12) different Products for up to one more year after the date of the AYS request. With respect to each Product for which any request under this Section 2.1.7 is made, the Defendant shall provide a declaration from the persons responsible for the testing, verifying quality assurance and quality control procedures, and verifying that the testing was conducted in strict accord with Section 2.1. For any Product for which AYS' request for such documentation is not provided within sixty (60) days of the date of the request, such Product will be deemed sold in violation of this Consent Judgment as to all sales in California of that Product after the date of AYS' request through the date upon which such documentation is received by AYS and therefore will be subject to the provisions of Section 3.1 (Stipulated Civil Penalties) herein; provided, however, that Defendant's mere contesting of any assertion by AYS concerning inadequacies in the documentation produced to AYS shall not, in and of itself, be deemed a violation of this Section 2.1.7. For AYS to establish a violation of this Section, the documentation provided or other documentation must show that a health hazard warning was required under this Consent Judgment. Violations of this Section 2.1.7 may be enforced as specified hereinbelow and are not exclusive of other remedies, if any, available to Plaintiff.

17 2.1.8 Limited Exemptions from Testing. Defendant need not test (or have tested on its behalf) excipients, fillers, flavors, colors or binders ("Standardized Ingredients") if it 18 reasonably and in good faith believes such Standardized Ingredients do not contain Metals at 19 levels that might cause or contribute to a violation of this Consent Judgment. Defendant's good 20 21 faith belief shall be based on periodic laboratory test data, vendor certifications, or other such reasonable and appropriate information including consideration of the reliability and consistency 22 23 of the supplier, the nature of the ingredient, the amount used and other relevant factors. Defendant periodically shall monitor and evaluate such Standardized Ingredients for Metals 24 levels. In the event that AYS should move to enforce this Consent Judgment, Defendant bears 25 the burden of establishing by a preponderance of evidence that any failure to test an excipient, 26 filler, flavor, color or binder for Metals content was reasonable and in good faith, and must 27 produce all such supporting evidence in the context of the meet and confer process concerning 28 [PROPOSED] CONSENT JUDGMENT 9

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enforcement of this Consent Judgment contemplated under Section 8.1 herein. Defendant's failure to test an excipient, filler, flavor, color or binder for Metals content, in the absence of a reasonable and good faith belief that such ingredient does not contain Metals at levels that might cause or contribute to a violation of this Consent Judgment, shall constitute a material breach of this Consent Judgment and be subject to stipulated civil penalties as provided for herein if such failure to test causes or contributes to a failure to provide a warning when required under Section 2.2 or causes or contributes to a violation of Section 2.4 of this Consent Judgment.

2.1.9 Product or Ingredient Specifications. On or before the date that is sixty (60) days after the Effective Date, Defendant shall establish, at its option, either: (a) specifications for the Metals content of all raw materials used in the Products, or (b) specifications for the Metals content in finished Products. Defendant shall not use raw materials which fail to meet the Metals specifications Defendant established for raw materials used in the manufacture of Products. Defendant shall not ship for sale or use in California Products which fail to meet Defendant's specifications for Metals content in finished Products, unless such Products meet all terms of this Consent Judgment, including the warning obligations in Section 2 and Section 9. Defendant may from time to time adjust specifications for raw materials or for finished Products.

2.2 Provision of Clear and Reasonable Warnings.

2.2.1 On-Product Warnings. On or before the date that is sixty (60) days following the Effective Date, Defendant shall permanently cease and no longer ship for sale or 19 use in California any Products (as defined in Sections 1.2, 1.3 and 9.1) which require a warning 20 under the terms of this Consent Judgment, unless each individual Product (in the form intended for sale to the end-user) bears one of the warning statements specified below on its individual unit label or packaging:

> (a) If use or consumption of the Product in accordance with Defendant's label directions results in an exposure exceeding 10.0 micrograms/day of arsenic, but otherwise would not require a warning under this Consent Judgment, then the warning shall state:

> > 10

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WARNING: The use of this product will expose you to chemicals known to the State of California to cause cancer.

(b) If use or consumption of the Product in accordance with Defendant's label directions results in an exposure exceeding 10.0 micrograms/day of arsenic, and exceeding any of the levels set for lead, mercury, or cadmium in this Consent Judgment, then the warning shall state:

WARNING: The use of this product will expose you to chemicals known to the State of California to cause cancer and birth defects or other reproductive harm.

(c) If use or consumption of the Product in accordance with Defendant's label directions results in an exposure that does not exceed 10.0 micrograms/day of arsenic, but that does exceed any of the levels set for lead, mercury, or cadmium in this Consent Judgment, then the warning shall state:

WARNING: The use of this product will expose you to chemicals known to the State of California to cause birth defects or other reproductive harm.

(d) The warning statement shall be prominent and displayed on the label or packaging of each Product with such conspicuousness, as compared with other words, statements, or designs, so as to render it likely to be read and understood by an ordinary individual prior to purchasing or using the Product. The warning statement shall be printed on the label or packaging in a font size no smaller than any other precautionary statements or warnings printed on the Product's label or packaging.

2.2.2 Additional Warnings Concerning Mail Order & Internet Sales. If a
 Defendant sells a Product that requires a warning under this Consent Judgment, by mail order or
 over the Internet to a purchaser in the State of California on or after the date that is sixty (60) days
 after the Effective Date, the following additional requirements shall apply. For such mail order
 sales, the warning language required under this Consent Judgment shall be included in the mail
 order catalogue, either on the same page as any order form, or on the same page(s) upon which
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the Product's price is listed, in the same type size as the surrounding, non-heading text (this requirement shall be applicable only to all catalogues printed after the Effective Date). For such Internet sales, the warning language required under this Consent Judgment shall be displayed (in the same type size as the surrounding, non-heading text) either: (a) on the same page upon which the Product is displayed or referenced; (b) on the same page as any order form for any Product; or (c) on the same page as the price for the Product is displayed.

2.3 Exceptions To Warning Requirements. No Product that meets each of the following criteria shall require a warning pursuant to this Consent Judgment:

2.3.1 For Lead Warnings, Exposure Below "No Observable Effect Level." Use or consumption of a Product causes total daily exposure to lead of less than 0.5 micrograms when consumed or used in accordance with the Defendant's label directions, excluding any naturally occurring lead, as defined for purposes of this Consent Judgment in Section 2.3.2 ("Naturally Occurring Lead"), in such Product. Prior to shipment for sale to California consumers, Defendant shall provide consumer use instructions on the label or packaging of each individual Product (in the form intended for sale to the end-user). If the consumer use instructions include a range of consumption levels (e.g., "take 2 to 4 tablets daily"), then for purposes of compliance with Sections 2.2, 2.4, 9 and otherwise under this Consent Judgment, the highest dose instructed shall be the dose.

2.3.2 "Naturally Occurring" Allowance For Lead for Products Shipped for Sale After Sixty Days Following The Effective Date.

21 (a) Initial Naturally Occurring Lead Level. Unless a Product contains a warning in compliance with this Consent Judgment, the initial Naturally Occurring Lead level in 22 any Product subject to this Consent Judgment Defendant ships for sale or use in California after 23 the date that is sixty (60) days following the Effective Date, shall not exceed a concentration that 24 will result in 3.5 micrograms lead ingested/day, assuming the Product is used or consumed in 25 26 accordance with the Defendant's consumer use instructions. Products where the concentration 27 results in lead levels that exceed (i) this initial 3.5 micrograms ingested level, or (ii) Products which exceed any future Naturally Occurring Lead level subsequently established pursuant to this 28 [PROPOSED] CONSENT JUDGMENT 12

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1 Consent Judgment, (plus, in either the case of (i) or (ii) an additional 0.5 micrograms Lead as 2 allowed by regulation and under Section 2.3.1), shall be subject to the warning requirements set forth in Sections 2.2.1, 2.2.2, and 9 herein, unless Defendant can show by a preponderance of the 3 evidence that all lead in such Products (except 0.5 micrograms ingested in a daily dose) is 4 naturally occurring per 22 Cal. Code Reg. § 12501. If Defendant in the future elects to make this 5 showing that more than 3.5 micrograms of lead is naturally occurring, Defendant agrees to 6 provide all evidence supporting such a showing to AYS in the context of the meet and confer 7 process concerning enforcement of this Consent Judgment contemplated under Section 8.1 herein. 8 9 Defendant's failure to produce this information or Defendant's failure to establish to the Court that lead in excess of 0.5 micrograms in a daily dose, plus Naturally Occurring Lead, is naturally 10 occurring under the criteria in 22 Cal. Code Reg. § 12501 shall constitute a material breach of this Consent Judgment and be subject to stipulated civil penalties as provided for herein if a Product 12 which requires a health hazard warning under this Consent Judgment was sold in California without such warning. Nothing in this Section 2.3.2 constitutes a waiver of Defendant's right to 14 establish, in accordance with the procedures set forth in Sections 2.3.2 and 8.1, that levels of Metals other than lead are naturally occurring under the criteria of 22 Cal. Code Reg. § 12501. The Parties agree that the initial 3.5 micrograms Naturally Occurring Lead level is the result of negotiations and a review of the available information and shall be applicable to the Products 18 subject to this Consent Judgment (including new Products under Section 9) and shall have no application to other products.

21 (b) Evaluation of Future Naturally Occurring Lead Levels. In recognition of the possibility that the "lowest level feasible" of Lead may change over time, the Parties agree to 22 evaluate the Naturally Occurring Lead level annually for five (5) years as set forth below. 23 Commencing January 15, 2006 and ending January 15, 2011 for each year Defendant shall tender 24 a statement of determination whether an adjustment to the Naturally Occurring Lead level can be 25 supported by substantial evidence. Such a determination respecting the Naturally Occurring Lead 26 level shall be made by Defendant in good faith and be based on Representative Sampling and 27 "Feasibility." "Feasibility" for purposes of this Consent Judgment shall mean consideration of 28 [PROPOSED] CONSENT JUDGMENT 13

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the following: (1) the availability and reliability of a supply to Defendant of raw materials in question; (2) the reasonable cost to Defendant of Products or raw materials therein; (3) any resulting unreasonable increase in cost to a Defendant to procure a Product or raw materials with lower levels of lead; (4) performance characteristics, including formulation, performance, safety, taste, efficacy and stability, of any raw materials or finished Product; (5) the lawfulness of alternatives (no alternative shall result in a violation of law, or a breach of a standard of identity); and (6) other relevant and reasonable considerations. If upon determination of either Party a change is warranted, then that Party within sixty (60) days of the statement date shall proceed to modify this Consent Judgment in accordance with Section 8 herein. Defendant's obligations under this Section 2.3.2(b) are without prejudice to any rights of Plaintiff under Section 8 or otherwise herein. If either Party seeks to modify the initial or any subsequently established Naturally Occurring Lead level as defined herein, such modification shall only be effective upon an order by the Court, after a noticed motion, notice of which motion shall be served on the Office of the Attorney General at least forty-five (45) days prior to the hearing date, and which motion shall include the information supporting the request for modification.

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16 2.3.3 Conditions Under Which "Naturally Occurring" Allowance For Lead Applies. For purposes of compliance with Section 2.2, Defendant shall exclude that amount of 17 18 lead specified in Section 2.3.2, provided Defendant has not intentionally or unintentionally added any lead to a Product and Defendant has done or caused to be done all of the following: (a) used, 19 20 or required the manufacturer of the Product to use, "Good Manufacturing Practices," as defined in Exhibit C hereto in connection with each ingredient in the Product and with the Product; (b) used 21 or, if Defendant is purchasing an ingredient used in a Product directly from the grower of that 22 ingredient, required the grower to use, in those instances where Defendant has the commercially 23 reasonable ability to do so, Good Agricultural Practices; (c) used, at all times relevant to the 24 production of the Product, quality control measures that reduce natural chemical contaminants to 25 26 the "lowest level currently feasible," as that phrase is used in Title 21 Code of Federal Regulations, Section 110.110(c) (2001). If the United States Food & Drug Administration adopts 27 Good Manufacturing Practices ("GMPs") regulations applicable to Defendant's dietary 28 [PROPOSED] CONSENT JUDGMENT 14

supplement manufacturing, then Defendant, as of the effective date of those federal regulations, shall proceed under such new regulatory GMPs (or require the manufacturer of the Products to proceed under same) in lieu of the obligations set forth on Exhibit C within thirty (30) days of such adoption.

2.3.4 Stipulated Exposure Levels Triggering Warning Requirements For Arsenic, Cadmium and Mercury. Prior to shipment for sale to California consumers, Defendant shall provide consumer use instructions on the label or packaging of each individual Product (in the form intended for sale to the end-user). If the consumer use instructions include a range of consumption levels (e.g., "take 2 to 4 tablets daily"), then for purposes of compliance with Sections 2.2 and 9 and otherwise under this Consent Judgment, the highest dose instructed shall be the dose. For arsenic, cadmium and mercury, the health hazard warnings set forth in Section 2.2.1 shall be required if use or consumption of a Product in accordance with Defendant's label directions results in an exposure exceeding any of the following levels: (a) (1) mercury and mercury compounds, except inorganic mercury, 0.30 micrograms/day; (2) inorganic mercury, 3.0 micrograms/day; (b) cadmium, 4.10 micrograms/day; (c) arsenic, 10.0 micrograms/day. For purposes of this Consent Judgment, and in the absence of knowledge to the contrary on the part of Defendant, Defendant shall presume that all mercury in a Product is not inorganic mercury and therefore is subject to the standard in 2.3.4(a)(1) unless Defendant, through laboratory testing and, if applicable, other relevant information, establishes that a Product contains only inorganic mercury, in which case that Product shall be subject to the standard in 2.3.4(a)(2). Records supporting Defendant's determination respecting inorganic mercury content in a Product shall be provided to Plaintiff in accordance with Defendant's obligations under Section 2.1.7, Section 8 and Section 9.1.

24 2.4 Ban on Sales of Products Causing Exposures to Lead in Excess of 14
 25 Micrograms Per Day. No Product may be shipped by Defendant for sale in the State of
 26 California after sixty (60) days following the Effective Date if, when used or consumed in
 accordance with the Defendant's label directions, it causes an exposure to lead in excess of 14
 28 micrograms/day.
 [PROPOSED] CONSENT JUDGMENT 15

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3. CIVIL PENALTIES

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3.1 Stipulated Civil Penalties For Future Violations of This Agreement. Proposition 65 provides for civil penalties of up to \$2500 per violation per day, pursuant to California Health & Safety Code § 25249.7. In the event that after sixty (60) days following the Effective Date, Defendant violates Sections 2 or 9 herein, the Parties stipulate that Defendant shall be liable for a stipulated civil penalty in the amount of \$5.00 per unit item sold in violation of this Consent Judgment, unless the Defendant's actual per unit sale price to the buyer was less than \$5.00, in which case the stipulated penalty shall be fifty percent (50%) of the sale price Defendant received from the relevant buyer for the Products at issue. Total civil penalties concerning all Products sold in violation of this Consent Judgment shall not exceed \$70,000 for such violations in any calendar year. Plaintiff may establish such violation(s) hereunder by a preponderance of the evidence upon a duly noticed motion in the San Francisco Superior Court and subject to the provisions of Section 8 herein. AYS shall remit 75% of this amount to the State of California pursuant to Health & Safety Code § 25249.12(b).

3.2 Civil Penalty Assessment. Defendant shall pay a civil penalty in the amount of \$45,000 to AYS, pursuant to Health & Safety Code § 25249.7(b). AYS shall remit 75% of this amount to the State of California pursuant to Health & Safety Code § 25249.12(b).

3.3 Payment in Lieu of Additional Civil Penalties. Defendant shall make a payment in lieu of additional penalties in the amount of \$190,000 to AYS. AYS shall forward at least one half of these funds to California non-profit groups to reduce exposures to toxic chemicals, and to increase consumer, worker and community awareness of the health hazards posed by toxic chemicals. Any remaining funds shall be deposited in the AYS Environmental Enforcement Fund and shall be used to reduce exposures to toxic chemicals, and to increase consumer, worker and community awareness of the health hazards posed by toxic chemicals. In deciding among the grantee proposals, the As You Sow Board of Directors ("Board") takes into consideration a number of important factors, including: (1) the nexus between the harm done in the underlying case(s), and the grant program work; (2) the potential for toxics reduction, prevention, remediation or education benefits to California citizens from the proposal; (3) the budget

[PROPOSED] CONSENT JUDGMENT

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LAW OFFICES ANDREW L. PACKARD 294 PAGE STREET SAN FRANCISCO CALIFORNIA 94102 TEL 415-431-2970 FAX 415-431-0410 requirements of the proposed grantee and the alternate funding sources available to it for its project; and (4) the Board's assessment of the grantee's chances for success in its program work. AYS shall ensure that all funds will be disbursed and used in accordance with AYS' mission statement, articles of incorporation, and bylaws and applicable state and federal laws and regulations.

3.4 Penalties are not a credit. No penalties paid herein shall be construed as a credit against future claims against Defendant.

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REIMBURSEMENT OF FEES AND COSTS

4.1 Reimbursement of Plaintiff's Investigative, Expert and Legal Fees and Costs.
 Defendant shall reimburse AYS in the amount of \$165,000 for AYS' reasonable investigative,
 expert, and legal fees and costs incurred as a result of investigating and negotiating a settlement in the public interest.

5. PAYMENT OBLIGATIONS

14 5.1 Pursuant to Sections 3.2, 3.3 and 4.1 herein, Defendant agrees to remit the total amount of \$400,000 to an escrow agent of the Wells Fargo bank within fifteen (15) days of the 15 Parties' execution of this Consent Judgment, with the last signature date triggering the fifteen (15) 16 day period (if AYS is the last signatory, this fifteen (15) day period shall run from the date of 17 transmission of facsimile notice of AYS' signature to Defendant and Defendant's counsel). The 18 escrow instructions agreed to by Defendant and AYS shall provide, in principal part, that (a) in 19 the event that this [Proposed] Consent Judgment is approved by the Court, the escrow agent shall 20 transmit the full \$400,000 amount to AYS, in the form of a check payable to "As You Sow" 21 (Employer Identification Number 94-3169008), within three (3) days' of receipt of a duly 22 executed copy of the Court approved Consent Judgment from either Party; and (b) in the event 23 that this [Proposed] Consent Judgment shall become null and void pursuant to Paragraph 7.1, the 24 escrow agent shall transmit the full \$400,000 amount to Defendant within three (3) days' written 25 notice thereof by both Parties. All fees for the services of the escrow agent shall be borne solely 26 by Defendant, and any interest earned on the escrowed funds during the period of their escrow 27 28

[PROPOSED] CONSENT JUDGMENT

shall be paid to Defendant. The Parties agree to take such actions and execute such documents as may reasonably be necessary to effectuate the escrow.

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RELEASE OF LIABILITY

6.1 Release of Liability by AYS. In further consideration of the promises and agreements contained herein, AYS, on its own behalf, and on behalf of the general public, hereby releases the Defendant Releasees (as defined below) and waives all rights to institute or participate in, directly or indirectly, any claim or form of legal action seeking any form of relief (whether injunctive, compensatory, punitive, or otherwise) against Defendant, its officers, directors, employees, agents, attorneys, consultants, representatives, shareholders, parents, subsidiaries, affiliates, divisions, predecessors, successors, subdivisions, downstream distributors, downstream retailers, downstream customers, and upstream suppliers of the raw materials used in the Products (the "Defendant Releasees") whether under Proposition 65 or Business & Professions Code §§17200 or 17500, based upon the Defendant Releasees' alleged failure to warn, within the meaning of Proposition 65, about exposure to lead, lead compounds, arsenic, cadmium, cadmium compounds, mercury or mercury compounds contained in any of the Products sold in California on or before sixty (60) days after the Effective Date or based on any other legal claim or theory that was or could have been alleged in the Action based on the facts alleged in the Complaint. This release does not apply to any liability of Defendant Releasees arising out of the sale or use of any products not set forth in Exhibit A hereto, except as specifically provided in Section 9: New Products.

21 6.2 Release of Liability of AYS. In further consideration of the promises and agreements contained herein, Defendant hereby releases the AYS Releasees (as defined below) 22 and waives all of its rights to institute any claim, or form of legal action against AYS, its officers, 23 directors, employees, agents, attorneys, consultants, and representatives (the "AYS Releasees") 24 for all actions or statements made or undertaken by the AYS Releasees in the course of seeking 25 enforcement of Proposition 65 or Business & Professions Code §§ 17200 and 17500 et seq. in the 26 27 Action.

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[PROPOSED] CONSENT JUDGMENT

7. CONSENT JUDGMENT

Consent Judgment. Upon execution of this [Proposed] Consent Judgment by all 7.1 Parties, AYS noticed a Motion for Approval & Entry of Consent Judgment in the San Francisco Superior Court pursuant to Title 11, Cal. Code of Regs. §3000, et seq. This Motion was served and any future Motions shall be served upon all of the Parties to the Action and upon the California Attorney General's Office. In the event that the Court fails to approve and order entry of this [Proposed] Consent Judgment within one hundred and eighty (180) days after execution by the parties, then this [Proposed] Consent Judgment shall become null and void upon the election of any Party as to them and upon written notice to all of the Parties to the Action pursuant to the notice provisions herein. Defendant and AYS shall use best efforts to support entry of this Consent Judgment in the form submitted to the Office of the Attorney General. If the Attorney General objects in writing to any term in this Consent Judgment, the Parties shall use best efforts to resolve the concern in a timely manner and prior to the hearing on the motion to approve this Consent Judgment. If the Parties cannot resolve an objection of the Attorney General, then Plaintiff and Defendant shall proceed with seeking entry of an order by the court approving this Consent Judgment in the form originally submitted to the Office of the Attorney General, or in such other form as the Parties shall mutually agree upon after consideration of any comments of the Attorney General. If the Attorney General elects to file a notice or motion with the Court stating that the People shall appear at the hearing for entry of this Consent Judgment so as to oppose entry of the Consent Judgment, then a party may withdraw from this Consent Judgment prior to the date of the hearing, with notice to all parties and the Attorney General, and upon such notice this Consent Judgment shall be null and void.

7.2 Amendment To Complaint. Upon the expiration of the 60-Day Notice issued on or about June 15, 2005, the Complaint herein shall be deemed amended to include all violations described in that 60-Day Notice.

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ENFORCEMENT AND MODIFICATION

8.1 Enforcement and Stipulated Civil Penalties. In the event that a dispute arises with respect to any of the provisions of this Consent Judgment, the Parties shall meet and confer

[PROPOSED] CONSENT JUDGMENT

LAW OFFICES ANDREW L. PACKARD 294 PAGE STREET SAN FRANCISCO CALIFORNIA 94102 TEL 415-431-2970 FAX 415-431-0410 1

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within twenty (20) days after any party receives written notice of an alleged violation of this Consent Judgment from another Party. In the event the affected Parties cannot resolve the dispute, this Consent Judgment may be enforced pursuant to Code of Civil Procedure § 664.6 or any other valid provision of law. The prevailing party in any dispute regarding compliance with the terms of this Consent Judgment shall be awarded its reasonable fees and costs incurred, in addition to any other relief otherwise ordered by the Court, including but not limited to civil penalties assessed pursuant to Section 3 herein.

8 8.2 Modification of Judgment - Grounds. This Consent Judgment shall not obligate Defendant to provide a health hazard warning (as described in Section 2 herein) for a 9 10 Product if that Product causes an exposure below the "No Significant Risk Level" or "Maximum Allowable Daily Level," as those terms are defined in Proposition 65 and its implementing regulations. Any such levels adopted in a final regulation or law pursuant to Proposition 65 after 12 13 the Effective Date shall become the standard under this Consent Judgment on the date they become effective without need for formal modification of this Consent Judgment, but Defendant 14 retains its rights and obligations under Section 2.3.2 to establish naturally occurring levels of 16 Metals. The Parties acknowledge that new toxicological information or exposure assessments 17 concerning hazardous substances and testing methodologies are continuously becoming available, and that statutory and regulatory standards applicable to the Products may evolve in the future. Accordingly, the Parties agree that any Party may file a motion pursuant to § 664.6 of the California Code of Civil Procedure, and under the conditions set forth below, move the Court for modification of the warning requirement or any other term set forth in Section 2 herein on the grounds that (a) they conflict with the applicable legal standards concerning the Products or any ingredient therein, or (b) the warning requirement or any other term set forth in Section 2 herein are more stringent than the warning requirements Plaintiff after the Effective Date in an order, judgment or settlement under Proposition 65 agrees to with respect to any dietary supplements that are substantially similar to the Products herein. Absent good cause shown by Plaintiff, Plaintiff shall allow modification of this Consent Judgment to permit Defendant to adhere to such

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[PROPOSED] CONSENT JUDGMENT

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less stringent warning requirements. Any disputes regarding the issues set forth in this subsection shall be resolved in accordance with the procedures set forth in Section 8.3 below.

8.3 Modification of Judgment - Procedure. In the spirit of cooperation and in the interests of minimizing the investigative, expert and attorneys' fees and costs associated with such a motion, the Parties agree to meet and confer in good faith as follows. Prior to filing a motion pursuant to Section 8.2 herein, the Party seeking to modify the judgment shall first provide the non-moving Party and the California Attorney General's Office with any legal or scientific data upon which the motion would rely. The non-moving Party and the California Attorney General's Office shall be allowed a period of forty-five (45) days to review that data and to provide the moving Party with its formal written response (the Attorney General's Office's failure to respond to this submission shall not be construed in any manner to reflect any particular view, on the part of the Attorney General's Office, of this Consent Judgment or of the applicable law or science). The Parties shall then meet and confer within twenty (20) days of the nonmoving Party's written response. If, after meeting and conferring, the moving Party elects to proceed with a motion to amend this judgment, it may do so with proper notice to the other Party and the Attorney General's Office as required under the California Code of Civil Procedure. Such a motion may be accompanied by scientific data, studies, written declarations, and live testimony or discovery responses. In the event that the Court determines that a Party seeking or opposing a motion to modify this Consent Judgment did so without justification or failed to meet and confer in good faith prior to moving for or opposing such modification, the other Party shall be awarded reasonable fees and costs incurred.

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9. NEW PRODUCTS.

9.1 New Product Testing Prior To Sale In California. If, after the date that is sixty
(60) days after the Effective Date, Defendant elects to ship for sale in California any new
product(s) of the type set forth in Section 1.2 hereinabove (herbs, herbal products, dietary
supplements, bulk herbs, infusions, powders, tea pills, pills, patent formulas, teas, bulk teas,
liquids and/or capsules) but not identified on Exhibit A hereto ("New Product"), Defendant shall,
before shipping the New Product(s) for sale in California, conduct the testing set forth in Section
[PROPOSED] CONSENT JUDGMENT 21

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2.1 and adhere to the requirements of this Consent Judgment with respect to such New Product(s). Such New Product(s) shall then be deemed Product(s) subject to all of the terms of this Consent Judgment. If the New Product requires a warning under the standards in Sections 2.2 and 2.3, Defendant shall, prior to shipment for sale in California of such new product(s) provide AYS with a test result, using the testing methods set forth in Section 2.1 above, and a notice that all of the warning requirements set forth in Section 2.2 hereinabove are complied with as to such new product(s). Failure to provide the warning if required under Section 2.2 shall be a violation of this Consent Judgment subject to stipulated penalties in accordance with Section 3.1. Before the date that is sixty (60) days after the Effective Date, Defendant may ship for sale to California customers new or reformulated products of the type set forth in Section 1.2 that are not listed on Exhibit A, and the sales of such products shall not be deemed in violation of any term of this Consent Judgment.

9.2 Annual New Product Update List. Commencing January 15, 2006 and through and including January 15, 2011, Defendant shall provide AYS with an annual updated list of new Products Defendant shipped for sale or use in California in the preceding calendar year for which Defendant has ascertained that warnings are not required under this Consent Judgment. If Plaintiff cannot ascertain and in good faith inquires in writing as to whether a specific Product is a new Product in a given year (for the period commencing January 15, 2006 and through and including January 15, 2011) Defendant shall promptly (and in any event within thirty-five (35) days of the date of Plaintiff's request) reply to advise whether the Product is a new Product for that year or is an existing Product.

22 10. GOVERNING LAW

10.1 Governing Law. The terms of this Consent Judgment shall be governed by the
 laws of the State of California. This Consent Judgment shall not govern Products or products
 sold to consumers or other persons outside the State of California.

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[PROPOSED] CONSENT JUDGMENT

11. NOTICES

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11.1 Notices. All correspondence and notices required to be provided under this Agreement shall be in writing and shall be sent by first class registered or certified mail, or via a reputable overnight delivery service with a tracking mechanism, addressed as follows:
All correspondence to AYS shall be mailed to: With a copy to:

Attn: Lawrence E. Fahn, Executive Director As You Sow 311 California Street, Suite 510 San Francisco, CA 94104 With a copy to: Andrew L. Packard, Esq. Law Offices of Andrew L. Packard 294 Page Street San Francisco, CA 94102

All correspondence to Defendant shall be mailed to: Attn: Ira Goldberg Threshold Enterprises, Ltd. 23 Janis Way Scotts Valley, CA 95066

<u>With a copy to</u>: Trenton H. Norris, Esq. Bingham McCutchen LLP Three Embarcadero Center San Francisco, CA 94111-4067

12. INTEGRATION AND MODIFICATION

12.1 Integration & Modification. This Consent Judgment, together with the Exhibits hereto which are specifically incorporated herein by this reference, constitutes the entire agreement between the Parties relating to the rights and obligations herein granted and assumed, and supersedes all prior agreements and understandings between the Parties, whether oral or written. Except as set forth in Section 8, this Consent Judgment may be modified only upon the written agreement of the Parties to be bound. If any term of this Consent Judgment is found by the court to be invalid, then such term shall be stricken and the remaining terms shall not be affected thereby. In the interpretation hereof, references to general "Sections" (e.g., "Section 8") shall include all subsections within said section (e.g., Sections 8.1, 8.2 and 8.3), but references to specific subsections (e.g., "Section 2.2.1") shall refer only to that specific subsection.

13. COUNTERPARTS

13.1 Counterparts. This Consent Judgment may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

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14. AUTHORIZATION

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	2	14.1 Authorization. The undersigned are authorized to execute this Agreement on		
	3	behalf of their respective parties and have read, understood, and agree to all of the terms and		
	4	conditions of this Agreement.		
	5	IT IS SO STIPULATED:		
	6	DATED: <u>6-10-05</u> AS YOU SOW		
	7	James E. F.		
	8	By: Lawrence E. Fahn		
	9	Executive Director		
94102	10	DATED: THRESHOLD ENTERPRISES I TD		
NIA 410	11	DATED: THRESHOLD ENTERPRISES, LTD.		
RD CALIFORNIA 5-431-0410	12			
41	13	By: Ira Goldberg, President		
W OFFICES M L. PACI FRANCISCO 70 FAX	14	IT IS SO ORDERED:		
AW OF W L. FRAN 970	15	DATED:		
LAN ANDREW SAN F 431-297	16	Judge of the Superior Court		
REET 415-4	17			
PAGE ST TEL	18			
4	19			
2 9	20	INDEX OF ATTACHED EXHIBITS		
	21	EXHIBIT A - Product List		
	22	EXHIBIT B - Notices of Proposition 65 Violations		
	23	EXHIBIT C - GMPs In Place until Federal GMPs Apply to Defendant		
	24	EXHIBIT D - ICP-MS Protocol		
	25	EXHIBIT E - GFAA Protocol		
	26			
	27			
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		[PROPOSED] CONSENT JUDGMENT 24		
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14. **AUTHORIZATION**

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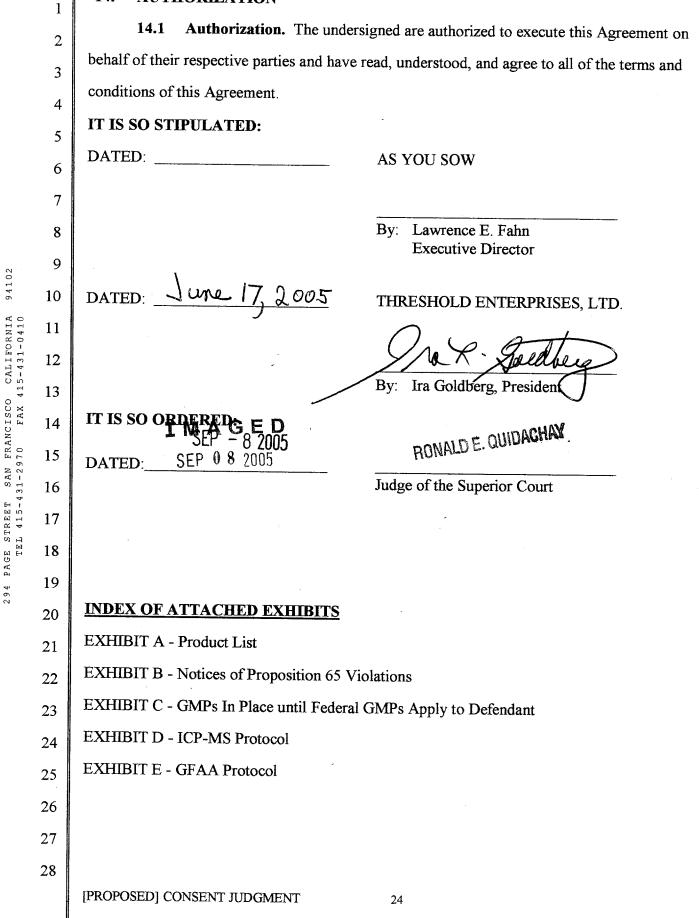


EXHIBIT A

EXHIBIT A Threshold Enterprises, Ltd.

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Planetary Formulas Brand Andrographis Antler Velvet Ariuna Arjuna CardioComfort Artichoke Ashwaganda Astragalus Astragalus Jade Screen (fka Jade Screen) Avena Sativa Oat Complex Bacopa Bacopa-Ginkgo Brain Strength Bilberry Eye Complex **Bilberry Vision** Black Cohosh Borage Super GLA **Bupleurum Calmative Compound** Bupleurum Liver Cleanse (fka Hepato-Pure) Butterbur Calm Child Candida Digest (fka Hinga Shtak) Cat's Claw Chamomile Dreams (fka Kava Dreams) CholestGar Chyavanprash Cinnamon Codonopsis Comfrey Care Complete Cat's Claw Complex Cordyceps **Cordyceps Power** Cramp Bark Comfort (fka Women's Comfort) Cranberry Concentrate Cranberry Bladder Defense (fka Cranberry Defense) Damiana Male Potential (fka Male Potential) **Digestive Comfort Digestive Grape Bitters** Dong Quai Echinacea Echinacea Defense Force (fka Defense Force) Echinacea-Elderberry Echinacea Glycerites Echinacea-Goldenseal Echinacea-Goldenseal with Olive Leaf Elderberry

Eleuthero (fka Siberian ginseng) Fenugreek Feverfew HeadAid (fka Head Aid) Flex-Ability GarliChol Ginger Extract Ginger Warming Compound (fka Herbal Uprising) Ginkgo Awareness (fka Clear Mind) Ginkgo OptiMem Ginseng Ginseng Classic (fka Four Noble Gentlemen) Ginseng Elixir (fka Elixir of Life) Ginseng Revitalizer (fka Tai Chi) Glucosamine MSM Herbal Guggul Cholesterol Compound (Fka Guggul Rai) Hawthorn Hawthorn Heart (fka Life Pulse) Holy Basil Horny Goat Weed Horse Chestnut Horse Chestnut Cream Horse Chestnut Vein Strength Jiaogulan Kava Kid's Immune Protect Kudzu Recovery (fka Kudzu Herbal Compound) Licorice Liver Defense Lower Back Support Maca Maitake Mushroom MenoChange Mullein Lung Complex (fka Breeze Free) Myelin Sheath Support Narayana Oil Neck and Shoulder Support (fka Upper Back Support) Oil of Oregano Old Indian Wild Cherry Bark Syrup (fka Old Indian Herbal Syrup) Olive Leaf Pau D'Arco Deep Cleansing (fka Complete Pau D'Arco Program) Prosta Palmetto

Pumpkin Seed Red Clover Cleanser (fka River of Life) Rehmannia Endurance (fka Chinese Energetics Ying) Rehmannia Vitalizer (fka Chinese Energetics Yang) Reishi Mushroom Reishi Mushroom Supreme Rhodiola Rosea Salvia Saw Palmetto Classic Schizandra Adrenal Complex (fka Wu Zi Wan) Shiitake Mushroom Shiitake Mushroom Supreme Silvmarin SinusFree Sov St. John's Wort St. Johns Wort Junior St. john's Wort Kava St. John's Wort Emotional Balance (fka St. John's Wort-Kava Compound) Stevia Stinging Nettles Stone Free Stress Free Suma Three Spices Sinus Complex (fka Trikatu) Tri-Cleanse Triphala Triphala-Garcinia Program (fka Triphala Herbal Diet) Turmeric Extract Uva Ursi Diurite (fka Diurite) Valerian Valerian Easy Sleep (fka Easy Sleep) Valerian Root Vitex (fka Emotional Balance) Well Child Echinacea-Elderberry Syrup Wild Yam-Black Cohosh Complex (fka Vital Balance) Willow Aid Women's Dong Quai Tonifier (fka Women's Precious) Women's Dong Quai Treasure (fka Women's Treasure) Yellow Dock Skin Cleanse (fka HerbaDerm) Yin Chiao Classic Yin Chiao-Echinacea Complex (fka Yin Chiao Plus)

Source Naturals Brand Acerola Chewable C Acidophilus Activated Quercetin ™ Advanced-One[™] Multiple AHCC Alfalfa Alka-Balance[™] Aller-Response[™] Aloe Verité™ Alpha GPC Alpha Lipoic Acid Amino Athlete Amino Dav Apple Cider Vinegar Arctic Pure[™] Arthred[™] Artichoke Extract Astaxanthin Attentive Child™ Attentive DHA™ Bee Pollen Beta Glucan Beta Sitosterol Betaine HCL Bifidyn™ Bilberry Bioflavonoid Complex (formerly PlantioxidantsTM) **Bioperine**® Black Cohosh Blue-Green Algae Boswellia **Broccoli Sprouts** Bromelain Butcher's Broom Butterbur Calm Thoughts[™] Cat's Claw Cat's Claw Defense Complex™ **CBR**TM Cell Guard[™] Charcoal Chem-Defense **Cherry Fruit** Chlorella Cholesfiber Choles-Response™ Cholesterol Rescue Cholestrex[®] Chondroitin Sulfate

Cimi-Fem[™] Citricidex™ CLA (Sunflower Oil) Cm Complex Coenzyme Q 10 Colostrum **Complete Essential Fatty Acids** Creatine Chitosan[™] CitriMax™ DHA Diet Clear Cleanse[™] Diet Fiber Re:Fresh™ Diet Herbal Re:Store™ Diet Metabo-7™ Diet-Phen[™] Diet Pyruva Nectar **Diet Pyruvate** DHEA Digest-Active™ DMAE Cream Dura Carb DIM Echinacea Root Elan Vital™ Eldeberry Extract Ellagic Active[™] Essential Enzymes[™] Ester C Ester E **Evening Primrose Oil** Feverfew Extract Fiber Refresh Fibro-Response[™] Flax Seed-Primrose Oil FOS (Fructo Oligo Saccharides) GABA Gamma E Gamma Orvzanol Garcinia Garlic Garlic & Parsley Garlic Oil Garlicell Genistein Ginkgo Ginseng GLA Borage Seed Oil Glisodin Power GlucosaMend™ Glucosamine Sulfate

Glucosamine Chondroitin Glucosamine Chondroitin w-MSM Gluco-Science™ Grapefruit Pectin Grape Seed Extract (Proanthodvn[™]) Green Coffee Extract Green Tea Extract Guar Gum Guarana Guggulsterones Gymnema Sylvestre Hangover Formula[™] Heart Response[™] Heart Science[™] Herbal Restore HGH Surge™ Higher Mind[™] Hi-Stress B&CTM w/ herbs Holy Basil Homocysteine Defense Hoodia Horny Goat Weed Hot Flash™ Hyaluronic Acid HydrogenBoost Inflama –Rest™ Intimate Response[™] **IP-6** Joint Response Kava L-Arginine L-Theanine Larchtree Extract Lecithin Life Defense[™] Life Flora[™] Life ForceTM Life Spark[™] Lignan Extract Liver Guard[™] LustreTM Lutein Lycopene Maca Male Response[™] Mastic Gum Mega CBR™ Mega One (formerly Mega-Vite 85TM) Mega Primrose[™] MegaKid™ MegaMind™

Menopause Multiple[™] Mental Edge® Minor Pain Comfort[™] Modified Citrus Pectin Monthly Comfort[™] Mood Balance[™] Mother's Choice™ **MSM** Muscle Dynamo[™] Muscle Mass[™] Mushroom Immune Defense Myricetin Nattokinase Neptune Krill Oil Neuromins[™] DHA Night RestTM Noni NutraSleep[™] Oat Bran Oil of Oregano Olive Leaf Отеда ЕРА™ Omega-Flax[™] OPC-85[™] Pine Bark Extract PPC (Polyenylphosphatidylcholine) Padma Basic Pau D'Arco Phase 2[™] Carbohydrate Blocker **Phosphatidyl Choline Phosphatidyl Serine** Phytoestrogen Cream Policosanal Cholesterol Complex Policosanol Positive Thoughts[™] **Proanidin**[™] Proanthodyn Nutradrops Promilin[™] Fenugreek Extract Propolis Prosta-Response[™] **Psyllium Husk Powder Pvcnogenol**® Pyruva-Creatine Drink Mix **Pyruvate Power** Ouercetin **Ouercetin Nutra Drops** Red Clover Leaf Extract[™] Red Marine Algae Red Yeast Rice **Relora**® Resveratrol Ribose

Roval Jelly Runners' Shield™ SAMe Saw Palmetto Extract Shii-LEM[™] Silymarin Plus[™] Skin Eternal[™] Smilax Spirulina Spirulina Multiple[™] St. John's Wort Sugar Ban[™] Suma Super Carrot Acidophilus[™] Super Sprouts[™] Swedish Flower Pollen Svtrinol[®] Theanine Serine[™] Thymic Peptide Tocotrienol Antioxidant ComplexTM Tongkat Ali Trans-Ferulic Acid Tri-Methylglycine Triathlete™ Tribulus Turmeric Extract Ultimate Ascorbate C Ultra Inosine[™] Endurance Complex _Ultra Joint Response™ Ultra Multiple[™] Urban Air Defense[™] Vegetarian Glucosamine 750MG Vegetarian Pancreatin 475MG Vincamine Vinpocetine VisualEves[™] Vitamin C with Rosehips Vitamin E Wellness C-1000 Wellness Cough Syrup Wellness Formula® Wellness Herbal Kids™ Wellness Herbal ResistanceTM Wellness Herbal Spray[™] Wellness Multiple[™] Wellness Transfer Factor[™] Wellness Zinc Throat Spray[™] Whey to Health™ Yerba Maté

EXHIBIT B



im (415) 391-3212

A NON-PROFIT CORPORATION 311 California Street, Suite 510 San Francisco, California 94104 www.asyousow.org

ATTORNEY GENERAL COPY: CONTAINS OFFICIAL INFORMATION PER EVIDENCE CODE SECTION 1040

May 5, 2003

NOTICE OF VIOLATION OF CALIFORNIA HEALTH & SAFETY CODE §25249.5 ET SEQ.

Dear Public Enforcement Agencies:

As You Sow ("AYS") is a non-profit foundation organized under California's Non-Profit Public Benefit Corporation Law. AYS is dedicated to, among other causes, the protection of the environment, the promotion of human health, the improvement of worker and consumer safety, and environmental education.

AYS has documented violations of California's Safe Drinking Water & Toxic Enforcement Act of 1986 ("Proposition 65"), codified at Health & Safety Code §25249.5 et seq. This letter serves to provide AYS' notification of these violations to the public enforcement agencies and to the violator. Pursuant to §25249.7(d) of the statute, AYS intends to bring an enforcement action sixty (60) days after effective service of this notice unless the public enforcement agencies have commenced and are diligently prosecuting an action to rectify these violations.

A summary of the statute and its implementing regulations, which was prepared by the lead agency designated under the statute, is enclosed with the copy of this notice served upon the violator. The specific details of the violations that are the subject of this notice are provided below.

Alleged violator. The name of the violator covered by this notice is THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS ("Threshold").

Chemicals. These violations involve exposures to lead and lead compounds from the products listed below. On February 27, 1987, the State of California officially listed lead as a chemical known to cause reproductive toxicity. On October 1, 1992, the State of California officially listed lead and lead compounds as chemicals known to cause cancer.

Consumer products. The products that are the subject of this notice are herbs and herbal products, traditional patent medicines, bulk herbs, infusions, extracted powders, tea pills,

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traditional pills, patent formulas, bulk teas, liquid extracts and/or capsules that are imported, exported, manufactured, packaged, distributed, marketed and/or sold by Threshold. The phrase "traditional patent medicines" above is used herein as defined by the California Department of Health Services: "herbal and patent medicines consisting of single or multiple herbal ingredients, including botanical, mineral and animal products, formulated into tablets, pills, powders and liquids." The products that are the subject of this notice include but are not limited to the following:

Brand	<u>Product</u>	<u>C</u>
Planetary Formulas	Yin Chiao Echinacea Complex	le
	Wellness Formula	lea
	Shitake Mushroom Supreme	lea
Planetary Formulas	Woman's Dong Quai Treasure	lea
Planetary Formulas	Reishi Mushroom Supreme	lea
Planetary Formulas	Bupleurum Liver Cleanse	lea
Planetary Formulas	Cordyceps Power CS-4	lea
Planetary Formulas	Damiana Male Potential	lea
Planetary Formulas	Horny Goat Weed	lea
Planetary Formulas	Three Spices Sinus Complex	lea
Planetary Formulas	Triphala Internal Cleanser	lea
Planetary Formulas	Rehmannia Endurance	lea
Planetary Formulas	Valerian Easy Sleep	lea
Source Naturals	Hangover Formula	lea
Source Naturals	Male Response	_
Source Naturals	Nutra Sleep	lea
Source Naturals	Mental Edge	lea
Source Naturals	Herbal Re:Store	lea
Source Naturals	Suma	lea
source maturals	Suma	lea

hemical ad and lead compounds ad and lead compounds

Route of exposure. The consumer exposures that are the subject of this notice result from the purchase, acquisition, handling and use of these products as recommended by the manufacturer. Accordingly, the consumer exposures have occurred and continue to occur primarily through the ingestion exposure route, but also may occur through inhalation and/or and dermal contact.

Duration of violations. Each of these ongoing violations has occurred on every day since May 5, 1999, and will continue every day until clear and reasonable warnings are provided or until these known toxic chemicals are removed from the products.

Pursuant to Title 11, C.C.R. § 3100, a certificate of merit is attached hereto.

In keeping with its public interest mission and to expeditiously rectify these ongoing violations of California law, AYS is interested in seeking a constructive resolution of this matter

Notice of Violation of California Health & Safety Code §25249.5 et seq. May 5, 2003 Page 3

without engaging in costly and protracted litigation. Please direct all communications regarding this notice to AYS' counsel in this matter:

Andrew L. Packard, Esq. Law Offices of Andrew L. Packard 294 Page Street San Francisco, CA 94102 Tel. (415) 431-2970 Fax (415) 431-041

Enclosure

ATTORNEY GENERAL COPY: CONTAINS OFFICIAL INFORMATION PER EVIDENCE CODE SECTION 1040

<u>CERTIFICATE OF MERIT</u> (for As You Sow's Notice of Proposition 65 Violation on THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS)

Andrew L. Packard, declare:

1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged that THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS has violated Health & Safety Code §25249.6 by failing to provide clear and reasonable warnings.

2. I am an attorney for the noticing party.

3. I have consulted with one or more persons with relevant and appropriate experience expertise who has reviewed facts, studies, or other data regarding the exposure to the listed expension that are the subject of the 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 plaintiffs' case can be established and that the information did not prove that the alleged violator will be able to establish any of the offermative 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 the information identified in Health and Safety Code §25249.7(h)(2), i.e., (1) the identity of the persons

Ani 25,2003

Attachments (for Attorney General Cop

CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury under the laws of the State of California that the following is true and correct:

I am a citizen of the United States, over the age of 18 years, and not a party to the within action; my business address is: 311 California Street, Suite 510, San Francisco, California 94104.

On May 5, 2003, I served the following documents:

- Notice of Violation of California Health & Safety Code § 25249.5 et seq.
- Certificate of Merit
- "The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary"

on the following party by placing a true and correct copy thereof in a sealed envelope, addressed to the party listed below, and depositing it at a United States Postal Service Office for delivery by Certified Mail:

Threshold Enterprises Ltd. dba Planetary Formulas and Source Naturals Ira Goldberg, CEO 23 Janis Way Scotts Valley, CA 95066

On May 5, 2003, I served the following document(s):

- Notice of Violation of California Health & Safety Code § 25249.5 et seq.
- Certificate of Merit, including Supporting Documentation Required by Title 11, C.C.R. § 3102

on the following party by placing a true and correct copy thereof in a sealed envelope, addressed to the party listed below, and depositing it at a United States Postal Service Office for delivery by Certified Mail:

Attn: Craig Thompson, Deputy Attorney General California Department of Justice 1300 I Street, Suite 125 Post Office Box 944255 Sacramento, CA 94244-2550

On May 5, 2003, I served the following document(s):

- Notice of Violation of California Health & Safety Code § 25249.5 et seq.
- Certificate of Merit

on each of the parties on the service list attached hereto by placing a true and correct copy thereof in a sealed envelope, addressed to each of the parties on the service list attached hereto, and depositing it at United States Postal Service mail box for delivery by First Class Mail.

Executed on May 5, 2003, at San Francisco, Calif

PUBLIC ENFORCEMENT AGENCIES SERVICE LIST (updated 04/18/03)

THE HONORABLE THOMAS J ORLOFF ALAMEDA COUNTY DISTRICT ATTORNEY 1225 FALLON ST RM 900 OAKLAND CA 94612

THE HONORABLE WILLIAM RICHMOND ALPINE COUNTY DISTRICT ATTORNEY PO BOX 248 MARKLEEVILLE CA 96120

THE HONORABLE TODD D RIEBE AMADOR COUNTY DISTRICT ATTORNEY 708 COURT ST STE 202 JACKSON CA 95642

THE HONORABLE MICHAEL RAMSEY BUTTE COUNTY DISTRICT ATTORNEY 25 COUNTY CTR DR OROVILLE CA 95965

THE HONORABLE JEFFREY TUTTLE CALAVERAS COUNTY DISTRICT ATTORNEY 891 MTN RANCH RD SAN ANDREAS CA 95249

THE HONORABLE JOHN POYNER COLUSA COUNTY DISTRICT ATTORNEY 547 MARKET ST COLUSA CA 95932

THE HONORABLE ROBERT KOCHLY CONTRA COSTA COUNTY DISTRICT ATTORNEY PO BOX 670 MARTINEZ CA 94553

THE HONORABLE MICHAEL RIESE DEL NORTE COUNTY DISTRICT ATTORNEY 450 H ST CRESCENT CITY CA 95531

THE HONORABLE GARY L LACY EL DORADO COUNTY DISTRICT ATTORNEY 515 MAIN ST PLACERVILLE CA 95667

THE HONORABLE ELIZABETH EGAN FRESNO COUNTY DISTRICT ATTORNEY 2220 TULARE ST STE 1000 FRESNO CA 93721

THE HONORABLE ROBERT HOLZAPFEL GLENN COUNTY DISTRICT ATTORNEY PO BOX 430 WILLOWS CA 95988

THE HONORABLE PAUL GALLEGOS HUMBOLDT COUNTY DISTRICT ATTORNEY 825 FIFTH ST EUREKA CA 95501

THE HONORABLE GILBERT OTERO IMPERIAL COUNTY DISTRICT ATTORNEY 939 W MAIN ST EL CENTRO CA 92243 THE HONORABLE ARTHUR MAILLET INYO COUNTY DISTRICT ATTORNEY PO DRAWER D INDEPENDENCE CA 93526

THE HONORABLE EDWARD R JAGELS KERN COUNTY DISTRICT ATTORNEY 1215 TRUXTUN AVE BAKERSFIELD CA 93301

THE HONORABLE RON CALHOUN KINGS COUNTY DISTRICT ATTORNEY 1400 W LACEY BLVD HANFORD CA 93230

THE HONORABLE GERHARD LUCK LAKE COUNTY DISTRICT ATTORNEY 255 N FORBES ST LAKEPORT CA 95453

THE HONORABLE ROBERT BURNS LASSEN COUNTY DISTRICT ATTORNEY 220 S LASSEN ST STE 8 SUSANVILLE CA 96130

THE HONORABLE STEVE COOLEY LA COUNTY DISTRICT ATTORNEY 210 W TEMPLE ST STE 18000 LOS ANGELES CA 90012-3210

THE HONORABLE ERNEST LICALSI MADERA COUNTY DISTRICT ATTORNEY 209 W YOSEMITE AVE MADERA CA 93637

THE HONORABLE PAULA FRESCHI KAMENA MARIN COUNTY DISTRICT ATTORNEY 3501 CIVIC CTR DR RM 130 SAN RAFAEL CA 94903

THE HONORABLE ROBERT BROWN MARIPOSA COUNTY DISTRICT ATTORNEY PO BOX 748 MARIPOSA CA 95338

THE HONORABLE NORMAN VROMAN MENDOCINO COUNTY DISTRICT ATTORNEY PO BOX 1000 UKIAH CA 95482

THE HONORABLE GORDON SPENCER MERCED COUNTY DISTRICT ATTORNEY 2222 M ST MERCED CA 95340

THE HONORABLE JORDAN FUNK MODOC COUNTY DISTRICT ATTORNEY PO BOX 1171 ALTURAS CA 96101

THE HONORABLE GEORGE BOOTH MONO COUNTY DISTRICT ATTORNEY PO BOX 617 BRIDGEPORT CA 93517

Page 1 of 2

THE HONORABLE DEAN FLIPPO MONTEREY COUNTY DISTRICT ATTORNEY 240 CHURCH ST #101 SALINAS CA 93902

THE HONORABLE GARY LIEBERSTEIN NAPA COUNTY DISTRICT ATTORNEY 931 PARKWAY MALL NAPA CA 94559

THE HONORABLE MICHAEL FERGUSON NEVADA COUNTY DISTRICT ATTORNEY 201 CHURCH ST STE 8 NEVADA CITY CA 95959

THE HONORABLE TONY RACKAUCKAS ORANGE COUNTY DISTRICT ATTORNEY 401 CIVIC CTR DR WEST SANTA ANA CA 92701

THE HONORABLE BRAD FENOCCHIO PLACER COUNTY DISTRICT ATTORNEY 11562 B AVE AUBURN CA 95603

THE HONORABLE JEFF CUNAN PLUMAS COUNTY DISTRICT ATTORNEY 520 MAIN ST RM 404 QUINCY CA 95971

THE HONORABLE GROVER C TRASK II RIVERSIDE COUNTY DISTRICT ATTORNEY 4075 MAIN ST RIVERSIDE CA 92501

THE HONORABLE JAN SCULLY SACRAMENTO COUNTY DISTRICT ATTORNEY 901 G ST - SACRAMENTO CA 95814

THE HONORABLE JOHN SARSFIELD SAN BENITO COUNTY DISTRICT ATTORNEY 419 FOURTH ST, FL 2 HOLLISTER CA 95023

THE HONORABLE MICHAEL RAMOS SAN BERNARDINO COUNTY DISTRICT ATTORNEY 316 N MTN VIEW AVE SAN BERNARDINO CA 92415-0004

THE HONORABLE BONNIE DUMANIS SAN DIEGO COUNTY DISTRICT ATTORNEY 330 W BROADWAY STE 1320 SAN DIEGO CA 92101

THE HONORABLE TERENCE HALLINAN SAN FRANCISCO COUNTY DISTRICT ATTORNEY 880 BRYANT ST STE 325 SAN FRANCISCO CA 94103

THE HONORABLE JOHN D PHILLIPS SAN JOAQUIN COUNTY DISTRICT ATTORNEY PO BOX 990 STOCKTON CA 95201-0990 THE HONORABLE GERALD T SHEA SAN LUIS OBISPO COUNTY DISTRICT ATTORNEY TRINITY COUNTY DISTRICT ATTORNEY COUNTY GOVERNMENT CTR RM 450 SAN LUIS OBISPO CA 93408

THE HONORABLE JAMES P FOX SAN MATEO COUNTY DISTRICT ATTORNEY 400 COUNTY CTR FL 3 REDWOOD CITY CA 94063

THE HONORABLE THOMAS W SNEDDON JR SANTA BARBARA COUNTY DISTRICT ATTORNEY 1105 SANTA BARBARA ST SANTA BARBARA CA 93101

THE HONORABLE GEORGE KENNEDY SANTA CLARA COUNTY DISTRICT ATTORNEY 70 W HEDDING ST SAN JOSE CA 95110

THE HONORABLE BOB LEE SANTA CRUZ COUNTY DISTRICT ATTORNEY 701 OCEAN ST STE 200 SANTA CRUZ CA 95060

THE HONORABLE MCGREGOR SCOTT SHASTA COUNTY DISTRICT ATTORNEY 1525 COURT ST FL 3 REDDING CA 96001

THE HONORABLE LAWRENCE ALLEN SIERRA COUNTY DISTRICT ATTORNEY PO BOX 457 DOWNIEVILLE CA 95936

THE HONORABLE PETER F KNOLL SISKIYOU COUNTY DISTRICT ATTORNEY PO BOX 986 YREKA CA 96097

THE HONORABLE DAVID W PAULSON SOLANO COUNTY DISTRICT ATTORNEY 600 UNION AVE FAIRFIELD CA 94533

THE HONORABLE STEPHEN PASSALACQUA SONOMA COUNTY DISTRICT ATTORNEY 600 ADMINISTRATION DR RM 212-J SANTA ROSA CA 95403

THE HONORABLE JAMES C BRAZELTON STANISLAUS COUNTY DISTRICT ATTORNEY PO BOX 442 MODESTO CA 95353

THE HONORABLE CARL V ADAMS SUTTER COUNTY DISTRICT ATTORNEY 446 SECOND ST YUBA CITY CA 95991

THE HONORABLE GREGG COHEN TEHAMA COUNTY DISTRICT ATTORNEY PO BOX 519 RED BLUFF CA 96080

THE HONORABLE DAVID L CROSS PO BOX 310 WEAVERVILLE CA 96093

THE HONORABLE PHILLIP J CLINE TULARE COUNTY DISTRICT ATTORNEY 221 S MOONEY BLVD # 224 VISALIA CA 93291

THE HONORABLE DONALD | SEGERSTROM TUOLUMNE COUNTY DISTRICT ATTORNEY 423 N WASHINGTON ST SONORA CA 95370

THE HONORABLE GREG TOTTEN VENTURA COUNTY DISTRICT ATTORNEY 800 S VICTORIA AVE VENTURA CA 93009

THE HONORABLE DAVID C HENDERSON YOLO COUNTY DISTRICT ATTORNEY 301 SECOND ST WOODLAND CA 95695

THE HONORABLE PATRICK MCGRATH YUBA COUNTY DISTRICT ATTORNEY 215 FIFTH ST MARYSVILLE CA 95901

LOS ANGELES CITY ATTORNEY'S OFFICE 200 N MAIN ST RM 1800 LOS ANGELES CA 90012

SAN DIEGO CITY ATTORNEY'S OFFICE CIVIC CENTER PLAZA 1200 THIRD AVE STE 1620 SAN DIEGO CA 92101

SAN JOSE CITY ATTORNEY'S OFFICE 151 W MISSION ST SAN JOSE CA 95110

SAN FRANCISCO CITY ATTORNEY'S OFFICE CITY HALL, ROOM 234 SAN FRANCISCO, CA 94102

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AS YOU SOW

PAGE 01



Tel: (415) 391-3212

A Foundation Planting Seeds for Social Change

Fax: (415) 391-3245

A NON-PROFIT CORPORATION 311 California Street, Suite 510 San Francisco, California 94104 www.asyousow.org

December 23, 2003

NOTICE OF VIOLATION OF CALIFORNIA HEALTH & SAFETY CODE §25249.5 ET SEQ.

Dear Public Enforcement Agencies:

As You Sow ("AYS") is a non-profit foundation organized under California's Non-Profit Public Benefit Corporation Law. AYS is dedicated to, among other causes, the protection of the environment, the promotion of human health, the improvement of worker and consumer safety, and environmental education.

AYS has documented violations of California's Safe Drinking Water & Toxic Enforcement Act of 1986 ("Proposition 65"), codified at Health & Safety Code §25249.5 *et seq*. This letter serves to provide AYS' notification of these violations to the public enforcement agencies and to the violator. Pursuant to §25249.7(d) of the statute, AYS intends to bring an enforcement action sixty (60) days after effective service of this notice unless the public enforcement agencies have commenced and are diligently prosecuting an action to rectify these violations.

A summary of the statute and its implementing regulations, which was prepared by the lead agency designated under the statute, is enclosed with the copy of this notice served upon the violator. The specific details of the violations that are the subject of this notice are provided below.

Alleged violator. The name of the violator covered by this notice is THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS ("Threshold").

Chemicals. These violations involve exposures to arsenic, lead, lead compounds, mercury and mercury compounds from the products listed below. On February 27, 1987, the State of California officially listed lead as a chemical known to cause reproductive toxicity. On October 1, 1992, the State of California officially listed lead and lead compounds as chemicals known to cause cancer. On July 1, 1990, the State of California officially listed mercury and mercury compounds as chemicals known to cause reproductive toxicity. On February 27, 1987, the State of California officially listed arsenic as a chemical known to cause cancer. On May 1, 1997, the State of California officially listed arsenic as a chemical known to cause cancer. On May 1, 1997, the State of California officially listed arsenic as a chemical known to cause reproductive toxicity.

Consumer products. The products that are the subject of this notice are herbs and herbal products, traditional patent medicines, bulk herbs, infusions, extracted powders, tea pills, traditional pills, patent formulas, bulk teas, liquid extracts and/or capsules that are imported, exported, manufactured, packaged, distributed, marketed and/or sold by Threshold. The phrase "traditional patent medicines" above is used herein as defined by the California Department of Health Services: "herbal and patent medicines consisting of single or multiple herbal ingredients, including botanical, mineral and animal products, formulated into tablets, pills, powders and liquids." The products that are the subject of this notice include but are not limited to the following:

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Chemical

Notice of Violation of Californi. alth & Safety Code §25249.5 et seq. December 23, 2003 Page 2

<u>Brand</u> <u>Product</u> Planetary Formulas Yin Chiao Classic

Planetary Formulas Stress Free

Planetary Formulas Cramp Bark Comfort

Planetary Formulas Upper Back Support Planetary Formulas Astragalus Jade Screen Planetary Formulas Bupleurum Calmative Compound

Planetary FormulasFlex-AbilityPlanetary FormulasRehmannia VitalizerSource NaturalsMood BalanceSource NaturalsFibro-ResponseSource NaturalsHorny Goat Weed

arsenic lead and lead compounds mercury and mercury compounds arsenic lead and lead compounds mercury and mercury compounds arsenic mercury and mercury compounds arsenic arsenic lead and lead compounds mercury and mercury compounds lead and lead compounds mercury and mercury compounds arsenic lead and lead compounds lead and lead compounds

Route of exposure. The consumer exposures that are the subject of this notice result from the purchase, acquisition, handling and use of these products as recommended by the manufacturer. Accordingly, the consumer exposures have occurred and continue to occur primarily through the ingestion exposure route, but also may occur through inhalation and/or and dermal contact.

Duration of violations. Each of these ongoing violations has occurred on every day since December 23, 1999, and will continue every day until clear and reasonable warnings are provided or until these known toxic chemicals are removed from the products.

Pursuant to Title 11, C.C.R. § 3100, a certificate of merit is attached hereto.

In keeping with its public interest mission and to expeditiously rectify these ongoing violations of California law, AYS is interested in seeking a constructive resolution of this matter without engaging in costly and protracted litigation. Please direct all communications regarding this notice to AYS' counsel in this matter:

Andrew L. Packard, Esq. Law Offices of Andrew L. Packard 294 Page Street San Francisco, CA 94102 Tel. (415) 431-2970 Fax (415) 431-0410

Very truly yours, Any For

Larry Fahn // Executive Director

Enclosure

<u>CERTIFICATE OF MERIT</u> (for As You Sow's Notice of Proposition 65 Violation on THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS)

I, Andrew L. Packard, declare:

1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged that THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS has violated Health & Safety Code §25249.6 by failing to provide clear and reasonable warnings.

2. I am an 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 exposure to the listed chemicals that are the subject of the 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 plaintiffs' case can be established and that 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 the information identified in Health and Safety Code $\S25249.7(h)(2)$, 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: Perenher 12, 2003

Aller I May

Andrew L. Packard

Attachments (for Attorney General Copy only)

CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury under the laws of the State of California that the following is

I am a citizen of the United States, over the age of 18 years, and not a party to the within action; my business address is: 311 California Street, Suite 510, San Francisco, California 94104.

On December23, 2003, I served the following documents:

- Notice of Violation of California Health & Safety Code § 25249.5 et seq.
- Certificate of Merit
- "The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary"

on the following party by placing a true and correct copy thereof in a sealed envelope, addressed to the party listed below, and depositing it at a United States Postal Service Office for delivery by Certified Mail:

Threshold Enterprises Ltd. doing business as Planetary Formulas and Source Naturals

23 Janis Way

Scotts Valley, CA 95066

On December 23, 2003, I served the following document(s):

Notice of Violation of California Health & Safety Code § 25249.5 et seq.

Certificate of Merit, including Supporting Documentation Required by Title 11, C.C.R. § 3102

on the following party by placing a true and correct copy thereof in a sealed envelope, addressed to the party listed below, and depositing it at a United States Postal Service Office for delivery by Certified Mail:

Attn: Craig Thompson, Deputy Attorney General California Department of Justice P.O. Box 944255 Sacramento, CA 94244-2550

On December 23, 2003, I served the following document(s):

- Notice of Violation of California Health & Safety Code § 25249.5 et seq.
- Certificate of Merit

on each of the parties on the service list attached hereto by placing a true and correct copy thereof in a sealed envelope, addressed to each of the parties on the service list attached hereto, and depositing it at United States Postal Service mail box for delivery by First Class Mail.

Executed on December 23, 2003, at San Francisco, California.

Karalvn P. Buchner

PUBLIC ENFORCEMENT AGENCIES SERVICE LIST (updated 04/18/03)

THE HONORABLE THOMAS J ORLOFF ALAMEDA COUNTY DISTRICT ATTORNEY 1225 FALLON ST RM 900 OAKLAND CA 94612

THE HONORABLE WILLIAM RICHMOND ALPINE COUNTY DISTRICT ATTORNEY PO BOX 248 MARKLEEVILLE CA 96120

THE HONORABLE TODD D RIEBE AMADOR COUNTY DISTRICT ATTORNEY 708 COURT ST STE 202 JACKSON CA 95542

THE HONORABLE MICHAEL RAMSEY BUTTE COUNTY DISTRICT ATTORNEY 25 COUNTY CTR DR OROVILLE CA 95985

THE HONORABLE JEFFREY TUTTLE CALAVERAS COUNTY DISTRICT ATTORNEY 891 MTN RANCH RD SAN ANDREAS CA 95249

THE HONORABLE JOHN POYNER COLUSA COUNTY DISTRICT ATTORNEY 547 MARKET ST COLUSA CA 95932

THE HONORABLE ROBERT KOCHLY CONTRA COSTA COUNTY DISTRICT ATTORNEY PO BOX 670 MARTINEZ CA 94553

THE HONORABLE MICHAEL RIESE DEL NORTE COUNTY DISTRICT ATTORNEY 450 H ST CRESCENT CITY CA 95531

THE HONORABLE GARY L LACY EL DORADO COUNTY DISTRICT ATTORNEY 515 MAIN ST PLACERVILLE CA 95667

THE HONORABLE ELIZABETH EGAN FRESNO COUNTY DISTRICT ATTORNEY 2220 TULARE ST STE 1000 FRESNO CA 93721

THE HONORABLE ROBERT HOLZAPFEL GLENN COUNTY DISTRICT ATTORNEY PO BOX 430 WILLOWS CA 95988

THE HONORABLE PAUL GALLEGOS HUMBOLDT COUNTY DISTRICT ATTORNEY 825 FIFTH ST EUREKA CA 95501

THE HONORABLE GILBERT OTERO IMPERIAL COUNTY DISTRICT ATTORNEY 939 W MAIN ST EL CENTRO CA 92243 THE HONORABLE ARTHUR MAILLET INYO COUNTY DISTRICT ATTORNEY PO DRAWER D INDEPENDENCE CA 93526

THE HONORABLE EDWARD R JAGELS KERN COUNTY DISTRICT ATTORNEY 1215 TRUXTUN AVE BAKERSFIELD CA 93301

THE HONORABLE RON CALHOUN KINGS COUNTY DISTRICT ATTORNEY 1400 W LACEY BLVD HANFORD CA 93230

THE HONORABLE GERHARD LUCK LAKE COUNTY DISTRICT ATTORNEY 255 N FORBES ST LAKEPORT CA 95453

THE HONORABLE ROBERT BURNS LASSEN COUNTY DISTRICT ATTORNEY 220 S LASSEN ST STE 8 SUSANVILLE CA 96130

THE HONORABLE STEVE CODLEY LA COUNTY DISTRICT ATTORNEY 210 W TEMPLE ST STE 18000 LOS ANGELES CA 90012-3210

THE HONORABLE ERNEST LICALSI MADERA COUNTY DISTRICT ATTORNEY 209 W YOSEMITE AVE MADERA CA 93637

THE HONORABLE FAULA FRESCHI KAMENA MARIN COUNTY DISTRICT ATTORNEY 3501 CIVIC CTR DR RM 130 SAN RAFAEL CA 94903

THE HONORABLE ROBERT BROWN MARIPOSA COUNTY DISTRICT ATTORNEY PO BOX 748 MARIPOSA CA 95338

THE HONORABLE NORMAN VROMAN MENDOCINO COUNTY DISTRICT ATTORNEY PO BOX 1000 UKIAH CA 95482

THE HONORABLE GORDON SPENCER MERCED COUNTY DISTRICT ATTORNEY 2222 M ST MERCED CA 95340

THE HONORABLE JORDAN FUNK MODOC COUNTY DISTRICT ATTORNEY PO BOX 1171 ALTURAS CA 95101

THE HONORABLE GEORGE BOOTH MONO COUNTY DISTRICT ATTORNEY PO BOX 617 BRIDGEPORT CA 93517

Page 1 of 2

THE HONORABLE DEAN FLIPPO MONTEREY COUNTY DISTRICT ATTORNEY 240 CHURCH ST #101 SALINAS CA 93902

THE HONORABLE GARY LIEBERSTEIN NAPA COUNTY DISTRICT ATTORNEY 931 PARKWAY MALL NAPA CA 94559

THE HONORABLE MICHAEL FERGUSON NEVADA COUNTY DISTRICT ATTORNEY 201 CHURCH ST STE 8 NEVADA CITY CA 95959

THE HONORABLE TONY RACKAUCKAS ORANGE COUNTY DISTRICT ATTORNEY 401 CIVIC CTR DR WEST SANTA ANA CA 92701

THE HONORABLE BRAD FENOCCHIO FLACER COUNTY DISTRICT ATTORNEY 11562 B AVE AUBURN CA 95503

THE HONORABLE JEFF CUNAN PLUMAS COUNTY DISTRICT ATTORNEY 520 MAIN ST RM 404 QUINCY CA 95971

THE HONORABLE GROVER C TRASK II RIVERSIDE COUNTY DISTRICT ATTORNEY 4075 MAIN ST RIVERSIDE CA 92501

THE HONORABLE JAN SCULLY SACRAMENTO COUNTY DISTRICT ATTORNEY 901 G ST SACRAMENTO CA 95814

THE HONORABLE JOHN SARSFIELD SAN BENITO COUNTY DISTRICT ATTORNEY 419 FOURTH ST, FL 2 HOLLISTER CA 95023

THE HONORABLE MICHAEL RAMOS SAN BERNARDINO COUNTY DISTRICT ATTORNEY 316 N MTN VIEW AVE SAN BERNARDINO CA 92415-0004

THE HONORABLE BONNIE DUMANIS SAN DIEGO COUNTY DISTRICT ATTORNEY 330 W BROADWAY STE 1320 SAN DIEGO CA 92101

THE HONORABLE TERENCE HALLINAN SAN FRANCISCO COUNTY DISTRICT ATTORNEY 880 BRYANT ST STE 325 SAN FRANCISCO CA 94103

THE HONORABLE JOHN D PHILLIPS SAN JOAQUIN COUNTY DISTRICT ATTORNEY PO 80X 990 STOCKTON CA 95201-0990 THE HONORABLE GERALD T SHEA SAN LUIS OBISPO COUNTY DISTRICT ATTORNEY TRINITY COUNTY DISTRICT ATTORNEY COUNTY GOVERNMENT CTR RM 450 SAN LUIS OBISPO CA 93408

THE HONORABLE JAMES P FOX SAN MATED COUNTY DISTRICT ATTORNEY 400 COUNTY CTR FL 3 REDWOOD CITY CA 94063

THE HONORABLE THOMAS W SNEDDON JR SANTA BARBARA COUNTY DISTRICT ATTORNEY 1105 SANTA BARBARA ST SANTA BARBARA CA 93101

THE HONORABLE GEORGE KENNEDY SANTA CLARA COUNTY DISTRICT ATTORNEY 70 W HEDDING ST SAN JOSE CA 95110

THE HONORABLE BOB LEE SANTA CRUZ COUNTY DISTRICT ATTORNEY 701 OCEAN ST STE 200 SANTA CRUZ CA 95060

THE HONORABLE MCGREGOR SCOTT SHASTA COUNTY DISTRICT ATTORNEY 1525 COURT ST FL 3 REDDING CA 96001

THE HONORABLE LAWRENCE ALLEN SIERRA COUNTY DISTRICT ATTORNEY PO BOX 457 DOWNIEVILLE CA 95936

THE HONORABLE PETER F KNOLL SISKIYOU COUNTY DISTRICT ATTORNEY PO BOX 986 YREKA CA 96097

THE HONORABLE DAVID W PAULSON SOLANO COUNTY DISTRICT ATTORNEY 600 UNION AVE FAIRFIELD CA 94533

THE HONORABLE STEPHEN PASSALACQUA SONOMA COUNTY DISTRICT ATTORNEY 600 ADMINISTRATION DR RM 212-J SANTA ROSA CA 95403

THE HONORABLE JAMES C BRAZELTON STANISLAUS COUNTY DISTRICT ATTORNEY PO BOX 442 MODESTO CA 95353

THE HONORABLE CARL V ADAMS SUTTER COUNTY DISTRICT ATTORNEY 446 SECOND ST YUBA CITY CA 95991

THE HONORABLE GREGG COHEN TEHAMA COUNTY DISTRICT ATTORNEY PO BOX 519 RED BLUFF CA 98080

THE HONORABLE DAVID L CROSS PO 80X 310 WEAVERVILLE CA 96093

THE HONORABLE PHILLIP J CLINE TULARE COUNTY DISTRICT ATTORNEY 221 S MOONEY BLVD # 224 VISALIA CA 93291

THE HONORABLE DONALD I SEGERSTROM TUOLUMNE COUNTY DISTRICT ATTORNEY 423 N WASHINGTON ST SONORA CA 95370

THE HONORABLE GREG TOTTEN VENTURA COUNTY DISTRICT ATTORNEY 800 S VICTORIA AVE VENTURA CA 93009

THE HONORABLE DAVID C HENDERSON YOLO COUNTY DISTRICT ATTORNEY 301 SECOND ST WOODLAND CA 95695

THE HONORABLE PATRICK MCGRATH YUBA COUNTY DISTRICT ATTORNEY 215 FIFTH ST MARYSVILLE CA 95901

LOS ANGELES CITY ATTORNEY'S OFFICE 200 N MAIN ST RM 1800 LOS ANGELES CA 90012

SAN DIEGO CITY ATTORNEY'S OFFICE CIVIC CENTER PLAZA 1200 THIRD AVE STE 1620 SAN DIEGO CA 92101

SAN JOSE CITY ATTORNEY'S OFFICE 151 W MISSION ST SAN JOSE CA. 95110

SAN FRANCISCO CITY ATTORNEY'S OFFICE CITY HALL, ROOM 234 SAN FRANCISCO, CA 94102

As You Sow

A Foundation Planting Seeds for Social Change

A NON-PROFIT CORPORATION 311 California Street, Suite 510 San Francisco, California 94104 www.asyousow.org

Fax: (415) 391-3245

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June 17, 2005

NOTICE OF VIOLATION OF CALIFORNIA HEALTH & SAFETY CODE §25249.5 ET SEQ.

Dear Public Enforcement Agencies:

As You Sow ("AYS") is a non-profit foundation organized under California's Non-Profit Public Benefit Corporation Law. AYS is dedicated to, among other causes, the protection of the environment, the promotion of human health, the improvement of worker and consumer safety, and environmental education.

AYS has documented violations of California's Safe Drinking Water & Toxic Enforcement Act of 1986 ("Proposition 65"), codified at Health & Safety Code §25249.5 *et seq*. This letter serves to provide AYS' notification of these violations to the public enforcement agencies and to the violator. Pursuant to §25249.7(d) of the statute, AYS intends to bring an enforcement action sixty (60) days after effective service of this notice unless the public enforcement agencies have commenced and are diligently prosecuting an action to rectify these violations.

A summary of the statute and its implementing regulations, which was prepared by the lead agency designated under the statute, is enclosed with the copy of this notice served upon the violator. The specific details of the violations that are the subject of this notice are provided below.

Alleged violator. The name of the violator covered by this notice is THRESHOLD ENTERPRISES LTD. doing business as PLANETARY FORMULAS and SOURCE NATURALS ("Threshold").

Chemicals. These violations involve exposures to lead, lead compounds, mercury, mercury compounds, arsenic, cadmium and cadmium compounds from the products listed below. On February 27, 1987, the State of California officially listed lead as a chemical known to cause reproductive toxicity. On October 1, 1992, the State of California officially listed lead and lead compounds as chemicals known to cause cancer. On July 1, 1990, the State of California officially listed mercury and mercury compounds as chemicals known to cause reproductive toxicity. On May 1, 1997, the State of California officially listed arsenic (inorganic oxides) as a chemical known to cause reproductive toxicity. On February 27, 1987, the State of California officially listed arsenic (inorganic oxides) as a chemical known to cause reproductive toxicity. On February 27, 1987, the State of California officially listed cadmium and cadmium compounds as chemicals known to cause cancer. On May 1, 1997, the State of California officially listed cadmium as a chemical known to cause reproductive toxicity.

NON-WOOD FIBERS + 25% HEMP: 25% COTTON LINTERS; 50% POST CONSUMER WASTE - SOYA INK + PROCESSED CHLORINE FREE

Notice of Violation of California Health & Safety Code §25249.5 et seq. June 17, 2005 Page 2

Consumer products. The products that are the subject of this notice are herbs and herbal products, traditional patent medicines, bulk herbs, infusions, extracted powders, tea pills, traditional pills, patent formulas, bulk teas, liquid extracts and/or capsules that are imported, exported, manufactured, packaged, distributed, marketed and/or sold by Threshold. The phrase "traditional patent medicines" above is used herein as defined by the California Department of Health Services: "herbal and patent medicines consisting of single or multiple herbal ingredients, including botanical, mineral and animal products, formulated into tablets, pills, powders and liquids." The products that are the subject of this notice are listed in Exhibit A, attached hereto.

Route of exposure. The consumer exposures that are the subject of this notice result from the purchase, acquisition, handling and use of these products as recommended by the manufacturer. Accordingly, the consumer exposures have occurred and continue to occur primarily through the ingestion exposure route, but also may occur through inhalation and/or and dermal contact.

Duration of violations. These ongoing violations has occurred on every day since the products have been sold in California and will continue every day until clear and reasonable warnings are provided or until these known toxic chemicals are removed from the products.

This notice of violation supplements the previous notices issued by AYS against Threshold on May 5, 2003, and December 23, 2003.

Pursuant to Title 11, C.C.R. § 3100, a certificate of merit is attached hereto.

In keeping with its public interest mission and to expeditiously rectify these ongoing violations of California law, AYS is interested in seeking a constructive resolution of this matter without engaging in costly and protracted litigation. Please direct all communications regarding this notice to AYS' counsel in this matter:

Andrew L. Packard, Esq. Law Offices of Andrew L. Packard 294 Page Street San Francisco, CA 94102 Tel. (415) 431-2970 Fax (415) 431-0410

Very truly yours,

any Fal Larry Fahn

Larry Falin Executive Director

Enclosure

EXHIBIT A Threshold Enterprises, Ltd.

Planetary Formulas Brand Andrographis Antler Velvet Arjuna Arjuna CardioComfort Artichoke Ashwaganda Astragalus Astragalus Jade Screen (fka Jade Screen) Avena Sativa Oat Complex Bacopa Bacopa-Ginkgo Brain Strength Bilberry Eye Complex Bilberry Vision Black Cohosh Borage Super GLA Bupleurum Calmative Compound Bupleurum Liver Cleanse (fka Hepato-Pure) Butterbur Calm Child Candida Digest (fka Hinga Shtak) Cat's Claw Chamomile Dreams (fka Kava Dreams) CholestGar Chyavanprash Cinnamon Codonopsis Comfrey Care Complete Cat's Claw Complex Cordyceps Cordyceps Power Cramp Bark Comfort (fka Women's Comfort) Cranberry Concentrate Cranberry Bladder Defense (fka Cranberry Defense) Damiana Male Potential (fka Male Potential) Digestive Comfort Digestive Grape Bitters Dong Quai Echinacea Echinacea Defense Force (fka Defense Force) Echinacea-Elderberry Echinacea Glycerites Echinacea-Goldenseal Echinacea-Goldenseal with Olive Leaf Elderberry

Eleuthero (fka Siberian ginseng) Fenugreek Feverfew HeadAid (fka Head Aid) Flex-Ability GarliChol Ginger Extract Ginger Warming Compound (fka Herbal Uprising) Ginkgo Awareness (fka Clear Mind) Ginkgo OptiMem Ginseng Ginseng Classic (fka Four Noble Gentlemen) Ginseng Elixir (fka Elixir of Life) Ginseng Revitalizer (fka Tai Chi) Glucosamine MSM Herbal Guggul Cholesterol Compound (Fka Guggul Raj) Hawthorn Hawthorn Heart (fka Life Pulse) Holy Basil Horny Goat Weed Horse Chestnut Horse Chestnut Cream Horse Chestnut Vein Strength Jiaogulan Kava Kid's Immune Protect Kudzu Recovery (fka Kudzu Herbal Compound) Licorice Liver Defense Lower Back Support Maca Maitake Mushroom MenoChange Mullein Lung Complex (fka Breeze Free) Myelin Sheath Support Narayana Oil Neck and Shoulder Support (fka Upper Back Support) Oil of Oregano Old Indian Wild Cherry Bark Syrup (fka Old Indian Herbal Syrup) Olive Leaf Pau D'Arco Deep Cleansing (fka Complete Pau D'Arco Program) Prosta Palmetto

Pumpkin Seed Red Clover Cleanser (fka River of Life) Rehmannia Endurance (fka Chinese Energetics Ying) Rehmannia Vitalizer (fka Chinese Energetics Yang) Reishi Mushroom Reishi Mushroom Supreme Rhodiola Rosea Salvia Saw Palmetto Classic Schizandra Adrenal Complex (fka Wu Zi Wan) Shiitake Mushroom Shiitake Mushroom Supreme Silymarin SinusFree Sov St. John's Wort St. Johns Wort Junior St. john's Wort Kava St. John's Wort Emotional Balance (fka St. John's Wort-Kava Compound) Stevia Stinging Nettles Stone Free Stress Free Suma Three Spices Sinus Complex (fka Trikatu) Tri-Cleanse Triphala Triphala-Garcinia Program (fka Triphala Herbal Diet) Turmeric Extract Uva Ursi Diurite (fka Diurite) Valerian Valerian Easy Sleep (fka Easy Sleep) Valerian Root Vitex (fka Emotional Balance) Well Child Echinacea-Elderberry Syrup Wild Yam-Black Cohosh Complex (fka Vital Balance) Willow Aid Women's Dong Quai Tonifier (fka Women's Precious) Women's Dong Quai Treasure (fka Women's Treasure) Yellow Dock Skin Cleanse (fka HerbaDerm) Yin Chiao Classic Yin Chiao-Echinacea Complex (fka Yin Chiao Plus)

Source Naturals Brand Acerola Chewable C Acidophilus Activated Quercetin TM Advanced-One[™] Multiple AHCC Alfalfa Alka-Balance™ Aller-Response[™] Aloe Verité™ Alpha GPC Alpha Lipoic Acid Amino Athlete Amino Dav Apple Cider Vinegar Arctic Pure™ Arthred[™] Artichoke Extract Astaxanthin Attentive Child[™] Attentive DHA[™] Bee Pollen Beta Glucan Beta Sitosterol Betaine HCL Bifidyn™ Bilberry Bioflavonoid Complex (formerly Plantioxidants[™]) Bioperine® Black Cohosh Blue-Green Algae Boswellia Broccoli Sprouts Bromelain Butcher's Broom Butterbur Calm Thoughts™ Cat's Claw Cat's Claw Defense Complex™ CBR™ Cell Guard™ Charcoal Chem-Defense Cherry Fruit Chlorella Cholesfiber Choles-Response™ Cholesterol Rescue Cholestrex® Chondroitin Sulfate

Cimi-Fem™ Citricidex™ CLA (Sunflower Oil) Cm Complex Coenzyme Q 10 Colostrum Complete Essential Fatty Acids Creatine Chitosan™ CitriMax™ DHA Diet Clear Cleanse™ Diet Fiber Re:Fresh™ Diet Herbal Re:Store™ Diet Metabo-7™ Diet-Phen[™] Diet Pyruva Nectar Diet Pyruvate DHEA Digest-Active[™] DMAE Cream Dura Carb DIM Echinacea Root Elan VitalTM Eldeberry Extract Ellagic ActiveTM Essential EnzymesTM Ester C Ester E Evening Primrose Oil Feverfew Extract Fiber Refresh Fibro-Response[™] Flax Seed-Primrose Oil FOS (Fructo Oligo Saccharides) GABA Gamma E Gamma Oryzanol Garcinia Garlic Garlic & Parslev Garlic Oil Garlicell Genistein Ginkgo Ginseng GLA Borage Seed Oil Glisodin Power GlucosaMend™ Glucosamine Sulfate

Glucosamine Chondroitin Glucosamine Chondroitin w-MSM Gluco-Science™ Grapefruit Pectin Grape Seed Extract (ProanthodynTM) Green Coffee Extract Green Tea Extract Guar Gum Guarana Guggulsterones Gymnema Sylvestre Hangover FormulaTM Heart Response[™] Heart ScienceTM Herbal Restore HGH Surge[™] Higher Mind™ Hi-Stress B&C[™] w/ herbs Holy Basil Homocysteine Defense Hoodia Horny Goat Weed Hot Flash™ Hyaluronic Acid HydrogenBoost Inflama –Rest™ Intimate ResponseTM **IP-6** Joint Response Kava L-Arginine L-Theaniné Larchtree Extract Lecithin Life Defense™ Life Flora™ Life Force™ Life SparkTM Lignan Extract Liver GuardTM LustreTM Lutein Lycopene Maca Male Response™ Mastic Gum Mega CBR™ Mega One (formerly Mega-Vite 85TM) Mega Primrose[™] MegaKid™ MegaMind™