1 2 3 4 5	Clifford A. Chanler, State Bar No. 135534 Gregory M. Sheffer, State Bar No. 173124 THE CHANLER GROUP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565 Telephone: (510) 848-8880 Facsimile: (510) 848-8118	
6	Attorneys for Plaintiff JOHN MOORE	
7 8 9 10	Mark E. Elliott, State Bar No. 157759 Caroline L. Plant, State Bar No. 247358 PILLSBURY WINTHROP SHAW PITTMAN 725 South Figueroa Street, Suite 2800 Los Angeles, CA 90017-5406 Phone: 213-488-7494 Fax: 213-629-1033	I LLP
11 12	Attorney For Defendant OFFICEMAX INCORPORATED	
13	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
14	FOR THE CITY AND COUNTY OF SAN FRANCISCO	
15	UNLIMITED CIVIL JURISDICTION	
16		
17	JOHN MOORE,	Case No. CGC 10-501870
18	Plaintiff,	CONSENT TO JUDGMENT AS TO DEFENDANT OFFICEMAX
19	v.	INCORPORATED
20	OFFICEMAX INCORPORATED	(Cal. Health & Safety Code § 25249.6 et seq.)
21	and DOES 1-600, inclusive,	
22	Defendants.	Action Filed : July 23, 2010
23		
24		
25		
26		
27		
28		•

CONSENT TO JUDGMENT RE: OFFICEMAX INC.

# 

28 ||

#### 1. INTRODUCTION

#### 1.1 The Parties

This Consent To Judgment is entered into by and between John Moore ("Moore" or "Plaintiff") and Defendant OfficeMax Incorporated ("OfficeMax" or "Defendant"), with Moore and OfficeMax collectively referred to as the "Parties."

#### 1.2 Plaintiff

Moore is an individual residing in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

#### 1.3 Defendant

OfficeMax employs 10 or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65").

## 1.4 General Allegations

Moore alleges that OfficeMax manufactured, distributed and/or sold, in the State of California, certain types of jumbo paperclips with vinyl components containing Di(2-ethylhexyl) phthalate (DEHP), such as paperclips including, but not limited to, Kritter Krew Jumbo Paperclips (made with various animal image accessories including monkey, bear, cat, elephant and dog animal tops - SKU #21781074/ MFG#OM02561). Di(2-ethylhexyl) phthalate (DEHP) is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 et seq. ("Proposition 65"), as a chemical known to the State of California to cause cancer, birth defects and other reproductive harm. Di (2-ethylhexyl) phthalate shall be referred to herein as the "Listed Chemical."

///

///

///

#### 1.5 Notice of Violation

On December 15, 2009, Moore served OfficeMax and various public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") that provided public enforcers and these entities with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn consumers of the presence and their possible exposure to DEHP in and from jumbo paperclips manufactured of vinyl components (such as the Kritter Krew Jumbo Paperclips with animal tops). To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

### 1.6 Complaint/Amended Complaints

On July 23, 2010, Moore, acting in the public interest, filed a Complaint in the Superior Court in and for the City and County of San Francisco, alleging that OfficeMax violated the warning provisions of Proposition 65 by exposing consumers who use or otherwise handle the Kritter Krew Jumbo Paperclips to DEHP without first providing clear and reasonable warning to such persons (the "Action").

#### 1.7 No Admission

This Consent To Judgment resolves claims that are denied and disputed by OfficeMax. The Parties enter into this Consent To Judgment pursuant to a full and final settlement of any and all claims arising out of the Complaint in this action between the Parties for the purpose of avoiding prolonged litigation. OfficeMax denies the material factual and legal allegations contained in the Notice and Action, maintains that it did not knowingly or intentionally expose California consumers to DEHP through the reasonably foreseeable use of Products or otherwise contends that all products it has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws. Nothing in this Consent To Judgment shall be construed as an admission by OfficeMax of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent To Judgment constitute or be construed as an admission by OfficeMax of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by OfficeMax. However, notwithstanding the foregoing, this section shall not

10

14

15 16

17 18

19

20 21

22

23 24

25 26

27

28

diminish or otherwise affect OfficeMax's obligations, responsibilities, and duties under this Consent To Judgment.

#### 1.8 **Consent to Jurisdiction**

For purposes of this Consent To Judgment only, the Parties stipulate that this Court has jurisdiction over OfficeMax as to the allegations contained in the Complaint, that venue is proper in the City and County of San Francisco, and that this Court has jurisdiction to enter and enforce the provisions of this Consent To Judgment. As an express part of this Agreement, pursuant to C.C.P. §664.6 the Court in which this action was filed shall retain jurisdiction over the parties to enforce the settlement until performance in full of the terms of the settlement.

#### 2. **DEFINITIONS**

- The term "Complaint" shall mean the Complaint. 2.1
- 2.2 "Products" or "Covered Products" shall mean all Kritter Krew jumbo paperclip product, SKU #21781074/MFG#OM02561, made with vinyl components containing DEHP.
  - 2.3 The term "Effective Date" shall mean November 8, 2010.

#### 3. INJUNCTIVE RELIEF

#### 3.1 **Formulation Commitment**

- 3.1.1 As of the Effective Date, Defendant shall only order, cause to be ordered, manufacture or cause to be manufactured Products for distribution or sale in California that are DEHP FREE.
- 3.1.2 For purposes of this Consent To Judgment, "DEHP FREE" jumbo fastener products are defined as those with each component part containing less than or equal to 1,000 parts per million ("ppm") of DEHP as determined by a minimum of duplicate quality controlled test results using Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C.
- 3.1.3 For every Product ordered, caused to be ordered, manufactured or caused to be manufactured for distribution or sale in California after the Effective Date, Defendant shall maintain copies of all testing of such products demonstrating compliance with this section.

## 3.2 Previously Obtained or Distributed Products.

- 3.2.1 Within twenty (20) days of the Effective Date, OfficeMax shall provide to Plaintiff, care of his attorneys, a letter certification, signed by a director or officer of OfficeMax, confirming that the Covered Product was sold only by OfficeMax through its retail stores, and not through any other distribution channel.
- 3.2.2 Within twenty (20) days of the Effective Date, OfficeMax shall provide to Plaintiff, care of his attorneys, a letter certification, signed by a director or officer of OfficeMax, confirming that on March 2, 2010, OfficeMax issued a notice to each retail store to pull the Covered Products from its display shelves.
- 3.2.3 Within twenty (20) days of the Effective Date, OfficeMax shall provide to Plaintiff, care of his attorneys, a letter certification, signed by a director or officer of OfficeMax, confirming that on March 22, 2010, OfficeMax issued a Destroy In Field Notice to each OfficeMax retail store.
- 3.2.4 Within twenty (20) days of the Effective Date, OfficeMax shall provide to Plaintiff, care of his attorneys, a letter certification, signed by a director or officer of OfficeMax, confirming that, as of the Effective Date, inventory reports demonstrate there are no Covered Products in the possession of or on order by any retail store.
- 3.2.5 If, within twenty (20) days of the Effective Date, OfficeMax discovers that any inventory of Covered Product remains in the possession, custody or control of any retail store in California, OfficeMax shall require the destruction of all such Products in a manner that will not offend any laws regulating the disposal of hazardous material and shall provide to Plaintiff, care of his attorneys, a letter certification, signed by a manager of any store effecting the destruction of the Products, confirming that, as of thirty (30) days after the Effective Date, all Covered Products have been destroyed.
- 3.2.6 OfficeMax shall maintain records of all compliance correspondence generated pursuant to §3.2 for three (3) years from the Effective Date and shall produce additional copies of such records upon written request by Moore.

#### 4. MONETARY PAYMENTS

#### 4.1 Payments Pursuant to Health & Safety Code § 25249.7(b)

Subject to the potential offsets described in Section 4.2 below, OfficeMax shall pay a total of \$10,000.00 in civil penalties to be apportioned in accordance with California Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Moore as provided by California Health & Safety Code §25249.12(d).

OfficeMax shall issue two separate checks for this penalty payment: (a) one check made payable to The Chanler Group in Trust for the State of California's Office of Environmental Health Hazard Assessment ("The Chanler Group in Trust for OEHHA") in the amount of \$7,500.00 for 75% of the total penalty required and (b) one check to "The Chanler Group in Trust for J. Moore" in the amount of \$2,500.00 for the remaining 25% of the total penalty required.

Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to Moore, whose address and tax identification number shall be furnished, upon request, at least ten (10) business days before payment is due. The payments shall be delivered on or before 45 days after the Effective Date, or within 10 business days of Moore's execution of the settlement agreement and provision of requested W-9s, whichever date is later, at the following address:

The Chanler Group Attn: Proposition 65 Controller 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

# 4.2 Reduction in Penalty Payments

OfficeMax may reduce the total penalty payment due pursuant to section 4.1 above by means of notifying Moore's counsel in writing, within ten (10) days following the Effective Date, of its election to exercise any or all of the following penalty offset options (in which event the division of remaining total penalties due shall be proportioned between OEHHA and Moore in the same ratio as set forth in section 4.1 above):

(a) a 20% reduction in the total penalty amount (\$2,000) due under section 4.1 above shall be realized if OfficeMax, within thirty (30) days of the Effective Date, provides to Plaintiff, care of his attorneys, copies of letters of certification from each California OfficeMax retail store, signed by a manager, confirming that, as of the Effective Date, such store has no Covered Products in its possession or on order and that all Product was pulled and destroyed as requested by corporate management in the March 2, 2010, and March 22, 2010, directives referenced in §§3.2.2 and 3.2.3 hereinabove.

(b) another 20% reduction in the total penalty amount (\$2,000.00) due under section 4.1 above shall be realized if OfficeMax agrees that, no later than thirty (30) days after the Effective Date, the term "in California" in section 3.1 above shall be deemed to have been replaced by the term "within the United States."

#### 5. REIMBURSEMENT OF FEES AND COSTS

### 5.1 Attorney Fees and Costs

5.1.1 The Parties reached an accord on the compensation due to Moore and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) §1021.5, for all work performed through the mutual execution of this agreement and approval of the Consent To Judgment by the trial court, excluding any fees on appeal. OfficeMax shall pay Moore and his counsel a total of \$35,000.00 as compromise reimbursement of a portion of the fees and costs incurred by Moore and his counsel as a result of investigating, bringing this matter to OfficeMax's attention, litigating, negotiating and proposing the entry of a consent judgment in the public interest. OfficeMax shall further pay Moore and his counsel a reimbursement of their additional attorney fees and costs, not to exceed an amount of \$6,500, expended in drafting, filing and appearing for hearing(s) on a motion for Court approval of this Consent to Judgment.

5.1.2 Payment of the amount due pursuant to section 5.1.1 shall be delivered to Moore's counsel on or before 45 days after the Effective Date, or within 10 business days of Moore's execution of the settlement agreement, whichever date is later, at the following address:

3

4 5 6

8

7

10 11

12

13

14 1.5

16 17

18

19 20

21

22 23

24

25

26

27 28 The Chanler Group Attn: Proposition 65 Controller 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

All payments under Sections 4.1 and 5.1 shall be held in trust by The Chanler Group pending court approval of the settlement and entry of Judgment. If for any reason this settlement is not approved by the court or Judgment is not entered upon this agreement, The Chanler Group will return such payment to the defendant, care of counsel identified herein, within thirty (30) days of such determination that this settlement is not approved or Judgment is not entered upon this agreement.

#### 6. CLAIMS COVERED AND RELEASE

#### 6.1 Moore's Releases of OfficeMax and Related Entities

This Consent To Judgment is a full, final, and binding resolution between Moore and OfficeMax, and OfficeMax's owners, subsidiaries, affiliates, sister and related companies (including those overseas entities held by its owners which manufactured or supplied the Covered Products to OfficeMax), employees, shareholders, directors, insurers, attorneys, successors, and assigns ("Defendant Releasees"), and all entities to whom OfficeMax directly or indirectly distributes or sells Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Defendant Releasees") of any violation of Proposition 65 that has been or could have been asserted against Defendant Releasees and Downstream Defendant Releasees regarding the failure to warn about exposure to the Listed Chemical arising in connection with Covered Products manufactured, sourced, distributed, or sold by Defendant Releasees prior to the Effective Date. OfficeMax's compliance with this Consent To Judgment shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products after the Effective Date.

Except as to the provisions of Section 5, Moore on behalf of himself, his 6.1.2 past and current agents, representatives, attorneys, successors, and/or assignees, and in the interest of the general public, hereby waives with respect to Covered Products all rights to institute or

participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "claims"), against Defendant Releasees and Downstream Defendant Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in the public interest, as such claims relate to Defendant Releasees' and Downstream Defendant Releasees' alleged failure to warn about exposures to the Listed Chemical contained in the Covered Products.

6.1.3 Except as to the provisions of Section 5, Moore also, in his individual capacity only and *not* in his representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Moore of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the Complaint as to Covered Products manufactured, distributed or sold by Defendant Releasees. Moore acknowledges that he is familiar with Section 1542 of the California Civil Code, which provides as follows:

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

Moore, in his individual capacity only and *not* in his representative capacity, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

6.1.4 Upon court approval of the Consent To Judgment, the Parties waive their respective rights to a hearing or trial on the allegations of the Complaint.

#### 6.2 OfficeMax's Release of Moore

- 6.2.1 OfficeMax waives any and all claims against Moore, his attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Moore and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Covered Products.
- 6.2.2 OfficeMax also provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of OfficeMax of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the Action. OfficeMax acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

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

OfficeMax expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

#### 7. SEVERABILITY

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

If, subsequent to court approval of this Consent To Judgment, any of the provisions of this Consent To Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected, unless the Court finds that any unenforceable provision is not severable from the remainder of the Consent To Judgment.

#### 8. COURT APPROVAL

This Consent To Judgment is not effective until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved and entered by the Court within nine months after it has been fully executed by all Parties.

#### 9. GOVERNING LAW

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

#### 10. NOTICES

When any Party is entitled to receive any notice under this Consent To Judgment, the notice shall be sent by certified mail and electronic mail to the following:

#### For OfficeMax to:

Tracy Oneale
OfficeMax Incorporated
1111 West Jefferson St, Suite 510
Boise, ID 83702

## With copy to:

Mark E. Elliott Caroline L. Plant Pillsbury Winthrop Shaw Pittman LLP 725 South Figueroa Street, Suite 2800 Los Angeles, CA 90017-5406

#### For Moore to:

Proposition 65 Coordinator The Chanler Group 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

Any Party may modify the person and address to whom the notice is to be sent by sending each other Party notice by certified mail and/or other verifiable form of written communication.

# 

# 

## 11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

Moore agrees to comply with the reporting form requirements referenced, in California Health & Safety Code §25249.7(f) and to file a motion for approval of this Consent To Judgment.

#### 12. MODIFICATION

This Consent To Judgment may be modified only: (1) by written agreement of the Parties; or (2) upon a successful motion of any party and entry of a modified Consent To Judgment by the Court.

#### 13. ADDITIONAL POST-EXECUTION ACTIVITIES

The parties acknowledge that, pursuant to Health & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this Consent To Judgment. In furtherance of obtaining such approval, Moore and OfficeMax and their respective counsel agree to mutually employ their best efforts to support the entry of this agreement as a Consent To Judgment and obtain approval of the Consent To Judgment - sufficient to render a formal judgment approving this agreement - by the Court in a timely manner. Any effort by either of the Parties to impede judicial approval of this Consent To Judgment shall subject such impeding Party to liability for attorney fees and costs incurred by the non-impeding Party, and their respective counsel, in their efforts to meet or oppose such Party's impeding conduct.

#### 14. ENTIRE AGREEMENT

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

#### 15. ATTORNEY'S FEES

15.1 A Party who unsuccessfully brings or contests an action arising out of this Consent To Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs unless the unsuccessful Party has acted with substantial justification. For purposes of this

Consent To Judgment, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.

- 15.2 Except as specifically provided in the above paragraph and in Sections 5.1 and 13, each Party shall bear its own costs and attorney's fees in connection with this action.
- 15.3 Nothing in this Section 15 shall preclude a Party from seeking an award of sanctions pursuant to law.

#### 16. COUNTERPARTS, FACSIMILE SIGNATURES

This Consent To Judgment may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same documents.

### 17. AUTHORIZATION

The undersigned parties and their counsel are authorized to execute this Consent To

Judgment on behalf of their respective Parties and have read, understood, and agree to all of the
terms and conditions of this Consent To Judgment.

#### IT IS SO AGREED

Dated: November, 2010	Dated: November, 2010
Plaintiff John Moore	The Chanler Group Attorneys for Plaintiff John Moore
Dated: November, 2010	Dated: November, 2010
By Title OfficeMax Incorporated	Mark E. Elliott Pillsbury Winthrop Shaw Pittman LLP Defendant OfficeMax Incorporated