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LEXINGTON LAW GROUP, LLP  
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Attorneys for Plaintiff  
CENTER FOR ENVIRONMENTAL HEALTH

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN FRANCISCO

CENTER FOR ENVIRONMENTAL HEALTH, )  
a non-profit corporation, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
DANARA INTERNATIONAL, LTD; CROWN )  
CRAFTS, INC; HAMCO, INC, *et al.* )  
 )  
Defendants. )

Case No. CGC-07-462991

**[PROPOSED] CONSENT JUDGMENT  
RE: CROWN CRAFTS, INC. AND  
HAMCO, INC.**

1           **1. INTRODUCTION**

2           **1.1**     On March 2, 2007, plaintiff Center for Environmental Health  
3 (“CEH”), a non-profit corporation acting in the public interest, served Crown Crafts, Inc.  
4 (“Crown Crafts”), Hamco, Inc. (“Hamco”), and the appropriate public enforcement agencies  
5 with the requisite 60-day Notice alleging that Crown Crafts and Hamco (together, “Defendants”)  
6 were each in violation of Proposition 65.

7           **1.2**     On May 2, 2007, CEH filed a complaint in the above-captioned action, for  
8 civil penalties and injunctive relief pursuant to the provisions of Cal. Health & Safety Code  
9 §25249.5 *et seq.* (“Proposition 65”) naming defendants other than Crown Crafts and Hamco.

10          **1.3**     On May 15, 2007, CEH filed its First Amended Complaint in the above-  
11 captioned action, naming Crown Crafts and Hamco as defendants.

12          **1.4**     Defendants are each a corporation that employs 10 or more persons and  
13 manufactured, distributed and/or sold baby bibs made with vinyl (the “Products”) in the State of  
14 California. The term “Products” encompasses only products designated for sale or distribution  
15 within the United States.

16          **1.5**     CEH’s Notice and First Amended Complaint in this action allege that  
17 Defendants expose people who use or otherwise handle the Products to lead and/or lead  
18 compounds (referred to interchangeably herein as “Lead”), chemicals known to the State of  
19 California to cause cancer, birth defects and other reproductive harm, without first providing  
20 clear and reasonable warning to such persons regarding the carcinogenicity and reproductive  
21 toxicity of Lead. The Notice and Complaint allege that Defendants’ conduct violates Health &  
22 Safety Code §25249.6, the warning provision of Proposition 65. Defendants dispute such  
23 allegations and assert that all of their products are safe and comply with all applicable laws.

24          **1.6**     For purposes of this Consent Judgment only, the parties stipulate that this  
25 Court has jurisdiction over the subject matter of the violations alleged in CEH’s First Amended  
26 Complaint and personal jurisdiction over each of the Defendants as to the acts alleged in CEH’s  
27 Complaint, that venue is proper in the County of San Francisco, and that this Court has  
28

1 jurisdiction to enter this Consent Judgment as a full and final resolution of all claims which were  
2 or could have been raised in the Complaint based on the facts alleged therein.

3           **1.7** CEH, Crown Crafts, and Hamco (together, the "Parties") enter into this  
4 Consent Judgment pursuant to a settlement of certain disputed claims between the Parties as  
5 alleged in the First Amended Complaint. By executing this Consent Judgment, the Parties do not  
6 admit any facts or conclusions of law. It is the Parties' intent that nothing in this Consent  
7 Judgment shall be construed as an admission by the Parties of any fact, conclusion of law, issue  
8 of law or violation of law, nor shall compliance with the Consent Judgment constitute or be  
9 construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation  
10 of law. Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy,  
11 argument or defense the Parties may have in this or any other or future legal proceedings.

12           **2. COMPLIANCE - REFORMULATION AND RECALL**

13           **2.1 Level.** After thirty days (30) following entry of this Consent Judgment  
14 (the "Compliance Date"), Defendants shall not manufacture, distribute, ship, or sell or cause to  
15 be manufactured, distributed or sold, any Product that is comprised of any material that contains  
16 Lead in concentrations that exceed 200 parts per million ("ppm").

17           **2.2 Certification of level from suppliers.** Defendants shall issue  
18 specifications to their suppliers requiring that any Product supplied to Defendants shall not  
19 contain materials that contain Lead concentrations exceeding 200 ppm. Defendants shall obtain  
20 written certification from their suppliers of the Products certifying that the Products supplied to  
21 Defendants do not contain materials that contain Lead concentrations exceeding 200 ppm.

22           **2.3 Testing.** In order to ensure compliance with the requirements of Section  
23 2.1, Defendants shall conduct (or cause to be conducted) testing to confirm that Products it  
24 manufactures, distributes, ships, or sells or causes to be manufactured, distributed or sold, is not  
25 comprised of any material that contains Lead in concentrations that exceed 200 parts per million.  
26 All testing pursuant to this Section shall be performed by an independent laboratory in  
27 accordance with EPA Method ~~3050B~~ <sup>3051</sup> (the "Test Protocol"). The results of the testing performed  
28 pursuant to this Section shall be made available to CEH upon request.

1                   **2.3.1 Testing Frequency.** For each of the first two orders of Products  
2 purchased from each of Defendants' suppliers after the Compliance Date, Defendants shall  
3 randomly select and test the greater of 0.1% (one-tenth of one percent) or two, but in no case  
4 more than four, of the total Products purchased from each supplier of the Products intended for  
5 sale in California. Following the first two orders, during each calendar year, Defendant shall at a  
6 minimum randomly select and test the greater of 0.1% (one-tenth of one percent) or two, but in  
7 no case more than four, of the total Products purchased from each supplier of the Products  
8 intended for sale in California.

9                   **2.3.2 Products that Exceed Stipulated Levels Pursuant to**  
10 **Defendants' Testing.** If the results of the testing required pursuant to Section 2.3 show levels of  
11 lead exceeding 200 ppm, Defendants shall: (1) refuse to accept all of the Products that were  
12 purchased under the particular purchase order; (2) send a notice to the supplier explaining that  
13 such Products do not comply with the suppliers' certification; and (3) apply the testing frequency  
14 set forth in 2.3.1 as though the next shipment from the supplier were the first one following the  
15 Compliance Date.

16                   **2.4 Confirmatory Testing by CEH.** CEH intends to conduct periodic testing  
17 of the Products. Any such testing will be conducted by CEH at an independent laboratory, in  
18 accordance with the Test Protocol. In the event that CEH's testing demonstrates Lead levels in  
19 excess of 200 ppm in violation of this section, CEH shall inform Defendants of the test results,  
20 including information sufficient to permit Defendants to identify the Product(s). Defendants  
21 shall, within 30 days following such notice, provide CEH, at the address listed in Section 12,  
22 with the certification and testing information demonstrating its compliance with Sections 2.2 and  
23 2.3 of this Consent Judgment. If Defendants fail to provide CEH with information  
24 demonstrating that it complied with Sections 2.2 and/or 2.3, Defendants shall be liable for  
25 stipulated payments in lieu of penalties for Products for which CEH produces tests  
26 demonstrating Lead levels exceeding 200 ppm, as set forth below. In addition, Defendants shall  
27 then apply the testing frequency set forth in 2.3 as though the next shipment from the supplier  
28 were the first one following the Compliance Date. The payments shall be made to CEH and

1 used for the purposes described in Section 3.1.

2 **2.4.1 Stipulated Payments In Lieu of Penalties.** If stipulated  
3 payments in lieu of penalties are warranted under section 2.4, the stipulated payment amount  
4 shall be as follows for each unit of Product for which CEH produces a test result with Lead  
5 levels exceeding 200 ppm:

6	First Occurrence:	\$1,250
7	Second Occurrence:	\$1,500
8	Third Occurrence:	\$1,750
9	Thereafter:	\$2,500

10 Notwithstanding the foregoing, the maximum stipulated payment amount in a calendar year,  
11 regardless of the number of units of Product tested by CEH in violation of the Lead levels set  
12 forth in this Consent Judgment, shall be \$5,000.

13 **2.5 Recall.** Within sixty days following the Compliance Date, Defendants shall recall  
14 the Products identified below from their distribution facilities and retail outlets and destroy such  
15 Products or return such Products to the supplier of the Product for destruction. Within 120 days  
16 of the Compliance date, Defendants shall each provide CEH with documentation regarding the  
17 recall including documentation the number of bibs recalled, destroyed, or returned to the supplier  
18 for destruction. The Covered Products subject to recall under this Section are:

19	<b>Product</b>	<b>SKU or Style No.</b>
20	Baby Connection, Embroidered Train and Checked Cotton Bottom	1468151077 (SKU)
21	Baby Connection, Hot Pink with Strawberries and Cupcakes	1468152705 (SKU)
22	Winnie the Pooh Bib	3512091 (Style No.)
23	Koala baby Sports Bib	3512005 (Style No.)
24	Especially for Baby Sports Bib	1512337 (Style No.)

25  
26 **3. SETTLEMENT PAYMENTS**

27 **3.1 Monetary Payment in Lieu of Penalty.** Defendant shall pay to CEH  
28 \$16,000 in lieu of any penalty pursuant to Health and Safety Code §25249.7(b). CEH shall use

1 such funds to continue its work protecting people from exposures to toxic chemicals. As part of  
2 this work, CEH intends to conduct periodic testing of the Products as set forth in section 2.4.  
3 The payment required under this section shall be made payable to Center for Environmental  
4 Health.

5 **3.2 Attorneys' Fees and Costs.** Defendants shall pay \$31,500 to reimburse  
6 CEH and its attorneys for their reasonable investigation fees and costs, attorneys' fees, and any  
7 other costs incurred as a result of investigating, bringing this matter to Defendants' attention,  
8 litigating and negotiating a settlement in the public interest. The payment required under this  
9 section shall be made payable to Lexington Law Group, LLP.

10 **3.3 Timing of payments.** The payments required under Sections 3.1 and 3.2  
11 shall be made payable within 10 days of entry of judgment. All of the payments made pursuant  
12 to this Section 3 shall be delivered to the Lexington Law Group, LLP at the address set forth in  
13 section 12.1.

#### 14 **4. MODIFICATION OF CONSENT JUDGMENT**

15 **4.1** This Consent Judgment may be modified by written agreement of  
16 the Parties, or upon motion of CEH or either of the Defendants as provided by law.

17 **4.2** Should any court enter a final judgment in a case brought by CEH or the  
18 People of the State of California involving baby bibs that sets forth standards defining when  
19 Proposition 65 warnings will or will not be required ("Alternative Standards"), Defendants shall  
20 be entitled to seek a modification of this Consent Judgment on forty five (45) days notice to CEH  
21 so as to be able to utilize and rely on such Alternative Standards in lieu of those set forth in  
22 section 2.1 of this Consent Judgment. CEH shall not unreasonably contest any proposed  
23 application to effectuate such a modification.

#### 24 **5. ENFORCEMENT OF CONSENT JUDGMENT**

25 **5.1** Either party may, by motion or application for an order to show cause,  
26 enforce the terms and conditions contained in this Consent Judgment.  
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**6. APPLICATION OF CONSENT JUDGMENT**

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

**7. CLAIMS COVERED**

**7.1** This Consent Judgment is a full, final and binding resolution between CEH and Defendants of any violation of Proposition 65 that was or could have been asserted in the Notice of Complaint against Defendants (including any claims that could be asserted in connection with any of the Products covered by this Consent Judgment) or their parents, subsidiaries, affiliates, directors, officers, employees, agents, attorneys, licensors, distributors, or customers (collectively, "Defendant Releasees") based on failure to warn about alleged Proposition 65 exposures with respect to any Products manufactured, distributed or sold by Defendants ("Covered Claims") on or prior to the date of entry of this Consent Judgment. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 for purposes of Lead exposures from the Products.

**8. SEVERABILITY**

**8.1** 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.

**9. SPECIFIC PERFORMANCE**

**9.1** The parties expressly recognize that Defendants' obligations under this Consent Judgment are unique. In the event that any of the Defendants are 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 and that such breach would cause irreparable damage. Accordingly, CEH, in addition to any other available rights or remedies, may sue in equity for specific performance, and Defendants expressly waive the defense that a remedy in damages will be adequate.

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**10. GOVERNING LAW**

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

**11. RETENTION OF JURISDICTION**

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

**12. PROVISION OF NOTICE**

12.1 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 Defendants:

Frederick Locker, Esq.  
Locker Greenberg & Brainin PC  
420 Fifth Avenue  
New York, NY 10018

**13. COURT APPROVAL**

13.1 CEH will comply with the settlement notice provisions of Health and Safety Code § 25249.7(f) and Title 11 of the California Code of Regulations § 3003.

13.2 If this Consent Judgment is not approved by the Court, it shall be of no further force and effect. If this Consent Judgment is appealed, with the exception of the injunctive relief provisions in Section 2, above, which remain in effect during any appeal, it does not become effective and has no force or effect until all issues on appeal are resolved.

**14. EXECUTION AND COUNTERPARTS**

14.1 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



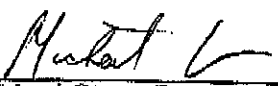
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2 15. AUTHORIZATION

3 15.1 Each signatory to this Consent Judgment certifies that he or she is  
4 fully authorized by the party he or she represents to stipulate to this Consent Judgment and to  
5 enter into and execute the Consent Judgment on behalf of the party represented and legally bind  
6 that party. The undersigned have read, understand and agree to all of the terms and conditions of  
7 this Consent Judgment. Except as explicitly provided herein, each party is to bear its own fees  
8 and costs.

9 AGREED TO:

10 CENTER FOR ENVIRONMENTAL HEALTH

11   
12 \_\_\_\_\_  
13 Michael Green, Executive Director  
Center for Environmental Health

Dated: 1/11/08

14  
15 CROWN CRAFTS, INC.

16  
17 \_\_\_\_\_ Dated: \_\_\_\_\_

18  
19 [Name]

20 [Title]

21  
22 HAMCO, INC.

23  
24  
25 \_\_\_\_\_ Dated: \_\_\_\_\_

26  
27 [Name]

28 [Title]

1 document.

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8 and costs.

9 **AGREED TO:**

10 CENTER FOR ENVIRONMENTAL HEALTH

11  
12 \_\_\_\_\_ Dated: \_\_\_\_\_  
13 Michael Green, Executive Director  
14 Center for Environmental Health

15 CROWN CRAFTS, INC.

16 Olivia Elliott Dated: 12/20/07  
17 \_\_\_\_\_

18 Olivia Elliott  
19 [Name]  
20 Secretary - Treasurer  
21 [Title]

22 HAMCO, INC.

23  
24 Olivia Elliott Dated: 12/20/07  
25 \_\_\_\_\_

26 Olivia Elliott  
27 [Name]  
28 Secretary - Treasurer  
[Title]

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**ORDER AND JUDGMENT**

Based upon the stipulated Consent Judgment between CEH, Crown Crafts, Inc. and Hamco, Inc., the settlement is approved and judgment is hereby entered according to the terms herein.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Judge, Superior Court of the State of California