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6 CONSUMER ADVOCACY GROUP, INC.

7  
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **FOR THE COUNTY OF LOS ANGELES**

10 CONSUMER ADVOCACY GROUP, INC.,

11 Plaintiff,

12 v.

13 MCDONALD'S RESTAURANTS OF  
14 CALIFORNIA, INC., a California Corporation;  
15 and DOES 1-5000,

16 Defendant.

Case No. BC468792

**CONSENT JUDGMENT**

17  
18 **1 INTRODUCTION**

19 1.1 Plaintiff. Plaintiff Consumer Advocacy Group, Inc. ("Plaintiff"), is a corporation  
20 qualified to do business in the State of California, and brings this action in the public interest as  
21 defined under Health and Safety Code section 25249.7(d).

22 1.2 Defendant. McDonald's Restaurants of California, Inc. ("Defendant") and/or its  
23 affiliates, subsidiaries, or parent (collectively referred to as the "Defendant Entities") owns,  
24 operates, and/or franchises restaurants located in California that operate under the name  
25 "McDonald's" (collectively referred to as the "Restaurants"). Defendant employs more than 10  
26 employees, and has employed 10 or more employees at all times relevant to the allegations of the  
27 Complaint.

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1           1.3    Parties. Plaintiff and Defendant are collectively referred to herein as the "Parties,"  
2 with each of them a "Party."

3           1.4    Outdoor Seating Area: An Outdoor Seating Area refers to, where applicable, a  
4 designated outdoor seating area immediately adjacent to the site of the Restaurant and over which a  
5 Restaurant has control, with tables and chairs provided and maintained by the Restaurants for use  
6 by its patrons.

7           1.5    Company Restaurants. The Restaurants in California owned or operated by a  
8 Defendant Entity with an Outdoor Seating Area are referred to collectively as the "Company  
9 Restaurants."

10          1.6    Franchise Restaurants. The Restaurants in California owned or operated by a  
11 franchisee or licensee of any of the Defendant Entities ("Franchisee") with an Outdoor Seating Area  
12 are referred to collectively as the "Franchise Restaurants."

13          1.7    Proposition 65. Health & Safety Code §§ 25249.5 *et seq.* ("Proposition 65")  
14 prohibit, among other things, a company consisting of ten or more employees from knowingly and  
15 intentionally exposing an individual to chemicals that are known to the State of California to cause  
16 cancer and/or birth defects or other reproductive harm without first providing a clear and reasonable  
17 warning to such individuals. Exposures can occur as a result of a consumer product exposure, an  
18 occupational exposure or an environmental exposure.

19          1.8    Plaintiff's 60-Day Notice. More than sixty days prior to filing the Action,  
20 commencing on or about December 17, 2010, Plaintiff served public enforcement agencies,  
21 Defendant, and various Franchisees with a document titled "Sixty-Day Notice Of Intent To Sue For  
22 Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" under Health &  
23 Safety Code § 25249.6 ("Notices"), attached hereto as Exhibit A. The Notices alleged that various  
24 Restaurants contained outdoor seating areas immediately adjacent to those restaurants, or other  
25 designated smoking areas, and that such areas were within Defendant's control. Plaintiff further  
26 alleged that the smoking of tobacco was not expressly prohibited by Defendant in these outdoor  
27 areas, that Defendant did not conspicuously post "no smoking" signs, and that Defendant violated  
28 Proposition 65 by failing to warn consumers, members of the public, and employees of the second-

1 hand tobacco smoke. Plaintiff alleged that Defendant caused exposures to tobacco smoke and  
2 constituent chemicals (“Constituent Chemicals”) listed on Exhibit A. Tobacco smoke, including  
3 but not limited to second-hand tobacco smoke and environmental tobacco smoke (collectively  
4 referred to as “Tobacco Smoke”), and the Constituent Chemicals are collectively referred to herein  
5 as the “Covered Chemicals.”

6 1.9 Filing of Action. On August 31, 2011, Plaintiff, acting on behalf of itself and in the  
7 interest of the general public, filed a Complaint for civil penalties and injunctive relief in the  
8 Superior Court for the County of Los Angeles, against Defendant under Proposition 65 on the basis  
9 of the Notices (the “Action”). Defendant denies and disputes Plaintiff’s claims under Proposition  
10 65 and contends that there are no exposures to any Covered Chemicals at levels that require a  
11 Proposition 65 warning.

12 1.10 Listing of the Covered Chemicals. The State of California has officially listed  
13 “tobacco smoke” and the Constituent Chemicals pursuant to Health & Safety Code section 25249.8  
14 as chemicals known to the State of California to cause cancer and/or reproductive toxicity.

15 1.11 Purpose of Consent Judgment. Since the service of the Notices, the Parties have  
16 engaged in arms-length, good-faith discussions over more than six months concerning the  
17 allegations in the Notices, the scientific and legal issues they raise, and possible means of resolving  
18 Plaintiff’s claims. The Parties enter into this Consent Judgment pursuant to a settlement of certain  
19 disputed claims as alleged in the Action for the purpose of avoiding prolonged and costly litigation.  
20 The Parties wish to resolve completely and finally the issues raised by the Notice and the Action  
21 pursuant to the terms and conditions described herein. In entering into this Consent Judgment, the  
22 Parties recognize that this Consent Judgment is a full and final settlement of all claims related to the  
23 Covered Chemicals that were raised in the Notice and/or the Action. Plaintiff and Defendant also  
24 intend for this Consent Judgment to provide, to the maximum extent permitted by law, *res judicata*  
25 and/or collateral estoppel protection for the Releasees (as defined in Section 5.2, below), against  
26 any and all other claims based upon the same or similar allegations as to the Covered Chemicals.

27 1.12 No Admission. Nothing in this Consent Judgment shall be construed as an  
28 admission by the Parties or the Releasees of any fact, conclusion of law, issue of law, or violation of

1 law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by  
2 the Parties or the Releasees of any fact, conclusion of law, issue of law, or violation of law. This  
3 Consent Judgment or compliance with it shall not be used as evidence of any wrongdoing,  
4 misconduct, culpability or liability on the part of Defendant. Notwithstanding the foregoing,  
5 nothing in this section limits or affects any right to enforce the terms of the Consent Judgment, or  
6 limits or affects any right to use this Consent Judgment to preclude or defend against the assertion  
7 of any claim released under this Consent Judgment.

8 1.13 Effective Upon Final Determination. Defendant's willingness to enter into this  
9 Consent Judgment is based upon the understanding that this Consent Judgment will fully and finally  
10 resolve all claims related to the Covered Chemicals, brought by Plaintiff against Defendant and the  
11 Releasees, and that this Consent Judgment will have *res judicata* and/or collateral estoppel effect to  
12 the extent allowed by law with regard to any alleged violations of Proposition 65, against any and  
13 all other claims based upon the same or similar allegations as to the Covered Chemicals.

14 1.14 Effective Date. The Effective Date of this Consent Judgment is the date on which it  
15 is approved and entered by the Court.

## 16 2 JURISDICTION

17 2.1 Subject Matter Jurisdiction. For purposes of this Consent Judgment only, the Parties  
18 stipulate that this Court has jurisdiction over the allegations and claims alleged in the Action.

19 2.2 Personal Jurisdiction. For purposes of this Consent Judgment only, the Parties  
20 stipulate that this Court has personal jurisdiction over Defendant as to the acts and claims alleged in  
21 the Action.

22 2.3 Venue. For purposes of this Consent Judgment only, the Parties stipulate that venue  
23 for resolution of the allegations and claims asserted in the Action is proper in the County of Los  
24 Angeles.

25 2.4 Jurisdiction To Enter Consent Judgment. The Parties stipulate and agree that this  
26 Court has jurisdiction to enter this Consent Judgment as a full and final settlement and resolution of  
27 the allegations contained in the Notices, the Action, and of all claims that were or that could have  
28 been raised based on the facts alleged therein or arising therefrom.

1           **3           INJUNCTIVE RELIEF: ADOPTION OF STATEWIDE SMOKE-FREE POLICY**

2           3.1     Preliminary Statement. As a result of the settlement reached between the parties,  
3     Defendant has adopted a smoke-free policy in all of its restaurants (indoor and outdoor seating  
4     areas) throughout California. This Consent Judgment applies to all Company Restaurants, now or  
5     in the future. This Consent Judgment also applies to all Franchisee Restaurants, now or in the  
6     future.

7           3.2     Signage Prohibiting Smoking. Company Restaurants shall post the warning as set  
8     forth in Sections 3.2.1 and 3.2.2. McDonald's USA, LLC shall additionally provide all Franchisee  
9     Restaurants with a sufficient supply of warning materials to provide the warning specified in  
10    Sections 3.2.1 and 3.2.2.

11           3.2.1   Signage Message. The warning message shall state the following, or bear  
12    substantially similar language (with bracketed items being optional): "Smoking Prohibited [In  
13    Outdoor Seating Area]" or "No Smoking [In Outdoor Seating Area]", either of which may be in all  
14    capital letters. Alternatively, the warning message may be given by means of the universal no  
15    smoking symbol, a cigarette inside a circle with a slash across it.

16           3.2.2   Signage Method. The warning referenced in Section 3.2.1 shall be provided  
17    in a manner that meets or substantially complies with at least one of the following methods set out  
18    in Subsection 3.2.2(a) or 3.2.2(b):

19           (a)     No Smoking Signs. The warning may be provided through the posting of a  
20    sign that, in dimension, is reasonably likely to be seen by individuals. A sign that is at least 6  
21    inches high by 6 inches wide shall be deemed to be reasonably likely to be seen by individuals for  
22    purposes of Subsection 3.2.2(a).

23           Under this Subsection 3.2.2(a), the warning message in Section 3.2.1 shall be provided in  
24    one or more of the following locations: (a) on an interior wall next to at least one door of the  
25    restaurant that leads to the Outdoor Seating Area such that the top of the warning is between 48 and  
26    72 inches from the ground; (b) on an exterior wall within the Outdoor Seating Area such that the top  
27    of the warning is between 48 and 72 inches from the ground; (c) on a stanchion in the Outdoor  
28    Seating Area such that the top of the warning is between 48 and 72 inches from the ground; or (d) in

1 any other place that is reasonably likely to be seen and read by individuals entering or dining in the  
2 Outdoor Seating Area.

3 (b) No Smoking Table Plates or Placards. The warning may be provided on a  
4 plate or placard that is placed on the top surface of the tables in the Outdoor Seating Area. The  
5 plate or placard shall be in a dimension that is reasonably likely to be seen by individuals. A plate  
6 or placard that is at least 2 inches high by 2 inches wide shall be deemed to be reasonably likely to  
7 be seen by individuals for purposes of Subsection 3.2.2(b).

8 3.2.3 Timing. The warnings specified in Section 3.2 must be provided within 120  
9 days of the Effective Date, or in the case of future Company Restaurants and/or Franchisee  
10 Restaurants, the date on which such restaurants begin serving the public, whichever date is later.

11 3.3 Implementation of Signage.

12 3.3.1 Company Restaurants. Within 60 days of the Effective Date, Defendant or  
13 any of the Defendant Entities shall send, or cause to be sent, a letter, in substantially the form and  
14 content set forth in Exhibit B, to existing Company Restaurants, directing them to post the warning  
15 in the manner described above. In addition, Company Restaurants shall be inspected for  
16 compliance with these requirements during the regular existing inspection programs and reviews  
17 implemented by any Defendant Entity. Where inspection shows that a Company Restaurant has not  
18 complied, Defendant or any of the Defendant Entities shall take all reasonably available steps to  
19 assure compliance within 75 days. Defendant and Defendant Entities shall be deemed to be in  
20 compliance with the requirements of Section 3 if any deficiencies noted in the inspection, or  
21 otherwise brought to its attention by any person in writing at any time, are corrected within 75 days  
22 of receipt thereafter in accordance with the meet and confer procedure set forth in Section 6.1.

23 3.3.2 Franchise Restaurants. Within 60 days of entry of this Consent Judgment,  
24 Defendant or any of the Defendant Entities shall send, or cause to be sent, a letter, in substantially  
25 the form and content set forth in Exhibit C, to existing Franchisees with Franchise Restaurants. The  
26 letter shall state that the franchisee is covered in the release provisions of this Consent Judgment  
27 only if the Franchisee complies with the warning requirements in Section 3. In addition, Defendant  
28 or any of the Defendant Entities shall inspect, or cause to be inspected, compliance by Franchisee

1 Restaurants with the requirements during the regular existing inspection programs and reviews  
2 implemented by any Defendant Entity. The Franchisees shall be deemed to be in compliance with  
3 the requirements of Section 3 if any deficiencies noted in the inspection, or otherwise brought to its  
4 attention by any person in writing at any time, are corrected within 75 days of receipt thereafter in  
5 accordance with the meet and confer procedure set forth in Section 6.1.

6 3.4 Scope of Signage. Nothing in this Consent Judgment requires any Defendant Entity  
7 to ensure that any Franchisee complies with the requirements set out in Section 3. In the event that  
8 the release provisions under Section 5 are terminated with respect to any Franchisee, this Consent  
9 Judgment, including but not limited to the release provisions in Section 5, shall continue in full  
10 force and effect with respect to Defendant and any other Releasees.

11 **4 SETTLEMENT PAYMENTS**

12 4.1 Payment to Yeroushalmi & Associates. Defendant shall pay Plaintiff \$50,000 for its  
13 attorney fees and costs incurred in this matter. The check shall be to "Yeroushalmi & Associates."  
14 Plaintiff represents and warrants that Plaintiff has authorized the payment of attorney fees and costs,  
15 and that the payment and any application or distribution of such payment will not violate any  
16 agreement between Plaintiff and its attorneys with any other person or entity. Plaintiff releases and  
17 agrees to hold harmless the Releasees with regard to any issue concerning the allocation or  
18 distribution of the amount paid under this section. Yeroushalmi & Associates shall provide its  
19 address and federal tax identification number to Defendant prior to such payment.

20 4.2 Payment in Lieu of Civil Penalty. A total of \$20,000 shall be paid by Defendant in  
21 lieu of a civil penalty. This amount shall be made payable to Consumer Advocacy Group, Inc.  
22 Consumer Advocacy Group, Inc. will use the payment for such projects and purposes related to  
23 environmental protection, worker health and safety, or reduction of human exposure to hazardous  
24 substances (including administrative and litigation costs arising from such projects), as Consumer  
25 Advocacy Group, Inc. may choose. The check shall be made payable to Consumer Advocacy  
26 Group, Inc. and delivered to Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire  
27 Boulevard, Suite 610E, Beverly Hills, California 90212.

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1           4.3    Penalties. Defendant shall issue two separate checks for a total amount of \$5,000 as  
2 penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of  
3 California's Office of Environmental Health Hazard Assessment in the amount of \$3,750,  
4 representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the  
5 amount of \$1,250, representing 25% of the total penalty. Two separate Internal Revenue Service  
6 1099 forms shall be issued for the above payments. The first 1099 shall be issued in the amount of  
7 \$3,750 to Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA  
8 95184 (EIN: 68-0284486). The second 1099 shall be issued in the amount of \$1,250 to Consumer  
9 Advocacy Group, Inc. and delivered to Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite  
10 610E, Beverly Hills, California 90212.

11           4.4    Timing of Payments. Plaintiff shall provide to Defendant a W-9 form for each payee  
12 in Section 4. The payments described above shall be made in full to the respective recipients within  
13 fourteen (14) days after the approval Date or within fourteen (14) days after Defendant's receipt of  
14 the W-9 forms, whichever is later.

15           5        RELEASES AND CLAIMS COVERED

16           5.1    Effect of Judgment. This Consent Judgment is a full and final judgment with respect  
17 to any claims regarding the Covered Chemicals that were asserted or that could have been asserted  
18 in the Action and/or the Notices against the Releasees (as defined in Section 5.2, below), including,  
19 but not limited to: (a) claims for any violation of Proposition 65 by any of the Releasees, including  
20 but not limited to, claims arising from consumer product, occupational and/or environmental  
21 exposures to the Covered Chemicals, wherever occurring and to whomever occurring, through and  
22 including the date upon which this Consent Judgment becomes final, including all appeals; and (b)  
23 any alleged continuing responsibility to provide the warnings mandated by Proposition 65 by any  
24 Releasees.

25           5.2    Release. Plaintiff, on its own behalf, its past and current, agents, representative,  
26 attorneys, successors and/or assignees, and in the interests of the general public pursuant to Health  
27 & Safety Code section 25249.7(d), does hereby fully, completely, finally and forever waive all  
28 rights to institute or participate in, directly or indirectly, any form of legal action, and releases and

1 discharges: (a) Defendant and Defendant Entities; (b) the past, present, and future owners, lessors,  
2 sublessors, managers, licensors, franchisors, authorized Franchisees (including but not limited to all  
3 of the Franchisees who were named in one or more of the Notices) and authorized licensees,  
4 wholesalers, distributors and operators of (and any others with any interest in) the sites identified in  
5 the Notices and all Restaurants with Outdoor Seating Areas, above; and (c) the respective past,  
6 present, and future officers, directors, shareholders, parent companies, subsidiaries, affiliates,  
7 divisions, members, joint venturers, partners, agents, principals, contractors, vendors, employees,  
8 attorneys, owners, and other related entities, successors, and assigns of the persons and entities  
9 described in (a) and (b), above (the persons and entities identified in (a), (b), and (c), above, are  
10 collectively referred to as the "Releasees"), from all claims, actions, causes of action, suits,  
11 demands, rights, debts, agreements, promises, liabilities, damages, penalties, royalties, fees,  
12 (including but not limited to investigation fees, attorneys' fees, and expert fees), accountings, costs  
13 and expenses, whether known or unknown, suspected or unsuspected, of any nature whatsoever  
14 (collectively, "Claims") against any and all Releasees as to any alleged violation of Proposition 65  
15 that is or that could have been asserted in the Notice or Action based on the facts alleged therein  
16 (the "Released Claims"), prior to the Effective Date.

17 It is specifically understood and agreed that compliance with the terms of this Consent  
18 Judgment resolves all issues and liability, now and in the future, concerning any Releasee's  
19 compliance with the requirements of Proposition 65 as to alleged exposures to the Covered  
20 Chemicals based on the allegations of the Notice and/or the Action. Compliance with the terms of  
21 this Consent Judgment constitutes compliance with Proposition 65 with respect to any alleged  
22 consumer product, environmental, or occupational exposures to the Covered Chemicals in  
23 connection with any Restaurant or Outdoor Seating Area.

24 5.3 General Release. Plaintiff also, on behalf of itself, its past and current agents,  
25 representatives, attorneys, successors, and/or assignees, and its individual capacity only, provides a  
26 general release herein which shall be effective as full and final accord and satisfaction, as a bar to  
27 all Claims of Plaintiff against Releasees of any nature, character or kind, known or unknown,  
28 suspected or unsuspected, arising under Proposition 65 or for an alleged failure to provide warnings

1 for exposures to the Covered Chemicals and any Proposition 65-listed chemical that may be present  
2 in Tobacco Smoke. Plaintiff additionally acknowledges that it is familiar with California Civil  
3 Code section 1542, which provides as follows:

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

10 Plaintiff, in its individual capacity, waives and relinquishes all of the rights and benefits that  
11 Plaintiff has or may have under Civil Code section 1542 (as well as any similar rights and benefits  
12 which it may have by virtue of any statute or rule of law in any other state or territory of the United  
13 States). Plaintiff acknowledges that it may hereafter discover facts in addition to, or different from,  
14 those which it now knows or believes to be true with respect to the subject matter of this Consent  
15 Judgment and the matters covered by the provisions of this Section 5, and that notwithstanding the  
16 foregoing, it is Plaintiff's intention to fully, finally, completely and forever settle and release all  
17 such claims, and that in furtherance of such intention, the release here given shall be and remain in  
18 effect as a full and complete general release, notwithstanding the discovery or existence of any such  
19 additional or different facts.

20 5.4 Franchisees. Notwithstanding the release provisions in this Section 5, in the event  
21 that any Franchisee fails to comply with Section 3, the release may be terminated by Plaintiff as to  
22 that Franchisee, as provided in Section 6.1; provided however, that the Consent Judgment, including  
23 but not limited to Section 5, shall remain in full force and effect as to all other Releasees. In the  
24 event that the release is terminated with respect to any Franchisee, no other Releasee, including but  
25 not limited to Defendant and Defendant Entities, shall be liable for any Claims that may arise from  
26 or relate to such Franchisee's failure to comply with this Consent Judgment or for any other  
27 Released Claims regarding such Franchisee.

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1           5.5    Preclusive Effect of Consent Judgment. Entry of the Consent Judgment by the Court  
2 shall, *inter alia*:

3                   5.5.1   Constitute full and fair adjudication of all Released Claims against the  
4 Releasees.

5                   5.5.2   Bar all other persons, on the basis of *res judicata*, collateral estoppel and/or  
6 the doctrine of mootness, from prosecuting any Released Claim against any Releasee.

7           5.6    Plaintiff. Plaintiff hereby warrants and represents to Releasees that (a) Plaintiff has  
8 not previously assigned any Released Claim; and (b) Plaintiff has the right, ability and power to  
9 release each and every Released Claim.

10           Plaintiff further represents and warrants that it is a public benefit corporation formed for the  
11 specific purposes of (a) protecting and educating the public as to harmful products and activities;  
12 (b) encouraging members of the public to become involved in issues affecting the environment and  
13 the enforcement of environmental statutes and regulations including, but not limited to, Proposition  
14 65; and (c) instituting litigation to enforce the provisions of Proposition 65.

15           **ENFORCEMENT**

16           6.1    Before instituting any legal proceeding to enforce the Consent Judgment, the  
17 enforcing Party shall first attempt to meet and confer in good faith with the other Party to resolve  
18 the underlying dispute. Furthermore, if Plaintiff alleges that any Restaurant has failed to comply  
19 with the required terms of this Consent Judgment, Plaintiff shall provide both the Restaurant and  
20 Defendant with reasonable prior written notice, which shall include evidence supporting Plaintiff's  
21 allegations including, but not limited to, an identification of the alleged violation, the location of the  
22 Restaurant, and the date of the investigation. The Restaurant and/or Defendant shall have the right  
23 to meet and confer to timely correct the alleged deficiencies. In accordance with Section 3.3,  
24 Defendant and the Restaurant shall be deemed to be in compliance with the requirements of Section  
25 3 if the alleged deficiencies are corrected within 75 days of receipt of such notice.

26           **NOTICES**

27           7.1    Written Notice Required. All notices between the Parties provided for or permitted  
28 under this Consent Judgment or by law shall be in writing and shall be deemed duly served: (a)

1 when personally delivered to a Party, on the date of such delivery; or (b) when deposited in the  
2 United States mail, certified, postage prepaid, addressed to such Party at the address set forth below,  
3 or to such other or further address provided in a notice sent under the terms of this paragraph, three  
4 days following the deposit of such notice in the mails.

5 Notices pursuant to this paragraph shall be sent to the Parties as follows:

6 (a) To Plaintiff:  
7 Reuben Yeroushalmi  
8 YEROUSHALMI & ASSOCIATES  
9 9100 Wilshire Boulevard, Suite 610E  
10 Beverly Hills, CA 90212

11 (b) To Defendant and/or Defendant Entities:  
12 General Counsel  
13 McDonald's Corp.  
14 2915 Jorie Boulevard  
15 Oak Brook, IL 60523

16 With a copy to:

17 Trenton H. Norris  
18 Arnold & Porter LLP  
19 1 Embarcadero Center, Suite 2200  
20 San Francisco, CA 94111

21 (c) To any Restaurants:

22 Owner/Operator [insert location of the Restaurant]:

23 &

24 General Counsel  
25 McDonald's Corp.  
26 2915 Jorie Boulevard  
27 Oak Brook, IL 60523

28 With a copy to:

Trenton H. Norris  
Arnold & Porter LLP  
1 Embarcadero Center, Suite 2200  
San Francisco, CA 94111

A Party may change the address to which notice shall be provided under this Consent  
Judgment by serving a written notice to each of the Parties.

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1           **8     INTEGRATION**

2           8.1    Integrated Writing. This Consent Judgment constitutes the final and complete  
3 agreement of the Parties hereto with respect to the subject matter hereof and supersedes all prior or  
4 contemporaneous negotiations, promises, covenants, agreements or representations concerning any  
5 matters directly, indirectly or collaterally related to the subject matter of this Consent Judgment.  
6 The Parties hereto have expressly and intentionally included in this Consent Judgment all collateral  
7 or additional agreements that may, in any manner, touch or relate to any of the subject matter of this  
8 Consent Judgment and therefore, all promises, covenants and agreements, collateral or otherwise  
9 are included herein and therein. The Parties intend that this Consent Judgment shall constitute an  
10 integration of all their agreements, and each understands that in the event of any subsequent  
11 litigation, controversy or dispute concerning any of its terms, conditions or provisions, no Party  
12 hereto shall be permitted to offer or introduce any oral or extrinsic evidence concerning any other  
13 collateral or oral agreement between the Parties not included herein.

14           **9     COMPLIANCE WITH REPORTING REQUIREMENTS**

15           9.1    Plaintiff expressly acknowledges and agrees to comply with the reporting  
16 requirements referenced in Health & Safety Code section 25249.7(f) and regulations promulgated  
17 thereunder. Upon receipt of all necessary signatures hereto, Plaintiff shall present this Proposed  
18 Consent Judgment to the California Attorney General's office.

19           **10    COUNTERPARTS**

20           10.1 This Consent Judgment may be signed in counterparts and shall be binding upon the  
21 Parties hereto as if all of the Parties executed the original hereof. A facsimile or pdf signature shall  
22 be valid as the original.

23           **11    NO WAIVER**

24           11.1 No waiver by any Party hereto of any provision hereof shall be deemed to be a  
25 waiver of any other provision hereof or of any subsequent breach of the same or any other provision  
26 hereof.

27    ///

28    ///

1           **12    MODIFICATION**

2           12.1   This Consent Judgment may be modified only upon written agreement of the Parties  
3           and upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any Party  
4           as provided by law and upon entry of a modified Consent Judgment by the Court.

5           **13    SUCCESSORS**

6           13.1   This Consent Judgment shall be binding upon and inure to the benefit of, and be  
7           enforceable by, the Parties hereto and their respective administrators, trustees, executors, personal  
8           representatives, successors and assigns.

9           **14    CHOICE OF LAW**

10          14.1   Any dispute regarding the interpretation of this Consent Judgment, the performance  
11          of the Parties pursuant to the terms of this Consent Judgment, or the damages accruing to a Party by  
12          reason of any breach of this Consent Judgment shall be determined under the laws of the State of  
13          California, without reference to choice of law principles.

14          **15    REPRESENTATION**

15          15.1   The Parties each acknowledge and warrant that they have been represented by  
16          independent counsel of their own selection in connection with the prosecution and defense of the  
17          Action, the negotiations leading to this Consent Judgment and the drafting of this Consent  
18          Judgment; and that in interpreting this Consent Judgment, the terms of this Consent Judgment will  
19          not be construed in favor of or against any Party hereto.

20          **16    NO FURTHER FORCE AND EFFECT**

21          16.1   In the event that (a) the Court denies the Parties' Joint Motion to Approve the  
22          Consent Judgment pursuant to Health & Safety Code section 25249.7(f)(4) as amended; or (b) a  
23          decision by the Court to approve the Consent Judgment is appealed and overturned by another  
24          Court, then upon notice by any Party hereto to any other Party hereto, this Consent Judgment shall  
25          be of no further force or effect and the Parties shall be restored to their respective rights and  
26          obligations as though this Consent Judgment had not been executed by the Parties. Furthermore,  
27          within 15 days upon such notice by Defendant, Plaintiff shall return all settlement payments  
28          remitted by Defendant.

17 AUTHORIZATION

17.1 Each of the signatories hereto certifies that he or she is authorized by the Party he or she represents to enter into this Consent Judgment, to stipulate to this Consent Judgment, and to execute and approve this Consent Judgment on behalf of the Party represented.

IT IS SO STIPULATED:

DATED:

CONSUMER ADVOCACY GROUP, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED: 11/28/11

MCDONALD'S RESTAURANTS OF CALIFORNIA, INC.

 \_\_\_\_\_ *JK*

By: Jerry Krulwich

Its: Sr. Vice President, Chief Counsel --  
Global Operations

17 **AUTHORIZATION**

17.1 Each of the signatories hereto certifies that he or she is authorized by the Party he or she represents to enter into this Consent Judgment, to stipulate to this Consent Judgment, and to execute and approve this Consent Judgment on behalf of the Party represented.

IT IS SO STIPULATED:

DATED: 11/28/11

CONSUMER ADVOCACY GROUP, INC.

By: Jim H Marcus

Its: President

DATED:

MCDONALD'S RESTAURANTS OF CALIFORNIA, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

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**ORDER AND JUDGMENT**

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2           Based upon the stipulated Consent Judgment between Plaintiff Consumer Advocacy Group,  
3 Inc. and Defendant McDonald's Restaurants of California, Inc., the settlement is approved and  
4 judgment is hereby entered according to the terms herein.

5  
6 Dated: \_\_\_\_\_, 2011

\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT

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**EXHIBIT A**

**60-DAY NOTICE**

Sixty-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (*Cal. Health & Safety Code § 25249.5, et seq.*) ("Proposition 65")

December 17, 2010

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
99 N. Milpitas Blvd.  
Milpitas, CA 95035

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
1845 S. La Cienega Blvd.  
Los Angeles, CA 90035

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc  
10901 Riverside Dr.,  
North Hollywood, CA 91602

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc  
11920 Wilshire Blvd.  
Los Angeles, CA 90025

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
1326 E. Colorado Blvd.  
Glendale, CA 91205

Current President/CEO  
Partners H & R Corp.  
PO Box 307  
Glendora, CA 91740-0307

Current President/CEO  
Partners H & R Corp.  
405 N. Alvarado St.  
Los Angeles, CA 90026

and the public prosecutors listed on the attached certificate of service.

**Re: Violations of Proposition 65 concerning second-hand tobacco smoke or environmental tobacco smoke exposures at McDonald's Restaurants**

Dear Ms. Makeland, and to whom else this shall concern:

Consumer Advocacy Group, Inc. ("CAG"), the noticing entity, serves this Notice of Violation ("Notice") upon McDonald's Restaurants of California, Inc. dba "McDonald's", (hereinafter referred to as "Violator"), pursuant to and in compliance with Proposition 65. Violator may contact CAG concerning this Notice through its attorney, Reuben Yeroushalmi, Esq., 9100 Wilshire Boulevard, Suite 610 E, Beverly Hills, CA 90212, telephone no. (310) 623-1926, facsimile no. (310) 623-1930. This Notice satisfies a prerequisite for CAG to commence an action against Violator in Superior Court of California to enforce Proposition 65. The violations addressed by this Notice occurred in each California county reflected in the district attorney addresses listed in the attached certificate of service. CAG is serving this Notice upon each person or entity responsible for the alleged violations, the California Attorney General, the district attorney for each county where alleged violations occurred, and the City Attorney for each city with a population (according to the most recent decennial census) of over 750,000 located within counties where the alleged violations occurred.

CAG is an organization dedicated to protecting the environment, improving human health, and supporting environmentally sound practices. By sending this Notice, CAG is acting "in the public interest" pursuant to Proposition 65.

This Notice concerns violations of the warning prong of Proposition 65, which states that “[n]o person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual . . .” *Cal. Health & Safety Code* § 25249.6.

Second-hand tobacco smoke or environmental tobacco contain Tobacco Smoke, chemical known to the State to cause Cancer. Tobacco Smoke also contains the following chemicals known to the State to cause Cancer or Reproductive Toxicity (collectively “Constituent Chemicals”):

Carbon disulfide	Arsenic (inorganic arsenic compounds)	Dibenz[a,h]anthracene	N-Nitrosodiethylamine
1, 1 -Dimethylhydrazine (UDMH)	Benzo[a]anthracene	Dibenz[a,j]acridine	N-Nitrosodi-n-butylamine
1,3-Butadiene	Benzene	Dibenzo[a,e]pyrene	N-Nitrosomethylethylamine
1-Naphthylamine	Benzo[a]pyrene	Dibenzo[a,h]pyrene	N-Nitrosomorpholine
2-Naphthylamine	Benzo[b]fluoranthene	Dibenzo[a,i]pyrene	N-Nitrosoaniline
2-Nitropropane	Benzo[j]fluoranthene	Dibenzo[a,l]pyrene	N-Nitrosopiperidine
4-Aminobiphenyl (4-amino-diphenyl)	Benzo[k]fluoranthene	Dichlorodiphenyltrichloroethane (DDT)	N-Nitrosopyrrolidine
7H-Dibenzo[c,g]carbazole	Cadmium	Formaldehyde (gas)	Ortho-Anisidine
Acetaldehyde	Captan	Hydrazine	Ortho-Toluidine
Acetamide	Chromium (hexavalent compounds)	Lead and lead compounds	Urethane (Ethyl carbamate)
Acrylonitrile	Chrysene	Nickel and certain nickel compounds	Carbon monoxide
Aniline	Dibenz[a,h]acridine	N-Nitrosodiethanolamine	Nicotine
Urethane	Lead	Toluene	

This Notice addresses environmental exposures. An “[e]nvironmental exposure” is an exposure that may foreseeably occur as the result of contact with an environmental medium, including, but not limited to, ambient air, indoor air, drinking water, standing water, running water, soil, vegetation, or manmade or natural substances, either through inhalation, ingestion, skin contact, or otherwise. Environmental exposures include all exposures which are not consumer products exposures, or occupational exposures.” *Cal. Code Regs. 27* § 25602(c).

This Notice also addresses Occupational Exposures. An “[o]ccupational exposure” means an exposure to any employee in his or her employer’s workplace.” *Cal. Code Regs. 27* § 25602(f).

***This notice alleges the violation of Proposition 65*** with respect to occupational exposures governed by the California State Plan for Occupational Safety and Health. The State Plan incorporates the provisions of Proposition 65, as approved by Federal OSHA on June 6, 1997.

This approval specifically placed certain conditions with regard to occupational exposures on Proposition 65, including that it does not apply to (a) the conduct of manufacturers occurring outside the State of California; and (b) employers with less than then (10) employees. The approval also provides that an employer may use any means of compliance in the general hazard communication requirements to comply with Proposition 65. It also requires that supplemental enforcement be subject to the supervision of the California Occupational Safety and Health Administration. Accordingly, any settlement, civil complaint, or substantive court orders in this matter must be submitted to the California Attorney General.

Violator has exposed, knowingly and intentionally, persons to second-hand tobacco smoke or environmental tobacco smoke, which contains Tobacco Smoke and Constituent Chemicals, without first providing a clear and reasonable warning to affected persons prior to these exposures in violation of Proposition 65.

As to both environmental and occupational exposures, Violator failed to provide adequate warnings.

The locations of exposure occurred on but not beyond the property owned or controlled by the alleged Violator.

The affected employees of Violator held various occupations, including assistant store managers (who, through passionate leadership, oversee the staff and daily operations at the **McDonald's** locations listed below), cash register operators, and kitchen employees (who effectively satisfy each customer's needs with a superior level of product knowledge, presentations, quality, speed of service, customer relations, and teamwork), and shift supervisors including but not limited to each of the following locations:

1. "McDonald's," 1845 S. La Cienega Blvd., Los Angeles, CA 90035
2. "McDonald's," 10901 Riverside Dr., North Hollywood, CA 91602
3. "McDonald's," 11920 Wilshire Blvd. Los Angeles, CA 90025
4. "McDonald's," 1326 E. Colorado Blvd. Glendale, CA 91205
5. "McDonald's," 405 N. Alvarado St. Los Angeles, CA 90026

The sources of exposures are numerous. The locations where exposures occurred and continue to occur are each **McDonald's** restaurant, including but not limited to the **McDonald's** stores listed above, that has an outdoor seating area adjacent to the store or other designated smoking area wherein the smoking of tobacco is not expressly prohibited and which does not contain conspicuously posted "no smoking" signs. Violator designates certain areas for the smoking of tobacco products at each of the locations mentioned above, and allow individuals to smoke cigarettes and other tobacco products at these locations, thereby exposing customers, members of the public, visitors, and vendors (in the case of environmental exposure) and Violator's employees (in the case of occupational exposure) to the Tobacco Smoke and Constituent Chemicals found in second-hand tobacco smoke or environmental tobacco smoke. Violator has exclusive control over the relevant outdoor seating areas, as these areas constitute a portion of the property Violator owns or leases for use as a retail store. Therefore, Violator possesses sufficient control over the relevant outdoor seating areas to prohibit or allow smoking or to post Proposition 65-complaint warnings. Furthermore, Violator possesses sufficient control over the relevant outdoor seating areas to control the quality of ambient air entering the relevant outdoor seating areas and adjacent stores. Violator permits persons to smoke tobacco in these designated outdoor seating areas at the retail stores. When persons, including customers and employees of Violator, loiter in, walk through, or traverse zones in and adjacent to these outdoor seating areas, they are exposed to the Tobacco Smoke and Constituent Chemicals present in the ambient air. CAG's investigations show that infants and pregnant women are at times among the affected persons. Persons, including Violator's employees, are also exposed when entrance doors to **McDonald's** stores are open and Tobacco Smoke and the Constituent Chemicals enter the stores, the indoor premises of which are otherwise non-smoking areas. Violator's employees suffer additional exposures when they clean debris and waste related to the smoking of tobacco products or otherwise clean or service the relevant outdoor seating areas where smoking is allowed. Because of the foregoing, Violator's employees suffered exposures of significant duration on a regular basis, without receiving warnings.

The primary route of exposure for the violations is inhalation contact caused when affected persons breathe in the ambient air containing second-hand tobacco smoke or environmental tobacco smoke, causing exposure of Tobacco Smoke and its Constituent Chemicals to the mouth, throat, bronchi,

esophagi, and lungs. Exposure of Tobacco Smoke and its Constituent Chemicals generates risks of cancer and reproductive toxicity to the affected persons.

These violations occurred each day between November 9, 2007 and November 9, 2010.

Proposition 65 requires that notice and intent to sue be given to the violator(s) at least sixty (60) days before the suit is filed. *Cal. Health & Safety Code* § 252549.7(d)(1). With this letter, CAG gives notice of the alleged violations to Violator and the appropriate governmental authorities. In absence of any action by the appropriate governmental authorities within sixty (60) calendar days of the sending of this notice (plus ten (10) calendar days because a place of address is outside the State of California but within the United States), CAG may file suit. See *Cal. Health & Safety Code* § 25249.7(d)(1); *Cal. Code Regs.* 27 § 25903(d)(1); and *Cal. Code Civ. Proc.* § 1013.

This notice covers all violations of Proposition 65 currently known to Consumer Advocacy Group, Inc. from information now available to it. With the copy of this notice submitted to Violator, a copy of the following is attached: The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary. CAG is ready and willing to discuss the possibility of resolving its grievances in the public interest short of formal litigation.

Dated: December 17/10

YEROUSHALMI & ASSOCIATES

By:

Reuben Yeroushalmi  
Attorney for Consumer Advocacy Group, Inc.

## Appendix A

OFFICE OF ENVIRONMENTAL HEALTH  
HAZARD ASSESSMENT  
CALIFORNIA ENVIRONMENTAL PROTECTION  
AGENCY

THE SAFE DRINKING WATER AND TOXIC  
ENFORCEMENT ACTION 1986  
(PROPOSITION 65): A SUMMARY

The following summary has been prepared by the Office of Environmental Health Hazard Assessment, the lead agency for the implementation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65"). A copy of this summary must be included as an attachment to any notice of violation served upon an alleged violator of the Act. The summary provides basic information about the provisions of the law, and is intended to serve only as a convenient source of general information. It is not intended to provide authoritative guidance on the meaning or application of the law. The reader is directed to the statute and its implementing regulations (see citations below) for further information.

Proposition 65 appears in California law as Health and Safety Code Sections 25249.5 through 25249.13. Regulations that provide more specific guidance on compliance, and that specify procedures to be followed by the State in carrying out certain aspects of the law, are found in Title 27 of the California Code of Regulations, Sections 25000 through 27000.

#### WHAT DOES PROPOSITION 65 REQUIRE?

**The "Governor's List."** Proposition 65 requires the Governor to publish a list of chemicals that are known to the State of California to cause cancer, or birth defects or other reproductive harm. This list must be updated at least once a year. Over 735 chemicals have been listed as of November 16, 2001. Only those chemicals that are on the list are regulated under this law. Businesses that produce, use, release, or otherwise engage in activities involving those chemicals must comply with the following:

**Clear and Reasonable Warnings.** A business is required to warn a person before "knowingly and intentionally" exposing that person to a listed chemical. The warning given must be "clear and reasonable." This means that the warning must: (1) clearly make known that the chemical

involved is known to cause cancer, or birth defects or other reproductive harm; and (2) be given in such a way that it will effectively reach the person before he or she is exposed. Exposures are exempt from the warning requirement if they occur less than twelve months after the date of listing of the chemical.

**Prohibition from discharges into drinking water.** A business must not knowingly discharge or release a listed chemical into water or onto land where it passes or probably will pass into a source of drinking water. Discharges are exempt from this requirement if they occur less than twenty months after the date of listing of the chemical.

#### DOES PROPOSITION 65 PROVIDE ANY EXEMPTIONS?

Yes. The law exempts:

**Governmental agencies and public water utilities.** All agencies of the federal, State or local government, as well as entities operating public water systems, are exempt.

**Businesses with nine or fewer employees.** Neither the warning requirement nor the discharge prohibition applies to a business that employs a total of nine or fewer employees.

**Exposures that pose no significant risk of cancer.** For chemicals that are listed as known to the State to cause cancer ("carcinogens"), a warning is not required if the business can demonstrate that the exposure occurs at a level that poses "no significant risk." This means that the exposure is calculated to result in not more than one excess case of cancer in 100,000 individuals exposed over a 70-year lifetime. The Proposition 65 regulations identify specific "no significant risk" levels for more than 250 listed carcinogens.

**Exposures that will produce no observable reproductive effect at 1,000 times the level in question.** For chemicals known to the State to cause birth defects or other reproductive harm ("reproductive toxicants"), a warning is not required if the business can demonstrate that the exposure will produce no observable effect, even at 1,000 times the level in question. In other words, the level of exposure must be below the "no observable effect level (NOEL)," divided by a 1,000-fold safety or uncertainty factor. The "no observable effect level" is the highest dose level which has not been associated with an observable adverse reproductive or developmental effect.

*Discharge that do not result in a "significant amount" of the listed chemical entering into any source of drinking water.* The prohibition from discharges into drinking water does not apply if the discharger is able to demonstrate that a "significant amount" of the list chemical has not, does not, or will not enter any drinking water source, and that the discharge complies with all other applicable laws, regulations, permits, requirements, or orders. A "significant amount" means any detectable amount, except an amount that would meet the "no significant risk" or "no observable effect" test if an individual were exposed to such an amount in drinking water.

### HOW IS PROPOSITION 65 ENFORCED?

Enforcement is carried out through civil lawsuits. These lawsuits may be brought by the Attorney General, any district attorney, or certain city attorneys (those in cities with a population exceeding 750,000). Lawsuits may also be brought by private parties acting in the public interest, but only after providing notice of the alleged violation to the Attorney General, the appropriate district attorney and city attorney, and the business accused of the violation. The notice must provide adequate information to allow the recipient to assess the nature of the alleged violation. A notice must comply with the information and procedural requirements specified in regulations (Title 27, California Code of Regulations, Section 25903). A private party may not pursue an enforcement action directly under Proposition 65 if one of the governmental officials noted above initiates an action within sixty days of the notice.

A business found to be in violation of Proposition 65 is subject to civil penalties of up to \$2,500 per day for each violation. In addition, the business may be ordered by a court of law to stop committing the violation.

### FOR FURTHER INFORMATION...

Contact the Office of Environmental Health Hazard Assessment's Proposition 65 Implementation Office at (916) 445-6900.

**§27000. Chemicals Required by State or Federal Law to Have been Tested for Potential to Cause Cancer or Reproductive Toxicity, but Which Have Not Been Adequately Tested As Required.**

(a) The Safe Drinking Water and Toxic Enforcement Act of 1986 requires the Governor to publish a list of chemicals formally required by state or federal agencies to have testing for carcinogenicity or reproductive toxicity, but that the state's qualified experts have not found to have been adequately tested as required [Health and Safety Code 25249.8)c)].

Readers should note a chemical that already has been designated as known to the state to cause cancer or reproductive toxicity is not included in the following listing as requiring additional testing for that particular toxicological endpoint. However, the "data gap" may continue to exist, for purposes of the state or federal agency's requirements. Additional information on the requirements for testing may be obtained from the specific agency identified below.

(b) Chemicals required to be tested by the California Department of Pesticide Regulation.

The Birth Defect Prevention Act of 1984 (SB 950) mandates that the California Department of Pesticide Regulation (CDPR) review chronic toxicology studies supporting the registration of pesticidal active ingredients. Missing or unacceptable studies are identified as data gaps. The studies are conducted to fulfill generic data requirements of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), which is administered by the United States Environmental Protection Agency (U.S. EPA). The studies are reviewed by CDPR according to guidelines and standards promulgated under FIFRA. Thus, older studies may not meet current guidelines.

The existence of a data gap for a compound does not indicate a total lack of information on the carcinogenicity or reproductive toxicity of the compound. In some cases, information exists in the open scientific literature, but SB 950 requires specific, additional information. A data gap does not necessarily indicate that an oncogenic or reproductive hazard exists. For the purposes of this list, a data gap is still considered to be present until the study is reviewed and found to be acceptable.

Following is a listing of SB 950 data gaps for oncogenicity, reproduction, and teratology studies for the non-200 pesticidal active ingredients. This list will change as data gaps are filled by additional data or replacement studies.

[Final Paragraph and List Omitted].

**CERTIFICATE OF MERIT**

Health and Safety Code Section 25249.7(d)

**Re: Second-hand tobacco smoke / Environmental tobacco smoke exposures  
Occurring at**

**McDonald's, 1845 S. La Cienega Blvd., Los Angeles, CA 90035**

**McDonald's, 10901 Riverside Dr., North Hollywood, CA 91602**

**McDonald's, 11920 Wilshire Blvd. Los Angeles, CA 90025**

**McDonald's, 1326 E. Colorado Blvd. Glendale, CA 91205**

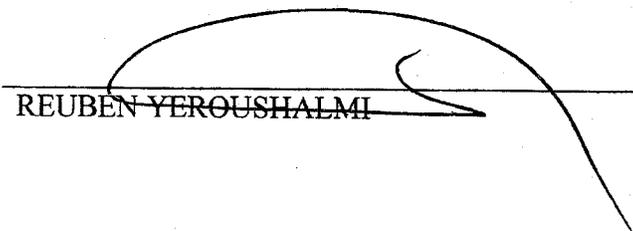
**McDonald's, 4480 E. Olympic Blvd. Los Angeles, CA 90023**

**McDonald's, 405 N. Alvarado St. Los Angeles, CA 90026**

I, Reuben Yeroushalmi, hereby declare:

1. This Certificate of Merit accompanies the attached sixty-day notice(s) in which it is alleged the party(s) identified in the notice(s) has violated Health and Safety Code section 25249.6 by failing to provide clear and reasonable warnings.
2. I am the attorney for the noticing party.
3. I have consulted with at least one person with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the exposure to the listed chemical that is the subject of the action.
4. Based on the information obtained through those consultations, and on all other information in my possession, I believe there is a reasonable and meritorious case for the private action. I understand that "reasonable and meritorious case for the private action" means that the information provides a credible basis that all elements of the plaintiffs' case can be established and the information did not prove that the alleged violator will be able to establish any of the affirmative defenses set forth in the statute.
5. The copy of this Certificate of Merit served on the Attorney General attaches to it factual information sufficient to establish the basis for this certificate, including the information identified in Health and Safety Code section 25249.7(h)(2), i.e., (1) the identity of the persons consulted with and relied on by the certifier, and (2) the facts, studies, or other data reviewed by those persons.

Dated: 12/17/10

By:   
REUBEN YERUSHALMI

**CERTIFICATE OF SERVICE**

I am over the age of 18 and not a party to this case. I am a resident of or employed in the county where the mailing occurred. My business address is 9100 Wilshire Blvd., Ste. 610 E, Beverly Hills, CA 90212

On the date below, I SERVED THE FOLLOWING:

- 1) 60-Day Notice of Intent to Sue Under Health & Safety Code Section 25249.6
- 2) Certificate of Merit: Health and Safety Code Section 25249.7(d)
- 3) Certificate of Merit (Attorney General Copy): Factual information sufficient to establish the basis of the certificate of merit (*only sent to Attorney General*)
- 4) The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary

by enclosing a true copy of the same in a sealed envelope addressed to each person whose name and address is shown below and depositing the envelope in the United States mail with the postage fully prepaid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

By: Alan J. Cooper  
Alan Cooper

Date of Mailing: 12-17-2010 Place of Mailing: Beverly Hills, CA

**NAME AND ADDRESS OF EACH PERSON TO WHOM DOCUMENTS WERE MAILED:**

▽

**Violator**

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
99 N. Milpitas Blvd.  
Milpitas, CA 95035

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
1845 S. La Cienega Blvd.  
Los Angeles, CA 90035

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc  
10901 Riverside Dr.,  
North Hollywood, CA 91602

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc  
11920 Wilshire Blvd.  
Los Angeles, CA 90025

Margaret Makeland, President or  
Current President/ CEO  
McDonald's Restaurants of CA., Inc.  
1326 E. Colorado Blvd.  
Glendale, CA 91205

Current President/CEO  
Partners H & R  
PO Box 307  
Glendora, CA 91740

Current President/CEO  
Partners H & R  
405 N. Alvarado St.  
Los Angeles, CA 90026

**Public Prosecutors**

Los Angeles County District Attorney 210 W Temple St, 18th Floor Los Angeles, CA 90012
Los Angeles City Attorney 200 N Main St Ste 1800 Los Angeles CA 90012

Office of the Attorney General P.O. Box 70550 Oakland, CA 94612-0550

**EXHIBIT B**

**ACTION REQUIRED: THIS COMMUNICATION APPLIES ONLY TO RESTAURANTS LOCATED IN CALIFORNIA**

As a result of a lawsuit, McDonald's Restaurants of California has entered into a settlement agreement with Consumer Advocacy Group, Inc. regarding the alleged presence of second-hand tobacco smoke in adjacent outdoor seating areas or other designated smoking areas at McDonald's restaurants in the State of California. It is now McDonald's policy that smoking is prohibited in all seating areas (indoor and outdoor) for California restaurants.

Under the terms of this agreement, **all McDonald's restaurants in California are now required to post signs or affix table placards in outdoor seating areas indicating that the areas are non-smoking. There are specific requirements for the size, content, and location of these signs and table placards. If you already have no smoking signs posted or no smoking table placards displayed in an outdoor seating area, you need to replace those signs or placards with ones that comply with the terms of the agreement. You do not need to replace signs or placards located in indoor seating areas.**

Table placards should be firmly affixed to every outdoor table, or, in the alternative, you may post sign(s), with dimensions of at least 6"x 6", in one or more of the following locations, such that the warning is between 48 and 72 inches from the ground and reasonably likely to be seen and read by individuals entering or dining in the outdoor seating area:

- on an interior wall next to at least one door of the restaurant that leads to the outdoor seating area; OR
- on an exterior wall within the outdoor seating area ; OR
- on a stanchion in the outdoor seating area.

You may order the appropriate number of table placards and/or no smoking signs required by the terms of the agreement for your location directly from ForrestPerma Signs by calling 800-214-8765 or on-line at [www.forrestpermasigns.com](http://www.forrestpermasigns.com) . Specifications for the posting of the table placards or signs and the necessary hardware will be included with your order. If you have any questions, such as appropriate sign locations for your specific restaurant, or other specific issues, please contact

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Your compliance with this instruction is mandatory and **will be checked as part of the regular existing inspection programs and reviews.** You must continue to display the placards or signs unless and until you receive written instructions from McDonald's to the contrary.

EXHIBIT C

**ACTION REQUIRED: THIS COMMUNICATION APPLIES  
ONLY TO RESTAURANTS LOCATED IN CALIFORNIA**

As a result of a lawsuit, McDonald's Restaurants of California has entered into a settlement agreement with Consumer Advocacy Group, Inc. regarding the alleged presence of second-hand tobacco smoke in adjacent outdoor seating areas or other designated smoking areas at McDonald's restaurants in the State of California. It is now McDonald's policy that smoking is prohibited in all seating areas (indoor and outdoor) for California restaurants.

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---

Your compliance with this instruction is mandatory if you are to benefit from the protection in the settlement agreement described below and **will be checked as part of the regular existing inspection programs and reviews**. You must continue to display the placards or signs unless and until you receive written instructions from McDonald's to the contrary.

**IMPORTANT: ALTHOUGH YOU WERE NOT SUED BY CONSUMER ADVOCACY GROUP, MCDONALD'S USA LLC HAS OBTAINED A CONDITIONAL RELEASE ON YOUR BEHALF, FOR THAT RELEASE TO BE EFFECTIVE, YOU MUST COMPLY WITH THE TERMS OF THIS COMMUNICATION, IF YOU DO NOT, YOU RISK BEING SUED BY CONSUMER ADVOCACY GROUP, THE CALIFORNIA ATTORNEY GENERAL, OR OTHER PRIVATE PARTIES IN CALIFORNIA FOR THIS OR SIMILAR CLAIMS.**