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9	Attorneys for Plaintiff		
10	CENTER FOR ENVIRONMENTAL HEALTH		
11 12	SUPERIOR COURT FOR T	THE STATE OF CALIFORNIA	
13	SUPERIOR COURT FOR THE STATE OF CALIFORNIA FOR THE COUNTY OF ALAMEDA		
14	TOK THE COUN	IT OF ALAMEDA	
15			
16	CENTER FOR ENVIRONMENTAL	Case No. RG-13667688	
17	HEALTH, a non-profit corporation, Plaintiff,		
18	V.	[PROPOSED] CONSENT JUDGMENT	
19			
20	A BABY, INC., et al.,		
21	Defendants.		
22			
23	1. INTRODUCTION		
24	1.1. This Consent Judgment is entered	into by Plaintiff Center for Environmental	
25	Health, a non-profit corporation ("CEH"), and Defendant Munchkin, Inc. ("Defendant") to settle		
26	claims asserted by CEH against Defendant as set forth in the operative Complaint in the matter		
27	Center for Environmental Health v. A Baby, Inc.,	Center for Environmental Health v. A Baby, Inc., et al., Alameda County Superior Court Case	
28			
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No. RG-13667688 (the "Action"). CEH and Defendant are referred to collectively as the "Parties".

1.2. On November 20, 2012, CEH served a "Notice of Violation" (the "Notice")
relating to the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition
65") on Defendant, the California Attorney General, the District Attorneys of every County in the
State of California, and the City Attorneys for every City in State of California with a population
greater than 750,000. The Notice alleges violations of Proposition 65 with respect to the presence
of tris (1,3-dichloro-2-propyl) phosphate ("TDCPP") in foam-cushioned pads for infants and
children to lie on manufactured, distributed, and/or sold by Defendant.

10 1.3. Defendant is a corporation that employs ten (10) or more persons and that
11 manufactures, distributes, and/or sells Covered Products (as defined herein) in the State of
12 California.

13 1.4. Prior to receipt of CEH's notice, Defendant received an order for the Covered
14 Products which it shipped on November 28, 2012. Thereafter, Defendant stopped selling
15 Covered Products into California upon losing its account with its only California retailer. At
16 present, Defendant believes that no Covered Products containing TDCPP remain in any
17 California retailer's inventory.

18 1.5. For purposes of this Consent Judgment only, the Parties stipulate that: (i) this
19 Court has jurisdiction over the allegations of violations contained in the Notice and Complaint
20 and personal jurisdiction over Defendant as to the acts alleged in the Complaint; (ii) venue is
21 proper in the County of Alameda; and (iii) this Court has jurisdiction to enter this Consent
22 Judgment as a full and final resolution of all claims which were or could have been raised in the
23 Complaint based on the facts alleged in the Notice and Complaint with respect to Covered
24 Products manufactured, distributed, and/or sold by Defendant.

1.6. The Parties enter into this Consent Judgment as a full and final settlement of all
claims which were or could have been raised in the Complaint arising out of the facts or conduct
related to Defendant alleged therein. By execution of this Consent Judgment and agreeing to
comply with its terms, the Parties do not admit any fact, conclusion of law, or violation of law,

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1 nor shall compliance with the Consent Judgment constitute or be construed as an admission by 2 the Parties of any fact, conclusion of law, or violation of law. Defendant denies the material, 3 factual, and legal allegations in the Notice and Complaint and expressly denies any wrongdoing 4 whatsoever. Defendant has provided a Toxicological Risk Assessment ("TRA") performed by a 5 Board-certified Toxicologist, which concludes that the subject products are not hazardous under 6 Proposition 65. Plaintiff has provided a critique of Defendant's TRA, calling its assumptions and 7 conclusions into question. Except as specifically provided herein, nothing in this Consent 8 Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense either Party 9 may have in this or any other pending or future legal proceedings. This Consent Judgment is the 10 product of negotiation and compromise and is accepted by the Parties solely for purposes of 11 settling, compromising, and resolving issues disputed in this Action.

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## 2. **DEFINITIONS**

2.1. "Chemical Flame Retardant" means any halogenated or phosphorous-based
chemical compound used for the purpose of resisting or retarding the spread of fire. "Chemical
Flame Retardant" does not include any chemical that has been rated as a Benchmark 4 chemical
pursuant to Clean Production Action's GreenScreen (<u>http://www.cleanproduction.org/</u>
Green.Greenscreen.php).

2.2. "Covered Products" means foam-cushioned pads for infants and children to lie,
rest, or sit upon, or otherwise comes against their body that is manufactured, distributed, and/or
sold by Defendant in California.

21 2.3. "Effective Date" means the date that is 10 days after Defendant receives written
22 Notice that the Court enters this Consent Judgment.

23 2.4. "Listed Chemical Flame Retardants" means Tris(1,3-dichloro-2-propyl) phosphate
24 ("TDCPP"), Tris(2-chloroethyl) phosphate ("TCEP"), and Tris(2,3-dibromopropyl)phosphate
25 ("TDBPP").

26 2.5. "TB 117" means Technical Bulletin No. 117, entitled "Requirements, Test
27 Procedures and Apparatus for Testing the Flame Retardance of Filling Materials Used in
28 Upholstered Furniture," dated March 2000.

1	2.6. "TB 117-2013" means Technical Bulletin 117-2013, entitled "Requirements, Test
2	Procedures and Apparatus for Testing the Smolder Resistance of Materials Used in Upholstered
3	Furniture," incorporated by reference into regulatory amendments published on November 21,
4	2013 by the California Bureau of Electronic and Appliance Repair, Home Furnishings and
5	Thermal Insulation.
6	2.7. "TB 117-2013 Effective Date" means the date on which Covered Products offered
7	for sale in are required to meet the fire retardant requirements in TB 117-2013 pursuant to the
8	amendments to Section 1374 of Article 2 of Title 4 of the California Code of Regulations.
9	2.8. "Treated" means the addition or application of any Chemical Flame Retardant to
10	any polyurethane foam used as filling material in any Covered Product.
11	2.9. "Untreated Foam" means polyurethane foam that has not been Treated with any
12	Chemical Flame Retardant.
13	3. INJUNCTIVE RELIEF
14	3.1. <b>Reformulation of Covered Products.</b> Defendant shall comply with the following
15	requirements to reformulate the Covered Products to eliminate exposures to TDCPP arising from
16	the use of the Covered Products:
17	3.1.1. Interim Compliance – Listed Chemical Flame Retardants. Any
18	Covered Products in which the polyurethane foam has been Treated with Listed Chemical Flame
19	Retardants and which is manufactured, or distributed, sold, or offered for sale by Defendant in
20	California after the Effective Date but before the TB 117-2013 Effective Date shall be
21	accompanied by a Clear and Reasonable Warning that complies with Section 3.1.2.
22	3.1.2. Proposition 65 Warnings. A Clear and Reasonable Warning under this
23	Consent Judgment shall state:
24	WARNING: This product contains tris(1,3-dichloro-2-propyl)
25	phosphate ("TDCPP") [and/or tris(2-chloroethyl) phosphate ("TCEP") and/or tris(2,3-dibromopropyl) phosphate ("TDBPP")], a chemical[s] known to the State of California to cause cancer.
26	A Clear and Reasonable Warning shall not be preceded by, surrounded by, or include any
27	additional words or phrases that contradict, obfuscate, or otherwise undermine the warning. The
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warning statement shall be prominently displayed on the Covered Product or the packaging of the
Covered Product with such conspicuousness, as compared with other words, statements, or
designs as to render it likely to be read and understood by an ordinary individual prior to sale.
For internet, catalog, or any other sale where the consumer is not physically present and cannot
see a warning displayed on the Covered Product or the packaging of the Covered Product prior to
purchase or payment, the warning statement shall be displayed in such a manner that it is likely to
be read and understood prior to the authorization of or actual payment.

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3.1.3. **Final Compliance – Listed Chemical Flame Retardants.** As of the TB117-2013 Effective Date, Defendant shall not manufacture, or distribute, sell, or offer for sale in California any Covered Product in which the polyurethane foam has been Treated with any Listed Chemical Flame Retardant.

12 3.1.3.1. Specification To and Certification From Suppliers. To 13 ensure compliance with the reformulation provisions of this Section 3.1.3, Defendant shall 14 directly or through its supply chain issue specifications to its suppliers of polyurethane foam, 15 cushioning, or padding used as filling material in any Covered Product requiring that the 16 polyurethane foam has not been treated with any Listed Chemical Flame Retardant. Defendant 17 shall obtain and maintain for 3 years thereafter written certification from its suppliers of 18 polyurethane foam confirming that all such foam received by Defendant for distribution in 19 California after the TB 117-2013 Effective Date has not been treated with any Listed Chemical 20 Flame Retardant.

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3.2. Optional Additional Reformulation – Use of Untreated Foam. In order for Defendant to be eligible for a waiver of the additional penalty/payment in lieu of penalty payments set forth in Section 4.2 below, Defendant shall undertake the additional actions to reduce or eliminate the use of Chemical Flame Retardants set forth herein. As of the TB117-2013 Effective Date, Defendant shall not manufacture, or distribute, sell, or offer for sale in California any Covered Product that has been Treated with any Chemical Flame Retardant. In order to avoid the additional payments, Defendant must provide written certification to CEH of its use of only Untreated Foam within 30 days following the TB 117-2013 Effective Date.

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1 3.2.1. Specification To and Certification From Suppliers. To ensure 2 compliance with the provisions of this Section 3.2, to the extent that Defendant opts for additional 3 reformulation, it shall directly or through its supply chain issue specifications to its suppliers of 4 polyurethane foam, cushioning, or padding used as filling material in any Covered Product 5 requiring that such components shall use only Untreated Foam. Defendant shall not be deemed in 6 violation of the requirements of this Section 3.2 for any Covered Product to the extent that: (a) 7 Defendant has relied on a written certification from its vendor that supplied a Covered Product or 8 the polyurethane foam, cushioning, or padding used as filling material in the Covered Product is 9 made with only Untreated Foam, and/or (b) Defendant has obtained a test result from a certified 10 laboratory reporting that the Covered Product's polyurethane foam, cushioning, or padding used 11 as filling material has been made with Untreated Foam. Defendant shall obtain and maintain for 12 3 years after the TB117-2013 Effective Date written certification(s) from its suppliers of 13 polyurethane foam, cushioning, or padding confirming that all such foam received by Defendant 14 for distribution in California is Untreated Foam. 15 3.3. Market Withdrawal of Covered Products. On or before the Effective Date, 16 Defendant shall have ceased shipping the Covered Products identified in the Notice as non-17 exclusive exemplars ("Noticed Products") to stores in California, and destroyed or disposed of 18 any such Noticed Products. Any destruction or disposal of Noticed Products shall be in 19 compliance with all applicable laws. Within ninety (90) days after the Effective Date, Defendant 20 shall certify upon request by CEH that it has complied with this section. If there is a dispute over 21 the implementation of these requirements, CEH and Defendant shall meet and confer before 22 seeking any remedy in court 23 4. PENALTIES AND PAYMENT 24 4.1. Defendant shall initially pay to CEH the total sum of Twenty thousand dollars 25 (\$20,000), which shall be allocated as follows: 26 \$2,200 shall constitute a penalty pursuant to Cal. Health & Safety Code § 4.1.1. 27 25249.7(b), such money to be apportioned by CEH in accordance with Cal. Health & Safety Code

28 § 25249.12.

1	4.1.2. \$3,000 shall constitute a payment in lieu of civil penalty pursuant to Cal.
2	Health & Safety Code § 25249.7(b) and 11 C.C.R. § 3202(b). CEH will use such funds to
3	continue its work of educating and protecting the public from exposures to toxic chemicals,
4	including chemical flame retardants. CEH may also use a portion of such funds to monitor
5	compliance with this Consent Judgment and to purchase and test Defendant's products to confirm
6	compliance. In addition, as part of its Community Environmental Action and Justice Fund, CEH
7	will use four percent (4%) of such funds to award grants to grassroots environmental justice
8	groups working to educate and protect the public from exposures to toxic chemicals. The method
9	of selection of such groups can be found at the CEH website at <u>www.ceh.org/justicefund</u> .
10	4.1.3. \$14,800 shall constitute reimbursement of CEH's reasonable attorneys'
11	fees and costs.
12	4.1.4. The payments required under Sections 4.1.1-4.1.3 shall be made in three
13	separate checks. All of the payments shall be sent within 10 days following the Effective Date.
14	The payments required pursuant to Section 4.1.1 and 4.1.2 shall each be made payable to CEH.
15	The payment required pursuant to Section 4.1.3 shall be made payable to Lexington Law Group.
16	All checks shall be delivered to Mark Todzo at Lexington Law Group at the address set forth in
17	Section 8.
18	4.2. In the event that Defendant elects not to certify its compliance with Section 3.2 in
19	accordance with that Section, within 30 days following the TB 117-2013 Effective Date,
20	Defendant must make an additional payment of \$5,000, which shall be paid in two separate
21	checks, each payable to CEH, to be allocated as follows:
22	4.2.1. \$2,000 shall constitute a penalty pursuant to Cal. Health & Safety Code §
23	25249.7(b), such money to be apportioned by CEH in accordance with Cal. Health & Safety Code
24	§ 25249.12.
25	4.2.2. \$3,000 shall constitute a payment in lieu of civil penalty pursuant to Cal.
26	Health & Safety Code § 25249.7(b) and 11 C.C.R. § 3202(b). CEH will use such funds to
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 groups working to educate and protect the public from exposures to toxic chemicals. The method
 of selection of such groups can be found at the CEH website at <u>www.ceh.org/justicefund</u>.

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## 5. ENFORCEMENT OF CONSENT JUDGMENT

7 CEH may, by motion or application for an order to show cause before the Superior 5.1. 8 Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. 9 Prior to bringing any motion or application to enforce the requirements of Section 3 above, CEH 10 shall provide Defendant with a Notice of Violation and a copy of any test results which 11 purportedly support CEH's Notice of Violation. The Parties shall then meet and confer regarding 12 the basis for CEH's anticipated motion or application in an attempt to resolve it informally, 13 including providing Defendant a reasonable opportunity of at least thirty (30) days to cure any 14 alleged violation. Should such attempts at informal resolution fail, CEH may file its enforcement 15 motion or application. The prevailing party on any motion to enforce this Consent Judgment 16 shall be entitled to its reasonable attorney's fees and costs incurred as a result of such motion or 17 application. This Consent Judgment may only be enforced by the Parties.

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## 6. MODIFICATION OF CONSENT JUDGMENT

19 6.1. This Consent Judgment may only be modified by written agreement of CEH and20 Defendant, or upon motion of CEH or Defendant as provided by law.

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## 7. CLAIMS COVERED AND RELEASE

22 7.1. This Consent Judgment is a full, final, and binding resolution between CEH acting 23 in the public interest and Defendant and Defendant's parents, officers, directors, shareholders, 24 divisions, subdivisions, subsidiaries, partners, affiliated companies and their successors and 25 assigns ("Defendant Releasees") and all entities to whom they distribute or sell Covered Products 26 including, but not limited to, distributors, wholesalers, customers, retailers, franchisees, 27 cooperative members, and licensees ("Downstream Defendant Releasees"), of all claims alleged 28 in the Complaint in this Action arising from any violation of Proposition 65 that have been or -8-

1	could have been asserted in the public interest against Defendant Releasees and Downstream
2	Defendant Releasees, regarding the failure to warn about exposure to TDCPP in the Covered
3	Products manufactured, distributed, or sold by Defendant prior to the Effective Date.
4	7.2. CEH, for itself releases, waives, and forever discharges any and all claims alleged
5	in the Complaint against Defendant and Downstream Defendant Releasees arising from any
6	violation of Proposition 65 that have been or could have been asserted regarding the failure to
7	warn about exposure to TDCPP in connection with Covered Products manufactured, distributed,
8	or sold by Defendant prior to the Effective Date.
9	7.3. Compliance with the terms of this Consent Judgment by Defendant and the
10	Downstream Defendant Releasees shall constitute compliance with Proposition 65 by Defendant
11	and Downstream Defendant Releasees with respect to any alleged failure to warn about TDCPP
12	in Covered Products manufactured, distributed, or sold by Defendant after the Effective Date.
13	8. PROVISION OF NOTICE
14	8.1. When any Party is entitled to receive any notice under this Consent Judgment, the
15	notice shall be sent by first class and electronic mail as follows:
16	8.1.1. Notices to Defendant. The persons for Defendant to receive notices
17	pursuant to this Consent Judgment shall be:
18	Steven B. Dunn Munchkin, Inc.
19	7835 Gloria Avenue
20	Van Nuys, CA 91406 steve.dunn@munchkin.com
21	Petty Rader
22	Munchkin, Inc.
23	7835 Gloria Avenue Van Nuys, CA 91406
24	petty.rader@munchkin.com
25	8.1.2. Notices to Plaintiff. The persons for CEH to receive notices pursuant to
26	this Consent Judgment shall be:
27	Rick Franco
28	Center for Environmental Health
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1	2201 Broadway, Suite 302
2	Oakland, CA 94612 rick@ceh.org
3	nck@cen.org
4	Mark Todzo Lexington Law Group
	503 Divisadero Street
5	San Francisco, CA 94117 mtodzo@lexlawgroup.com
6	
7	8.2. Any Party may modify the person and address to whom the notice is to be sent by
8	sending the other Parties notice by first class and electronic mail.
9	9. COURT APPROVAL
10	9.1. This Consent Judgment shall become effective on the Effective Date, provided
11	however, that CEH shall prepare and file a Motion for Approval of this Consent Judgment and
12	Defendant shall support approval of such Motion.
13	9.2. If this Consent Judgment is not entered by the Court, it shall be of no force or
14	effect and shall not be introduced into evidence or otherwise used in any proceeding for any
15	purpose.
16	10. GOVERNING LAW AND CONSTRUCTION
17	10.1. The terms and obligations arising from this Consent Judgment shall be construed
18	and enforced in accordance with the laws of the State of California.
19	11. ENTIRE AGREEMENT
20	11.1. This Consent Judgment contains the sole and entire agreement and understanding
21	of CEH and Defendant with respect to the entire subject matter hereof, and any and all prior
22	discussions, negotiations, commitments, or understandings related thereto, if any, are hereby
23	merged herein and therein.
24	11.2. There are no warranties, representations, or other agreements between CEH and
25	Defendant except as expressly set forth herein. No representations, oral or otherwise, express or
26	implied, other than those specifically referred to in this Consent Judgment have been made by any
27	Party hereto.
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1	11.3. No other agreements not specifically contained or referenced herein, oral or	
2	otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements	
2	specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind	
4	any of the Parties hereto only to the extent that they are expressly incorporated herein.	
5	11.4. No supplementation, modification, waiver, or termination of this Consent	
6	Judgment shall be binding unless executed in writing by the Party to be bound thereby.	
7	11.5. No waiver of any of the provisions of this Consent Judgment shall be deemed or	
8	shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall	
9	9 such waiver constitute a continuing waiver.	
10	12. <b>RETENTION OF JURISDICTION</b>	
11	12.1. This Court shall retain jurisdiction of this matter to implement or modify the	
12	Consent Judgment.	
13	13. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT	
14	13.1. Each signatory to this Consent Judgment certifies that he or she is fully authorized	
15	by the Party he or she represents to stipulate to this Consent Judgment and to enter into and	
16	execute the Consent Judgment on behalf of the Party represented and to legally bind that Party.	
17	14. NO EFFECT ON OTHER SETTLEMENTS	
18	14.1. Nothing in this Consent Judgment shall preclude CEH from resolving any claim	
19	against another entity on terms that are different from those contained in this Consent Judgment.	
20	15. EXECUTION IN COUNTERPARTS	
21	15.1. The stipulations to this Consent Judgment may be executed in counterparts and by	
22	means of facsimile, which taken together shall be deemed to constitute one document.	
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