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5 Attorneys for Plaintiff,
 6 Consumer Advocacy Group, Inc.

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 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 9 COUNTY OF LOS ANGELES - CENTRAL DISTRICT

10 CONSUMER ADVOCACY GROUP, INC., in
 11 the interest of the Public,

12 Plaintiff,

13 v.

14 G.R. Sales, Inc., and DOES 1-50,
 15

16 Defendants.

CASE NO. BC 449319

**[PROPOSED] STIPULATED CONSENT
 JUDGMENT AND [PROPOSED] ORDER**

Health & Safety Code § 25249.5 *et seq.*

ACTION FILED: November 12, 2010

TRIAL DATE: None set

17 **1. INTRODUCTION**

18 1.1 On November 12, 2010, Plaintiff, the Consumer Advocacy Group, Inc. ("CAG"),
 19 filed a complaint in the Los Angeles Superior Court entitled *Consumer Advocacy Group, Inc. v.*
 20 *G.R. Sales, Inc.*, Case No. BC449319 (the "Action), for civil penalties and injunctive relief
 21 pursuant to the provisions of California Health & Safety Code § 25249.5, *et seq.* ("Proposition
 22 65"). G.R. Sales, Inc. shall be referred to hereinafter as "GR Sales" or "Defendant." CAG and
 23 Defendant collectively to be referred to hereinafter as "Parties."

24 1.2 Defendant is a California corporation. Defendant allegedly has made available for
 25 distribution in the State of California an allegedly lead-containing product, G.R. Sales Automotive
 26 Accessories Comfort Grip Steering Wheel Cover SKU 401056250126 (the "Product"). The
 27 Product allegedly contains Lead, a chemical known to the State of California to cause cancer and
 28 birth defects or other reproductive harm.

1 1.3 On or about July 7, 2010, CAG served Defendant and the appropriate public
2 enforcement agencies with a "Sixty-Day Notice of Intent to Sue for Violation of the Safe Drinking
3 Water and Toxic Enforcement Act of 1986 ("Proposition 65")" ("Notice") claiming that
4 Defendant was in violation of Proposition 65 in regard to the Product. CAG's Notice and the
5 Complaint in this Action allege that Defendant exposed people who handle the Product to Lead,
6 without first providing clear and reasonable warnings, in violation of California Health & Safety
7 Code § 25249.6.

8 1.4 Defendant denies the material allegations of the Notice and the Complaint, and
9 denies liability for the cause of action alleged in the Complaint and in connection with the Action.
10 Defendant maintains that the Product distributed and sold by them in California has at all times
11 been in compliance with all applicable laws. Defendant reserves all of its rights and defenses with
12 regard to any claim by any person under Proposition 65 or otherwise.

13 1.5 For purposes of this Stipulated Consent Judgment only, the Parties stipulate that
14 this Court has jurisdiction over the allegations of violations contained in CAG's Complaint and
15 personal jurisdiction over Defendant with respect to the matters set forth in the Stipulated Consent
16 Judgment, that venue is proper in the County of Los Angeles, and that this Court has jurisdiction
17 to enter this Stipulated Consent Judgment as a full and final resolution of all claims which were
18 raised in the Complaint based on the facts alleged therein.

19 1.6 The Parties enter into this Stipulated Consent Judgment pursuant to a settlement of
20 certain disputed claims as alleged in the Complaint and the Notice for the purpose of avoiding
21 prolonged and costly litigation, including without limitation the expenditure of significant funds
22 by Defendant for scientific analysis and related proceedings before the Office of Environmental
23 Hazard Assessment and/or the Courts related to the Product, and similar expenditures by CAG to
24 oppose such analysis and proceedings.

25 1.7 Nothing in this Stipulated Consent Judgment shall be construed as an admission by
26 the Parties of any fact, conclusion of law, issue of law or violation of law, including without
27 limitation, any admission concerning any violation of Proposition 65 or any other statutory,
28 regulatory, common law, or equitable doctrine, or the meaning of the terms "knowingly and

1 intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section
2 25249.6. Nothing in this Stipulated Consent Judgment, nor compliance with its terms, shall
3 constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of
4 law, or violation of law, or of fault, wrongdoing, or liability by Defendant, or its officers,
5 directors, employees, or parent, subsidiary or affiliated corporations, or be offered or admitted as
6 evidence in any administrative or judicial proceeding or litigation in any court, agency, or forum.

7 1.8 Nothing in this Stipulated Consent Judgment shall prejudice, waive or impair any
8 right, remedy, argument, or defense the Parties may have in any other or future legal proceeding,
9 except as expressly provided in this Stipulated Consent Judgment.

10 1.9 This Stipulated Consent Judgment is the product of negotiation and compromise
11 and is accepted by the Parties, for purposes of settling, compromising, and resolving issues
12 disputed in this action, including future compliance by Defendant with Section 2 of this Stipulated
13 Consent Judgment, and shall not be used for any other purpose, or in any other matter.

14 **2. COMPLIANCE - INJUNCTIVE RELIEF**

15 2.1 Within thirty (30) days of approval of this Stipulated Consent Judgment by the
16 Court, Defendant agrees, promises, and represents that it will cease all California distribution
17 and/or sales of the Product. If Defendant decides to resume distribution and/or sales of the
18 Product in California, Defendant shall reformulate the Product to a point where the level of Lead
19 in the Product does not exceed 100 parts per million.

20 **3. SETTLEMENT PAYMENT**

21 3.1 After entry of this Stipulated Consent Judgment by the Court, Defendant shall pay
22 a total of forty-one thousand dollars (\$41,000) by separate checks apportioned as follows:

23 3.1.1 Monetary Payment in Lieu of Civil Penalty: Two thousand dollars (\$2,000)
24 shall be paid to Consumer Advocacy Group, Inc. as in lieu of any civil penalty pursuant to
25 California Health and Safety Code § 25249.7(b). CAG will use the payment for such projects and
26 purposes related to environmental protection, worker health and safety, or reduction of human
27 exposure to hazardous substances (including administrative and litigation costs arising from such
28 projects), as CAG may choose. The check shall be delivered to: Reuben Yeroushalmi,

1 Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California
2 90212. CAG shall provide its address and federal tax identification number to Defendant prior to
3 such payment.

4 3.1.2 Attorneys' Fees and Costs: Thirty-eight thousand dollars (\$38,000) of such
5 payment shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable
6 investigation fees and costs, attorneys' fees, and any other costs incurred as a result of
7 investigating, bringing this matter to Defendant's attention, litigating, and negotiating a settlement
8 in the public interest. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi &
9 Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212. Yeroushalmi
10 & Associates shall provide its federal tax identification number to Defendant prior to such
11 payment.

12 3.1.3 Civil Penalty: Defendant shall issue two separate checks for a total amount
13 of one thousand dollars (\$1,000) as penalties pursuant to Health & Safety Code § 25249.12: (a)
14 one check made payable to the State of California's Office of Environmental Health Hazard
15 Assessment (OEHHA) in the amount of \$750, representing 75% of the total penalty; and (b) one
16 check to Consumer Advocacy Group, Inc. in the amount of \$250, representing 25% of the total
17 penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be
18 issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of
19 \$750. The second 1099 shall be issued in the amount of \$250 to CAG and delivered to:
20 Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212

21 **4. MODIFICATION OF STIPULATED CONSENT JUDGMENT**

22 4.1 This written Stipulated Consent Judgment may only be modified by written
23 agreement of CAG and Defendant upon stipulation and Order of the Court, or after noticed
24 motion, and upon entry of a Stipulated Consent Judgment by the Court thereon, or upon motion of
25 CAG or Defendant as provided by law and upon entry of a modified Stipulated Consent Judgment
26 by the Court.

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1 **5. ENFORCEMENT OF STIPULATED CONSENT JUDGMENT**

2 5.1 Any of the Parties may, by motion or application for an order to show cause before
3 the Superior Court of the County of Los Angeles, consistent with the terms and conditions set
4 forth in paragraphs 9.1 and 9.2 of this Stipulated Consent Judgment, enforce the terms and
5 conditions contained in this Stipulated Consent Judgment. The prevailing party shall be entitled to
6 its reasonable attorneys' fees and costs associated with such motion or application.

7 **6. APPLICATION OF STIPULATED CONSENT JUDGMENT**

8 6.1 This Stipulated Consent Judgment shall apply to and be binding upon the
9 Parties hereto, their divisions, subdivisions and subsidiaries, officers, directors, employees, agents
10 and their successors or assigns, and to the extent allowed by law, on the general public.

11 **7. CLAIMS COVERED AND RELEASED**

12 7.1 CAG, on behalf of itself and in the public interest, hereby releases and discharges
13 Defendant, its related parent, subsidiaries, affiliates, predecessors, successors, assigns, vendors,
14 and manufacturers, and all officers, directors, employees, and shareholders of them (collectively,
15 "Released Parties") from any and all claims asserted in this litigation arising from the alleged
16 failure to provide Proposition 65 warnings only for the Product regarding the exposure of
17 individuals to Lead in the Product. CAG, on behalf of itself only, hereby releases and discharges
18 the Released Parties from any and all known and unknown past, present, and future rights, claims,
19 causes of action, damages, suits, penalties, liabilities, injunctive relief, declaratory relief, and
20 attorney fees, costs, and expenses only related to or arising out of the facts and claims asserted, or
21 that could have been asserted, under state or federal law or the facts alleged in Plaintiff's
22 Proposition 65 Notice or the Complaint relating only to any and all claims concerning exposure of
23 any person to Lead in the Product. Compliance with the terms of this Stipulated Consent Judgment
24 shall constitute compliance by the Released Parties with Proposition 65 with respect to exposures
25 to Lead contained in the Product. This release does not limit or affect the obligations of any party
26 created under this Stipulated Consent Judgment.

27 7.2 Unknown Claims. It is possible that other injuries, damages, liability, or claims not
28 now known to the Parties arising out of the facts alleged in the Complaint and relating to the

1 exposure of individuals to Lead in the Product will develop or be discovered, and this Stipulated
 2 Consent Judgment is expressly intended to cover, include and release the Released Parties from all
 3 such injuries, damages, liability, and claims, including all rights of action therefor. CAG has full
 4 knowledge of the contents of Section 1542 of the Civil Code. CAG, on behalf of itself only,
 5 acknowledges that the claims released in paragraph 7.1 above may include unknown claims and
 6 waives Section 1542 as to any such unknown claims. Section 1542 reads as follows:

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

12 CAG acknowledges and understands the significance and consequences of this specific
 13 waiver of Civil Code Section 1542.

14 **8. SEVERABILITY**

15 8.1 In the event that any of the provisions of this Stipulated Consent Judgment are held
 16 by a court to be unenforceable, the validity of the enforceable provisions shall not be adversely
 17 affected.

18 **9. NOTICE AND CURE**

19 9.1 No action to enforce this Stipulated Consent Judgment may be commenced, and no
 20 notice of violation related to the Product may be served or filed against Defendant by CAG, unless
 21 the party seeking enforcement or alleging violation notifies the other party of the specific acts
 22 alleged to breach this Stipulated Consent Judgment at least 90 days before serving or filing any
 23 motion, action, or Notice of Violation. Any notice to Defendant must contain (a) the name of the
 24 product, (b) specific dates when the product was sold in California, (c) the store or other place at
 25 which the product was available for sale to consumers, and (d) any other evidence or other support
 26 for the allegations in the notice.

27 9.2 Within 30 days of receiving the notice described in paragraph 9.1, Defendant shall
 28 either (1) take all steps necessary to bring the sale of the product into compliance under the terms
 of this Stipulate Consent Judgment, (2) withdraw the product, or (3) refute the information

1 provided under paragraph 9.1. Should the parties be unable to resolve the dispute, either party may
2 seek relief under Section 5.

3 **10. GOVERNING LAW**

4 10.1 The terms of this Stipulated Consent Judgment shall be governed by the laws of the
5 State of California.

6 **11. PROVISION OF NOTICE**

7 11.1 All notices required pursuant to this Stipulated Consent Judgment and
8 correspondence shall be sent to the following:

9	For CAG:	For G.R. Sales, Inc.:
10	Reuben Yeroushalmi	Hany Fangary
11	YERUSHALMI & ASSOCIATES	WOLF, RIFKIN, SHAPIRO, SCHULMAN & RABKIN, LLP
12	9100 Wilshire Boulevard, Suite 610E	11400 W. Olympic Blvd., 9th Floor
13	Beverly Hills, CA 90212	Los Angeles, California 90064
14	F: 310-623-1930	F: 310-479-1422

14 **12. ATTORNEY GENERAL REVIEW AND COURT APPROVAL**

15 12.1 The Court shall either approve or disapprove of this Stipulated Consent Judgment
16 in its entirety, without alteration, deletion or amendment, unless otherwise so stipulated by the
17 Parties and their counsel. If this Stipulated Consent Judgment is not approved by the Court, it
18 shall be of no further force or effect.

19 12.2 CAG shall comply with Health and Safety Code section 25249.7(f) and with Title
20 11 California Code of Regulations section 3003.

21 **13. EXECUTION AND COUNTER PARTS**

22 13.1 This Stipulated Consent Judgment may be executed in counterparts and by means
23 of facsimile, which taken together shall be deemed to constitute one document. Facsimile or pdf
24 signatures shall be construed as valid as the original.

25 **14. AUTHORIZATION**

26 14.1 Each signer of this Stipulated Consent Judgment certifies that he or she is fully
27 authorized by the party he or she represents to stipulate to the terms and conditions of this
28 Stipulated Consent Judgment and to enter into and execute the Stipulated Consent Judgment on



1 behalf of the party represented and legally bind that party. The undersigned have read, understand
 2 and agree to all of the terms and conditions of this Stipulated Consent Judgment. Except as
 3 explicitly provided herein, each party is to bear its own fees and costs.

4 Dated: 12/12/11

CONSUMER ADVOCACY GROUP, INC.

Lyn H. Marcus

Name and Title: Lyn H. Marcus, Pres.

10 Dated: 12/12/11

G.R. SALES, INC.

G. Reinos

Name and Title: OWNER CEO

GABRIEL REINOSO

ORDER AND JUDGMENT

21 Based upon the Stipulated Consent Judgment between Consumer Advocacy Group, Inc.
 22 and G.R. Sales, Inc., the Consent Judgment is approved and judgment is hereby entered according
 23 to the terms herein.

25 Dated: _____

Judge, Superior Court of the State of California