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11	Berkeley, CA 94710-2565 Tel.: (510) 848-8880 Fax: (510) 848-8118				
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13	PETER ENGLANDER				
14	SUPERIOR COURT FOR THE STATE OF CALIFORNIA				
15	FOR THE COUNTY OF ALAMEDA				
16	CENTER FOR ENVIRONMENTAL	For Entry in Case Nos. RG13673582 and			
17	HEALTH, a non-profit corporation,	RG13672249			
18	Plaintiff,	Assigned for All Purposes to the Honorable George Hernandez, Jr., Department 17			
19	v.	[PROPOSED] CONSENT JUDGMENT			
20	AMERIWOOD INDUSTRIES, INC., et al.,	AS TO DEFENDANT KINFINE U.S.A. INC.			
21	Defendants.				
22	PETER ENGLANDER,	_			
23	Plaintiff,				
24	V.				
25	KINFINE U.S.A. INC., et al.,				
26	Defendants.				
27	Defendants.				
28 Document Prepared		1-			
ON RECYCLED PAPER	CONSENT JUDGMENT FOR ENTRY IN C	ASE NOS. RG13673582 & RG13672249			

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1. Introduction

1.1. This Consent Judgment is entered into by Plaintiffs Center for Environmental Health ("CEH"), a non-profit corporation, and Peter Englander ("Englander"), an individual, and Defendant Kinfine U.S.A. Inc. ("Defendant") to settle claims asserted by CEH and Englander against Defendant as set forth in their respective complaints entitled Center for Environmental Health v. Ameriwood Industries, Inc., et al. (Alameda County Superior Court Case No. RG13673582), and Peter Englander v. Kinfine U.S.A. Inc. (Alameda County Superior Court Case No. RG13672249) (the "Complaints"), and as to Covered Products (as defined in Section 2.2 below) supplied by Kinfine to certain Retailers at issue in *Englander v. Ashley Furniture* Industries, Inc., et al. (Alameda County Superior Court Case No. RG13672407), Englander v. Kohl's Corporation, et al. (Alameda County Superior Court Case No. RG13673609), Englander v. Kirkland's, Inc. (Alameda County Superior Court Case No. RG13673606), and Englander v. Acme Furniture Industry, Inc. (Alameda County Superior Court Case No. RG13673167) (collectively, with the Complaints, the "Actions"). The Ashley Furniture matter, the Kohl's matter, the Kirkland's matter, and the Acme Furniture matter are referred to collectively as the "Retailer Actions." CEH, Englander, and Defendant are each referred to individually as a "Party" and collectively as the "Parties."

- 1.2. On January 15, 2013, CEH served a "Notice of Violation" of the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") (the "CEH Notice") to Defendant, the California Attorney General, the district attorneys of every county in the State of California, and the city attorneys for every city in the State of California with a population greater than 750,000. The CEH Notice alleges violations of Proposition 65 with respect to the presence of tris(1,3-dichloro-2-propyl)phosphate ("TDCPP") in foam-cushioned upholstered furniture manufactured, distributed, and/or sold by Defendant.
- 1.3. Between January 4, 2013, and April 3, 2013, Englander served six separate 60-Day Notices of Violation of Proposition 65 (the "Englander Notices") to Defendant, certain Retailers in California to whom Defendant supplies Covered Products and/or Private Label

Covered Products, 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 Englander Notices allege violations of Proposition 65 with respect to the presence of TDCPP, and tris(2-chloroethyl)phosphate ("TCEP") in foam-cushioned upholstered furniture, including ottomans and children's chairs, and di(2-ethylhexyl)phthalate ("DEHP") in the vinyl upholstery of furniture, including ottomans, that are manufactured, sold and/or distributed for sale in California without a warning by Defendant and its Retailers. The CEH Notice and Englander Notices are referred to collectively hereinafter as the "Notices." To the best of the Parties knowledge, no public enforcer has commenced and is diligently prosecuting the violations alleged in the Notices.

- 1.4. Defendant is a corporation that employs ten (10) or more persons and that manufactures, distributes, and/or sells Covered Products (as defined herein) in the State of California.
- 1.5. For purposes of this Consent Judgment only, the Parties stipulate that: (i) this Court has jurisdiction over the allegations of violations contained in the Notices and Complaints and personal jurisdiction over Defendant as to the acts alleged in the Complaints; (ii) venue is proper in Alameda County; and (iii) 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 Complaints based on the facts alleged in the Notices and Complaints with respect to Covered 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 that were or which could have been raised in the Complaints 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, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, or violation of law. Defendant denies the material, factual, and legal allegations in the Notices and Complaints and expressly denies

any wrongdoing whatsoever. Except as specifically provided herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense any Party 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 these Actions. To the best of the Parties knowledge no public enforcer has commenced and is diligently prosecuting the alleged violations that are the subject of the Notices.

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 (http://www.cleanproduction.org/ Green.Greenscreen.php).
- 2.2. "Covered Products" means foam-cushioned upholstered furniture manufactured, distributed, and/or sold by Defendant in California, including, but not exclusively, Private Label Covered Products.
- 2.3. "Effective Date" means the date on which the Court enters this Consent Judgment.
- 2.4. "Listed Chemical Flame Retardants" means Tris(1,3-dichloro-2-propyl) phosphate ("TDCPP"), Tris(2-chloroethyl) phosphate ("TCEP"), and Tris(2,3-dibromopropyl) phosphate ("TDBPP").
- 2.5. "Private Label Covered Products" means Covered Products imported or manufactured by Kinfine that bear a brand or trademark owned or licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of California.
- 2.6. "Reformulated Products" are Covered Products that contain no more than 25 parts per million ("ppm") (the equivalent of 0.0025%) each of TDCPP, TCEP, and/or TDBPP, when analyzed by an accredited laboratory pursuant to EPA testing methodologies 3545 and

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8270C, or equivalent methodologies utilized by federal or state agencies to determine the presence or absence of, or to measure the amount of, TDCPP, TCEP, or TDBPP in a solid substance, and a maximum concentration of 1,000 ppm DEHP content in any accessible component (i.e., any component that may be handled during reasonably foreseeable use) when tested pursuant to EPA testing methodologies 3580A and 8270C or equivalent methodologies utilized by state and federal agencies to measure DEHP content in a solid substance.¹

- 2.7. "Retailer" means any individual or entity that offers a Product for sale to consumers in California.
- 2.8. "TB 117-2013" means the Technical Bulletin 117-2013, entitled "Requirements, Test Procedures and Apparatus for Testing the Smolder Resistance of Materials Used in Upholstered Furniture," released for review and public comment on February 8, 2013 (rereleased on August 19, 2013) by the California Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation.
- 29 "TB 117-2013 Effective Date" means the date on which filling materials and cover fabrics in upholstered furniture are required to meet the fire retardant requirements in TB 117-2013 pursuant to Section 1374 of Article 2 of Title 4 of the California Code of Regulations
- 2.10. "Treated" means the addition or application of any Chemical Flame Retardant to any polyurethane foam, cushioning, or padding used as filling material in any Covered Product.
- 2.11. "Untreated Foam" means polyurethane foam that has not been Treated with any Chemical Flame Retardant.

3. Injunctive Relief

3.1. **Reformulation of Covered Products.** Defendant will comply with the following requirements to reformulate the Covered Products to eliminate exposures to TDCPP and other Listed Chemical Flame Retardants arising from the use of the Covered Products:

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As the Notices contain allegations regarding exposures to DEHP, the term "Reformulated Products" 27

further requires that the Products identified on Notices alleging exposures to DEHP shall contain no more 1,000 ppm each of DEHP, BBP, and DBP.

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this Section. 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.

3.1.4. Warnings for Products in the Stream of Commerce. For any Covered Product that Defendant sold to a retailer after October 31, 2011 (a) in which the polyurethane foam has been Treated with TDCPP, and (b) for which Defendant knows or has reason to believe that (i) the retailer is holding such Covered Product in inventory for sale in California, and (ii) a Proposition 65 warning is not already affixed to the Covered Product or is otherwise being provided by the retailer, within 15 days following the Effective Date Defendant shall either send to the retailer warning materials that comply with Section 3.1.3 for such Covered Products or direct the retailer to discontinue sale of the Covered Product in California.

4. Penalties and Payments

- 4 1 **Payments to CEH.** Defendant shall make an initial payment to CEH in the total sum of forty thousand dollars (\$40,000), which shall be allocated as follows:
- 4.1.1. \$4,400 shall constitute a penalty pursuant to Cal. Health & Safety Code § 25249.7(b), such money to be apportioned by CEH in accordance with Cal. Health & Safety Code § 25249.12.
- 4.1.2. \$6,000 shall constitute a payment in lieu of civil penalty pursuant to Cal. Health & Safety Code § 25249.7(b) and 11 Cal. Code Regs § 3203(b). CEH will use such funds to continue its work of educating and protecting the public from exposures to toxic chemicals, including Chemical Flame Retardants. CEH may also use a portion of such funds to monitor compliance with this Consent Judgment and to purchase and test Defendant's products to confirm compliance. In addition, as part of its Community Environmental Action and Justice Fund, CEH will use four percent (4%) of such funds to award grants to grassroots environmental justice groups working to educate and protect the public from exposures to toxic chemicals. The

\$20,000 to Englander within 10 days of the Effective Date. This additional civil penalty payment shall be allocated in accordance with Cal. Health & Safety Code § 25249.12.

5. Optional Penalty Reduction Credits and Waivers

- 5.1. Accelerated Reformulation Waiver -- TDCPP. The additional payment to Englander set forth in Section 4.2.3 in the amount of \$20,000 shall be waived, if Defendant agrees that, as of January 31, 2014, and continuing thereafter, Defendant will only manufacture or import for sale in California, Reformulated Products as defined in Section 2.6 above. To qualify for this waiver of additional payment to Englander, an officer of Defendant's organization must provide Englander with a written certification confirming timely compliance with the above reformulation standards no later than the Effective Date. The option to certify early reformulation in lieu of making an additional payment to Englander constitutes a material term of this Consent Judgment, and with regard to such term, time is of the essence.
- 5.2. Additional Reformulation Waiver Use of Untreated Foam. The additional payment to CEH set forth in Section 4.1.5 in the amount of \$15,000 shall be waived, if Defendant agrees that, as of the TB117-2013 Effective Date, Defendant will not manufacture for sale in California any Covered Product that has been Treated with any Chemical Flame Retardant. To qualify for this waiver of additional payment to CEH, Defendant must provide written certification to CEH of its use of only Untreated Foam within 30 days following the TB 117-2013 Effective Date.

6. Enforcement of Consent Judgment

6.1. CEH and/or Englander may, by motion or application for an order to show cause before the Superior Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. Prior to bringing any motion or application to enforce the requirements of Sections 3 or 5 above, CEH and/or Englander shall provide Defendant with a Notice of Violation and a copy of any test results which purportedly support CEH's and/or Englander's Notice of Violation. The Parties shall then meet and confer regarding the basis for CEH's and/or Englander's anticipated motion or application in an attempt to resolve it informally, including

providing Defendant a reasonable opportunity of at least thirty (30) days to cure any alleged violation. Should such attempts at informal resolution fail, CEH and/or Englander may file its/his enforcement motion or application. The prevailing Party on any motion to enforce this Consent Judgment shall be entitled to its/his reasonable attorney's fees and costs incurred as a result of such motion or application. This Consent Judgment may only be enforced by the Parties.

7. Modification of Consent Judgment

7.1. This Consent Judgment may only be modified by a written agreement of the Parties, or upon motion brought by CEH, Englander, or Defendant, as provided by law, and the subsequent entry of a modified judgment by the Court thereon.

8. Claims Covered and Released

- 8.1. This Consent Judgment is a full, final, and binding resolution between CEH and Englander acting in the public interest, and Defendant and Defendant's parents, officers, directors, shareholders, divisions, subdivisions, subsidiaries, partners, affiliated companies and its successors and assigns ("Defendant Releasees") and all entities to whom it distributes or sells Covered Products including, but not limited to, distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Defendant Releasees") of all claims alleged in the Complaints and in the Actions arising from any violation of Proposition 65 that have been or could have been asserted in the public interest against Defendant, Defendant Releasees, and/or Downstream Defendant Releasees, regarding the failure to warn about exposures to TDCPP, TCEP, and/or DEHP in the Covered Products manufactured, distributed, or sold by Defendant prior to the Effective Date, as alleged in the Notices.
- 8.2. CEH and Englander, for themselves, release, waive, and forever discharge any and all claims alleged in the in the Actions, or either complaint filed therein, against Defendant, Defendant Releasees, and Downstream Defendant Releasees arising from any violation of Proposition 65 that have been or could have been asserted regarding the failure to warn about exposures to TDCPP, TCEP, TDBPP, and/or DEHP in connection with Covered Products

CONSENT JUDGMENT FOR ENTRY IN CASE NOS. RG13673582 & RG13672249

1	9.1.2(a). For CEH:
2	Rick Franco
3	Center for Environmental Health 2201 Broadway, Suite 302
4	Oakland, California 94612 rick@ceh.org
5	with a copy to:
6	Mark Todzo
7	Lexington Law Group 503 Divisadero Street San Francisco, CA 94117
8	mtodzo@lexlawgroup.com
9	9.1.2(b). For Englander:
10	The Chanler Group Attn: Proposition 65 Coordinator
11	2560 Ninth Street Parker Plaza, Suite 214
12	Berkeley, CA 94710
13	9.1. Any Party may modify the person and address to whom the notice is to be sent by
14	sending the other Parties notice by first class and electronic mail.
15	10. Court Approval
16	10.1. This Consent Judgment shall become effective on the Effective Date, provided
17	however, that CEH and Englander shall cooperate on the preparation and filing of a Motion for
18	Approval of this Consent Judgment, and Defendant shall support approval of such Motion,
19	including appearing at the hearing on the motion if so requested.
20	10.2. If this Consent Judgment is not entered by the Court, it shall be of no force or
21	effect and shall not be introduced into evidence or otherwise used in any proceeding for any
22	purpose.
23	11. Governing Law and Construction
24	11.1. The terms and obligations arising from this Consent Judgment shall be construed
25	and enforced in accordance with the laws of the State of California.
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12. Entire Agreement

- 12.1. This Consent Judgment contains the sole and entire agreement and understanding of CEH, Englander, and Defendant 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.
- 12.2. There are no warranties, representations, or other agreements between CEH, Englander, and Defendant 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.
- 12.3. 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.
- 12.4. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby.
- 12.5. 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.

13. Retention of Jurisdiction

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

14. Authority to Stipulate to Consent Judgment

14.1. Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Consent Judgment and to enter into and execute the Consent Judgment on behalf of the Party represented and to legally bind that Party.

1	15. No Effect on Other Settlements	s			
2	15.1. Nothing in this Consent J	Judgment shall preclude CEH and/or Englander from			
3	resolving any claim against another enti	ty on terms that are different than those contained in this			
4	Consent Judgment.				
5	16. Execution in Counterparts				
6	16.1. The stipulations to this C	consent Judgment may be executed in counterparts and by			
7	means of facsimile, which taken togethe	er shall be deemed to constitute one document.			
8	It Is So Stipulated:				
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10	Dated: Just 4 , 2014	Center for Environmental Health			
11		Cin			
12		Signature			
13		Printed Name			
14					
15		Title			
16					
17	Dated:, 2014	Peter Englander			
18					
19		Signature			
20	Dated:, 2014	Kinfine U.S.A. Inc.			
21	,, <u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>				
22		Signature			
23		Signature			
24		Printed Name			
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26		Title			
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15. No Effect on Other Settlements

15.1. Nothing in this Consent Judgment shall preclude CEH and/or Englander from resolving any claim against another entity on terms that are different than those contained in this Consent Judgment.

16. Execution in Counterparts

16.1. The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile, which taken together shall be deemed to constitute one document.

It Is So Stipulated:

Dated:	, 2014	Center for Environmental Health
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		Signature
		Printed Name
		Title
Dated: June 9	, 2014	Peter Englander
Dated: _6/6	, 2014	Kinfine U.S.A. Inc.
		Len Gao Printed Name
		Dresident Title

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3 Dated:	Judge of the Superior Court of the State
4	Judge of the Superior Court of the State California, County of Alameda
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4	Judge of the Superior Court of the State California, County of Alameda
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