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8		SUPERIOR COURT OF THE STATE OF CALIFORNIA							
9	COUNTY OF ALAMEDA								
10									
11	CENTE	ER FOR EN	NVIRONMENTAL HEALTH,) Case No. RG 15-789111					
12			Plaintiff,	,)					
13		v.		(PROPOSED] CONSENT() JUDGMENT AS TO JOSMO SHOE() CORP.					
14		FREE PEOPLE OF PA LLC, et al.,							
15	11021	LOTLL	Defendants.))					
16			Berendants.)					
17)					
18									
19	1.	DEFINIT	IONS						
20		1.1 "Covered Products" means footwear that is Manufactured, distributed, sold or							
21	offered for sale by Settling Defendant.								
22	1.2 "Effective Date" means the date on which this Consent Judgment is entered by								
23	the Court.								
24	1.3 "Lead Limits" means the maximum concentrations of lead and lead								
25	compou	compounds ("Lead") by weight specified in Section 3.2.							
26		1.4 "Manufactured" and "Manufactures" means to manufacture, produce, or							
27	assemb	le.							
28									
DOCUMENT PREPARED ON RECYCLED PAPER			-1-						

CONSENT JUDGMENT – JOSMO SHOE CORP. – CASE NO. RG 15-789111

- 1.5 "Paint or other Surface Coatings" means a fluid, semi-fluid, or other material, with or without a suspension of finely divided coloring matter, which changes to a solid film when a thin layer is applied to a metal, wood, stone, paper, leather, cloth, plastic, or other surface. This term does not include printing inks or those materials which actually become a part of the substrate, such as the pigment in a plastic article, or those materials which are actually bonded to the substrate, such as by electroplating or ceramic glazing.
- 1.6 "Vendor" means a person or entity that Manufactures, imports, distributes, or supplies a Covered Product to Settling Defendant.

2. INTRODUCTION

- 2.1 The parties to this Consent Judgment ("Parties") are the Center for Environmental Health ("CEH") and Defendant Josmo Shoe Corp. ("Settling Defendant").
- 2.2 On or about September 21, 2015, CEH served a 60-Day Notice of Violation under Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5, et seq.) (the "Notice") to Settling Defendant, the California Attorney General, the District Attorneys of every County in the State of California, and the City Attorneys for every City in the State of California with a population greater than 750,000. The Notice alleges that Settling Defendant violated Proposition 65 by exposing persons to Lead contained in footwear without first providing a clear and reasonable Proposition 65 warning.
- 2.3 On October 9, 2015, CEH filed the action *Center for Environmental Health v. Free People of PA LLC, et al.*, Case No. RG 15-789111, in the Superior Court of California for Alameda County. On February 10, 2016, CEH named Settling Defendant as a defendant in that action pursuant to California Code of Civil Procedure § 474.
- 2.4 Settling Defendant manufactures, distributes and/or offers for sale Covered Products in the State of California or has done so in the past.
- 2.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the operative Complaint applicable to Settling Defendant (the "Complaint") and personal jurisdiction over Settling Defendant 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.

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

3. INJUNCTIVE RELIEF

- 3.1 **Specification Compliance Date.** To the extent it has not already done so, no more than thirty (30) days after the Effective Date, Settling Defendant shall provide the Lead Limits to its Vendors of Covered Products and shall instruct each Vendor to use reasonable efforts to provide Covered Products that comply with the Lead Limits on a nationwide basis.
- 3.2 **Lead Limits.** Commencing on the Effective Date, Settling Defendant shall not purchase, import, Manufacture, supply to an unaffiliated third party, or sell or offer for sale any Covered Product that will be sold or offered for sale to California consumers that contains a material or is made of a component that exceeds the following Lead Limits:
 - 3.2.1 Paint or other Surface Coatings: 90 parts per million ("ppm").
 - 3.2.2 Polyvinyl chloride ("PVC"): 200 ppm.
 - 3.2.3 All other materials or components other than cubic zirconia (sometimes called cubic zirconium, CZ), crystal, glass or rhinestones: 300 ppm.

For purposes of this Section 3.2, when Settling Defendant's direct customer sells or offers for sale to California consumers a Covered Product after the Effective Date, Settling Defendant is deemed to have "offered for sale to California consumers" that Covered Product.

3.3 Action Regarding Specific Products.

3.3.1 On or before the Effective Date, Settling Defendant shall cease selling in California the (1) Kensie Girl Sandals in Orange Patent, SKU No. 1477, Style No.

KG29803; (2) Kensie Girl "Hebe" Jeweled Sandals in Brown, Item No. 0699302543157, SKU No. 1676, Style No. KG2746; (3) Kensie Girl Woven Tribal Wedge Sandals in Fuschia/Pink & Taupe, UPC No. 6-99302-43012-9, SKU No. 1570, DSW Item No. 326652, Style No. KG31171; and (4) Kensie Girl Tribal Chevron Girls Toddler & Youth Flats in Brown Multicolor, UPC No. 6-99302-56813-6, SKU No. 1671, Style No. KG31676B, DSW Item No 327985 (the "Section 3.3 Products"). On or before the Effective Date, Settling Defendant shall also: (i) cease shipping the Section 3.3 Products to any of its stores and/or customers that resell the Section 3.3 Products in California, and (ii) send instructions to their stores and/or customers that resell the Section 3.3 Products to Settling Defendant for destruction; or (b) directly destroy the Section 3.3 Products.

- 3.3.2 Any destruction of the Section 3.3 Products shall be in compliance with all applicable laws.
- 3.3.3 Within sixty (60) days of the Effective Date, Settling Defendant shall provide CEH with written certification from Settling Defendant confirming compliance with the requirements of this Section 3.3.

4. ENFORCEMENT

- 4.1 Any Party may, after meeting and conferring, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Enforcement of the terms and conditions of Section 3.2 of this Consent Judgment shall be brought exclusively pursuant to Sections 4.2 through 4.3.
- 4.2 **Notice of Violation.** CEH may seek to enforce the requirements of Section 3.2 by issuing a Notice of Violation pursuant to this Section 4.2.
 - 4.2.1 **Service of Notice.** CEH shall serve the Notice of Violation on Settling Defendant within 45 days of the later of either the date the alleged violation(s) was or were observed or the date that CEH learns that the Covered Product was manufactured or sold by Settling Defendant, provided, however, that CEH may have up to an additional 45 days to provide Settling Defendant with the test data required by Section 4.2.2(d) below if

it has not yet obtained it from its laboratory.

- 4.2.2 **Supporting Documentation.** The Notice of Violation shall, at a minimum, set forth for each Covered Product: (a) the date(s) the alleged violation(s) was observed, (b) the location at which the Covered Product was offered for sale, (c) a description of the Covered Product giving rise to the alleged violation, and of each material or component that is alleged not to comply with the Lead Limits, including a picture of the Covered Product and all identifying information on tags and labels, and (d) all test data obtained by CEH regarding the Covered Product and related supporting documentation, including all laboratory reports, quality assurance reports and quality control reports associated with testing of the Covered Products. Such Notice of Violation shall be based at least in part upon total acid digest testing performed by an independent accredited laboratory. Wipe, swipe, x-ray fluorescence, and swab testing are not by themselves sufficient to support a Notice of Violation, although any such testing may be used as additional support for a Notice. The Parties agree that the sample Notice of Violation attached hereto as Exhibit A is sufficient in form to satisfy the requirements of subsections (c) and (d) of this Section 4.2.2.
- 4.2.3 Additional Documentation. CEH shall promptly make available for inspection and/or copying upon request by and at the expense of Settling Defendant, all supporting documentation related to the testing of the Covered Products and associated quality control samples, including chain of custody records, all laboratory logbook entries for laboratory receiving, sample preparation, and instrumental analysis, and all printouts from all analytical instruments relating to the testing of Covered Product samples and any and all calibration, quality assurance, and quality control tests performed or relied upon in conjunction with the testing of the Covered Products, obtained by or available to CEH that pertains to the Covered Product's alleged noncompliance with Section 3 and, if available, any exemplars of Covered Products tested.
- 4.2.4 **Multiple Notices.** If Settling Defendant has received more than four Notices of Violation in any 12-month period, at CEH's option, CEH may seek whatever

fines, costs, penalties, or remedies are provided by law for failure to comply with the Consent Judgment. For purposes of determining the number of Notices of Violation pursuant to this Section 4.2.4, the following shall be excluded:

- (a) Multiple notices identifying Covered Products Manufactured for or sold to Settling Defendant from the same Vendor; and
- (b) A Notice of Violation that meets one or more of the conditions of Section 4.3.3(c).
- 4.3 **Notice of Election.** Within thirty (30) days of receiving a Notice of Violation pursuant to Section 4.2, including the test data required pursuant to 4.2.2(d), Settling Defendant shall provide written notice to CEH stating whether it elects to contest the allegations contained in the Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election shall be deemed an election to contest the Notice of Violation. Any contributions to the Fashion Accessory Testing Fund required under this Section 4.3 shall be made payable to The Center for Environmental Health and included with Settling Defendant's Notice of Election.
 - 4.3.1 Contested Notices. If the Notice of Violation is contested, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including any test data. Within thirty (30) days the parties shall meet and confer to attempt to resolve their dispute. Should such attempts at meeting and conferring fail, CEH may file an enforcement motion or application pursuant to Section 4.1. If Settling Defendant withdraws its Notice of Election to contest the Notice of Violation before any motion concerning the violations alleged in the Notice of Violation is filed pursuant to Section 4.1, Settling Defendant shall make a contribution to the Proposition 65 Fashion Accessory Testing Fund in the amount of \$12,500 and shall comply with all of the nonmonetary provisions of Section 4.3.2. If, at any time prior to reaching an agreement or obtaining a decision from the Court, CEH or Settling Defendant acquire additional test or other data regarding the alleged violation, they shall promptly provide all such data or information to the other Party.
 - 4.3.2 **Non-Contested Notices.** If the Notice of Violation is not contested,

Settling Defendant shall include in its Notice of Election a detailed description of corrective action that they have undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that the Covered Product will no longer be offered by Settling Defendant or its customers for sale in California. If there is a dispute over the sufficiency of the proposed corrective action or its implementation, CEH shall promptly notify Settling Defendant and the Parties shall meet and confer before seeking the intervention of the Court to resolve the dispute. In addition to the corrective action, Settling Defendant shall make a contribution to the Fashion Accessory Testing Fund in the amount of \$10,000, unless one of the provisions of Section 4.3.3 applies.

4.3.3 Limitations in Non-Contested Matters.

- (a) If it elects not to contest a Notice of Violation before any motion concerning the violation(s) at issue has been filed, the monetary liability of Settling Defendant shall be limited to the contributions required by Section 4.3.2 and this Section 4.3.3, if any.
- (b) If more than one Settling Defendant has manufactured, sold, offered for sale or distributed a Covered Product identified in a non-contested Notice of Violation, only one required contribution may be assessed against all Settling Defendants as to the noticed Covered Product.
 - (c) The contribution to the Fashion Accessory Testing Fund shall be:
 - (i) One thousand seven hundred fifty dollars (\$1,750) if Settling
 Defendant, prior to receiving and accepting for distribution or sale the
 Covered Product identified in the Notice of Violation, obtained test results
 demonstrating that all of the materials or components in the Covered
 Product identified in the Notice of Violation complied with the applicable
 Lead Limits, and further provided that such test results meet the same
 quality criteria to support a Notice of Violation as set forth in Section 4.2.2
 and that the testing was performed within two years prior to the date of the

sales transaction on which the Notice of Violation is based. Settling Defendant shall provide copies of such test results and supporting documentation to CEH with its Notice of Election; or

- (ii) One thousand five hundred dollars (\$1,500) if Settling
 Defendant is in violation of Section 3.2 only insofar as that Section deems
 Settling Defendant to have "offered for sale to California consumers" a
 product sold at retail by Settling Defendant's customer, provided however,
 that no contribution is required or payable if Settling Defendant has already
 been required to pay a total of ten thousand dollars (\$10,000) pursuant to
 this subsection. This subsection shall apply only to Covered Products that
 Settling Defendant demonstrates were shipped prior to the Effective Date;
 or
- (iii) Not required or payable, if the Notice of Violation identifies the same Covered Product or Covered Products, differing only in size or color, that have been the subject of another Notice of Violation within the preceding 12 months.

5. PAYMENTS

- Date, Settling Defendant shall pay the total sum of \$45,000 as a settlement payment. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each day the full payment is not received after the applicable date set forth herein. The total settlement amount for Settling Defendant shall be paid in four separate checks made payable and allocated as follows:
- 5.1.1 Settling Defendant shall pay the sum of \$5,900 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). The civil penalty payment shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty payment in the amount of \$4,425 shall be made payable to

1	OEHHA and associated with taxpayer identification number 68-0284486. This payment shall be			
2	delivered as follows:			
3	For United States Postal Service Delivery:			
4	Attn: Mike Gyurics Fiscal Operations Branch Chief			
5	Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B			
6	Sacramento, CA 95812-4010			
7	For Non-United States Postal Service Delivery:			
8	Attn: Mike Gyurics Fiscal Operations Branch Chief			
9	Office of Environmental Health Hazard Assessment 1001 I Street, MS #19B			
10	Sacramento, CA 95814			
11	The CEH portion of the civil penalty payment in the amount of \$1,475 shall be made			
12	payable to the Center For Environmental Health and associated with taxpayer identification			
13	number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero			
14	Street, San Francisco, CA 94117.			
15	5.1.2 Settling Defendant shall pay the sum of \$8,850 as a payment in lieu of civil			
16	penalty to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of			
17	Regulations, Title 11, § 3203(b). CEH shall use such funds to continue its work educating and			
18	protecting people from exposures to toxic chemicals, including heavy metals. In addition, as part			
19	of its Community Environmental Action and Justice Fund, CEH will use four percent of such			
20	funds to award grants to grassroots environmental justice groups working to educate and protect			
21	people from exposures to toxic chemicals. The method of selection of such groups can be found			
22	at the CEH web site at www.ceh.org/justicefund . The payment pursuant to this Section shall be			
23	made payable to the Center for Environmental Health and associated with taxpayer identification			
24	number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero			
25	Street, San Francisco, CA 94117.			
26	5.1.3 Settling Defendant shall also separately pay the sum of \$30,250 to the			
27	Lexington Law Group as reimbursement of a portion of CEH's reasonable attorneys' fees and			
28	costs. The attorneys' fees and cost reimbursement check shall be made payable to the Lexington			

Law Group and associated with taxpayer identification number 94-3317175. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

6. MODIFICATION

- 6.1 **Written Consent.** This Consent Judgment may be modified from time to time by express written agreement of the Parties with the approval of the Court, or by an order of this Court upon motion and in accordance with law.
- 6.2 **Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASED

- This Consent Judgment is a full, final and binding resolution between CEH on behalf of itself and the public interest and Settling Defendant, and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, and attorneys ("Defendant Releasees"), and each entity to whom they directly or indirectly distribute or sell Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Downstream Defendant Releasees") of any violation of Proposition 65 that was or could have been asserted in the Complaint against Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees, based on failure to warn about alleged exposure to Lead contained in Covered Products that were sold by Settling Defendant prior to the Effective Date.
- 7.2 Compliance with the terms of this Consent Judgment by Settling Defendant constitutes compliance with Proposition 65 with respect to Lead in Covered Products sold by Settling Defendant.
- 7.3 This Consent Judgment resolves all monetary claims CEH has asserted against Settling Defendant and any of its retail customers under Fashion Accessory Testing Fund Notices of Violation issued by CEH prior to the Effective Date that are related to the Covered Products.

8. NOTICE

When CEH is entitled to receive any notice under this Consent Judgment, the

1	notice shall be sent by first class and electronic mail to:				
2	Eric S. Somers				
3	Lexington Law Group 503 Divisadero Street				
4	San Francisco, CA 94117				
5	esomers@lexlawgroup.com				
6	When Settling Defendant is entitled to receive any notice under this Consent				
7	Judgment, the notice shall be sent by first class and electronic mail to:				
	Jeffrey S. Dweck				
8	The Law Firm of Jeffrey S. Dweck, P.C. 43 West 33rd Street, Suite 304				
9	New York, NY 10001 jeffrey@dweckny.com				
10					
11	8.3 Any Party may modify the person and address to whom the notice is to be sent				
12	by sending each other Party notice by first class and electronic mail.				
13	9. COURT APPROVAL				
14	9.1 This Consent Judgment shall become effective upon entry by the Court. CEH				
15	shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant				
16	shall support entry of this Consent Judgment.				
17	9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or				
18	effect and shall never be introduced into evidence or otherwise used in any proceeding for any				
19	purpose other than to allow the Court to determine if there was a material breach of Section 9.1.				
20	10. ATTORNEYS' FEES				
21	Should CEH prevail on any motion, application for an order to show cause or				
22	other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its				
23	reasonable attorneys' fees and costs incurred as a result of such motion or application. Should				
24	Settling Defendant prevail on any motion application for an order to show cause or other				
25	proceeding, Settling Defendant may be awarded its reasonable attorneys' fees and costs as a result				
26	of such motion or application upon a finding by the Court that CEH's prosecution of the motion				
27	or application lacked substantial justification. For purposes of this Consent Judgment, the term				
28	substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986,				

modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

- 12.4 Nothing in this Consent Judgment shall release, or in any way affect any rights that Settling Defendant might have against any other party, whether or not that party is a Settling Defendant.
- 12.5 This Court shall retain jurisdiction of this matter to implement or modify the Consent Judgment.
- 12.6 The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document.
- 12.7 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 to bind that Party.
- 12.8 The Parties, including their counsel, have participated in the preparation of this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This Consent Judgment was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

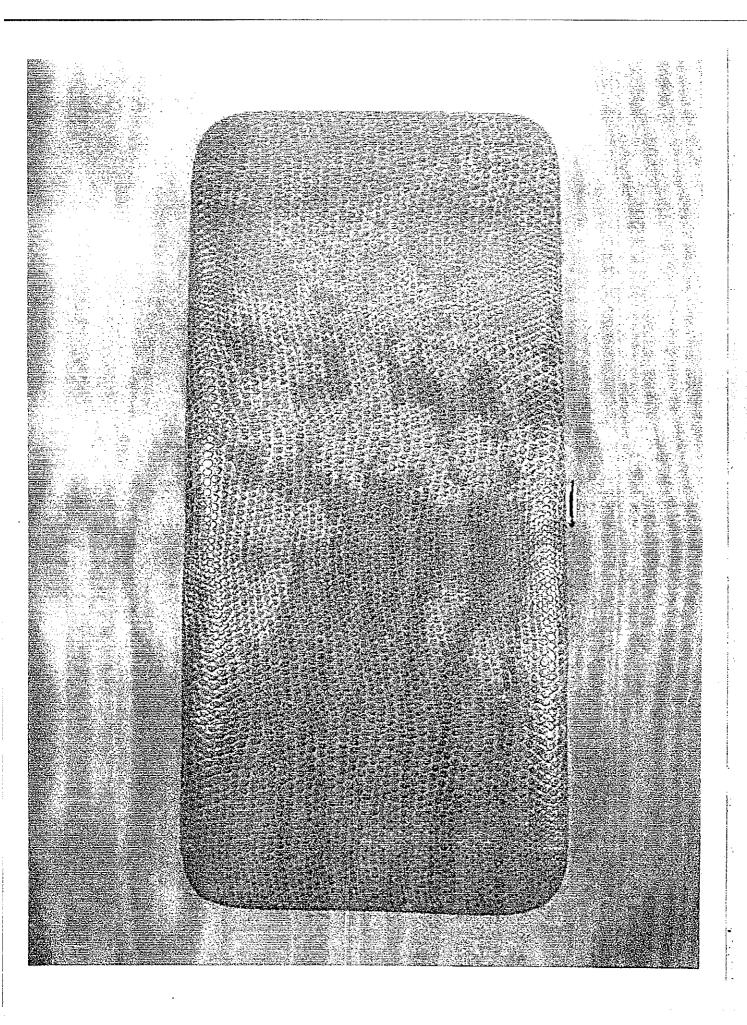
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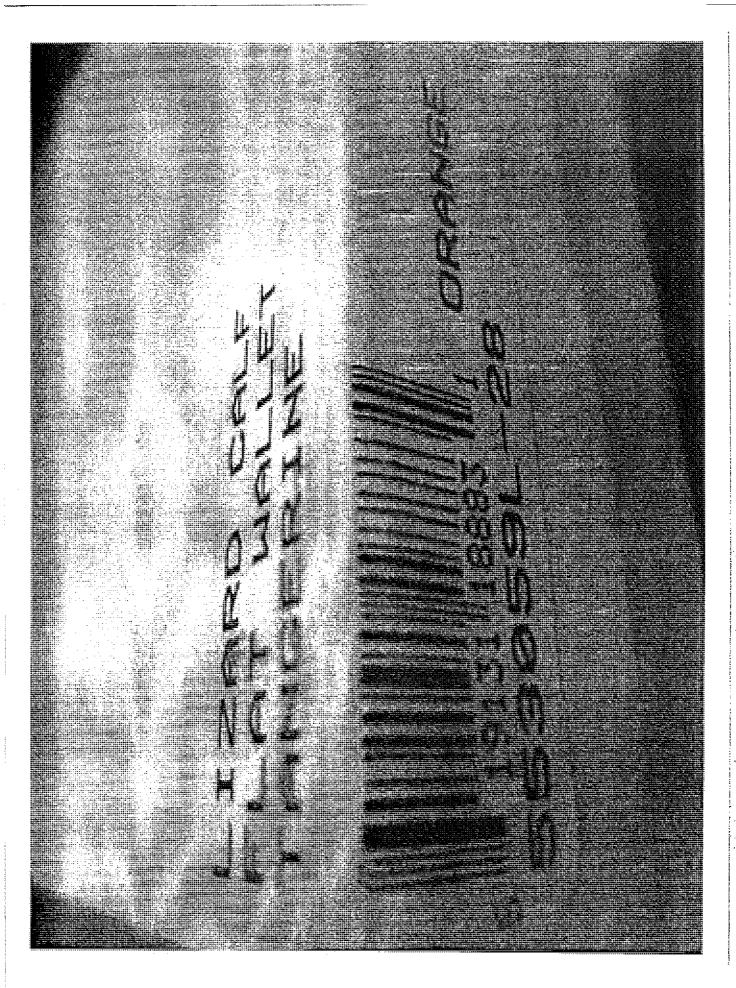
1	IT IS SO ORDERED:	
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4		Judge of the Superior Court
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10	Signature	,
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12	Printed Name	-
13		
. 14	Associair Dincion	
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18	JOSMO SHOE CORP.	
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CONSENT JUDGMENT – JOSMO SHOE CORP. – CASE NO. RG 15-789111

1	IT IS SO ORDERED:
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	CONSENT JUDGMENT JOSMO SHOE CORP CASE, NO. RG 15-789111

Exhibit A





365 North Canyons Parkway, Suite 201 Tech Center: 2441 Constitution Drive Livermore CA 94551



925-828-1440 www.TheNFL.com

Analytical Report

August 03, 2011

Lexington Law Group 503 Divisidero Street San Francisco, CA 94117 Analytical Report No.: CL3573-33 Analysis Dates: 07/26/11 - 08/03/11

Listed below are the results of our analyses for sample(s) received on July 26, 2011.

CEH ID#AB789L, Wallet (Orange Surface Material On Main Part Of W					
Analyte	Result	Units	Method Ref.		
Lead	67500	ppm	NIOSH 7082		

A portion of the sample was digested in a microwave oven with concentrated nitric acid and analyzed by ICP-MS.

Sample(s) were received in good condition unless and results are reported based on the sample(s) as received, unless otherwise noted. Please note that these results apply only to the sample(s) submitted for this report. Samples from a different portion of the same lot may produce different results.

The National Food Lab services are provided subject to our standard terms and conditions, which can be found on our website, www.TheNFL.com. Should you have any questions concerning these results, please do not hesitate to contact us. Thank you for using the services of the National Food Lab.

Sincerely,

Grace Bandong, Division Manager, Food Contaminants - Chemistry

cc: The NFL's Accounts Receivable