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10	Los Angeles, CA 90067		
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12	Email: DBChammas@Venable.com		
13	Attorney for Defendant LAKE CONSUMER PRODUCTS, INC.		
14	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
15	FOR THE COUNTY OF ALAMEDA		
16	The Conserved Control of Control		
17	Coordination Proceeding	JUDICIAL COUNCIL COORDINATION	
18	Special Title (Rule 3.350)	PROCEEDING NO: 4765	
19			
20		[Shefa LMV, LLC v. Walgreen Co., et al., Los	
21		Angeles County Superior Court No. BC520416]	
22	PROPOSITION 65 COCAMIDE DEA	[PROPOSED] STIPULATED CONSENT	
23	CASES	JUDGMENT AS TO LAKE CONSUMER	
24		PRODUCTS, INC.	
25		Judge: Hon. George C. Hernandez, Jr.	
26		Action filed: October 11, 2013	
27			
28			

[PROPOSED] CONSENT JUDGMENT AS TO LAKE CONSUMER PRODUCTS

1. INTRODUCTION

1.1. Shefa LMV, LLC and Lake Consumer Products

This Stipulated Consent Judgment ("Consent Judgment") is entered into by and between plaintiff Shefa LMV, LLC ("Shefa LMV") and Lake Consumer Products, Inc. ("LCP"), with Shefa LMV and LCP sometimes collectively referred to herein as the "parties," and individually as a "party." Shefa LMV is an entity organized in the State of California, which has asserted that it seeks to promote awareness of exposure to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer and commercial products. Shefa LMV alleges that LCP employs ten (10) or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code section 25249.6, et seq. ("Proposition 65").

1.2. General Allegations

Shefa LMV alleges that LCP has manufactured, imported, distributed and/or sold shampoo products that contain cocamide diethanolamine ("Cocamide DEA") without satisfactory Proposition 65 warnings. Cocamide DEA is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer.

1.3. Covered Product Description

The products covered by this Consent Judgment are shampoos manufactured by LCP that contain or are alleged to contain Cocamide DEA, and which are distributed, marketed, sold, or offered for sale in California by LCP or any supplier, distributor, or retailer, including but not limited to the MG217 psoriasis medicated conditioning shampoo. All such products are referred to herein collectively as the "Covered Products," or individually as a "Covered Product."

1.4. Notice of Violation

On or about June 23, 2013, Shefa LMV served LCP and various public enforcement agencies with a document entitled "60-Day Notice of Violation" (the "Notice") that provided recipients with notice alleging that LCP was in violation of Proposition 65 for failing to warn consumers and customers that the Covered Products exposed users in California to Cocamide DEA. More than 60 days have passed and no designated public enforcer has prosecuted the allegations set forth in the Notice.

1.5. Complaint

On or about September 4, 2013, Shefa LMV filed a complaint in the Los Angeles County Superior Court against LCP alleging, inter alia, violations of Proposition 65, based on the alleged exposure to Cocamide DEA contained in certain products sold by LCP (the "Complaint") without first providing clear and reasonable warnings in violation of California Health and Safety Code section 25249.6. The action is titled, *Shefa LMV, LLC v. Walgreen Co. et al.*, Case No. BC520416. The action was subsequently transferred to the Alameda County Superior Court and added to the coordination proceeding styled, Proposition 65 Cocamide DEA Cases, JCCP 4765.

1.6. No Admission

LCP denies the material, factual and legal allegations contained in Shefa LMV's Notice and Complaint and specifically denies that the Proposition 65 warning contained on the product labels was insufficient or otherwise caused harm to any person. LCP maintains that the Covered Products were sold in California in compliance with all laws. The parties have entered into this Consent Judgment in order to settle, compromise and resolve disputed claims and thus avoid prolonged and costly litigation. Nothing in this Consent Judgment shall be construed as an admission by LCP or by any of its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries,

divisions, affiliates, franchises, licensees, customers, suppliers, manufacturers, distributors, wholesalers, or retailers, of any fact, finding, conclusion, issue or violation of law, fault, wrongdoing, or liability, including without limitation, any admission concerning any alleged violation of Proposition 65, nor shall compliance with this Consent Judgment constitute or be construed as an admission by LCP of any fact, finding, conclusion, issue or violation of law, fault, wrongdoing, or liability, the same being specifically denied by LCP. This Consent Judgment shall not be offered or admitted as evidence in any administrative or judicial proceeding or litigation in any court, agency or forum, except with respect to an action seeking to enforce the terms of this Consent Judgment. Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the parties may have in any other or future legal proceeding unrelated to these proceedings. However, this Section shall not diminish or otherwise affect LCP's obligations, responsibilities and duties under this Consent Judgment.

1.7. Consent to Jurisdiction

For purposes of this Consent Judgment only, the parties stipulate that this Court has jurisdiction over LCP as to the allegations contained in the Complaint, that venue is proper in Alameda County Superior Court, and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment as a full and final resolution of all claims which were or could have been asserted in this action based on the facts alleged in the Notices of Violation and the Complaint.

1.8. Effective Date

For purposes of this Consent Judgment, the term "Effective Date" shall mean the date the Court enters Judgment pursuant to the terms of this Consent Judgment.

2. INJUNCTIVE RELIEF

2.1. Subject to the sell through period outlined in Section 2.3, any Covered Product manufactured after the Effective Date that contains Cocamide DEA and that LCP thereafter sells in California, distributes for sale in California, or offers for sale to a third party for retail sale in California shall provide the following warning on the product label:

[California Proposition 65] WARNING: This product contains chemicals known to the State of California to cause cancer.

The words "California Proposition 65" may be included at LCP's option.

The warnings must be at least the same size as the largest of any other health or safety warnings appearing on the product label, as applicable, of such product, and the word "WARNING" shall be in all capital letters.

To the extent that any subsequent revisions to Proposition 65 or its implementing regulations require additional or different warning language, LCP may revise the above warning to comply with such new law or regulations.

2.2. For purposes of this Consent Judgment, a Covered Product "contains Cocamide DEA" if Cocamide DEA is an intentionally added ingredient in the Covered Product. For purposes of this Consent Judgment, the term "distributes for sale into California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that LCP knows will sell the Covered Product in California.

2.3. Sell through period.

LCP's Covered Products that were manufactured for retail sale prior to the Effective Date shall be subject to the release of liability pursuant to Section 5 of this Consent Judgment, without regard to when such Covered Products were, or are in the future, sold to consumers. As a result, the obligations

of LCP as set forth in this Consent Judgment, including but not limited to Section 2.1, do not apply to these products.

3. <u>RETENTION OF JURISDICTION, GOOD FAITH ATTEMPT TO RESOLVE DISPUTES;</u> <u>ENFORCEMENT OF CONSENT JUDGMENT</u>

- 3.1. This Court shall retain jurisdiction of this matter to enforce, modify or terminate this Consent Judgment.
- 3.2. Only after it complies with Sections 3.3, Shefa LMV may, by motion or application for an order to show cause before the Alameda County Superior Court, enforce the terms and conditions contained in this Consent Judgment.
- above, Shefa LMV shall provide LCP with a notice of violation and a copy of any test results which purportedly support Shefa LMV's notice of violation. The parties shall then meet and confer regarding the basis for Shefa LMV's anticipated motion or application in an attempt to resolve it informally, including providing LCP a reasonable opportunity of at least thirty (30) days to cure any alleged violation. Should such attempts at informal resolution fail, Shefa LMV may file its enforcement motion or application. The prevailing party on any motion to enforce this Consent Judgment shall be entitled to its reasonable attorney fees and costs incurred as a result of such motion or application. As used in the preceding sentence, the term "prevailing party" means a party who is successful in obtaining relief more favorable to it than the relief that the other party was amenable to providing in writing and with specificity during the parties' good faith attempt to resolve the dispute that is the subject of such enforcement action.

4. SETTLEMENT PAYMENT

In full satisfaction of all potential civil penalties, payment in lieu of civil penalties, attorney's fees and costs, LCP shall make the following payments:

4.1. Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b)

LCP shall pay a total civil penalty payment of \$1,000 within ten (10) days of receiving the Notice of Entry of Judgment, as follows: the civil penalty shall be apportioned in accordance with California Health & Safety Code sections 25249.12 (c) and (d), with 75% of the funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the funds remitted to Shefa LMV, both pursuant to the procedures set forth in Section 4.3.

4.2. Reimbursement of Shefa LMV's Fees and Costs

The parties acknowledge that Shefa LMV and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. LCP expressed a desire to resolve the fee and cost issue after the other settlement terms had been agreed. The parties then attempted to (and did) reach an accord on the compensation due to Shefa LMV and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work performed in this matter, except fees that may be incurred on appeal. Under these legal principles, LCP shall pay the amount of \$9,000 within ten (10) days of receiving the Notice of Entry of Judgment for fees and costs incurred by Shefa LMV for investigating, litigating and enforcing this matter, including the fees and costs incurred (and yet to be incurred) in negotiating, drafting, and obtaining the Court's approval of this Consent Judgment.

4.3. Payment Procedures

All payments required by Sections 4.1 and 4.2 shall be sent within ten (10) days after service upon LCP's counsel of the Notice of Entry of Judgment and Forms W-9 for each payee, and shall be made in three checks payable as follows:

- one check to "Law Office of Daniel N. Greenbaum in Trust for Shefa LMV, LLC" in the
- one check to "Law Office of Daniel N. Greenbaum" in the amount of \$9,000.

After the settlement funds have been transmitted to Shefa LMV's counsel, LCP shall, as soon as reasonably practicable, issue separate 1099 forms, as follows (copies of which shall be sent to the

- one 1099 form to the "Office of Environmental Health Hazard Assessment" (EIN: 68-
- a second 1099 form to "Shefa LMV, LLC" in the amount of \$250, whose address and tax identification number shall be furnished upon request;
- a third 1099 to "Law Office of Daniel N. Greenbaum" (EIN: 45-3084082) in the

All payments owed to Shefa LMV, pursuant to Section 4.1, shall be delivered to

All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 4.1, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following addresses:

Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA 95812-4010

LCP shall also send a copy of the checks payable to OEHHA to the Law Office of Daniel N. Greenbaum at the address set forth above in 4.5.1.

5. <u>APPLICATION OF CONSENT JUDGMENT; BINDING EFFECT; CLAIMS COVERED AND RELEASED</u>

- 5.1. This Consent Judgment may apply to, be binding upon and benefit the Parties, and their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, distributors, wholesalers, retailers, predecessors, successors and assigns and Shefa LMV on its own behalf and in the public interest. This Consent Judgment shall have no application to Covered Products that are exclusively distributed and/or sold outside the State of California. With respect to Covered Products that are distributed and/or sold both inside and outside of California, the requirements contained in this Consent Judgment apply to the Covered Products only to the extent that the distribution and/or sales occur in California.
- 5.2. This Consent Judgment is a full, final, and binding resolution between Shefa LMV, on behalf of itself, and in the public interest, and LCP, and their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, distributors, wholesalers, retailers, predecessors, successors and assigns of any alleged violation of Proposition 65 or its implementing regulations for failure to provide Proposition 65 warnings of exposure to cocamide DEA from the handling, use or consumption of the Covered Products and fully and finally resolves all claims that have been or could have been asserted in this action up to and including the Effective Date for failure to provide Proposition 65 warnings for the Covered Products.

5.3. Shefa LMV's Public Release of Proposition 65 Claims

Shefa LMV, acting on its behalf and in the public interest, releases and discharges:

- (a) LCP, its parents, shareholders, divisions, subdivisions, subsidiaries, partners, sister companies, and affiliates, and their successors and assigns, including but not limited to Wisconsin Pharmacal Company, LLC (collectively, the "Defendant Releasees"); and
- (b) finished product or ingredient manufacturers, distributors, and suppliers, and all entities to whom any Defendant Releasee directly or indirectly distributed or sold any Covered Products, including but not limited to distributors, wholesalers, customers, retailers (including but not limited to Walgreen Co. and Rite Aid Corporation), franchisees, cooperative members, and Defendant Releasees' licensors and licensees (collectively, "Additional Releasees"), from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs and expenses asserted, or that could have been asserted, as to any alleged violation of Proposition 65 arising from or related to the failure to provide Proposition 65 warnings on the Covered Products regarding cocamide DEA.

5.4. Shefa LMV's Individual Release of Claims

Shefa LMV, on behalf of itself only, hereby releases and discharges the Defendant Releasees and Additional Releasees from any and all known and unknown claims for alleged violations of Proposition 65, or for any other statutory or common law claims, arising from or relating to alleged exposures to cocamide DEA in the Covered Products as set forth in the Notices. It is possible that other claims not known to the parties arising out of the facts alleged in the Notices of Violation or the Complaint and relating to the Covered Products will develop or be discovered. Shefa LMV, on behalf of itself only, acknowledges that this Consent Judgment is expressly intended to cover and include all such claims, including all rights of action therefor. Shefa LMV has full knowledge of the contents of

California Civil Code section 1542. Shefa LMV, on behalf of itself only, acknowledges that the claims released in Section 5.3 and 5.4 above may include unknown claims, and nevertheless waives California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

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

Shefa LMV, on behalf of itself only, acknowledges and understands the significance and consequences of this specific waiver of California Civil Code section 1542.

5.5. LCP and Shefa LMV's Mutual Release

LCP, on one hand, and Shefa LMV, on the other hand, their past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims they may have against each other, their attorneys or other representatives, for any and all actions taken or statements made or undertaken by them in connection with the Notices of Violation or the Complaint involving the Covered Products; provided, however, that nothing in this Section shall affect or limit any party's right to seek to enforce the terms of this Consent Judgment.

5.6. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to exposures to cocamide DEA from the Covered Products.

6. COURT APPROVAL

This Consent Judgment is not effective until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved and entered by the Court within one year after it has been fully executed by the parties.

7. SEVERABILITY

If, subsequent to the execution of this Consent Judgment, any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

8. GOVERNING LAW

The terms of this Consent Judgment shall be governed by the laws of the State of California and the obligations of LCP hereunder as to the Covered Products apply only within the State of California

9. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and (i) personally delivered, (ii) sent by first-class, (registered or certified mail) return receipt requested, or (iii) sent by overnight courier to one party from the other party at the following addresses:

To Shefa LMV:	
Daniel Chammas, Esq.	Daniel N. Greenbaum, Esq.
Venable LLP	Law Office of Daniel N. Greenbaum
2049 Century Park East, Suite 2100	The Hathaway Building
Los Angeles, CA 90067	7120 Hayvenhurst Avenue
Telephone: (310) 229-0302	Suite 320
Facsimile: (310) 229-9901	Van Nuvs, CA 91406

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

10. COUNTERPARTS; FACSIMILE/PDF SIGNATURES

This Consent Judgment may be executed in counterparts and by facsimile or PDF signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or PDF signature shall be as valid as the original.

11. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)

Shefa LMV and its attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code section 25249.7(f) and with Title II of the California Code Regulations, Section 3003.

12. ADDITIONAL POST-EXECUTION ACTIVITIES

Shefa LMV and LCP for themselves and their attorneys agree to employ their best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner. The parties acknowledge that, pursuant to California Health & Safety Code section 25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment, which Shefa LMV shall draft and file, and LCP shall not oppose. If any third party objection to the noticed motion is filed, Shefa LMV and LCP shall work together to file a joint reply or separate replies if the parties so desire and appear at any hearing before the Court. This provision is a material component of the Consent Judgment and shall be treated as such in the event of a breach.

13. MODIFICATION AND TERMINATION

- 13.1. This Consent Judgment may be modified only: (1) by written agreement of the parties and upon entry of a modified Consent Judgment by the Court thereon; or (2) upon a successful motion of any party and entry of a modified Consent Judgment by the Court.
- 13.2. If either party seeks to modify this Consent Judgment under Section 13.1, then the party requesting the modification shall provide written notice to the other party of its intent ("Notice of Intent"). If the party receiving the Notice of Intent seeks to meet and confer regarding the proposed modification, then that party shall provide written notice to the other party within thirty (30) days of receiving the Notice of Intent. If such notice is provided in a timely manner, then the parties shall meet and confer in good faith as required in this Section. The parties shall meet in person or on the

telephone within thirty (30) days of notification of intent to meet and confer. Within thirty (30) days of such meeting, if the party receiving the Notice of Intent disputes the proposed modification, that party shall provide the other party a written factual basis for its position. The parties shall continue to meet and confer for an additional thirty (30) days in an effort to resolve any remaining disputes. The parties may agree in writing to different deadlines for the meet and confer period.

- 13.3. Where the meet and confer process does not lead to a joint motion or application in support of a modification of the Consent Judgment, then either party may seek judicial relief on its own. In such a situation, the prevailing party may seek to recover costs and reasonable attorney's fees. As used in the preceding sentence, the term "prevailing party" means a party who is successful in obtaining relief more favorable to it than the relief that the other party was amenable to providing in writing and with specificity during the parties' good faith attempt to resolve the dispute that is the subject of the modification.
- 13.4. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Covered Products, including, without limitation, the removal of Cocamide DEA from OEHHA's list of Proposition 65 chemicals, then LCP shall notify Shefa LMV and its counsel and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Covered Products are so affected.
- 13.5. This Consent Judgment shall terminate without further action by any party if and when LCP no longer manufactures, distributes or sells all of the Covered Products and all of such Covered Products previously "distributed for sale in California" have reached their expiration dates and are no longer sold.

14. ENTIRE AGREEMENT

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 and understandings related thereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party hereto. No other agreements with respect to the subject matter of this Consent Judgment not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the parties.

15. AUTHORIZATION

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

16. <u>REQUEST FOR FINDINGS</u>, <u>APPROVAL OF SETTLEMENT AND ENTRY OF CONSENT JUDGMENT</u>

- 16.1. This Consent Judgment came before this Court upon the request of the parties. The parties request the Court to review this Consent Judgment and to make the following findings pursuant to Cal. Health & Safety Code § 25249.7(f)(4):
 - The injunctive relief required by the Consent Judgment complies with Cal. Health & Safety Code § 25249.7;
 - 2. The reimbursement of fees and costs to be paid pursuant to the Consent Judgment is reasonable under California law; and
 - 3. The civil penalty amount to be paid pursuant to the Consent Judgment is reasonable.

1	The undersigned are authorized to execute this Consent Judgment and have read, understood,		
2	and agree to all of the terms and conditions of this Consent Judgme	nt.	
3	A CREED TO:		
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28	28 PROPOSED] AMENDED CONSENT JUDGMENT AS TO LAK	E CONSUMER PRODUCTS	

ORDER AND JUDGMENT Based upon the stipulated Consent Judgment between Shefa LMV, LLC and Lake Consumer Products, the settlement is approved and the clerk is directed to enter judgment in accordance with the terms herein. Dated: Judge of the Superior Court

ORDER AND JUDGMENT