LEXINGTON LAW GROUP, LLP
Mark N. Todzo, State Bar No. 168389
Eric S. Somers, State Bar No. 139050
Howard Hirsch, State Bar No. 213209
1627 Irving Street
San Francisco, CA 94122
Telephone: (415) 759-4111
Facsimile: (415) 759-4112

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. A.D. SUTTON & SONS, INC.; ACCESSORY NETWORK GROUP, INC.; E.S. ORIGINALS, INC.; GLOBAL DESIGNS CONCEPTS, INC.; LEGENT INTERNATIONAL LTD.; and Defendant DOES 1 through 200, inclusive, Defendants.	Case No. CGC-08-476552 **[PROPOSED] CONSENT JUDGMENT RE: ACCESSORY NETWORK GROUP, INC.**

1. INTRODUCTION

1.1 On June 19, 2008, plaintiff Center for Environmental Health ("CEH"), a non-profit corporation acting in the public interest, filed a complaint in San Francisco County Superior Court, entitled *Center for Environmental Health v. A.D. Sutton & Sons, Inc., et al.*, San Francisco County Superior Court Case Number CGC-08-476552 (the "CEH Action"), for civil penalties and injunctive relief pursuant to the provisions of California Health & Safety Code §25249.5, *et seq.* ("Proposition 65").

1.2 Defendant Accessory Network Group, LLC ("Defendant") is a corporation that employs 10 or more persons and manufactured, distributed and/or sold personal carrying products, such as bags, messenger bags, purses, duffels, diaper bags, bottle bags, cosmetic bags, backpacks, totes, rolling backpacks, fanny packs luggage and wallets ("Products") in the State of California.

1.3 Beginning on or about December 6, 2007, CEH served Defendant and public enforcement agencies with the requisite 60-day notice alleging that Defendant was in violation of Proposition 65 ("Notice"). CEH's Notice and the Complaint in this Action allege that Defendant exposes people who use or otherwise handle the Products to 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, 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 Proposition 65, including Cal. Health & Safety Code §25249.6. Defendant disputes such allegations and asserts that all of its Products are safe and comply with all applicable laws, including Consumer Product Safety Commission and Federal Food and Drug Administration standards.

1.4 Upon receipt of CEH's Notice, Defendant took immediate measures to address the allegations set forth therein and to investigate the substance of CEH's allegations.

1.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the subject matter of the violations alleged in CEH's Complaint and personal jurisdiction over Defendant as to the acts alleged in CEH's 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 and Notice based on the facts alleged therein.

1.6 The Parties enter into this Consent Judgment pursuant to a settlement of certain disputed claims between the Parties as alleged in the Notice and/or 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 of any fact, conclusion of law, issue of law, or violation of law.

2. COMPLIANCE - REFORMULATION

2.1 Level. Defendant shall not manufacture, distribute, ship, or sell, or cause to be manufactured, distributed, or sold, any Product with Lead concentrations exceeding the following Reformulation Standard: (a) within ninety (90) days of entry of this Consent Judgment (the "Compliance Date"), 200 parts per million ("ppm"); and (b) within three years after the Compliance Date, 100 ppm.

2.2 Certification of Level From Suppliers. Defendant shall obtain written certification from its suppliers of the Products certifying that the Products do not contain Lead concentrations exceeding the Reformulation Standard. Such supplier certifications shall be obtained annually for three successive years. If Defendant begins purchasing Products from a new supplier, certifications shall be obtained annually from that supplier for three consecutive years after the Defendant's initial purchase order from that supplier.

2.3 Testing. In order to ensure compliance with the requirements of Section 2.1, Defendant shall conduct (or cause to be conducted) testing to confirm that the Products do not contain Lead concentrations exceeding the Reformulation Standard. All testing pursuant to this Section shall be performed by an independent laboratory in accordance with EPA Method 3050B for the fabric of the Products, and either EPA Method 3050B or ASTM F963 for the

exterior surface coating (the "Test Protocol"). The results of all testing performed pursuant to this Section 2 shall be made available to both CEH and Defendant on a confidential basis.

2.3.1 Random Testing. Testing pursuant to this Section 2 shall be performed on randomly selected units in accordance with Defendant's usual testing practices. Defendant's usual testing practices include testing as required by their various retailers. At a minimum, during each calendar year, Defendant shall randomly select and test the greater of 0.1% (one-tenth of one percent) or two, but in no case more than four, of the total Products purchased from each supplier of the Products intended for sale in California.

2.3.2 Products that Exceed Stipulated Levels Pursuant to Defendant's Testing. If the results of the testing required pursuant to Section 2.3 show levels of lead exceeding the Reformulation Standard, Defendant shall: (1) refuse to accept all of the Products that were purchased under the particular purchase order; (2) send a notice to the supplier explaining that such Products do not comply with the supplier's certification; and (3) for the next two orders of Products intended for sale in California that are purchased from that supplier, randomly select and test the greater of 0.1% (one-tenth of one percent) or two, but in no case more than four, of the total Products purchased in each purchase order. Following those two orders, Defendant shall apply the testing frequency set forth in Section 2.3.1.

2.4 Confirmatory Testing by CEH. CEH intends to conduct periodic testing of the Products. Any such testing will be conducted by CEH at an independent laboratory, in accordance with the Test Protocol. In the event that CEH's testing demonstrates Lead levels in excess of the Reformulation Standard for two or more Products, CEH shall inform Defendant of the test results, including information sufficient to permit Defendant to identify the Product(s). Within thirty (30) days following such notice, Defendant shall provide CEH, at the address listed in Section 11, with the certification and testing information demonstrating its compliance with Sections 2.2 and 2.3 of this Consent Judgment. If Defendant fails to provide CEH with certification and testing information demonstrating that it complied with Sections 2.2 and/or 2.3, Defendant shall be liable for stipulated payments in lieu of penalties for Products for which CEH produces tests demonstrating Lead levels exceeding the Reformulation Standard, as set forth

below. In addition, Defendant shall then apply the testing frequency set forth in Section 2.3.3 for the next two orders of Products from the supplier(s) of the Products at issue. The payments shall be made to CEH and used for the purposes described in Section 3.1.

2.4.1 Stipulated Payments In Lieu of Penalties. If stipulated payments in lieu of penalties are warranted under Section 2.4, the stipulated payment amount shall be as follows:

First Occurrence:	$1,250
Second Occurrence:	$1,500
Third Occurrence:	$1,750
Thereafter:	$2,500

Notwithstanding the foregoing, the maximum stipulated payment amount in a calendar year, regardless of the number of units of Defendant's Products tested by CEH with exceedances of the Lead levels set forth in this Consent Judgment, shall be $3,500.

2.4.2 Products in the Stream of Commerce. Defendant's Products that have been manufactured, shipped, sold, or that are otherwise in the stream of commerce prior to the Compliance Date shall be released from any claims that were brought or that could have been brought by CEH in its Complaint, as though they were Covered Claims within the meaning of Section 7, below.

3. SETTLEMENT PAYMENTS

3.1 Within ten days of entry of this Consent Judgment, Defendant shall pay a total of $15,000 as a settlement payment. This total shall be paid in two separate checks delivered to the offices of the Lexington Law Group, LLP at the address set forth in Section 11 below and made payable and allocated as set forth in Sections 3.1.1 and 3.1.2. Any failure by Defendant to comply with the payment terms herein shall be subject to a stipulated late fee in the amount of $100 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 an enforcement proceeding brought pursuant to Section 5 of this Consent Judgment.

3.1.1 Monetary Payment in Lieu of Penalty. Defendant shall pay to

CEH $5,000 in lieu of any penalty pursuant to Health and Safety Code §25249.7(b). This payment shall be made by check payable to Center for Environmental Health. 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.

3.1.2 Attorneys' Fees and Costs. Defendant shall pay $10,000 to the Lexington Law Group, LLP to reimburse CEH for its 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. This payment shall be made by check payable to Lexington Law Group, LLP.

4. MODIFICATION OF CONSENT JUDGMENT

4.1 This Consent Judgment may be modified by written agreement of CEH and Defendant, or upon motion of CEH or Defendant as provided by law.

4.2 CEH intends to enter into agreements with other entities that manufacture, distribute and/or sell Products. Should Defendant determine that the provisions of any such Consent Judgment with a similarly situated manufacturer or distributor of Products are less stringent, Defendant may request a modification of this Consent Judgment to conform to the terms of the later entered Consent Judgment. Upon 30 days prior written notice of Defendant's request for a modification, CEH shall inform Defendant whether it will agree to such modification. If CEH does not agree, Defendant may move the Court for a modification pursuant to this Section.

5. ENFORCEMENT OF CONSENT JUDGMENT

5.1 Any Party may, by motion or application for an order to show cause, enforce the terms and conditions contained in this Consent Judgment. The prevailing Party on any motion or application shall be entitled to its reasonable investigation fees and costs, attorneys' fees, and any other costs associated with such motion or application.

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 Defendant of any violation of Proposition 65 that was or could have been asserted in the Notice or Complaint against Defendant (including any claims that could be asserted in connection with any of the Products covered by this Consent Judgment) or its parents, subsidiaries, affiliates, directors, officers, employees, agents, attorneys, 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 Defendant ("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. GOVERNING LAW

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

10. RETENTION OF JURISDICTION

10.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms this Consent Judgment, while it is in effect.

11. PROVISION OF NOTICE

11.1 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:

Steven M. Gerber, Esq.
Law Offices of Steven M. Gerber
666 Fifth Avenue, 26th Floor
New York, NY 10103

12. COURT APPROVAL

12.1 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.

12.2 If this Consent Judgment is not approved by the Court, it shall be of no further force or 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.

13. EXECUTION AND COUNTERPARTS

13.1 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.

14. AUTHORIZATION

14.1 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: 12/17/08

~~Michael Green, Executive Director~~ Charlie Pizarro, Associate Director
Center for Environmental Health

ACCESSORY NETWORK GROUP, INC.

_____ Dated: _____

_____
Printed Name

AGREED TO:

CENTER FOR ENVIRONMENTAL HEALTH

_____ Dated: _____

Michael Green, Executive Director
Center for Environmental Health

ACCESSORY NETWORK GROUP, INC.

Morris Chehebar _____ Dated: 11/20/08

Morris Chehebar
Printed Name

ORDER AND JUDGMENT

Based upon the stipulated Consent Judgment between CEH and Accessory Network Group, LLC, the settlement is approved and the clerk is hereby directed to enter judgment according to the terms herein.

Dated: _____ _____

Judge, Superior Court of the State of California