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

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

16 _____)
17 This Document Relates To:)

18 *Center for Environmental Health v. Noevir*)
19 *U.S.A., Inc., et al.*, A.C.S.C. Case No. RG 14-)
739157)

**[PROPOSED] CONSENT
JUDGMENT AS TO SIGNATURE
CLUB A LTD. INC.**

20
21 **1. INTRODUCTION**

22 1.1 The parties to this Consent Judgment (“Parties”) are the Center for
23 Environmental Health (“CEH”) and defendant Signature Club A Ltd. Inc. (“Settling Defendant”).
24 CEH and Settling Defendant are referred to collectively as the “Parties.”

25 1.2 Settling Defendant is a corporation that manufactures, distributes, and/or sells
26 shampoo and liquid soaps that contain coconut oil diethanolamine condensate (cocamide
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28

1 diethanolamine) (hereinafter, “cocamide DEA”) in the State of California or has done so in the
2 past.

3 1.3 On February 13, 2015, CEH served a 60-Day Notice of Violation under
4 Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health
5 & Safety Code §§ 25249.5, *et seq.*) (“Notice”) to Settling Defendant, the California Attorney
6 General, the District Attorneys of every County in the State of California, and the City Attorneys
7 for every City in the State of California with a population greater than 750,000. The Notice
8 alleges violations of Proposition 65 with respect to the presence of cocamide DEA in shampoo
9 and liquid soaps that are manufactured, distributed, and/or sold by Settling Defendant.

10 1.4 On September 3, 2014, CEH filed the action entitled *CEH v. Noevir U.S.A.,*
11 *Inc., et al.*, Case No. RG 14-739157, in the Superior Court of California for Alameda County. On
12 October 6, 2014, the *Noevir* action was coordinated with several other related Proposition 65
13 actions in the *Proposition 65 Cocamide DEA Cases*, Case No. JCCP 4765, currently pending
14 before this Court. On or about April 27, 2015, CEH named Settling Defendant as a defendant in
15 that action pursuant to California Code of Civil Procedure § 474.

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

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

1 **2. DEFINITIONS**

2 2.1 “Covered Products” means shampoo and liquid soaps.

3 2.2 “Effective Date” means the date on which this Consent Judgment is entered by
4 the Court.

5 **3. INJUNCTIVE RELIEF**

6 3.1 **Reformulation of Covered Products.** As of the Effective Date, Settling
7 Defendant shall not manufacture, distribute, sell, or offer for sale any Covered Product that
8 contains cocamide DEA and that will be sold or offered for sale to California consumers. For
9 purposes of this Consent Judgment, a product “contains cocamide DEA” if cocamide DEA is an
10 intentionally added ingredient in the product and/or part of the product formulation.

11 3.2 **Specification to Suppliers.** No more than thirty (30) days after the Effective
12 Date, Settling Defendant shall issue specifications to its suppliers of Covered Products requiring
13 that Covered Products not contain any cocamide DEA, and shall instruct each supplier to use
14 reasonable efforts to eliminate Covered Products containing cocamide DEA on a nationwide
15 basis.

16 3.3 **Action Regarding Specific Products.**

17 3.3.1 On or before the Effective Date, Settling Defendant shall cease selling the
18 following products: (i) the Signature Club A Precious Moroccan Argan Oil & Pomegranate
19 Shampoo/Conditioner, Item No. 153341; (ii) the Signature Club A Vanilla Meringue Hair
20 Thickening Shampoo/Conditioner, Item No. 375091; and (iii) the Signature Club A Rapid
21 Transport C Infused Hair Thickening Shampoo/Conditioner, Item No. 157364 (the “Section 3.3
22 Products”). On or before the Effective Date, Settling Defendant shall also: (i) cease shipping the
23 Section 3.3 Products to any of its stores and/or customers that resell the Section 3.3 Products in
24 California; and (ii) send instructions to its stores and/or customers that resell the Section 3.3
25 Products in California instructing them either to: (a) return all the Section 3.3 Products to Settling
26 Defendant for destruction, or (b) directly destroy the Section 3.3 Products.

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

1 3.3.3 Within sixty (60) days of the Effective Date, Settling Defendant shall
2 provide CEH with written certification from Settling Defendant confirming compliance with the
3 requirements of this Section 3.3.

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 \$32,500 as a settlement payment. Each
18 settlement payment from 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 \$3,575 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). This check shall be made payable to the Center for Environmental Health.

25 5.1.2 \$4,875 as payment in lieu of civil penalty to CEH pursuant to Health &
26 Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3203(b). CEH will use
27 such funds to continue its work educating and protecting people from exposures to toxic
28 chemicals. CEH may also use a portion of such funds to monitor compliance with this Consent

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

7 5.1.3 \$24,050 as reimbursement of a portion of CEH's reasonable attorneys' fees
8 and costs. A check for \$20,800 shall be made payable to the Lexington Law Group, and a check
9 for \$3,250 shall be made payable to the Center for Environmental Health.

10 **6. MODIFICATION**

11 6.1 **Written Consent.** This Consent Judgment may be modified from time to
12 time by express written agreement of the Parties with the approval of the Court, or by an order of
13 this Court upon motion and in accordance with law.

14 6.2 **Meet and Confer.** Any Party seeking to modify this Consent Judgment shall
15 attempt in good faith to meet and confer with all affected Parties prior to filing a motion to
16 modify the Consent Judgment.

17 **7. CLAIMS COVERED AND RELEASED**

18 7.1 This Consent Judgment is a full, final, and binding resolution between CEH on
19 behalf of itself and the public interest and Settling Defendant, and its parents, subsidiaries,
20 affiliated entities (including but not limited to AM Admin., Inc., and A.A.N. Services, Inc.) that
21 are under common ownership, directors, officers, employees, and attorneys ("Defendant
22 Releasees"), and each entity to whom they directly or indirectly distribute or sell Covered
23 Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees,
24 cooperative members, licensors, and licensees (including but not limited to HSN, Inc.)
25 ("Downstream Defendant Releasees") of any violation of Proposition 65 that was or could have
26 been asserted in the Complaint against Settling Defendant, Defendant Releasees, and
27 Downstream Defendant Releasees, based on failure to warn about alleged exposure to cocamide
28 DEA contained in Covered Products that were sold by Settling Defendant prior to the Effective

1 Date.

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

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

10 **8. NOTICE**

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

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

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

20 Jane Kroesche
21 Skadden, Arps, Slate, Meagher & Flom LLP
22 525 University Avenue
23 Palo Alto, CA 94301
24 jane.kroesche@skadden.com

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

27 **9. COURT APPROVAL**

28 9.1 This Consent Judgment shall become effective upon entry by the Court. CEH
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
28 Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

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IT IS SO STIPULATED:

CENTER FOR ENVIRONMENTAL HEALTH



Charlie Pizarro
Associate Director

SIGNATURE CLUB A LTD. INC.

Signature

Printed Name

Title

IT IS SO ORDERED:

Dated: _____, 2015

Judge of the Superior Court

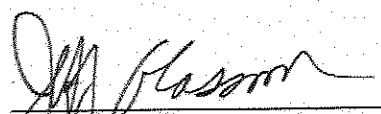
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IT IS SO STIPULATED:

CENTER FOR ENVIRONMENTAL HEALTH

Charlie Pizarro
Associate Director

SIGNATURE CLUB A LTD. INC.



Signature

Jeffrey Glassman

Printed Name

General Manager / CFO

Title

IT IS SO ORDERED:

Dated: _____, 2015

Judge of the Superior Court