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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 COUNTY OF ALAMEDA

17 Coordination Proceeding ) JUDICIAL COUNCIL COORDINATION  
18 Special Title (Rule 3.350) ) PROCEEDING NO: 4765  
19 PROPOSITION 65 COCAMIDE DEA )  
20 CASES ) [*Shefa LMV, LLC v. Ross Stores, et al.*,  
21 ) Los Angeles County Superior Court  
22 ) No. BC521400]  
23 ) **[PROPOSED] CONSENT JUDGMENT**  
24 ) **AS TO METHOD PRODUCTS, INC.**  
25 )  
26 ) Judge: Hon. George C. Hernandez, Jr.  
27 )  
28 ) Action filed: October 11, 2013

1 **1. INTRODUCTION**

2 **1.1** This Consent Judgment is entered into by and between Plaintiff Shefa LMV, LLC  
3 (“Shefa”) and Method Products, PBC, sued as and formerly known as Method Products, Inc.  
4 (hereinafter “Method”). Shefa and Method are collectively referred to as the “Parties” and  
5 individually as a “Party.”

6 **1.2** Shefa is a limited liability company in California that is acting as a private enforcer  
7 pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health &  
8 Safety Code § 25249.5 *et seq.* (“Proposition 65”), and is enforcing Proposition 65.

9 **1.3** On August 1, 2013, Method Products, Inc. formally reincorporated as a Delaware  
10 public benefit corporation with the name Method Products, PBC.

11 **1.4** Method employs ten or more persons and is a person in the course of doing business  
12 for purposes of Proposition 65.

13 **1.5** The products covered by this Consent Judgment (“Covered Products”) are hand  
14 soaps manufactured, distributed and/or sold by Method that contain coconut oil diethanolamine  
15 condensate (cocamide diethanolamine) (referred to herein as “cocamide DEA”), including but not  
16 limited to Method Daffodil Bouquet, Method Cloudburst Hand Soap, Method Tomato Vine Hand  
17 Soap and Method Honeysuckle Hand Soap.

18 **1.6** On or about July 1, 2013 and July 31, 2013, Shefa served Method and various public  
19 enforcement agencies with documents entitled “60-Day Notice of Violation” pursuant to Health &  
20 Safety Code § 25249.7(d) (the “Notices”), alleging that Method was in violation of Proposition 65.  
21 Shefa’s Notices alleges that the Covered Products expose consumers to cocamide DEA without the  
22 requisite Proposition 65 warnings. Cocamide DEA is listed pursuant to Proposition 65 as a  
23 chemical known to the State of California to cause cancer.

24 **1.7** Shefa filed a Complaint in the above-captioned action (“Action”), alleging  
25 Proposition 65 violations as to the Covered Products and asserting causes of action against Method  
26 Products, Inc. under Proposition 65 and Cal. Bus. & Prof. Code §§ 17200 *et seq.*

27 **1.8** Upon entry of this Consent Judgment, the Complaint in the Action shall be deemed  
28 to be amended to substitute Method Products, PBC in place of Method Products, Inc.

1           **1.9**     Method denies the claims of alleged violations asserted against it in the Action and  
2 denies that it has any liability under Proposition 65 or Cal. Bus. & Prof. Code §§ 17200 *et seq.*

3           **1.10**    The Parties enter into this Consent Judgment to resolve all Proposition 65 claims  
4 concerning the Covered Products set forth in the Notices and the Action.

5           **1.11**    Nothing in this Consent Judgment shall be construed as an admission by the Parties  
6 of any fact, finding, conclusion of law, issue of law or violation of law, nor shall compliance with  
7 this Consent Judgment constitute or be construed as an admission by the Parties of any fact,  
8 conclusion of law, issue of law, or violation of law.

9           **1.12**    Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy,  
10 argument or defense the Parties may have in this or any other or future legal proceedings.

11           **1.13**    The term “Effective Date” means the date on which this Consent Judgment is  
12 approved and entered by the Court.

13 **2.     INJUNCTIVE RELIEF**

14           **2.1     Reformulation of Covered Products.** As of the Effective Date, Method shall not  
15 manufacture, distribute, sell or offer for sale any Covered Product that contains cocamide DEA and  
16 that will be sold or offered for sale to California consumers. For purposes of this Consent  
17 Judgment, a Covered Product “contains cocamide DEA” if cocamide DEA is an intentionally added  
18 ingredient in the Covered Product. Covered Products sold, distributed or otherwise put into the  
19 stream of commerce by Method prior to the Effective Date are nonetheless subject to the release of  
20 claims in Section 4.

21 **3.     MONETARY PAYMENTS**

22           **3.1     Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b)**

23           Method shall pay a total civil penalty payment of \$10,000.00 within ten (10) days of Court  
24 entry of this Consent Judgment, as follows: the civil penalty shall be apportioned in accordance  
25 with California Health & Safety Code § 25249.12 (c) and (d), with 75% of these funds remitted to  
26 the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”) and the  
27 remaining 25% of the penalty remitted to Plaintiff, both pursuant to the procedures set forth in  
28 Section 3.3.

1           **3.2 Reimbursement of Plaintiff's Fees and Costs**

2           The parties acknowledge that Plaintiff and its counsel offered to resolve this dispute  
3 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving  
4 this fee issue to be resolved after the material terms of the agreement had been settled. Method  
5 expressed a desire to resolve the fee and cost issue after the other settlement terms had been  
6 agreed. The Parties then attempted to (and did) reach an accord on the compensation due to  
7 Plaintiff and its counsel under general contract principles and the private attorney general doctrine  
8 codified at California Code of Civil Procedure § 1021.5, for all work performed in this matter,  
9 except fees that may be incurred on appeal. Under these legal principles, Method shall pay the  
10 amount of \$15,000.00 for fees and costs incurred investigating, litigating and enforcing this matter,  
11 including the fees and costs incurred (and yet to be incurred) negotiating, drafting, and obtaining  
12 the Court's approval of this Consent Judgment in the public interest.

13           **3.3 Payment Procedures**

14           All payments required by Sections 3.1 and 3.2 shall be within ten (10) days Court entry of  
15 this Consent Judgment, in three checks made payable as follows:

- 16           (a) one check to "OEHHA" in the amount of \$7,500.00;  
17           (b) one check to "Law Office of Daniel N. Greenbaum in Trust for Shefa LMV, LLC" in  
18           the amount of \$2,500.00;  
19           (c) one check to "Law Office of Daniel N. Greenbaum" in the amount of \$15,000.00.

20           **3.4 Issuance of 1099 Forms**

21           After the settlement funds have been transmitted to Plaintiff's counsel, DEFENDANT shall  
22 issue separate 1099 forms, as follows:

- 23           (a) one 1099 form to the "Office of Environmental Health Hazard Assessment" (EIN:  
24           68-0284486) in the amount of \$7,500.00;  
25           (b) a second 1099 form to "Shefa LMV, LLC" in the amount of \$2,500.00, whose  
26           address and tax identification number shall be furnished upon request;  
27  
28

1 (c) a third 1099 to “Law Office of Daniel N. Greenbaum” (EIN: 46-4580172) in the  
2 amount of \$15,000.00;

3 **3.5 Issuance of Payments.**

4 **3.5.1** All payments owed to Plaintiff, pursuant to Section 3.1, shall be delivered to  
5 the following payment address:

6 Daniel N. Greenbaum, Esq.  
7 Law Office of Daniel N. Greenbaum  
8 14752 Otsego Street  
9 Sherman Oaks, CA 91403

10 **3.5.2** All payments owed to OEHHA (EIN: 68-0284486), pursuant to Section 3.1,  
11 shall be delivered directly to OEHHA (Memo line “Prop 65 Penalties”) at the following addresses:

12 Mike Gyrics  
13 Fiscal Operations Branch Chief  
14 Office of Environmental Health Hazard Assessment  
15 P.O. Box 4010  
16 Sacramento, CA 95812-4010

17 With a copy of the checks payable to OEHHA mailed to the Law Office of Daniel N. Greenbaum at  
18 the address set forth above in 3.5.1, as proof of payment to OEHHA.

19 **4. CLAIMS COVERED AND RELEASED**

20 **4.1 Full and Binding Resolution of Proposition 65 Allegations:** This Consent  
21 Judgment is a full, final and binding resolution of the Action as set forth in this Section 4. Shefa, on  
22 behalf of itself, its attorneys, agents, representatives, successors and assigns, and in the public  
23 interest, waives all rights to participate in any action and releases and discharges (a) Method  
24 Products, PBC, Method Products, Inc., and their parents, shareholders, divisions, subdivisions,  
25 subsidiaries, partners, sister companies, and affiliates, and their successors and assigns (collectively,  
26 the “Defendant Releasees”), and (b) finished product or ingredient manufacturers, distributors, and  
27 suppliers, and all entities to whom any Defendant Releasee directly or indirectly distributed or sold  
28 any Covered Products, including but not limited to distributors, wholesalers, customers, retailers  
(including but not limited to Target Corp. and TJX Companies, Inc.), franchisees, cooperative  
members, and Defendant Releasees’ licensors and licensees (collectively, “Additional Releasees”),  
with respect to all claims, including, without limitation, causes of action (in law or in equity), suits,

1 liabilities, demands, obligations, damages, costs, fines, penalties, expenses (including, but not  
2 limited to, investigation fees, expert fees and attorneys' fees) or losses (collectively "Claims")  
3 regarding any violation of Proposition 65 based on failure to warn about alleged exposures to  
4 cocamide DEA in any Covered Products shipped, distributed or sold by Method prior to the  
5 Effective Date.

6 **4.2 Individual Release:** Shefa, on behalf of itself, its past and current agents,  
7 representatives, attorneys, and successors and/or assignees, and *not* in its representative capacity,  
8 hereby provides a release that shall be effective as a full and final accord and satisfaction, as a bar to  
9 all Claims under Proposition 65, Cal. Bus. & Prof. Code §§ 17200 *et seq.*, or any other statutory or  
10 common law, that are or may be asserted against Defendant Releasees and Additional Releasees,  
11 whether known or unknown, suspected or unsuspected, arising out of alleged exposures to, and/or  
12 failure to warn of alleged exposures to, cocamide DEA or diethanolamine in the Covered Products  
13 shipped, distributed or sold by Method prior to the Effective Date.

14 **4.3 General Release:** It is possible that other Claims not known to the Parties arising  
15 out of the facts alleged in the Notices or the Action will develop or be discovered. Shefa, on behalf  
16 of itself, its past and current agents, representatives, attorneys, and successors and/or assigns, and  
17 not in its representative capacity, acknowledges that this Consent Judgment is expressly intended to  
18 cover and include all such Claims, including all rights of action therefor. Shefa has full knowledge  
19 of the contents of California Civil Code § 1542. Shefa acknowledges that the Claims released in  
20 Sections 4.1 and 4.2 include unknown Claims, and Shefa nevertheless waives California Civil Code  
21 § 1542 as to any such unknown Claims. California Civil Code § 1542 reads as follows:

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

26 Shefa, on behalf of itself, its past and current agents, representatives, attorneys, and successors  
27 and/or assignees, and not in its representative capacity, acknowledges and understands the  
28 significance and consequences of this specific waiver of California Civil Code § 1542.

1           **4.4**     Compliance with the terms of this Consent Judgment by Method shall be deemed to  
2 constitute compliance by any Defendant Releasee or Additional Releasee with Proposition 65  
3 regarding alleged exposures to cocamide DEA in the Covered Products.

4           **4.5     Method's Release:** On behalf of itself and Defendant Releasees, Method waives all  
5 rights to institute any form of action against Shefa or Shefa's attorneys, consultants and  
6 representatives for all actions taken or statements made in the course of this Action prior to the date  
7 of the execution of this Consent Judgment.

8           **5.     ENFORCEMENT**

9           **5.1**     Any Party may file suit to enforce the terms and conditions contained in this Consent  
10 Judgment, as provided in this Section 5.1. A Party may enforce any of the terms and conditions of  
11 this Consent Judgment only after that Party first provides 30 days' written notice to the Party  
12 allegedly failing to comply with the terms and conditions of this Consent Judgment and attempts to  
13 resolve such Party's failure to comply in an open and good faith manner.

14           **6.     COURT APPROVAL**

15           **6.1**     This Consent Judgment is not effective until it is approved and entered by the Court  
16 and shall be null and void if, for any reason, it is not approved and entered by the Court within one  
17 year after it has been fully executed by all Parties.

18           **7.     SOLE AGREEMENT**

19           **7.1**     This Consent Judgment contains the sole and entire agreement and understanding of  
20 the Parties with respect to the entire subject matter hereof, and any and all prior discussions,  
21 negotiations, commitments or understandings related thereto, if any, are hereby merged herein and  
22 therein. No representations, oral or otherwise, express or implied, other than those specifically  
23 referred to in this Consent Judgment have been made by any Party hereto. No supplementation,  
24 modification, waiver or termination of this Consent Judgment shall be binding unless executed in  
25 writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent  
26 Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether  
27 or not similar, nor shall such waiver constitute a continuing waiver.  
28

1 **8. MODIFICATION**

2 **8.1** This Consent Judgment may be modified from time to time by (i) a written  
3 agreement of the Parties and upon entry of a modified consent judgment by the Court thereon; or  
4 (ii) upon a successful motion or application of any Party and the entry of a modified consent  
5 judgment by the Court.

6 **9. GOVERNING LAW AND APPLICATION**

7 **9.1** The terms of this Consent Judgment shall be governed by the laws of the State of  
8 California and shall apply only to Covered Products that are sold or offered for sale in the State of  
9 California. In the event that Proposition 65 is repealed, preempted or otherwise rendered  
10 inapplicable by reason of law generally, or as to the Covered Products, then Method shall have no  
11 further obligations pursuant to this Consent Judgment with respect to, and to the extent that, any  
12 Covered Products that are so affected.

13 **9.2** This Consent Judgment shall apply to and be binding upon Shefa and Method and  
14 their respective, divisions, subdivisions, and subsidiaries, successors and assigns.

15 **9.3** The Parties, including their counsel, have participated in the preparation of this  
16 Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This  
17 Consent Judgment was subject to revision and modification by the Parties and has been accepted  
18 and approved as to its final form by all Parties and their counsel.

19 **9.4** Each Party to this Consent Judgment agrees that any statute or rule of construction  
20 providing that ambiguities are to be resolved against the drafting Party should not be employed in  
21 the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California  
22 Civil Code § 1654.

23 **10. PROVISION OF NOTICE**

24 All notices required pursuant to this Consent Judgment and correspondence shall be sent to  
25 the following:

26 For Shefa: Daniel Greenbaum, Esq.,  
27 Law Office of Daniel N. Greenbaum  
14752 Otsego Street  
28 Sherman Oaks, CA 91403



1 For Method: Sarah Esmaili, Esq.  
2 Arnold & Porter LLP  
3 Three Embarcadero Center, 10th Floor  
4 San Francisco, CA 94111

5 **11. ATTORNEYS' FEES**

6 **11.1** A Party who unsuccessfully brings or contests an action arising out of this Consent  
7 Judgment shall be required to pay the prevailing Party's reasonable attorney's fees and costs. For  
8 purposes of this Section 11.1, the prevailing Party refers to the Party that was successful in  
9 obtaining relief more favorable to it than the relief that the other Party was amenable to providing  
10 during the Parties' good faith attempt to resolve the dispute under Section 5.1.

11 **11.2** Nothing in this Section 11 shall preclude a Party from seeking an award of sanctions  
12 pursuant to law.

13 **12. EXECUTION AND COUNTERPARTS**

14 The stipulations to this Consent Judgment may be executed in counterparts and by means of  
15 facsimile and/or portable document format (pdf), which taken together shall be deemed to constitute  
16 one document.

17 **13. COURT APPROVAL**

18 **13.1** This Consent Judgment shall not be effective until the Effective Date. Shefa shall  
19 prepare and file a Motion for Approval of this Consent Judgment and Method shall make no  
20 objections to entry of this Consent Judgment.

21 **13.2** If this Consent Judgment is not entered by the Court, it shall be of no force or effect.

22 **13.3** This Court shall retain jurisdiction of this matter to implement or modify the Consent  
23 Judgment.

24 **14. COMPLIANCE WITH HEALTH AND SAFETY CODE § 25249.7(f)**

25 **14.1** Shefa agrees to comply with the reporting form requirements referenced in  
26 California Health and Safety Code § 25249.7(f).  
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1 **15. AUTHORIZATION**

2 **15.1** Each signatory to this Consent Judgment certifies that he or she is fully authorized  
3 by the Party he or she represents to stipulate to this Consent Judgment and to enter into and execute  
4 the Consent Judgment on behalf of the Party represented and legally bind that Party.

5 **15.2** The undersigned have read, understand and agree to all of the terms and conditions  
6 of this Consent Judgment.

7 **15.3** Except as explicitly provided herein, each Party is to bear its own fees and costs.

8 **16. REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF**  
9 **CONSENT JUDGEMENT**

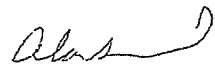
10 **16.1** This Consent Judgment came before this Court upon the request of the Parties. The  
11 Parties request the Court to review this Consent Judgment and to make the following findings  
12 pursuant to Cal. Health & Safety Code § 25249.7(f)(4):

- 13 1. The injunctive relief required by the Consent Judgment complies with Cal. Health &  
14 Safety Code § 25249.7;
- 15 2. The reimbursement of fees and costs to be paid pursuant to the Consent Judgment is  
16 reasonable under California law; and
- 17 3. The civil penalty amount to be paid pursuant to Consent Judgment is reasonable.


18  
19 AGREED TO:

20 Dated: 2/4/14

SHEFA LMV, LLC

21  
22 By:   
23 Alisa Fried


24 Approved as to form:

25   
26 Daniel Greenbaum, Esq.  
27 Attorney for Shefa LMV, LLC

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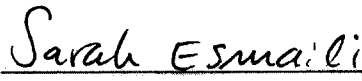
Dated:  
2/5/14

METHOD PRODUCTS, PBC, sued as  
and formerly known as Method Products,  
Inc.

By:   
Paul Yee, CFO

Approved as to form:

2/10/14

  
Sarah Esmaili, Esq.  
Attorney for Method Products, PBC, sued  
as and formerly known as Method  
Products, Inc.

**ORDER AND JUDGMENT**

Based upon the stipulated Consent Judgment between Shefa LMV, LLC and Method Products, PBC, the settlement is approved and the clerk is directed to enter judgment in accordance with the terms herein.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Judge of the Superior Court