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18 FOUNDATION

19 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
20 **FOR THE COUNTY OF SAN FRANCISCO**

21 MATEEL ENVIRONMENTAL  
22 JUSTICE FOUNDATION,,

23 Plaintiff,

24 v.

25 EZ-FLO INTERNATIONAL, INC.;  
26 HAMPTON PRODUCTS  
27 INTERNATIONAL CORPORATION;  
28 HICKORY HARDWARE; MASTER  
LOCK COMPANY; ORCHARD  
SUPPLY HARDWARE  
CORPORATION; SEARS, ROEBUCK  
AND CO.; VARIFLEX, INC., and  
DOES 1 through 100 inclusive,

Defendants.

Case No. CGC 06456810

**CONSENT JUDGMENT AS TO  
DEFENDANT HAMPTON PRODUCTS  
INTERNATIONAL CORPORATION**

1. **INTRODUCTION**

1.1 On October 10, 2006, the MATEEL ENVIRONMENTAL JUSTICE  
FOUNDATION ("Mateel") acting on behalf of itself and the general public, filed a

1 Complaint for civil penalties and injunctive relief (“Complaint”) in San Francisco County  
2 Superior Court, Case No.CGC-06-456810, against Defendant Hampton Products  
3 International Corporation (“Hampton”); EZ-FLO International, Inc.; Hickory Hardware;  
4 Master Lock Company; Orchard Supply Hardware Corporation; Sears, Roebuck and Co.;  
5 Variflex, Inc. and DOES 1 through 100 (collectively, “Defendants”). The Complaint  
6 alleges, among other things, that Defendants violated provisions of the Safe Drinking  
7 Water and Toxic Enforcement Act of 1986, Health and Safety Code Sections 25249.5,  
8 *et seq.* (“Proposition 65”). In particular, Mateel alleges that Hampton has knowingly and  
9 intentionally exposed persons to padlocks made of brass containing lead and/or lead  
10 compounds (hereinafter “leaded brass”), which are chemicals known to the State of  
11 California to cause cancer and birth defects or other reproductive harm, without first  
12 providing a clear and reasonable warning to such individuals.

13       **1.2** On July 12, 2006, a 60-Day Notice letter (“Notice Letter”) was sent by  
14 Mateel to Hampton, the California Attorney General, all California District Attorneys, and  
15 all City Attorneys of every California city with populations exceeding 750,000.

16       **1.3** Hampton is a business that employs ten or more persons and manufactures,  
17 distributes, and/or markets locks, including padlocks, within the State of California. Some  
18 of those products are alleged to contain lead and/or lead compounds. Lead and lead  
19 compounds are chemicals known to the State of California to cause cancer, and lead is a  
20 chemical known to the State of California to cause reproductive toxicity pursuant to  
21 Health and Safety Code Section 25249.9. Under specified circumstances, products  
22 containing lead and/or lead compounds that are sold or distributed in the State of  
23 California are subject to the Proposition 65 warning requirement set forth in Health and  
24 Safety Code Section 25249.6. Plaintiff Mateel alleges that leaded brass padlocks  
25 manufactured, distributed, sold and/or marketed by Hampton for use in California require  
26 a warning under Proposition 65.

27       **1.4** For purposes of this Consent Judgment, the term “Covered Products” shall  
28 be defined as locks containing lead and/or lead compounds, such as leaded brass padlocks,

1 to the extent such products are distributed and sold within the state of California, that are  
2 manufactured, distributed, marketed and/or sold by Hampton, regardless of whether they  
3 bear Hampton labels.

4       **1.5** For purposes of this Consent Judgment, the parties stipulate that this Court  
5 has jurisdiction over the allegations of violations contained in the Complaint and personal  
6 jurisdiction over Hampton as to the acts alleged in the Complaint, that venue is proper in  
7 the County of San Francisco and that this Court has jurisdiction to enter this Consent  
8 Judgment as a full settlement and resolution of the allegations contained in the Complaint  
9 and of all claims that were or could have been raised by any person or entity based in  
10 whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or  
11 related thereto.

12       **1.6** This Consent Judgment resolves claims that are denied and disputed. The  
13 parties enter into this Consent Judgment pursuant to a full and final settlement of any and  
14 all claims between the parties for the purpose of avoiding prolonged litigation. This  
15 Consent Judgment shall not constitute an admission with respect to any material allegation  
16 of the Complaint, each and every allegation of which Hampton denies, nor may this  
17 Consent Judgment or compliance with it be used as evidence of any wrongdoing,  
18 misconduct, culpability or liability on the part of Hampton or any other Defendant.

19       **2.       SETTLEMENT PAYMENT**

20       **2.1** In settlement of all of the claims referred to in this Consent Judgment  
21 against the Settling Defendant, within thirty (30) business days of notice entry of this  
22 Consent Judgment, Hampton shall pay \$20,000 to the Klamath Environmental Law  
23 Center (“KELC”) to cover Mateel’s attorneys’ fees and costs.

24       **2.2** Within thirty (30) business days of notice of entry of this Consent Judgment,  
25 Hampton shall pay \$10,000 to the Ecological Rights Foundation and \$10,000 to  
26 Californians for Alternatives to Toxics. Both are California non-profit environmental  
27 organizations that advocate for workers’ and consumers’ safety, and for awareness and  
28 reduction of toxic exposures.

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**3. ENTRY OF CONSENT JUDGMENT**

3.1 The parties hereby request that the Court promptly enter this Consent Judgment. Upon entry of the Consent Judgment, Hampton and Mateel waive their respective rights to a hearing or trial on the allegations of the Complaint.

**4. MATTERS COVERED BY THIS CONSENT JUDGMENT**

4.1 This Consent Judgment is a final and binding resolution between Mateel, acting on behalf of itself and the general public, and Hampton, of: (i) any violation of Proposition 65 with respect to the Covered Products, and (ii) any other statutory or common law claim, to the fullest extent that any of the foregoing described in (i) or (ii) were or could have been asserted by any person or entity against Hampton based upon, arising out of or relating to Hampton's compliance with Proposition 65, or regulations promulgated thereunder, with respect to the Covered Products, and any other claim based in whole or part on the facts alleged in the Complaint, whether based on actions committed by Hampton, or by any other Defendant or entity within the chain of distribution, including, but not limited to, manufacturers, wholesale or retail sellers or distributors and any other person in the course of doing business. As to alleged exposures to Covered Products, compliance with the terms of this Consent Judgment resolves any issue, now and in the future, concerning compliance by Hampton and its parents, subsidiaries or affiliates, predecessors, officers, directors, employees, and all of their manufacturers, customers, distributors, wholesalers, retailers or any other person in the course of doing business, and the successors and assigns of any of these who may manufacture, use, maintain, distribute, market or sell Covered Products, with the requirements of Proposition 65.

4.2 As to alleged exposures to Covered Products, Mateel, acting on behalf of itself and the general public, and its agents, successors and assigns, waives all rights to institute any form of legal action, and releases all claims against Hampton and its parents, subsidiaries or affiliates, predecessors, officers, directors, employees, and all of its customers, manufacturers, distributors, wholesalers, retailers or any other person in the

1 course of doing business, and the successors and assigns of any of them, who may  
2 manufacture, use, maintain, distribute or sell the Covered Products, whether under  
3 Proposition 65 or otherwise, arising out of or resulting from, or related directly or  
4 indirectly to, in whole or in part, the Covered Products and claims identified in Mateel's  
5 Notice Letter. In furtherance of the foregoing, Mateel, acting on behalf of itself and the  
6 general public, hereby waives any and all rights and benefits which it now has, or in the  
7 future may have, conferred upon it with respect to the Covered Products by virtue of the  
8 provisions of Section 1542 of the California Civil Code, which provides as follows:

9 "A GENERAL RELEASE DOES NOT EXTEND TO  
10 CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR  
11 SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF  
12 EXECUTING THE RELEASE, WHICH IF KNOWN BY  
13 HIM MUST HAVE MATERIALLY AFFECTED HIS  
14 SETTLEMENT WITH THE DEBTOR."

15 Mateel understands and acknowledges that the significance and consequence of this  
16 waiver of California Civil Code Section 1542 is that even if Mateel or any member of the  
17 general public suffers future damages arising out of or resulting from, or related directly  
18 or indirectly to, in whole or in part, the Covered Products, it will not be able to make any  
19 claim for those damages against Hampton, its parents, subsidiaries or affiliates,  
20 predecessors, officers, directors, employees, and all of its customers, manufacturers,  
21 distributors, wholesalers, retailers or any other person in the course of doing business, and  
22 the successors and assigns of any of them, who may manufacture, use, maintain, distribute  
23 or sell the Covered Products. Furthermore, Mateel acknowledges that it intends these  
24 consequences for any such claims which may exist as of the date of this release but which  
25 Mateel does not know exist, and which, if known, would materially affect its decision to  
26 enter into this Consent Judgment, regardless of whether its lack of knowledge is the result  
27 of ignorance, oversight, error, negligence, or any other cause.

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**5. ENFORCEMENT OF JUDGMENT**

5.1 The terms of this Consent Judgment shall be enforced exclusively by the parties hereto. The parties may, by noticed motion or order to show cause before the Superior Court of San Francisco County, giving the notice required by law, enforce the terms and conditions contained herein.

**6. MODIFICATION OF JUDGMENT**

Except as provided for in Paragraph 7.2(c), this Consent Judgment may be modified only upon written agreement of the parties and upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any party as provided by law and upon entry of a modified Consent Judgment by the Court.

**7. INJUNCTIVE RELIEF - CLEAR AND REASONABLE WARNING**

7.1 As to any Covered Products for which the normally intended function and manner of use of the product involves the gripping or holding of the product by gripping or holding a component made from leaded brass where such brass comes into contact with the user, a warning as described in paragraph 7.2 below shall be provided. The warning requirements set forth in paragraph 7.2 shall apply only to: (1) Covered Products that Hampton ships for distribution after 270 days after entry of this Consent Judgment (“the Effective Date”); and (2) products manufactured, distributed, marketed, sold or shipped for sale or use inside the State of California.

7.2 Hampton shall provide Proposition 65 warnings as follows:

- (a) Defendant Hampton shall provide either of the following warning statements:

**WARNING:** This product contains lead, a chemical known to the State of California to cause cancer and birth defects or other reproductive harm. Do not place your hands in your mouth after handling the product. Do not place the product in your mouth. *Wash your hands after touching this product.*

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**WARNING:** This product contains one or more chemicals known to the State of California to cause cancer and birth defects or other reproductive harm. *Wash hands after handling.*

The word "WARNING" shall be in bold. The words "Wash hands after handling" shall be in bold and italicized.

Hampton shall provide such warning with the unit package of the Covered Products. Such warning shall be prominently affixed to or printed on each Covered Product's label or package. The warning shall be at least the same size as the largest of any other safety warnings, if any, on the product container. If printed on the label itself, the warning shall be contained in the same section that states other safety warnings, if any, concerning the use of the product.

(b) The requirements for product labeling, set forth in subparagraph (a) above are imposed pursuant to the terms of this Consent Judgment. The parties recognize that product labeling is not the exclusive method of providing a warning under Proposition 65 and its implementing regulations.

(c) If Proposition 65 warnings for lead or lead compounds should no longer be required, Hampton shall have no further warning obligations pursuant to this Consent Judgment. In the event that Hampton ceases to implement or modifies the warnings required under this Consent Judgment (because of a change on the law or otherwise), Hampton shall provide written notice to Mateel (through KELC) of its intent to do so, and of the basis for its intent, no less than thirty (30) days in advance. Mateel shall notify Hampton in writing of any objection within thirty (30) days of its receipt of such notice, or such objection by Mateel shall be waived.

**8. AUTHORITY TO STIPULATE**

Each signatory to this Consent Judgment certifies that he or she is fully authorized by the party he or she represents to enter into this Consent Judgment and to

1 execute it on behalf of the party represented and legally to bind that party.

2 **9. RETENTION OF JURISDICTION**

3 This Court shall retain jurisdiction of this matter to implement the Consent  
4 Judgment.

5 **10. ENTIRE AGREEMENT**

6 This Consent Judgment contains the sole and entire agreement and  
7 understanding of the parties with respect to the entire subject matter hereof, and any and  
8 all prior discussions, negotiations, commitments and understandings related hereto. No  
9 representations, oral or otherwise, express or implied, other than those contained herein  
10 have been made by any party hereto. No other agreements not specifically referred to  
11 herein, oral or otherwise, shall be deemed to exist or to bind any of the parties.

12 **11. GOVERNING LAW**

13 The validity, construction and performance of this Consent Judgment shall  
14 be governed by the laws of the State of California, without reference to any conflicts of  
15 law provisions of California law.

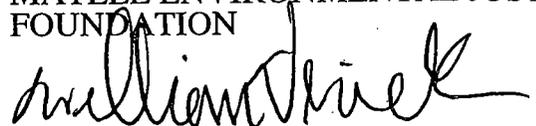
16 **12. COURT APPROVAL**

17 If this Consent Judgment is not approved by the Court, it shall be of no force  
18 or effect, and cannot be used in any proceeding for any purpose.

19 **IT IS SO STIPULATED:**

20 DATED: 4/20/07

MATEEL ENVIRONMENTAL JUSTICE  
FOUNDATION



William Verick  
CEO Mateel Environmental Justice  
Foundation,  
Klamath Environmental Law Center

26 DATED: 3/21/07

HAMPTON PRODUCTS  
INTERNATIONAL CORPORATION



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IT IS SO ORDERED, ADJUDGED AND DECREED:

DATED:

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JUDGE OF THE SUPERIOR COURT