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7 CENTER FOR ENVIRONMENTAL HEALTH

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF ALAMEDA

12 Coordination Proceeding Special Title: ) Judicial Council Coordination  
13 PROPOSITION 65 COCAMIDE DEA CASES ) Proceeding  
14 ) Case No. 4765

15 This Document Relates To: ) **[PROPOSED] CONSENT**  
16 ) **JUDGMENT AS TO NATERRA**  
17 ) **INTERNATIONAL, INC.**  
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20 **1. INTRODUCTION**

21 1.1 The parties to this Consent Judgment (“Parties”) are the Center for  
22 Environmental Health (“CEH”) and defendant Naterra International, Inc. (“Settling Defendant”).  
23 CEH and Settling Defendant are referred to collectively as the “Parties.”

24 1.2 Settling Defendant is a corporation that employs ten (10) or more persons and  
25 that manufactures, distributes, and/or sells shampoo and liquid soaps that contain coconut oil  
26 diethanolamine condensate (cocamide diethanolamine) (hereinafter, “cocamide DEA”) in the  
27 State of California or has done so in the past.

1           1.3           On July 19, 2013, CEH served a 60-Day Notice of Violation under Proposition  
2 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety  
3 Code §§ 25249.5, *et seq.*) (“Notice”) to Settling Defendant, the California Attorney General, the  
4 District Attorneys of every County in the State of California, and the City Attorneys for every  
5 City in the State of California with a population greater than 750,000. The Notice alleges  
6 violations of Proposition 65 with respect to the presence of cocamide DEA in shampoo and liquid  
7 soaps that are manufactured, distributed, and/or sold by Settling Defendant.

8           1.4           On September 24, 2013, CEH filed the action entitled *CEH v. Fantasia*  
9 *Industries Corporation, et al.*, Case No. RG 13-696756, in the Superior Court of California for  
10 Alameda County. On October 8, 2013, CEH named Settling Defendant as a defendant in that  
11 action pursuant to California Code of Civil Procedure § 474. On December 4, 2013, the *Fantasia*  
12 action was coordinated with several other related Proposition 65 actions in the *Proposition 65*  
13 *Cocamide DEA Cases*, Case No. JCCP 4765, currently pending before this Court.

14           1.5           For purposes of this Consent Judgment only, the Parties stipulate that: (i) this  
15 Court has jurisdiction over the allegations of violations contained in the operative Complaint  
16 applicable to Settling Defendant (“Complaint”) and personal jurisdiction over Settling Defendant  
17 as to the acts alleged in the Complaint; (ii) venue is proper in the County of Alameda; and (iii)  
18 this Court has jurisdiction to enter this Consent Judgment.

19           1.6           Nothing in this Consent Judgment is or shall be construed as an admission by  
20 the Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance  
21 with the Consent Judgment constitute or be construed as an admission by the Parties of any fact,  
22 conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall  
23 prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any  
24 other legal proceeding. This Consent Judgment is the product of negotiation and compromise and  
25 is accepted by the Parties for purposes of settling, compromising, and resolving issues disputed in  
26 this action.

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1 **2. DEFINITIONS**

2 2.1 “Covered Products” means shampoo and liquid soaps such as hand soap, body  
3 wash and bubble bath.

4 2.2 “Effective Date” means the date on which this Consent Judgment is entered by  
5 the Court.

6 **3. INJUNCTIVE RELIEF**

7 3.1 **Reformulation of Covered Products.** As of the Effective Date, Settling  
8 Defendant shall not manufacture, distribute, sell, or offer for sale any Covered Product that  
9 contains cocamide DEA and that will be sold or offered for sale to California consumers. For  
10 purposes of this Consent Judgment, a product “contains cocamide DEA” if cocamide DEA is an  
11 intentionally added ingredient in the product and/or part of the product formulation.

12 3.2 **Specification to Suppliers.** No more than thirty (30) days after the Effective  
13 Date, to the extent it has not already done so, Settling Defendant shall issue specifications to its  
14 suppliers of Covered Products requiring that Covered Products not contain any cocamide DEA,  
15 and shall instruct each supplier to use reasonable efforts to eliminate Covered Products containing  
16 cocamide DEA on a nationwide basis.

17 3.3 **Action Regarding Specific Products.**

18 3.3.1 On or before the Effective Date, Settling Defendant shall cease selling the  
19 Tree Hut Olive & Shea Moisturizing Shower Wash in Vanilla Spice, SKU No. 0-75371-02037-7  
20 (“Section 3.3 Product”). On or before the Effective Date, to the extent it has not already done so,  
21 Settling Defendant shall also: (i) cease shipping the Section 3.3 Product to any of its stores and/or  
22 customers that resell the Section 3.3 Product in California; and (ii) send instructions to its stores  
23 and/or customers that resell the Section 3.3 Product in California instructing them either to: (a)  
24 return all the Section 3.3 Product to Settling Defendant for destruction, or (b) directly destroy the  
25 Section 3.3 Product.

26 3.3.2 Any destruction of the Section 3.3 Product shall be in compliance with all  
27 applicable laws.

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1                   3.3.3 The obligations of Section 3.3.1 and 3.3.2 shall not apply to the Section 3.3  
2 Product to the extent the Section 3.3 Product has been reformulated such that it no longer contains  
3 cocamide DEA.

4                   **4. ENFORCEMENT**

5                   4.1 CEH may, by motion or application for an order to show cause before the  
6 Superior Court of Alameda County, enforce the terms and conditions contained in this Consent  
7 Judgment. Prior to bringing any motion or application to enforce the requirements of Section 3  
8 above, CEH shall provide Settling Defendant with a Notice of Violation and a copy of any test  
9 results which purportedly support CEH's Notice of Violation. The Parties shall then meet and  
10 confer regarding the basis for CEH's anticipated motion or application in an attempt to resolve it  
11 informally, including providing Settling Defendant a reasonable opportunity of at least thirty (30)  
12 days to cure any alleged violation. Should such attempts at informal resolution fail, CEH may  
13 file its enforcement motion or application. This Consent Judgment may only be enforced by the  
14 Parties.

15                   **5. PAYMENTS**

16                   5.1 **Payments by Settling Defendant.** Within five (5) business days of the Effective  
17 Date, Settling Defendant shall pay the total sum of \$15,000 as a settlement payment. The total  
18 settlement amount for Settling Defendant shall be paid in four separate checks delivered to  
19 counsel for CEH at the address set forth in Section 8.1 below. The funds paid by Settling  
20 Defendant shall be allocated between the following categories:

21                   5.1.1 \$1,650 as a civil penalty pursuant to Health & Safety Code § 25249.7(b),  
22 such money to be apportioned by CEH in accordance with Health & Safety Code § 25249.12  
23 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard  
24 Assessment). The civil penalty check shall be made payable to the Center for Environmental  
25 Health.

26                   5.1.2 \$2,250 as a payment in lieu of civil penalty to CEH pursuant to Health &  
27 Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3203(b). CEH will use  
28 such funds to continue its work educating and protecting people from exposures to toxic

1 chemicals. CEH may also use a portion of such funds to monitor compliance with this Consent  
2 Judgment and to purchase and test Settling Defendant's products to confirm compliance. In  
3 addition, as part of its Community Environmental Action and Justice Fund, CEH will use four  
4 percent (4%) of such funds to award grants to grassroots environmental justice groups working to  
5 educate and protect people from exposures to toxic chemicals. The method of selection of such  
6 groups can be found at the CEH web site at [www.ceh.org/justicefund](http://www.ceh.org/justicefund). The payment pursuant to  
7 this Section shall be made payable to the Center for Environmental Health.

8           5.1.3 \$11,100 as reimbursement of a portion of CEH's reasonable attorneys' fees  
9 and costs. A check for \$9,600 shall be made payable to the Lexington Law Group, and a check  
10 for \$1,500 shall be made payable to the Center for Environmental Health.

## 11 **6. MODIFICATION**

12           6.1 **Written Consent.** This Consent Judgment may be modified from time to  
13 time by express written agreement of the Parties with the approval of the Court, or by an order of  
14 this Court upon motion and in accordance with law.

15           6.2 **Meet and Confer.** Any Party seeking to modify this Consent Judgment shall  
16 attempt in good faith to meet and confer with all affected Parties prior to filing a motion to  
17 modify the Consent Judgment.

## 18 **7. CLAIMS COVERED AND RELEASED**

19           7.1 This Consent Judgment is a full, final, and binding resolution between CEH on  
20 behalf of itself and the public interest and Settling Defendant, and its parents, subsidiaries,  
21 affiliated entities that are under common ownership, directors, officers, employees, and attorneys  
22 ("Defendant Releasees"), and each entity to whom they directly or indirectly distribute or sell  
23 Covered Products, including but not limited to distributors, wholesalers, customers, retailers,  
24 franchisees, cooperative members, licensors, and licensees ("Downstream Defendant Releasees"),  
25 of any violation of Proposition 65 that was or could have been asserted in the Complaint against  
26 Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees, based on failure  
27 to warn about alleged exposure to cocamide DEA contained in Covered Products that were sold  
28 by Settling Defendant prior to the Effective Date.

1           7.2           Compliance with the terms of this Consent Judgment by Settling Defendant  
2 and Defendant Releasees shall constitute compliance with Proposition 65 by Settling Defendant,  
3 Defendant Releasees, and Downstream Defendant Releasees with respect to any alleged failure to  
4 warn about cocamide DEA in Covered Products manufactured, distributed, or sold by Settling  
5 Defendant after the Effective Date.

6           7.3           Nothing in this Section 7 affects CEH's right to commence or prosecute an  
7 action under Proposition 65 against any person other than Settling Defendant, Defendant  
8 Releasees, or Downstream Defendant Releasees.

9       **8.    NOTICE**

10          8.1           When CEH is entitled to receive any notice under this Consent Judgment, the  
11 notice shall be sent by first class and electronic mail to:

12                           Mark Todzo  
13                           Lexington Law Group  
14                           503 Divisadero Street  
15                           San Francisco, CA 94117  
16                           mtodzo@lexlawgroup.com

17          8.2           When Settling Defendant is entitled to receive any notice under this Consent  
18 Judgment, the notice shall be sent by first class and electronic mail to:

19                           Anthony Cortez  
20                           Greenberg Traurig, LLP  
21                           1201 K Street, Suite 1100  
22                           Sacramento, CA 95814  
23                           cortezan@gtlaw.com

24          8.3           Any Party may modify the person and address to whom the notice is to be sent  
25 by sending the other Party notice by first class and electronic mail.

26       **9.    COURT APPROVAL**

27          9.1           This Consent Judgment shall become effective upon entry by the Court. CEH  
28 shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant  
shall support entry of this Consent Judgment.

1           9.2           If this Consent Judgment is not entered by the Court, it shall be of no force or  
2 effect and shall never be introduced into evidence or otherwise used in any proceeding for any  
3 purpose other than to allow the Court to determine if there was a material breach of Section 9.1.

4       **10.    ATTORNEYS' FEES**

5           10.1           Should CEH prevail on any motion, application for an order to show cause, or  
6 other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its  
7 reasonable attorneys' fees and costs incurred as a result of such motion or application. Should  
8 Settling Defendant prevail on any motion application for an order to show cause or other  
9 proceeding, Settling Defendant may be awarded its reasonable attorneys' fees and costs as a result  
10 of such motion or application upon a finding by the Court that CEH's prosecution of the motion  
11 or application lacked substantial justification. For purposes of this Consent Judgment, the term  
12 substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986,  
13 Code of Civil Procedure §§ 2016, *et seq.*

14           10.2           Except as otherwise provided in this Consent Judgment, each Party shall bear  
15 its own attorneys' fees and costs.

16           10.3           Nothing in this Section 10 shall preclude a Party from seeking an award of  
17 sanctions pursuant to law.

18       **11.    OTHER TERMS**

19           11.1           The terms of this Consent Judgment shall be governed by the laws of the State  
20 of California.

21           11.2           This Consent Judgment shall apply to and be binding upon CEH and Settling  
22 Defendant, and its respective divisions, subdivisions, and subsidiaries, and the successors or  
23 assigns of any of them.

24           11.3           This Consent Judgment contains the sole and entire agreement and  
25 understanding of the Parties with respect to the entire subject matter hereof, and any and all prior  
26 discussions, negotiations, commitments, or understandings related thereto, if any, are hereby  
27 merged herein and therein. There are no warranties, representations, or other agreements between  
28 the Parties except as expressly set forth herein. No representations, oral or otherwise, express or

1 implied, other than those specifically referred to in this Consent Judgment have been made by any  
2 Party hereto. No other agreements not specifically contained or referenced herein, oral or  
3 otherwise, shall be deemed to exist or to bind any of the Parties hereto. No supplementation,  
4 modification, waiver, or termination of this Consent Judgment shall be binding unless executed in  
5 writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent  
6 Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof  
7 whether or not similar, nor shall such waiver constitute a continuing waiver.

8           11.4           Nothing in this Consent Judgment shall release, or in any way affect any rights  
9 that Settling Defendant might have against any other party, whether or not that party is a settling  
10 defendant.

11           11.5           This Court shall retain jurisdiction of this matter to implement or modify the  
12 Consent Judgment.

13           11.6           The stipulations to this Consent Judgment may be executed in counterparts  
14 and by means of facsimile or portable document format (pdf), which taken together shall be  
15 deemed to constitute one document.

16           11.7           Each signatory to this Consent Judgment certifies that he or she is fully  
17 authorized by the Party he or she represents to stipulate to this Consent Judgment and to enter into  
18 and execute the Consent Judgment on behalf of the Party represented and legally to bind that  
19 Party.

20           11.8           The Parties, including their counsel, have participated in the preparation of  
21 this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties.  
22 This Consent Judgment was subject to revision and modification by the Parties and has been  
23 accepted and approved as to its final form by all Parties and their counsel. Accordingly, any  
24 uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any  
25 Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this  
26 Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to  
27 be resolved against the drafting Party should not be employed in the interpretation of this Consent  
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1 Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

2 **IT IS SO STIPULATED:**

3 **CENTER FOR ENVIRONMENTAL HEALTH**

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Charlie Pizarro  
Associate Director

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**NATERRA INTERNATIONAL, INC.**

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\_\_\_\_\_  
Signature

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\_\_\_\_\_  
Printed Name

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\_\_\_\_\_  
Title

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**IT IS SO ORDERED:**

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Dated: \_\_\_\_\_, 2014

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

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1 Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

2 **IT IS SO STIPULATED:**

3 **CENTER FOR ENVIRONMENTAL HEALTH**

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Charlie Pizarro  
Associate Director

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**NATERRA INTERNATIONAL, INC.**

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10 Jon W. Winick  
Signature

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12 JIN K. SONG  
13 Printed Name

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15 President  
16 Title

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**IT IS SO ORDERED:**

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Dated: \_\_\_\_\_, 2014

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

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