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2	THE CHANLER GROUP 2560 Ninth Street	
3	Parker Plaza, Suite 214 Berkeley, CA 94710	
4	Telephone: (510) 848-8880 Facsimile: (510) 848-8118	
5	Attorneys for Plaintiff JOHN MOORE	
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10	UNLIMITED CI	VIL JURISDICTION
11	JOHN MOORE,	Case No. CIV1005560
12	Plaintiff,	Sast 110. ST / 1003300
13	v.	[PROPOSED] CONSENT JUDGMENT
14	E&B GIFTWARE LLC; and DOES 1 through	
15	150, inclusive,	
16	Defendants.	
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28	[PROPOSED] C	ONSENT JUDGMENT

1. INTRODUCTION

1.1 John Moore and E&B Giftware LLC

This Consent Judgment is entered into by and between plaintiff John Moore ("Moore" or "Plaintiff") and defendant E&B Giftware LLC ("E&B" or "Defendant"), with Plaintiff and Defendant collectively referred to as the "Parties" and each individually referred to as a "Party."

1.2 Plaintiff

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

1.3 Defendant

E&B employs ten 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 E&B manufactured, distributed and/or sold training and sauna fitness suits containing di(2-ethylhexyl)phthalate ("DEHP") and exercise equipment with handle grips containing lead in the state of California without the requisite health hazard warnings. DEHP and lead are listed pursuant to Proposition 65 as known to the state of California to cause birth defects and other reproductive harm. DEHP and lead are hereinafter referred to as "Listed Chemicals."

1.5 Product Description

The products that are covered by this Consent Judgment are defined as follows: vinyl exercise clothing, training and sauna fitness suits containing DEHP manufactured, distributed and/or sold in the state of California by E&B, including, but not limited to, the *BodyFit Sauna Suit, Style# BF3612BK, SKU 25569018 (#6 54602 93612 2)* ("DEHP Products") and exercise equipment with handle grips containing lead manufactured, distributed and/or sold in the state of California by E&B, including, but not limited to, the *Everlast Duo Wheel, EX2413SL17EVN*

(#6 54602 22413 7) ("Lead Products.") The DEHP Products and the Lead Products are hereinafter referred to collectively as the "Products."

1.6 Notices of Violation

On June 17, 2010, Moore served E&B and various public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") that provided the recipients with notice of alleged violations of Proposition 65 for failing to warn consumers that the DEHP Products exposed users to DEHP. On May 11, 2011, Moore served E&B and various public enforcement agencies with a document entitled "Supplemental 60-Day Notice of Violation" ("Supplemental Notice") that provided recipients with notice of alleged violations of Proposition 65 for failing to warn consumers that the Lead Products exposed users to lead and that the DEHP Products exposed users to DEHP. The Notice and Supplemental Notice are hereinafter referred to as the "Notices."

1.7 Complaints

On or about October 20, 2010, Moore, who was and is acting in the interest of the general public in California, filed a complaint ("Complaint" or "Action") in the Superior Court in and for the County of Marin against E&B Giftware LLC and Does 1 through 150, alleging, inter alia, violations of California Health & Safety Code §25249.6 based on the alleged exposures to DEHP contained in the DEHP Products. On or about September 7, 2011, Moore, who was and is acting in the interest of the general public in California, filed a first amended complaint ("First Amended Complaint") in the Superior Court in and for the County of Marin against E&B Giftware LLC and Does 1 through 150, alleging, inter alia, violations of California Health & Safety Code §25249.6 based on the alleged exposures to DEHP contained in the DEHP Products and to lead contained in the Lead Products. The Complaint and the First Amended Complaint are hereinafter referred to as the "Complaints."

1.8 No Admission

E&B denies the material factual and legal allegations contained in Moore's Notices and Complaints, and maintains that all Products sold and distributed in California have been and are in compliance with all laws. Nothing in this Consent Judgment shall be construed as an

 admission by E&B of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by E&B of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by E&B. However, this section shall not diminish or otherwise affect E&B's obligations, responsibilities, and duties under this Consent Judgment.

1.9 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over E&B as to the allegations contained in the Complaints, that venue is proper in the County of Marin, and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

1.10 Effective Date

For purposes of this Consent Judgment, the term "Effective Date" shall mean June 30, 2012.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Standards

As of the Effective Date, E&B shall only manufacture, distribute, sell and/or offer for sale in California Products that are "Phthalate Free" and "Lead Free," or include warnings in accordance with Section 2.2 below. For purposes of this Consent Judgment, "Phthalate Free" Products are Products containing DEHP in concentrations less than or equal to 0.1 percent (1,000 ppm), in each component that may be handled, touched or mouthed by a consumer ("Accessible Component"), when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any testing methodology selected by E&B that is acceptable to state or federal government agencies in determining phthalate content in consumer products. Additionally, "Lead Free" Products shall mean Products containing Accessible Components which yield less than 1.0 microgram of lead when using a wipe test pursuant to NIOSH Test Method 9100, and yield less than 100 parts per million ("ppm") lead when analyzed pursuant to EPA testing methodologies 3050B and 6010B, or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content

in a solid substance. Products that are Lead Free and Phthalate Free are hereinafter referred to as "Reformulated Products."

2.2 Warning Requirement

Commencing on the Effective Date, E&B shall, for all Products sold in California that are not Reformulated Products, provide clear and reasonable warnings as set forth in subsections 2.2(a) and (b). Each warning shall be prominently placed with such conspicuousness, as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion. Each warning for Lead Products shall specify that the product contains lead, whereas each warning for DEHP Products shall specify that the product contains DEHP by including the specific chemical that applies from each bracketed term in Sections 2.2 (a) and (b) below.

The parties hereby acknowledge and agree that E&B has already implemented a labeling program that uses the following language or language substantially similar to it:

CALIFORNIA PROPOSITION 65 WARNING:

This product contains chemicals known to the State of California to cause cancer, birth defects and/or other reproductive harm.

Therefore, the parties agree that E&B may continue to sell Products that are currently in E&B's inventory and that contain the above warning label as of the Effective Date. However, E&B shall, for all Products that do not contain the warning language above on or before the Effective Date, use the specific language provided in Sections 2.2(a) and (b), below.

(a) Retail Store Sales.

(i) Product Labeling. E&B shall affix a warning to the packaging, labeling, or directly on each Product known to contain [DEHP or Lead] sold in retail outlets in California by E&B or any person selling the Products, that states:

CALIFORNIA PROPOSITION 65 WARNING:

This product contains chemicals including [DEHP or Lead], known to the State of California to cause birth defects and other reproductive harm.

(ii) Point-of Sale Warnings. Alternatively, E&B may provide warning signs in the form below to its customers in California with instructions to post the warnings in close proximity to the point of display of the Products. Such instruction sent to E&B's customers shall be sent by certified mail, return receipt requested.

CALIFORNIA PROPOSITION 65 WARNING:

This product contains chemicals including [DEHP or Lead], known to the State of California to cause birth defects and other reproductive harm.

Where more than one Product is sold in proximity to other like items or to those that do not require a warning (e.g., Reformulated Products as defined in Section 2.1), the following statement shall be used:¹

CALIFORNIA PROPOSITION 65 WARNING:

The following products contain chemicals including [DEHP or Lead], known to the State of California to cause birth defects and other reproductive harm.

[list products for which warning is required]

(b) Mail Order Catalog and Internet Sales.

In the event that E&B sells Products via mail order catalog or internet to customers located in California after the Effective Date that are not Reformulated Products, E&B shall provide a warning for Products sold via mail order catalog or the internet to California residents:

(1) in the mail order catalog; or (2) on the internet. Warnings given in the mail order catalog or on the internet shall identify the specific Product to which the warning applies as further specified in Sections 2.2(b)(i) and (ii).

¹ For purposes of the Consent Judgment, "sold in proximity" shall mean that the Product and another similar product are offered for sale close enough to each other that the consumer, under customary conditions of purchase, could not reasonably determine which of the two products is subject to the warning sign.

(i) Mail Order Catalog Warning. Any warning provided in a mail order catalog must be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

CALIFORNIA PROPOSITION 65 WARNING:

This product contains chemicals including [DEHP or Lead], known to the State of California to cause birth defects and other reproductive harm.

If E&B elects to provide warnings in the mail order catalog, then the warnings must be included in all catalogs offering to sell one or more Products printed for distribution in California after the Effective Date.

(ii) Internet Warning. A warning may be given in conjunction with the sale of the Products via the internet, provided it appears either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

CALIFORNIA PROPOSITION 65 WARNING:

This product contains chemicals including [DEHP or Lead], known to the State of California to cause birth defects and other reproductive harm.

3. <u>MONETARY PAYMENTS</u>

3.1 <u>Initial Civil Penalty</u>

E&B shall pay an initial civil penalty of \$14,000 to be apportioned in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the initial civil penalty to Moore, as provided by California Health & Safety Code § 25249.12(d).

 3.2 Final Civil Penalty (Lead)

E&B shall pay a final civil penalty (lead) of \$5,000 on or before January 31, 2013 to be apportioned in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of the final civil penalty (lead) to Moore, as provided by California Health & Safety Code § 25249.12(d).

However, the Final Civil Penalty (Lead) shall be waived in its entirety if E&B certifies in writing, via a signed declaration from an appropriate E&B employee, that all Lead Products sold and/or shipped into California from December 31, 2012 and after shall be Lead Free Products as defined in Section 2.1, above.

3.3 Final Civil Penalty (DEHP)

E&B shall pay a final civil penalty (DEHP) of \$5,000 on or before January 31, 2013 to be apportioned in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of these funds remitted to the state of California's Office of Environmental Health Hazard Assessment and the remaining 25% of the final civil penalty (DEHP) to Moore, as provided by California Health & Safety Code § 25249.12(d).

However, the Final Civil Penalty (DEHP) shall be waived in its entirety if E&B certifies in writing, via a signed declaration from an appropriate E&B employee, that all DEHP Products sold and/or shipped into California from December 31, 2012 and after shall be DEHP Free as defined in Section 2.1, above.

3.4 Reimbursement of Plaintiff's Fees and Costs

The Parties acknowledge that Moore and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. E&B then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach 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 section 1021.5, for all

work performed in this matter, except fees that may be incurred on appeal. Under these legal principles, E&B shall pay the amount of \$65,000 for fees and costs incurred investigating, litigating and enforcing this matter, including the fees and costs incurred (and yet to be incurred) negotiating, drafting, and obtaining the Court's approval of this Consent Judgment in the public interest.

3.5 Payment Procedures

(a) Funds Held In Trust. All payments required by Sections 3.1 and 3.4 shall be delivered on or before May 15, 2012, to either The Chanler Group or the attorney of record for E&B, and shall be held in trust pending the Court's approval of this Consent Judgment.

Payments delivered to The Chanler Group shall be made payable, as follows:

- One check made payable to "The Chanler Group in Trust for OEHHA" in the amount of \$10,500;
- (ii) One check made payable to "The Chanler Group in Trust for Moore" in the amount of \$3,500; and
- (iii) One check made payable to "The Chanler Group in Trust" in the amount of \$65,000.

Payments delivered to Lewis Brisbois Bisgaard & Smith LLP shall be made payable, as follows:

- (i) One check made payable to "Lewis Brisbois Bisgaard & Smith LLP in Trust for OEHHA" in the amount of \$10,500;
- (ii) One check made payable to "Lewis Brisbois Bisgaard & SmithLLP in Trust for Moore" in the amount of \$3,500; and
- (iii) One check made payable to "Lewis Brisbois Bisgaard & SmithLLP in Trust for The Chanler Group" in the amount of \$65,000.

If E&B elects to deliver payments to its attorney of record, the attorney of record shall confirm, in writing within five days of deposit, that the funds have been deposited in a trust account.

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1			whose address and tax identification number shall be furnished
2			upon request;
3		(iii)	The third 1099 shall be issued to The Chanler Group (EIN: 94-
4			3171522) in the amount of \$65,000;
5		(îv)	If the Final Civil Penalty (Lead) in Section 3.2 above is paid, the
6			fourth 1099 shall be issued to the Office of Environmental Health
7			Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN:
8			68-0284486) in the amount of \$3,750;
9		(v)	If the Final Civil Penalty (Lead) in Section 3.2 above is paid, the
10			fifth 1099 shall be issued to Moore in the amount of \$1,250, whose
11			address and tax identification number shall be furnished upon
12			request.
13		(vi)	If the Final Civil Penalty (DEHP) in Section 3.3 above is paid, the
14			sixth 1099 shall be issued to the Office of Environmental Health
15			Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN:
16			68-0284486) in the amount of \$3,750;
17		(vii)	If the Final Civil Penalty (DEHP) in Section 3.3 above is paid, the
18			seventh 1099 shall be issued to Moore in the amount of \$1,250,
19			whose address and tax identification number shall be furnished
20			upon request.
21	(c)	Paym	ent Address. All payments to The Chanler Group shall be delivered
22	to the following payment address:		
23	The	Chanler	Group
24	Attn: Proposition 65 Controller 2560 Ninth Street		
25	Parker Plaza, Suite 214 Berkeley, CA 94710		
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4. <u>CLAIMS COVERED AND RELEASED</u>

4.1 Plaintiff's Public Release of Proposition 65 Claims

Moore acting on his own behalf and in the public interest releases E&B from all claims for violations of Proposition 65 up through the Effective Date based on exposure to DEHP contained in the DEHP Products and exposure to Lead in the Lead Products as set forth in the Notices. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to exposures to DEHP in the DEHP Products and with respect to Lead in the Lead Products as set forth in the Notices.

4.2 Plaintiff's Individual Release of Claims

Moore also, in his individual capacity only and *not* in his representative capacity, provides a 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 plaintiff of any nature, character or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to DEHP in the DEHP Products and Lead in the Lead Products manufactured, distributed or sold by E&B.

4.3 Defendant's Release of Plaintiff

E&B on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Plaintiff, 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 to enforce Proposition 65 against it in this matter with respect to the Products.

5. <u>COURT APPROVAL</u>

This Consent 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 one year after it has been fully executed by all Parties, in which event any monies that have been

provided to Moore or his counsel pursuant to Section 3 above, shall be refunded within fifteen (15) days receiving written demand from E&B for return of such funds. SEVERABILITY

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If, subsequent to the execution of this Consent Judgment, any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. **GOVERNING LAW**

The terms of this Consent Judgment shall be governed by the laws of the state of California and apply within the state of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then E&B shall provide written notice to Moore of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so affected.

8. **NOTICES**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any Party by the other Party at the following addresses:

To E&B:

Paul A. Desrochers, Esq. Lewis Brisbois Bisgaard & Smith LLP One Sansome Street, Suite 1400 San Francisco, CA 94104

Christopher S. Nickson, Esq. Wilder & Linderball, LLP 730 Brisbane Building 403 Main at Court Street Buffalo, NY 14203

With a copy to:

Steve Brigham E&B Giftware LLC 4 Executive Plaza Yonkers, NY 10701

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To Moore:

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

Any Party, from time to time, may specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Consent Judgment may be executed in counterparts and by facsimile or portable document format (".pdf") signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or .pdf signature shall be as valid as the original.

10. 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).

11. ADDITIONAL POST EXECUTION ACTIVITIES

The Parties agree to mutually employ their, and their counsel's, reasonable best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner. The Parties acknowledge that, pursuant to California Health and Safety Code section 25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment, which Moore shall file, and which E&B shall not oppose. If any third party objection to the noticed motion is filed, Moore and E&B shall work together to file a joint reply and appear at any hearing before the Court. This provision is a material component of the Consent Judgment and shall be treated as such in the event of a breach. If the Superior Court does not approve the motion to approve this Consent Judgment, and the Parties choose not to pursue a modified Consent Judgment within 30 days of said denial, or in the event that the Superior Court approve this Consent Judgment and any person successfully appeals that approval, all payments made pursuant to this Consent Judgment will be returned to E&B.

12.

12.1 Modification

MODIFICATION

This Consent Judgment may be modified by written agreement of the Parties and upon entry of a modified Consent Judgment by the court, or by motion of any Party and entry of a modified Consent Judgment by the court.

12.2 Subsequent Legislation

If, subsequent to the Effective Date, legislation or regulation is adopted that addresses the DEHP or lead content of Products sold in California, any Party shall be entitled to request that the Court modify the reformulation standard of Section 2.1 of this Consent Judgment for good cause shown.

12.3 Notice; Meet and Confer

Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment. Any party receiving notice under this section shall respond promptly, but in no event more than 30 days from receipt of said notice, with its reply to any proposed modification to this Consent Judgment. Failure to promptly respond shall be deemed a non-objection to the proposed modification for purposes of submitting the proposed modification to the Court for approval.

13. <u>AUTHORIZATION</u>

The undersigned are authorized to execute this Consent Judgment on behalf of their respective parties and have read, understood, and agree to all of the terms and conditions of this Consent Judgment.

14. ENTIRE AGREEMENT

This Consent 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.

	AGREED TO:	AGREED TO:	
Date:_	5/9/12	Date:	
By:	Jh alu Plaintiff JOHN MOORE	By: Defendant E&B GIFTWARE LLC	

14. ENTIRE AGREEMENT

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This Consent 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.

	AGREED TO:	AGREED TO:	
Date	t	Date: april 19, 2012	
Ву:	Plaintiff JOHN MOORE	By: Defendant E&B GIFTWARE LLC	ž
		Steven P. Brigham C.O.O.	