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8	SUPERIOR COURT OF THE STATE OF CALIFORNIA					
9	FOR THE COUNTY OF ALAMEDA					
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11	CENTER FOR ENVIRONMENTAL) Case No. RG 10-514803 HEALTH, a non-profit corporation,)					
12) [PROPOSED] CONSENT JUDGMENT Plaintiffs,) AS TO CORNERSTONE APPAREL,					
13 14	VS.					
15	AEROPOSTALE, INC., et al.,					
16	Defendants.					
17)					
18	,					
19						
20	1. INTRODUCTION					
21	1.1 This Consent Judgment is entered into by the Center for Environmental Health, a					
22	California non-profit corporation ("CEH") and defendant Cornerstone Apparel, Inc. ("Settling					
23	Defendant"), to settle certain claims asserted by CEH against Settling Defendant as set forth in the					
24	operative complaint in the matter entitled Center for Environmental Health v. Aeropostale, Inc., et					
25	al., Alameda County Superior Court Case No. RG 10-514803.					
26	1.2 On July 1, 2011, CEH served a Notice of Violation under Proposition 65 alleging					
27	that Settling Defendant, along with other entities named in the notice, violated Proposition 65 by					
28	exposing persons to cadmium contained in jewelry, without first providing a clear and reasonable					
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warning pursuant to Proposition 65.

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1.3 On April 8, 2011, CEH filed the operative Second Amended Complaint ("Complaint") in this action. On September 15, 2011, CEH amended the Complaint to name Settling Defendant as a party.

- 1.4 Settling Defendant is a corporation that employs ten or more persons, and which manufactures, distributes and/or sells Covered Products (as defined herein) in the State of California.
- 1.5 For purposes of this Consent Judgment only, CEH and Settling Defendant (the "Parties") stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on the facts alleged therein with respect to Covered Products manufactured, distributed, and/or sold by Settling Defendant.
- 1.6 CEH and Settling Defendant enter into this Consent Judgment as a full and final settlement of all claims that were raised in the Complaint, or which could have been raised in the Complaint, arising out of the facts or conduct related to Settling Defendant alleged therein. By execution of this Consent Judgment and agreeing to comply with its terms, the Parties do not admit any facts or conclusions of law including, but not limited to, any facts or conclusions of law suggesting or demonstrating any violations of Proposition 65 (California Health & Safety Code sections 25249.5, et seq.) or any other statutory, common law or equitable requirements relating to cadmium in jewelry. Nothing in this Consent Judgment is or shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Settling Defendant denies the material, factual and legal allegations in CEH's Complaint and expressly denies any wrong doing whatsoever. Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument or defense the Parties may have in this or any other pending or future legal proceedings. This

Consent Judgment is the product of negotiation and compromise and is accepted by the Parties solely for purposes of settling, compromising and resolving issues disputed in this action.

2. **DEFINITIONS**

- 2.1 The term "Cadmium Limit" means a concentration of 0.03 percent (300 parts per million ("ppm")) by weight cadmium in any component of a Covered Product, or in any material used in a Covered Product. The forgoing shall not apply to components of or materials used in Covered Products made from cubic zirconia (sometimes called cubic zirconium, CZ), glass, rhinestones or vitrified ceramics except where the Covered Products in question are subject to California Health & Safety Code section 25214.2(d).
- 2.2 The term "Covered Product" means (a) the following ornaments worn by a person: an anklet, arm cuff, bracelet, charm, brooch, chain, crown, cuff link, watch (excluding the timepiece itself if removable), decorated hair accessory, earring, necklace, pin, ring; similar clothing or shoe ornaments which are detachable; and body piercing jewelry; or (b) any bead, chain, link, pendant, or other component of such an ornament.
 - 2.3 The term "Effective Date" means the date of entry of this Consent Judgment.

3. INJUNCTIVE RELIEF

- 3.1 **Reformulation of Covered Products.** Settling Defendant shall comply with the following requirements to achieve expeditious reformulation of the Covered Products to reduce or eliminate exposures to cadmium arising from the Covered Products:
- 3.1.1 **Specification Compliance Date.** To the extent it has not already done so, no more than 30 days after the Effective Date, Settling Defendant shall provide the Cadmium Limit to its suppliers of Covered Products and shall instruct each supplier to expeditiously provide Covered Products that do not exceed the Cadmium Limit on a nationwide basis.
- 3.1.2 **Cadmium Limit.** After the Effective Date, Settling Defendant shall not manufacture, purchase, import, sell or offer for sale in California any Covered Product that exceeds the Cadmium Limit.
- 3.2 **Market Withdrawal of Covered Products.** On or before the Effective Date, Settling Defendant shall: (i) cease shipping the specific products identified as Recall Products next

to its name on Exhibit A (the "Recall Products"), to stores and/or customers in California, (ii) withdraw the Recall Products from the market in California, and (iii) if the Recall Products were not withdrawn from sale in California prior to the Effective Date, send instructions to any of its stores and/or customers that offer the Recall Products for sale in California to cease offering such Recall Products for sale and to either return all Recall Products to Settling Defendant for destruction, or to directly destroy the Recall Products. Any destruction of the Recall Products shall be in compliance with all applicable laws. Within 60 days of the Effective Date, Settling Defendant shall certify to CEH that it has complied with this Section 3.2. If there is a dispute over the corrective action, the Parties shall meet and confer before seeking any remedy in court.

4. ENFORCEMENT

4.1 **General Enforcement Provisions.** CEH may, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Any action to enforce alleged violations of the Cadmium Limit by Settling Defendant shall be brought exclusively pursuant to this Section 4.

4.2 Enforcement of Materials Violation.

4.2.1 **Notice of Violation.** In the event that, at any time following the Effective Date, CEH identifies one or more Covered Products manufactured, distributed, or sold by Settling Defendant that CEH believes in good faith exceed the Cadmium Limit, CEH may issue a Notice of Violation pursuant to this Section.

4.2.2 Service of Notice of Violation and Supporting Documentation.

- 4.2.2.1 The Notice of Violation shall be sent to the person(s) identified in Exhibit A to receive notices for Settling Defendant, and must be served within 75 days of the date the Covered Product at issue was purchased or otherwise acquired by CEH, provided, however, that CEH may have up to an additional 45 days to provide Settling Defendant with the test data required by Section 4.2.2.2 below if it has not yet obtained it from its laboratory.
- 4.2.2.2 The Notice of Violation shall, at a minimum, set forth for each Covered Product: (a) the date the alleged violation was observed, (b) the location at which the Covered Product was offered for sale, (c) a description of the Covered Product giving rise to the

alleged violation, and (d) all test data obtained by CEH regarding the Covered Product and supporting documentation sufficient for validation of the test results, including any laboratory reports, quality assurance reports and quality control reports associated with testing of the Covered Products. Such Notice of Violation shall be based upon total acid digest test data from an independent laboratory. Wipe, swipe, and swab testing are not sufficient to support a Notice of Violation.

- 4.2.2.3 CEH shall promptly make available for inspection and/or copying upon request by and at the expense of Settling Defendant, any supporting documentation related to the testing of the Covered Products and associated quality control samples, including chain of custody records, all laboratory logbook entries for laboratory receiving, sample preparation, and instrumental analysis, and all printouts from all analytical instruments relating to the testing of Covered Product samples and any and all calibration tests performed or relied upon in conjunction with the testing of the Covered Products, obtained by or available to CEH that pertains to the Covered Product's alleged exceedance of the Cadmium Limit, and, if available, any exemplars of Covered Products tested.
- 4.2.3 **Notice of Election of Response.** No more than 30 days after service of a Notice of Violation, Settling Defendant shall provide written notice to CEH whether it elects to contest the allegations contained in a Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election within 30 days of service of a Notice of Violation shall be deemed an election to contest the Notice of Violation.
- 4.2.3.1 If a Notice of Violation is contested, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including all test data, if any. If Settling Defendant or CEH later acquires additional test or other data regarding the alleged violation, it shall notify the other party and promptly provide all such data or information to the party. Any test data used to contest a Notice of Violation shall meet the criteria of Section 4.2.2.2.
- 4.2.4 **Meet and Confer.** If a Notice of Violation is contested, CEH and Settling Defendant shall meet and confer to attempt to resolve their dispute. Within 30 days of serving a

Notice of Election contesting a Notice of Violation, and if no enforcement motion or application has been filed by CEH pursuant to Section 4.1, Settling Defendant may withdraw the original Notice of Election contesting the violation and serve a new Notice of Election conceding the violation, provided however that Settling Defendant shall pay \$5,000 in addition to any payment required under Section 4.2.7. At any time, CEH may withdraw a Notice of Violation, in which case for purposes of this Section 4 the result shall be as if CEH never issued any such Notice of Violation. If no informal resolution of a Notice of Violation results within 30 days of a Notice of Election to contest, CEH may file an enforcement motion or application pursuant to Section 4.1. In any such proceeding, CEH may seek whatever fines, costs, penalties attorneys' fees or remedies are provided by law for failure to comply with the Consent Judgment.

- 4.2.5 **Non-Contested Matters.** If Settling Defendant elects not to contest the allegations in a Notice of Violation, it shall undertake corrective action pursuant to Section 4.2.6 and shall make any payments required by Section 4.2.7.
- elects not to contest the allegation, it shall include in its Notice of Election a detailed description with supporting documentation of the corrective action that it has undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that the Covered Product will no longer be offered for sale in California. Corrective action must include instructions to Settling Defendant's stores and/or its customers that offer the Covered Product for sale to consumers to cease offering the Covered Product(s) identified in the Notice of Violation for sale in California as soon as practicable. The Notice of Election shall also include the name, address, telephone number, and other contact information, of Settling Defendant's supplier(s) of each Covered Product identified in the Notice of Violation and any retailers to whom Settling Defendant sold any Covered Product(s) identified in the Notice of Violation. Settling Defendant shall make available to CEH for inspection and/or copying records and correspondence regarding the corrective action. If there is a dispute over the corrective action, the Parties shall meet and confer pursuant to Section 4.2.4 before seeking any remedy in court.

4.2.7 **Payments in Non-Contested Matters.** In addition to the corrective action, Settling Defendant shall be required to make a payment as reimbursement for costs for investigating, preparing, sending and prosecuting Notices of Violation, and to reimburse attorneys' fees and costs incurred in connection with these activities, as specified below:

4.2.7.1 If Settling Defendant previously received a Notice of Violation that was not successfully contested or withdrawn, and Settling Defendant serves a Notice of Election not to contest the allegations in the instant Notice of Violation, it shall be required to make a payment of \$10,000. This payment shall, however, be reduced to \$5,000 if Settling Defendant produces with its Notice of Election test data showing that the Covered Product that is the subject of the Notice of Violation did not exceed the Cadmium Limit. For purposes of this Section 4.2.7.1 only, "test data" shall mean (i) total cadmium by acid digest performed by an accredited laboratory on the Covered Product alleged to be in violation of the Cadmium Limit where the test was conducted within one year prior to the date the Covered Product that is the subject of the Notice of Violation was purchased or obtained by CEH; or (ii) total cadmium by X-ray fluorescence (XRF) performed on the Covered Product alleged to be in violation of the Cadmium Limit by Settling Defendant pursuant to an existing written screening policy for cadmium in Covered Products where the test was conducted within eighteen months prior to the date the Covered Product that is the subject of the Notice of Violation was purchased or obtained by CEH.

4.2.7.2 The payment shall be made by check payable to the "Lexington Law Group" and shall be paid within 15 days of service of a Notice of Election triggering a payment.

A.2.8 **Repeat Violations.** If Settling Defendant has received three or more Notices of Violation that were not successfully contested or withdrawn in any 12-month period then, at CEH's option, CEH may seek whatever fines, costs, penalties, attorneys' fees or other remedies that are provided by law for failure to comply with the Consent Judgment. Prior to seeking such relief, CEH shall meet and confer with Settling Defendant for a period not to exceed 30 days (unless extended by mutual agreement) to determine if the Parties can agree on measures Settling Defendant can undertake to prevent future violations.

5.1 **Payments From Settling Defendant.** Within five (5) days of entry of this Consent Judgment, Settling Defendant shall pay the amount set forth as a settlement payment on Exhibit A, as further specified in Section 5.2 below.

- 5.2 **Allocation of Payments.** The total settlement amount for Settling Defendant shall be paid in three separate checks delivered to the offices of the Lexington Law Group (Attn: Eric Somers), 503 Divisadero Street, San Francisco, California 94117, and made payable and allocated as follows:
- 5.2.1 Settling Defendant shall pay the amount designated on Exhibit A as a Penalty pursuant to Health & Safety Code §25249.7(b,) to be apportioned in accordance with California Health & Safety Code §25249.12(c) & (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 penalty remitted to CEH. Accordingly, the penalty payment check for the amount designated on Exhibit A as Civil Penalty shall be made payable to the "Center for Environmental Health" and associated with taxpayer identification number 94-3251981.
- 5.2.2 Settling Defendant shall also separately pay to CEH the amount designated on Exhibit A as Payment In Lieu of Civil Penalty pursuant to Health & Safety Code §25249.7(b), and California Code of Regulations, Title 11, §3202(b). CEH will restrict the use of such funds to the following purposes: (a) monitoring compliance with the reformulation requirements of this and other similar Consent Judgments; (b) purchasing and testing jewelry; (c) preparing and compiling the information and documentation necessary to support enforcement efforts under this Consent Judgment; (d) contributions to CEH's Community Environmental Action and Justice Fund; and (e) supporting CEH programs and activities that seek to reduce the public health impacts or risks of exposure to heavy metals, including cadmium, known to the State of California to cause cancer or reproductive harm. Such programs and activities currently include (i) CEH's membership on the ASTM toy safety committee and participation in a workgroup that is drafting a standard to limit cadmium and other heavy metals in toys; (ii) CEH's work in support of policy initiatives at the state and federal level to restrict the use of cadmium and other heavy metals in

consumer products; and (iii) CEH's advocacy for a reduction in the use of toxic chemicals, including heavy metals such as cadmium, in electronic devices and standards for the disposal/recycling of such products, including CEH's participation in an EPA-sponsored multistakeholder workgroup seeking to set standards for the design, manufacture, sale, labeling and disposal of televisions and printers. CEH will maintain records that document how these funds were spent. As part of its Community Environmental Action and Justice Fund, CEH will use four percent of such funds to award grants to grassroots environmental justice groups working to educate and protect people from exposures to toxic chemicals. The method of selection of such groups can be found at the CEH web site at www.ceh.org/justicefund. The payment in lieu of penalty check shall be made payable to the "Center For Environmental Health" and associated with taxpayer identification number 94-3251981.

5.2.3 Settling Defendant shall also separately pay to the Lexington Law Group the amount designated for Settling Defendant on Exhibit A as Attorneys' Fees and Costs Reimbursement as reimbursement for a portion of reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement check shall be made payable to the "Lexington Law Group" and associated with taxpayer identification number 94-3317175.

6. MODIFICATION AND DISPUTE RESOLUTION

- 6.1 **Modification.** This Consent Judgment may be modified from time to time by express written agreement of the Parties with the approval of the Court, or by an order of this Court upon motion and in accordance with law.
- 6.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASE

7.1 This Consent Judgment is a full, final, and binding resolution between CEH acting in the public interest and Settling Defendant and Settling Defendant's parents, shareholders, subsidiaries and their successors and assigns ("Defendant Releasees"), and all entities other than those entities listed on Exhibit B to whom they distribute or sell Covered Products including, but

sending the other Party notice by first class and electronic mail.

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COURT APPROVAL

- 9.1 This Consent Judgment shall become effective on the Effective Date, provided however, that CEH shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant shall support approval of such Motion.
- 9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or effect and shall not be introduced into evidence or otherwise used in any proceeding for any purpose.

10. **GOVERNING LAW AND CONSTRUCTION**

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

11. **ENTIRE AGREEMENT**

11.1 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, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Consent Judgment have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto only to the extent that they are expressly incorporated herein. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

12. RETENTION OF JURISDICTION

12.1 This Court shall retain jurisdiction of this matter to implement, enforce or modify the Consent Judgment.

1	13. AUTHORIT	Y TO STIPULATE T	O CONSENT JUDGMENT			
2	13.1 Each s	signatory to this Conser	nt Judgment certifies that he or she is fully authorized			
3	by the Party he or she	e represents to stipulate	to this Consent Judgment and to enter into and			
4	execute the Consent Judgment on behalf of the Party represented and legally to bind that Party.					
5	14. NO EFFECT ON OTHER SETTLEMENTS					
6	14.1 Nothin	ng in this Consent Judg	ment shall preclude CEH from resolving any claim			
7	against any other enti	ity on terms that are dif	ferent than those contained in this Consent Judgment.			
8	15. EXECUTION	N IN COUNTERPAR	TS			
9	15.1 The st	cipulations to this Conse	ent Judgment may be executed in counterparts and by			
10	means of facsimile, which taken together shall be deemed to constitute one document.					
11						
12	IT IS SO ORDERE	D, ADJUDGED,				
13	AND DECREED					
14	Dated:					
15			Judge of the Superior Court of the State of California			
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17	IT IS SO STIPULA	TED.				
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19	Dated: March_4, 20	012	CENTER FOR ENVIRONMENTAL HEALTH			
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23			MICHAEL GREET			
24			Printed Name			
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DOCUMENT PREPARED ON RECYCLED PAPER	COI	NSENT JUDGMENT – CORNE	RSTONE APPAREL - CASE NO. RG 10-514803			
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1	Dated: March_, 2012 CORNERSTONE APPAREL, INC.
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on Recycled Paper	CONSENT JUDGMENT – CORNERSTONE APPAREL – CASE NO. RG 10-514803

Exhibit A

1	EXHIBIT A			
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3	1. Section 3.2 Recall Products:			
4	Papaya Beaded Owl Chain Necklace & Earring Set, Item No. N000524			
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6	2. Settling Defendant's Settlement Payment and Allocation:			
7	Total Settlement Payment \$60,000			
8	Civil Penalty \$ 7,930			
9	Payment in Lieu of Civil Penalty \$11,900			
10	Attorneys' Fees and Costs \$40,170			
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12	3. Person to Receive Notice for Setting Defendant:			
13	Steven C. Kim Law Offices of Steven C. Kim & Associates			
14	3701 Wilshire Blvd., Suite 1040			
15	Los Angeles, CA 90010 stevenckim@sbcglobal.net			
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	CONSENT JUDGMENT – CORNERSTONE APPAREL – CASE NO. RG 10-514803			

Exhibit B

1	EXHIBIT B
2	List of Entities Not Subject to Downstream Release
3	Amazon.com, Inc.
4	Any Time Costumes.com, Inc.
5	• Basic
6	Beadniks
7	BuySeasons, Inc.
8	• C2:8
9	California Dream Co., Inc.
10	Creativity, Inc. and Creativity Crafts, Inc.
11	Crystal Mania
12	DCWV Acquisition Corporation
13	Fashion Plaza
14	First Fantasies-Costume Cuzzins, Inc.
15	Forum Novelties, Inc.
16	Gags and Games, Inc.
17	Halloween Express
18	High Accessories, Inc.
19	Hollywood Accessories
20	INVU Accessories
21	• Joppa, Inc.
22	Kerissa Creations, Inc.
23	Love Culture Inc. and Love Culture LLC
24	M&P Central, Inc.
25	Metropark USA, Inc.
26	Michaels Stores, Inc.
27	New Ashley Stewart, Inc.
28	
DOCUMENT PREPARED ON RECYCLED PAPER	EXHIBIT B

EXHIBIT B (ENTITIES NOT SUBJECT TO RELEASE)

1	NY Style
2	• Pink Ice, Inc.
3	Rubie's Costume Company, Inc.
4	Saum Accessories Inc.
5	Sears, Roebuck and Co.
6	Toynk Toys, LLC
7	Unbeatable Sale.Com Inc.
8	Urban Brands, Inc.
9	Walgreen Company
10	Wal-Mart Stores Inc.
11	Western Fashion, Inc.
12	• Westrim, Inc.
13	Windsor Fashions, Inc.
14	• Xpose
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EXHIBIT B (ENTITIES NOT SUBJECT TO RELEASE)