1 2 3 4	Evan J. Smith, Esquire (SBN 242352) Ryan P. Cardona, Esquire (SNB 302113) BRODSKY & SMITH, LLC 9595 Wilshire Blvd., Ste. 900 Beverly Hills, CA 90212 Telephone: (877) 534-2590 Facsimile: (310) 247-0160	
5	Attorneys for Plaintiff	
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8	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
9	COUNTY OF ALAMEDA	
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11	ANTHONY FERREIRO and GABRIEL	Case No.: RG16803636
12	ESPINOSA,	[PROPOSED] CONSENT JUDGEMENT
13	Plaintiffs,	Judge: Frank Roesch
14		Dept.: 24
15	VS.	Hearing Date: June 14, 2015
16	ACE HARDWARE CORP., and	Hearing Time: 3:45 p.m.
17	SHEPHERD HARDWARE PRODUCTS, LLC.	Reservation No.: R-1734977
18	Defendants.	
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1. Introduction

- 1.1 On May 21, 2015, Anthony Ferreiro ("Ferreiro") served Ace Hardware Corp. ("Ace"), and various public enforcement agencies with documents (AG Number 2015-00444 (Vinyl Tips) and AG Number 2015-00452 (Connectors) entitled "Notice of Violation of California Health & Safety Code § 25249.6, et seq." (the "May 21st Notices"). The May 21st Notices provided Ace and such others, including public enforcers, with notice that alleged that Ace was in purported violation of California Health & Safety Code § 25249.6 ("Proposition 65") for failing to warn consumers and customers that certain floor protection products including a) Ace Vinyl Tips, UPC No. 0 82901 02398 2 ("Ace Vinyl Tips"), distributed by Shepherd Hardware Products, LLC ("Shepherd") exposed users in California to the chemicals Di(2-ethylhexyl) phthalate (DEHP) and Diisononyl phthalate (DINP) and that Ace Washing Machine Connectors, ¾" x ¾", UPC No. 0 82901 03924 2 ("Ace Washing Machine Connectors") exposed users in California to DEHP. No public enforcer has diligently prosecuted the allegations set forth in the May 21st Notices.
- 1.2 On September 21, 2015, Gabriel Espinosa ("Espinosa") served Shepherd Hardware Products, Inc., Shepherd, Anawalt Lumber & Materials Co. ("Anawalt Lumber"), and various public enforcement agencies with a document entitled (AG Number 2015-00983) "Notice of Violation of California Health & Safety Code § 25249.6, et seq." (the "September 21st Notice"). The September 21st Notice provided Shepherd and such others, including public enforcers, with notice that alleged that Shepherd was in purported violation of Proposition 65 for failing to warn consumers and customers that certain floor protection products including ½" Hi-Vinyl Leg Tips, UPC No. 0 39003 19205 4 ("Hi Vinyl Leg"), exposed users in California to the chemicals DEHP and DINP. No public enforcer has diligently prosecuted the allegations set forth in the September 21st Notice.
- 1.3 Espinosa and Ferreiro are collectively referred to herein as "Plaintiffs." Ace and Shepherd are collectively referred to herein as "Defendants." Together, Plaintiffs and Defendants are referred to herein as, the "Parties."
 - 1.4 The May 21st Notices and the September 21st Notice are collectively referred to as,

the "Notice."

- 1.5 Shepherd floor protection products, including but not limited to Ace Vinyl Tips and Hi Vinyl Leg Tips, and the Ace Washing Machine Connectors are collectively referred to herein as, the "Products."
- 1.6 On February 11, 2016, Plaintiffs filed a Complaint for Civil Penalties and Injunctive Relief ("Complaint") in the Alameda County Superior Court (the "Court"), Case No. RG16803636, against Defendants, alleging violations of Proposition 65 with respect to the Products (the "Action").
- 1.7 Defendants are each a corporation that employs more than ten persons under California Health and Safety Code §25249.6 and offered the Products for sale within the State of California.
- 1.8 Plaintiffs' Complaint alleges, among other things, that Defendants sold the Products in California and/or to California citizens, that the Products contain DEHP and DINP (or just DEHP in the instance of the Washing Machine Connectors), and that the resulting exposure violated provisions of Proposition 65, by knowingly and intentionally exposing persons to chemicals known to the State of California to cause cancer, birth defects or other reproductive harm, without first providing a clear and reasonable warning to such individuals.
- 1.9 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Defendants as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter this Consent Judgment as a resolution of the allegations contained in the Complaint.
- 1.10 The Parties enter into this Consent Judgment pursuant to a full settlement and release of disputed claims between the Parties as alleged in the Complaint for the purpose of avoiding prolonged litigation. By execution of this Consent Judgment, Defendants do not admit any violation of Proposition 65 and specifically deny that they have committed any such violation. Nothing in this Consent Judgment shall be construed as an admission by Defendants of any fact, issue of law, or violation of law, nor shall compliance with the Consent Judgment

constitute or be construed as an admission by Defendants of any fact, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy or defense that Defendants may have in any other future legal proceeding. However, this paragraph shall not diminish or otherwise affect the obligations, responsibilities and duties of Defendants under this Consent Judgment.

1.12 For purposes of this Consent Judgment, the term "Effective Date" shall mean the date that the Consent Judgment is entered by the Court.

2. <u>Injunctive Relief</u>

- 2.1 Commencing on December 31, 2016, and continuing thereafter, Defendants shall only ship, sell, or offer for sale in California, reformulated Products pursuant to Section 2.2 or Products that are labeled with a clear and reasonable warning pursuant to Section 2.3. Defendants and their downstream retailers shall have no obligation to label Products that entered the stream of commerce prior to December 31, 2016, but will use their best efforts to do so. For purposes of this Settlement Agreement, "Reformulated Products" are Products that are in compliance with the standard set forth below in section 2.2.
- 2.2 "Reformulated Products" shall mean Products that contains less than or equal to 1,000 parts per million ("ppm") of each of DEHP and DINP when analyzed pursuant to CPSC-CH-C1001-09.3 Standard Operating Procedure for Determination of Phthalates method.
- 2.3 Commencing on the December 31, 2016, Defendants shall, for all Products they sell or distribute and which are intended for sale in California or which Defendants have reason to believe will be shipped or sold in California and that are not Reformulated Products, but provide clear and reasonable warnings as set forth in subsections 2.3(a) and (b) below. The warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which specific Products the warning applies, so as to minimize the risk of consumer confusion.

(a) Retail Store Sales

(i) Products Labeling. Defendants shall affix a warning to the packaging, labeling or directly on each Product sold in retail outlets in California by Defendants or any person selling the Products that states:

WARNING:

This product contains chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

(ii) Point of Sale Warnings. Alternatively, Defendants may provide warning signs in the form below to its customers in California with instructions to post the warnings in close proximity to the point of display of the Products. Such instruction sent to Defendants customers shall be sent by certified mail, return receipt requested.

WARNING:

This product contains chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

(b) Mail Order Catalog Warning. In the event that Defendants directly sell Products via mail order catalog directly to consumers located in California after the Effective Date that are not Reformulated Products, Defendants shall provide a warning for such Products sold via mail order catalog to such California residents. A warning that is given in a mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Products:

WARNING:

This product contains chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Products, Defendants may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol" with the following language on the inside of the front cover of the catalog or on the same page as any

order form for the Products:

WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Products. On each page where the designated symbol appears, Defendants must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

2.4 The warning requirements set forth in Section 2.3 shall not apply to Reformulated Products.

3. Entry of Consent Judgment

- 3.1 The Parties hereby request that the Court promptly approve and enter this Consent Judgment. Upon entry of this Consent Judgment, Plaintiffs and Defendants waive their respective rights to a hearing or trial on the allegations of the Plaintiffs Complaint and Notice which are at issue in the Action.
- 3.2 In the event that the California Attorney General objects or otherwise comments on one or more provisions of this Consent Judgment, Plaintiffs and Defendants agree to take reasonable steps to satisfy such concerns or objections.

4. Matters Covered By This Consent Judgment

4.1 Plaintiffs' Public Release of Proposition 65 Claims. This Consent

Judgment is a final and binding resolution between Plaintiffs, acting on their own behalf, and on
behalf of the public and in the public interest, and Defendants, their parents, subsidiaries,
affiliated entities, and subsidiaries and affiliated entities under common ownership, directors,
officers, employees, attorneys and each entity to whom they directly or indirectly distribute or sell
the Products, including but not limited to their down stream distributors, wholesalers, customers,
retailers, including Anawalt Lumber, franchises, cooperative members, licensors, licensees
(collectively, the "Releasees") and shall have preclusive effect such that no other person or entity,
whether purporting to act in his, her, or its interests or the public interest shall be permitted to

pursue and/or take any action with respect to any violation of Proposition 65 that was alleged in the Complaint, or that could have been brought pursuant to the Notice.

4.2 Plaintiffs' Release of Additional Claims. As to Plaintiffs for and in their individual capacity only, this Consent Judgment shall have preclusive effect such that they shall not be permitted to pursue and/or take any action with respect to any other statutory or common law claim, to the fullest extent that any of the foregoing were or could have been asserted by either of them against Defendants and Releasees based on their alleged exposure of persons to DEHP and DINP in the Products, or their alleged failure to provide a clear and reasonable warning of exposure to such individuals or, as to alleged exposures to DEHP and DINP in the Products, any other claim based on whole or in part on the facts alleged in the Complaint and the Notice, whether or not based on actions committed by Defendants or Releasees. As to alleged exposures to DEHP and DINP in the Products, compliance with the terms of this Consent Judgment is deemed sufficient to satisfy all obligations concerning, compliance by Defendants with the requirements of Proposition 65 with respect to the Products, and any alleged resulting exposure.

As to alleged exposures to DEHP and DINP in the Products, Plaintiffs, each acting in their individual capacity, waive all rights to institute any form of legal action, and releases all claims against Defendants and Releasees, whether under Proposition 65 or otherwise, arising out of or resulting from, or related directly or indirectly to, in whole or in part, the Products or the Action, including but not limited to any exposure to, or failure to warn with respect to, DEHP and DINP in the Products (referred to collectively in this Section as the "Claims"). In furtherance of the foregoing, as to alleged exposures to DEHP and DINP in the Products, Plaintiffs waive any and all rights and benefits which they now have, or in the future may have, conferred upon them with respect to the Claims by virtue of the provisions of § 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT 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 SETTLEMENT WITH THE DEBTOR.

Plaintiffs understand and acknowledge that the significance and consequence of this waiver of California Civil Code § 1542 is that even if Plaintiffs suffer future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, the Products, including but not limited to any exposure to, or failure to warn with respect to exposure to DEHP and DINP in the Products, Plaintiffs will not be able to make any claim for those damages against Defendants or Releasees.

4.3 Defendants' Ace and Shepherd's Release of Plaintiffs Ferreiro and Espinosa.

Defendants Ace and Shepherd, each on behalf of itself, their past and current agents, representatives, attorneys, successors, subsidiaries, affiliated entities under common ownership and/or assignees, hereby waive any and all claims against Plaintiffs Ferreiro and Espinosa, their attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Ferreiro and/or Espinosa, their attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against Defendants in this matter.

5. Enforcement of Judgment

5.1 The terms of this Consent Judgment shall be enforced exclusively by the Parties hereto. The Parties may, by noticed motion or order to show cause before the Court, giving the notice required by law, enforce the terms and conditions contained herein. In any proceeding brought by either party to enforce this Consent Judgment, such party may seek whatever fines, costs, penalties or remedies as may be provided by law for any violation of Proposition 65 or this Consent Judgment.

6. Modification of Judgment

- 6.1 This Consent Judgment may be modified only by written agreement of the Parties upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any party as provided by law and upon an entry of a modified Consent Judgment by the Court.
 - 6.2 Should any court enter final judgment in a case brought by Plaintiffs or the People

involving the Products that sets forth standards defining when Proposition 65 warnings will or will not be required ("Alternative Standards"), or if the California Attorney General otherwise provides written endorsement (i.e., a writing that is circulated by the Attorney General that is not intended for the purpose of soliciting further input or comments) of Alternative Standards applicable to products that are of the same general type and function as the Products and constructed from the same materials, Defendants shall be entitled to seek a modification of this Consent Judgment on forty-five (45) days' notice to Plaintiffs so as to be able to utilize and rely on such Alternative Standards in lieu of those set forth in Section 7 of this Consent Judgment. Plaintiffs shall not unreasonably contest any proposed application to effectuate such a modification provided that the Products for which such a modification is sought are of the same general type and function as those to which the Alternative Standards apply.

7. Settlement Payment

- 7.1 In settlement of all the claims referred to in this Consent Judgment, and without any admission of liability therefore, Defendants shall make the following monetary payments:
- 7.1.1 Defendant Shepherd shall pay a total of \$2,800.00 in civil penalties (the "Civil Penalty"). The Civil Penalty which will be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the funds remitted to Plaintiffs. Within seven (7) days of the Effective Date, Defendant Shepherd shall issue three separate checks for the Civil Penalty amounts to (a) "OEHHA" in the amount of \$2,100.00; (b) "Brodsky & Smith, LLC in Trust for Ferreiro" in the amount of \$350.00; and (c) "Brodsky & Smith, LLC in Trust for Espinosa" in the amount of \$350.00.
- 7.1.2 Defendant Ace Hardware shall pay a total of \$700.00 in civil penalties (the "Civil Penalty"). The Civil Penalty which will be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the funds remitted to Plaintiffs. Within seven (7) days of the Effective Date, Defendant Ace shall issue three separate checks to (a) "OEHHA" in the amount of \$525.00; (b) "Brodsky & Smith, LLC in

1	Trust for Ferreiro" in the amount of \$87.50; and (c) "Brodsky & Smith, LLC in Trust for	
2	Espinosa" in the amount of \$87.50.	
3	7.1.3 In addition to the Civil Penalty, Defendants Shepherd and ACE shall pay	
4	\$25,200.00 and \$6,300.00 (respectively) to Brodsky & Smith, LLC ("Brodsky Smith") as	
5	complete reimbursement for Plaintiffs' attorneys' fees and costs, including all investigation and	
6	laboratory costs and expert fees, incurred in the course of serving the Notice and bringing the	
7	Action, and in enforcing Proposition 65, including without limitation, preparation of the Notice	
8	letter and discussions with the California Attorney General. Payment shall be made within seve	
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11	Evan J. Smith, Esq.	
12	Brodsky & Smith, LLC Two Bala Plaza, Suite 510	
13	Bala Cynwyd, PA 19004	
14	Payment owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly	
15	to OEHHA (Memo Line "Prop 65 Penalties") at one of the following address(es):	
16	For United States Postal Service Delivery:	
17	Mike Gyurics	
	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment	
18	P.O. Box 4010	
19	Sacramento, CA 95812-4010	
20	For Non-United States Postal Service Delivery:	
21	Mike Gyurics Fiscal Operations Branch Chief	
22	Office of Environmental Health Hazard Assessment 1001 I Street	
23	Sacramento, CA 95814	
24	A copy of the check payable to OEHHA shall be mailed to Brodsky & Smith, LLC at the addres	
25	set forth above as proof of payment to OEHHA.	
26	8. <u>Notices</u>	
27	8.1 Any and all notices between the Parties provided for or permitted under this	

Consent Judgment, or by law, shall be in writing and personally delivered or sent by: (i) first-

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class (registered or certified mail) return receipt requested; or (ii) overnight or two-day courier on 1 any party by the other party to the following addresses: 2 3 For Defendants: Lec N. Smith, Esq. 4 PME LAW 7815 N. Palm Ave, Suite 200 5 Fresno, California 93711-5531 T: 559.447.5700 6 For Plaintiffs: 7 Evan J. Smith, Esq. 8 Brodsky & Smith, LLC Two Bala Plaza, Suite 510 9 Bala Cynwyd, PA 19004 T: 877.354.2590 10 Any Party, from time to time, may specify in writing to the other Party a change of address to 11 which all notices and other communications shall be sent. 12 9. Authority to Stipulate 13 9.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized 14 by the Party he or she represents to enter into this Consent Judgment and to execute it on behalf of 15 the party represented and legally to bind that party. 16 10. Counterparts 17 This Consent Judgment may be signed in counterparts and shall be binding upon 10.1 18 the Parties hereto as if all said Parties executed the original hereof. 19 11. Retention of Jurisdiction 20 This Court shall retain jurisdiction of this matter to implement the Consent 11.1 21 Judgment. 22 12. Service on the California Attorney General 23 Plaintiffs shall serve a copy of this Consent Judgment, signed by both Parties, on 12.1 24 the California Attorney General on behalf of the Parties so that the Attorney General may review 25 this Consent Judgment prior to its submittal to the Court for Approval. No sooner than forty-five 26 (45) days after the Attorney General has received the aforementioned copy of this Consent 27 Judgment, and in the absence of any written objection by the Attorney General to the terms of this 28

Consent Judgment, the Parties may then submit it to the Court for Approval.

13. Entire Agreement

13.1 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 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 not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

14. Governing Law and Construction

14.1 The validity, construction and performance of this Consent Judgment shall be governed by the laws of the State of California, without reference to any conflicts of law provisions under California law.

-12-

1	15. Court Approval		
2	15.1 If this Consent Judgment is not approved by the Court, it shall be of no force or		
3	effect, and cannot be used in any proceeding for any purpose.		
4	15.2 The Effective Date of this Consent Judgment shall be the date on which it is		
5	entered by the Court.		
6	IT IS SO STIPULATED;		
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8	Dated:	Dated:	
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10	Ву:	Ву:	
11	Anthony Ferreiro	Ace Hardware Corp.	
12	Dated: 4/27/16	Dated:	
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14	By: Salate	Ву:	
15	Gabriel Espinosa	Shepherd Hardware Products, LLC	
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18	IT IS SO ORDERED, ADJUDGED A	ND DECREED:	
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20	Dated:	Judge of the Superior Court	
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10	Ву:	ny Ferreiro	Ву:	
11	Anthor	ny Perreiro	Ace Hardware Corp.	
12	Dated:			
13	Dated:	Dated: APRIL 37. 2016		
14	By:		D	
15		l Espinosa	By: A Shepherd Hardware Products, LLC	
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18	IT IS SO ORDERED, ADJUDGED AND DECREED:		CD AND DECREED:	
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20	Dated:			
21			Judge of the Superior Court	
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5	entered by the Court.		
6	IT IS SO STIPULATED:	¥	
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8	Dated: Ofpril 27, 2016	Dated:	
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10	By: Anthony Perserve	By:Ace F ardware Corp.	
11	Additionly Peripho 7	Ace Hardware Corp.	
12	Dated:	Dated:	
13		Dutt.	
14	Ву:	By:	
15	By: Gabriel Espinosa	By: Shepl erd Hardware Products, LLC	
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18	IT IS SO ORDERED, ADJUDGED	AND DECREED:	
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5	entered by the Court.		
6	IT IS SO STIPULATED:		
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8	Dated: Dated:		
9	By:		
11	Anthony Ferreiro (Ace Hardware Corp.		
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13	Dated: Dated:		
14	By:		
15	By: By: Shepherd Hardware Products, LLC		
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18	IT IS SO ORDERED, ADJUDGED AND DECREED:		
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20	Dated: Judge of the Superior Court		
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