1				
2	Eric 3. Somers, State Bar No. 159050			
3	Lynn R. Saxton, State Bar No. 226210 1627 Irving Street			
4	1			
5	Telephone: (415) 759-4111 Facsimile: (415) 759-4112			
6	Attorneys for Plaintiff	•		
7	CENTER FOR ENVIRONMENTAL HEALTH			
8				
9	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
10	COUNTY OF SAN FRANCISCO			
11				
12	CENTER FOR ENVIRONMENTAL)	Case No. CGC - 06- 448559		
13	HEALTH a non-profit corporation			
14	Plaintiff,	[PROPOSED] CONSENT JUDGMENT		
15	v.			
16	inclusive.			
17	Defendant.			
18	Berendant.			
19	}			
20	}			
21)			
22		•		
23				
24	1. INTRODUCTION			
25	1.1 On January 17, 2006, plaintiff the Center for Environmental Health ("CEH"), a			
26				
27	nonprofit corporation acting in the public interest, filed a complaint in San Francisco County			
28	Superior Court, entitled Center for Environmental Health v. Baby Universe, Inc., et al., San			
20		•		

28

Francisco County Superior Court Case Number CGC- 06 - 448559 (the "Action"), for civil penalties and injunctive relief pursuant to the provisions of California Health & Safety Code \$25249.5 et seq. ("Proposition 65").

1.2 On July 7, 2006, CEH filed an amendment to its complaint to add BabyCenter, L.L.C. ("Defendant"), a Delaware limited liability company, as a defendant. (The amended complaint and the original complaint are referred to herein interchangeably and/or collectively as the "Complaint.") CEH alleges that Defendant is a corporation that employs 10 or more persons and distributed and/or sold soft food and beverage containers, such as lunchboxes. CEH further alleges that such containers are made of materials containing lead and/or lead compounds (referred to interchangeably herein as "Lead"), chemicals known to the State of California to cause cancer, birth defects and other reproductive harm. For the purposes of this consent judgment (the "Consent Judgment"), the term "Product(s)" shall mean the soft food and beverage containers specifically listed on Exhibit B hereto and equivalent soft food and beverage containers that come into direct contact with food and beverage sold by Defendant subsequent to the date of this Consent Judgment (each such container a "Product" and, together, the "Products") and encompasses only Products intended and designated for sale or distribution in the State of California. Defendant is a retail seller of the Products and has never manufactured or contracted for the manufacture of the Products.

1.3 On or about November 4, 2005, CEH served Defendant and the appropriate public enforcement agencies with the requisite 60-day notice (the "Notice") alleging that Defendant was in violation of Proposition 65. The Notice and the Complaint allege that Defendant exposes individuals who use or otherwise handle the Products to Lead, without first providing clear and reasonable warning to such persons regarding the carcinogenicity and reproductive

toxicity of Lead. The Notice and Complaint allege that Defendant's conduct violates Health & Safety Code §25249.6, the warning provision of Proposition 65. Defendant contends that it has not violated Proposition 65.

- 1.4 For purposes of this Consent Judgment only, CEH and the Defendant (each a "Party;" collectively, the "Parties"), stipulate that this Court has jurisdiction over the subject matter of the violations alleged in the Notice and/or the Complaint and personal jurisdiction over Defendant as to the acts alleged in the Notice and/or the Complaint, that venue is proper in the County of San Francisco, and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on the facts alleged in the Notice and/or the Complaint.
- 1.5 The Parties enter into this Consent Judgment pursuant to a settlement of certain disputed claims between the Parties as alleged in the Complaint. By executing this Consent Judgment, the Parties do not admit any facts or conclusions of law. It is the Parties' intent that nothing in this Consent Judgment shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument or defense the Parties may have in this or any other or future legal proceedings; provided, however, that compliance with this Consent Judgment shall fully and finally resolve all issues of potential Proposition 65 liability of Defendant for alleged past and/or future failure to provide warnings regarding Lead exposures from the Products. If this Consent Judgment is not entered by the Court or if such entry is reversed by any appellate court with jurisdiction to so act, this Consent Judgment shall become null and void. If for any

reason this Consent Judgment becomes null and void, or is invalidated, this Consent Judgment shall have no more effect than if it had never been executed by the Parties.

1.6 The Parties recognize and acknowledge that Defendant is entering into this Consent Judgment as an early settlement of this matter and that CEH continues to litigate similar matters against other defendants. To encourage Defendant to enter into this early settlement, thus (among other beneficial results) reducing the burden on judicial resources and also promptly implementing the public benefits of the Consent Judgment, the Parties agree to the terms and provisions set forth in this Consent Judgment.

2. COMPLIANCE; REFORMULATION

- 2.1 Level. Within ninety days of entry of this Consent Judgment (the "Compliance Date"), Defendant shall not manufacture, distribute, ship, or sell, or cause to be manufactured, distributed, or sold, any Product unless such product meets the standards set forth in this Consent judgment.
- 2.2 Certification of level from suppliers. Subject to Section 2.5, Defendant shall obtain written certification with corresponding test results from each supplier of Product certifying that the Lead concentration in such Product does not exceed an average of 200 parts per million ("ppm") for the interior lining and all polyvinyl chloride ("PVC") parts of the Products and an average of 600 ppm for the non-PVC exterior surfaces and other parts thereof. The test results required pursuant to this section must be from a laboratory located in the United States pursuant to the protocol attached hereto as Exhibit A (the "Test Protocol"). Defendant shall not be required to obtain such certification for any Product if Defendant performs testing on one or more samples (using a laboratory located in the United States) pursuant to the Test Protocol with results demonstrating that such Product is within the Lead

concentrations required under this paragraph.

2.3 Testing. In order to help ensure compliance with the requirements of Sections 2.1, and subject to Section 2.5, for any single order of an individual Product that exceeds 2500 units of that individual Product purchased by Defendant after the Compliance Date, Defendant shall conduct testing on one unit of such Product as set forth below to confirm that such Product does not exceed an average Lead concentration of 200 ppm for the interior lining and all PVC parts of the Products and an average Lead concentration of 600 ppm for the non-PVC exterior surfaces and other parts thereof. All testing pursuant to this section shall be performed by an independent laboratory located in the United States pursuant to the Test Protocol. The results of all testing performed pursuant to this section shall be made available to CEH.

2.3.1 Products that exceed the standard. If the results of the testing pursuant to section 2.3 shows levels of Lead exceeding the standards set forth in this Consent Judgment, Defendant shall within 10 business days of receipt of such testing results destroy or return to the supplier all units of the same type of Product that were purchased under that particular purchase order and send the supplier a letter explaining that such Product does not comply with the supplier's certification. Should the testing of a Product purchased from a particular supplier demonstrate Lead levels exceeding the standards set forth in this Consent Judgment more than once, Defendant shall cease purchasing that Product from such supplier.

2.4 Periodic testing by CEH. CEH intends to conduct periodic testing (the "CEH Testing") of the Products. Any such CEH Testing shall be conducted pursuant to the Test Protocol at an independent laboratory. In the event the CEH Testing demonstrates Lead levels in excess of the standards set forth in this Consent Judgment for a specific Product, CEH shall inform Defendant in writing of the exceedance, including information sufficient to permit

Defendant to identify such Product. Defendant shall, within 10 business days following such written notice, cease the sale of such Product (each a "CEH Notified Product"). For any sale of a CEH Notified Product after the 10 business day period identified in the immediately preceding sentence, and subject to section 2.6 below, Defendant shall be liable for stipulated payments in lieu of penalties as set forth below; provided that (notwithstanding any other term or provision of this Consent Judgment) the maximum cumulative stipulated penalty payment amount for any calendar year, regardless of the number of units of Products at issue, shall be \$5,000. These payments shall be made to CEH and used for the purposes described in section 4.1, unless the Attorney General successfully objects to this arrangement, in which case such payments will be made as provided in Proposition 65. The stipulated payments in lieu of penalties provided for herein are in addition to any injunctive remedies available to enforce the terms of this Consent Judgment, but (except as provided in Section 6.1) shall be the sole monetary remedy for any alleged violation of this Consent Judgment or Proposition 65 resulting from the sale of Products.

2.4.1 Stipulated penalty. If Defendant is required under this Consent Judgment to pay stipulated penalties, the stipulated penalty shall be as follows for each unit of Product:

First Occurrence: \$1,250
Second Occurrence: \$1,500

Third Occurrence: \$1,750

Thereafter: \$2,500

2.5 CEH approved manufacturers. Defendant shall not be required to obtain a certification and corresponding test results under section 2.2 or to conduct independent testing

of Product under section 2.3 with respect to any Product obtained directly or indirectly from a manufacturer that has entered into a consent judgment with CEH with respect to soft food and beverage containers or a manufacturer that CEH publicly acknowledges as a manufacturer which sells soft food and beverage containers with acceptable Lead concentration levels.

2.6 Confirmatory testing by Defendant. Defendant reserves the right to conduct confirmatory testing with respect to any CEH Notified Product using an independent laboratory located in the United States. In the event that such independent confirmatory testing does not materially correspond to the CEH Testing results, Defendant shall notify CEH and the Parties shall select a mutually acceptable independent laboratory to conduct further testing of the Product in question. Such laboratory's testing results shall be definitive and binding upon the Parties. In the event that under this section a CEH Notified Product is determined to comply with the standards required under this Consent Judgment, Defendant may resume and/or continue sales thereof without penalty.

3. INTERIM RELIEF

3.1 Defendant represents that it promptly stopped selling the Products identified on Exhibit B upon receipt of the Notice. Defendant shall not resume or commence sale of a Product until such Product complies with the requirements of Section 2.

4. SETTLEMENT PAYMENTS

4.1 Monetary Payment in Lieu of Penalty. \$4,000 shall be paid to CEH in lieu of any penalty pursuant to Health and Safety Code § 25249.7(b). CEH shall use such funds to continue its work protecting people from exposures to toxic chemicals. As part of this work, CEH intends to conduct periodic testing of the Products as set forth in section 2.4. If the Attorney General successfully objects to this arrangement (or to the Consent Judgment based in

whole or in part on this arrangement), the \$4,000 payment shall instead be paid pursuant to Proposition 65.

- 4.2 Attorneys' Fees and Costs. \$8,500 shall be used to reimburse CEH and its attorneys for their reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to Defendant's attention, litigating and negotiating a settlement in the public interest. Except as expressly provided in this provision or otherwise in this Consent Judgment, each Party shall bear its own costs and fees.
- 4.3 Timing of payments. The payments required under this section shall be delivered to CEH at the address set forth in section 13 within 10 business days after approval and entry of this Consent Judgment by the Court if there is no objection to entry of this Consent Judgment, within 10 business days after Defendant receives written notice from CEH of the finality (including the final resolution of all appeals and all proceedings following appeal and expiration of all time periods in which to appeal) of the approval and entry of this Consent Judgment by the Court. If the approval and entry of the Consent Judgment by the Court is reversed by an appellate court, within 10 business days after such reversal CEH shall refund to Defendant all payments received from Defendant pursuant to this Consent Judgment. Any failure by a Party to comply with the payment or refund terms herein shall be subject to a stipulated late fee in the amount of \$50 for each day after the delivery date the payment is received. The late fees required under this section shall be recoverable, together with reasonable attorneys' fees, in a proceeding brought pursuant to this Consent Judgment.

5. MODIFICATION OF CONSENT JUDGMENT

5.1 Other than as provided in section 5.2 of this Consent Judgment, this Consent

Judgment may be modified only by mutual, written agreement of CEH and Defendant, or upon motion of CEH or Defendant as provided by law or by this Consent Judgment. To the extent any modification of this Consent Judgment requires review and/or approval by the Attorney General, and/or requires court approval and/or entry, the moving party shall make all appropriate submissions to obtain such review, approval and/or entry (and shall provide the non-moving party with advance notice, reasonable advance opportunity to review and comment, and an opportunity to be heard on such submissions) and the Parties agree that all applicable deadlines, time periods and timeframes shall be adjusted to allow sufficient time for such review and/or approval.

5.2 As a material inducement for Defendant to enter into this Consent Judgment, and without which inducement the Parties agree Defendant would not have entered into this Consent Judgment, and notwithstanding any other term, provision and/or requirement of this Consent Judgment, the Parties expressly agree that Defendant shall have the right and option at any time, from time to time, to render all, or any one or more, terms, provisions and/or requirements of this Consent Judgment, or the entirety of this Consent Judgment, null and void, and/or to modify, add and/or eliminate any one or more terms, provisions and/or requirements of this Consent Judgment, in the event: (a) Proposition 65 is repealed, invalidated, preempted or modified (in whole or part) so that a new Proposition 65 action could not be brought against Defendant under the facts alleged in the Complaint and/or the Notice; (b) a court having jurisdiction to do so renders a judgment, ruling or order, or CEH or the California Attorney General enters into a settlement, consent judgment or other agreement, containing (or omitting) one or more terms, provisions and/or requirements (pertaining to Proposition 65 and products of generally similar characteristics as the Products) that differ from those contained in (or

28

omitted from) this Consent Judgment, the inclusion or omission of which Defendant in its sole and unfettered discretion deems to be more favorable to Defendant than generally similar terms, provisions and/or requirements included in or omitted form this Consent Judgment; or (c) the application and/or effect of any one or more of the terms of either or both this section 5.2 and/or section 8.1 of this Consent Judgment is voided, invalidated, nullified, materially modified or changed in any material way (except by mutual, written agreement of the Parties), whether by law, judgment, ruling, order or any other source,

Defendant may exercise any one or more of the rights and options set forth in this section 5.2 from time to time and on multiple occasions. In the event Defendant elects to exercise any of the rights and options set forth in this section 5.2, Defendant shall give 10 business day's written notice to CEH of Defendant's intention to exercise such right and option. If CEH concurs with Defendant's proposed exercise of Defendant's right and option, (a) CEH shall so inform Defendant in writing, (b) Defendant shall prepare a proposed stipulation for submission to the Court and provide that stipulation to CEH for review prior to execution and submission to the Court, (c) within 10 business days after receiving said stipulation from Defendant, CEH shall review said stipulation and either provide comments to Defendant or execute said stipulation, (d) if CEH provides comments and Defendant agrees with those comments, Defendant shall revise the proposed stipulation and provide the revised stipulation to CEH, which shall execute the revised stipulation within 10 days of receiving said revised stipulation, and (e) if CEH provides comments and Defendant does not agree with those comments, Defendant may either negotiate with CEH until the Parties reach agreement and then proceed as set forth in item (d) of this sentence or Defendant may proceed as set forth in the immediately following sentence. If CEH does not concur with Defendant's proposed exercise

of Defendant's right and option, or if Defendant does not agree with CEH's comments to a proposed stipulation as set forth in item (e) of the immediately preceding sentence, Defendant may bring a noticed motion, to be heard by the Court, to have Defendant's exercise of Defendant's right and option effectuated. To the extent that Defendant's exercise of Defendant's right and option results in a change to the Consent Judgment that requires review and/or approval by the Attorney General, Defendant will make all appropriate submissions to obtain such review and/or approval and the Parties agree that all applicable deadlines, time periods and timeframes shall be adjusted to allow sufficient time for such review and/or approval. Unless otherwise mutually agreed in writing by the Parties, any such motion shall be governed by the applicable procedural and substantive rules or laws then in effect.

6. ENFORCEMENT OF CONSENT JUDGMENT

6.1 CEH, and only CEH, may, by motion or application for an order to show cause before the Superior Court of the County of San Francisco, enforce the terms and conditions contained in this Consent Judgment. Should CEH prevail on any motion or application under this section, CEH shall be entitled to its reasonable attorneys' fees and costs associated with such motion or application.

7. APPLICATION OF CONSENT JUDGMENT

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

8. CLAIMS COVERED

8.1 As between CEH (on behalf of itself and on behalf of the public interest) and Defendant, this Consent Judgment is a full, final, complete and binding resolution, release and waiver of and from any and all actual and/or potential liability of Defendant and/or Releasees

28

(as defined below) for any claims in law or at equity (under Proposition 65 or any other statute or under common law) that were or could have been brought against Defendant (and any of Defendant's past, present and future officers, directors, employees, agents, assigns, shareholders, divisions, subdivisions, subsidiaries, partners, corporate parents, related companies or corporations, affiliates, franchises, cooperative members, licensees, distributors, wholesalers, retailers, together with any and all other persons and/or entities in Defendant's corporate structure or to whom Defendant sells the Products, collectively the "Releasees") based on the facts alleged in the Notice and/or the Complaint, and/or any violation of Proposition 65 or any other law that could have been asserted based on alleged failure to provide warnings regarding Lead exposures from the Products, with respect to any Products distributed or sold by or on behalf of Defendant and/or Releasees on or prior to the date of entry of this Consent Judgment. This release does not limit or affect the obligations of any Party created under this Consent Judgment. Defendant and CEH (on behalf of itself and the general public) agree that compliance with this Consent Judgment from and after the date of entry of this Consent Judgment shall constitute Defendant and Releasees' compliance with applicable law (including but not limited to Proposition 65) as to all actual and/or potential liability for any claims of the type or kind that were or could have been brought in the Complaint based on the facts alleged in the Notice and/or the Complaint, and/or any violation of Proposition 65 or any other law that could have been asserted based on alleged failure to provide warnings regarding Lead exposures from the Products, with respect to any Products distributed or sold by Defendant or Releasees on or after the date of entry of this Consent Judgment.

9. SEVERABILITY

9.1 Except as otherwise provided in this Consent Judgment, in the event that any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions shall not be adversely affected.

10. SPECIFIC PERFORMANCE

Judgment are unique. In the event that Defendant is found to be in breach of this Consent

Judgment for failure to comply with the provisions of Section 2 hereof, the Parties agree that it
would be extremely impracticable to measure the resulting damages. Accordingly, CEH, in
addition to any other available rights or remedies available under this Consent Judgment, may
sue in equity for specific performance, and Defendant expressly waives the defense that a
remedy in damages will be adequate.

11. GOVERNING LAW

11.1 The terms of this Consent Judgment shall be governed by the laws of the State of California.

12. RETENTION OF JURISDICTION

12.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment.

13. PROVISION OF NOTICE

13.1 All notices required pursuant to this Consent Judgment and correspondence shall be sent to the following:

For CEH:

Mark N. Todzo Lexington Law Group, LLP 1627 Irving Street San Francisco, CA 94122

For Defendant:

BabyCenter, L.L.C. Legal Department 163 Freelon Street San Francisco, CA 94107

AND

David B. Sadwick Tatro Tekosky Sadwick LLP 660 South Figueroa Street, Suite 1450 Los Angeles, CA 90017

14. ATTORNEY GENERAL REVIEW AND COURT APPROVAL

14.1 CEH agrees to satisfy all requirements to make this Consent Judgment effective, including but not limited to submission of this Consent Judgment for review by the Attorney General and to the Court for approval and entry (and shall provide Defendant an advance opportunity to review and comment on such submissions). If this Consent Judgment is not approved and entered by the Court (or if such approval and entry does not become and remain final, or if such approval, entry and finality is not complete within 72 months after complete execution of this Consent Judgment), this Consent Judgment shall be null and void.

15. EXECUTION AND COUNTERPARTS

15.1 The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile, which taken together shall be deemed to constitute one document.

16. AUTHORIZATION

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

The undersigned have read, understand and agree to all of the terms and conditions of this Consent Judgment. Except as explicitly provided herein, each Party is to bear its own fees and costs.

AGREED TO:

CENTER FOR ENVIRONMENTAL HEALTH

Dated: Hickory				
Michael Green, Executive Director				
Center for Environmental Health				
BABYCENTER, L.L.C.				
Dated:				
Signature				
·				

Printed Name and Title

16. AUTHORIZATION

16.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Consent Judgment and to enter into and execute the Consent Judgment on behalf of the Party represented and legally bind that Party. The undersigned have read, understand and agree to all of the terms and conditions of this Consent Judgment. Except as explicitly provided herein, each Party is to bear its own fees and costs.

AGREED TO:

CENTER FOR ENVIRONMENTAL HEALTH

Dated:

Michael Green, Executive Director Center for Environmental Health

BABYCENTER, L.L.C.

Dated:

Signature

Printed Name and Title

Exhibit A

(Test Methodology)

The following protocol shall be applied separately to the interior and exterior material of a finished Product.

- 1. Divide the Product into homogenous components.
- 2. Obtain a representative sample of each homogenous component.
- 3. Prepare the sample for analysis using (to the extent necessary) an appropriate digestion technique or other appropriate preparation technique, provided that such technique fully digests the sample or that all Lead contained in the sample is otherwise available for detection.
- 4. Analyze the sample for total Lead (Pb) content using Graphite Furnace Atomic Absorption Spectrophotometry (GFAAS) or Inductively Coupled Plasma Mass Spectrometry (ICP-MS), or X-ray Florescence for metal components (such as zippers, buckles, rings, etc.), using standard operating procedures. Minimum detection levels shall be 10 parts per million (ppm) for vinyl and plastic components and 100 ppm for metal components.
- 5. Lead content shall be expressed in ppm.
- 6. As quality control ("QC") for the testing described in this protocol, the following steps shall be a required part of all such testing: (a) a standard, known reference material of similar composition to each sample (or set of samples with similar compositions), if available on a commercially reasonable basis, shall be tested along with each sample or set of samples with similar compositions; (b) duplicate and spiked samples shall be routinely analyzed to monitor the precision and accuracy of the testing; and (c) QC data shall be reported along with the sample results.

Exhibit B

(List of Products)

3		,	
4			
5	<u>sku</u>	SKU name	Vendor
6	208883	Lunch Pak - Pink	Fleurville
7	208884	Lunch Pak - Orange	Fleurville
8	200995	lcky Baby Snack Pack - Stars	Icky Products, Inc.
9	200996	lcky Baby Snack Pack - ABC's	lcky Products, Inc.
10	207201	Cup 'N Snack Stroller Pocket	J.L. Childress Co., Inc.
12			
13			
14			
15			
16			
l II			

ORDER AND JUDGMENT

Based upon the stipulated Consent Judgment between Plaintiff Center for Environmental Health ("CEH") and Defendant BabyCenter, L.L.C. ("BabyCenter") in Case No. CGC – 06 -448559, the settlement between CEH and BabyCenter is approved and judgment is hereby entered according to the terms herein.

Dated:

Judge, Superior Court of the State of California