1 2 3 4 5	Gregory M. Sheffer, State Bar No. 173124 SHEFFER LAW FIRM 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941 Telephone: 415.388.0911 Facsimile: 415.388.9911 Attorneys for Plaintiff SUSAN DAVIA	
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7	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
8	FOR THE COUNTY OF MARIN	
9	UNLIMITED CIVIL JURISDICTION	
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11	SUSAN DAVIA,	Case No. CIV 1504316
12	Plaintiff,	PROPOSITION 65 SETTLEMENT AGREEMENT
13	v.	Action Filed: November 30, 2015
14	GORDON COMPANIES, INC. and DOES 1-150,	
15	Defendants.	
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CONSENT TO JUDGMENT CIV1504316

### 1. INTRODUCTION

#### **1.1** The Parties

This settlement agreement and Consent to Judgment ("Agreement" or "Consent Judgment") is entered into by and between noticing party Susan Davia, ("Davia") and defendant Gordon Companies, Inc. ("GORDON") with Davia and GORDON collectively referred to as the "Parties."

### 1.2 Davia

Davia is an individual residing in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

## 1.3 Gordon Companies, Inc.

GORDON is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 *et seq*. ("Proposition 65"). GORDON is alleged to have been responsible for the distribution and/or sale of the products subject to this Agreement.

# 1.4 General Allegations

In the captioned action, Davia alleges that GORDON participated in the distribution and/or sale, in the State of California, of a Sterling supplied 50 Light PVC Window Sculpture Product that is alleged to expose users to The Listed Chemical without first providing "clear and reasonable warning" under Proposition 65. Lead is listed as a reproductive and developmental toxin under Proposition 65 and is referred to hereafter as the "Listed Chemical" or "Lead". GORDON alleges that it is a retailer of products manufactured by other entities, on which entities it relies to ensure compliance with all laws, including Proposition 65, and that all products it has sold into California were or were represented to it to be in compliance with Proposition 65 and that any sales of the subject Covered Products into California were de minimis.

# 1.5 Notice of Violation and Complaint

On September 1, 2015, and October 29, 2015, Davia served GORDON and various public enforcement agencies with a document entitled "60-Day Notice of Violation" that provided public enforcers and the noticed entities with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn California consumers of the presence of the Listed Chemical in the Sterling supplied 50 Light PVC Window Sculpture product sold in California (AG Notices 2015-00901 and 2015-01145)(collectively the "Notices"). GORDON received each of the Notices. On or about November 30, 2015, Plaintiff filed the complaint in the captioned action based on the allegations set forth in the Notices (the "Complaint").

The Parties represent that, as of the date each executes this Consent Judgment, it is not aware of any public enforcer that is diligently prosecuting a Proposition 65 enforcement action related to The Listed Chemical in the Covered Products, as identified in the 60-Day Notices.

### 1.6 No Admission

This Consent Judgment resolves claims that are denied and disputed by GORDON. The Parties enter into this Agreement pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. GORDON denies the material factual and legal allegations contained in the Notices, maintains that it did not knowingly or intentionally expose California consumers to The Listed Chemical through the reasonably foreseeable use of the Covered Products and otherwise contends that all Covered Products it has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws, and are completely safe for their intended use. Nothing in this Consent Judgment shall be construed as an admission by GORDON of any fact, finding, issue of law, or violation of law, nor shall compliance with this Consent Judgment constitute or be construed as an admission by GORDON of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by GORDON. However, notwithstanding the foregoing, this section shall not diminish or otherwise affect GORDON's obligations, responsibilities, and duties under this Agreement.

# **1.7** Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that the Marin County Superior Court has jurisdiction over GORDON as to the allegations in the Notices and Complaint, that venue is proper in County of Marin, and that the Marin County Superior Court has jurisdiction to enforce the provisions of this Consent Judgment. As an express part of this Agreement, pursuant to Code of Civil Procedure Section 664.6 the Marin County Superior Court has jurisdiction over the parties to enforce this Consent Judgment until performance in full of the terms of the Agreement.

### 2. DEFINITIONS

- **2.1** The term "Products" or "Covered Products" shall mean any Sterling Supply Company ('Sterling") supplied 50 Light PVC Window Sculpture products, including #01781624816.
  - **2.2** "Effective Date" shall mean July 1, 2016.

# 3. INJUNCTIVE-TYPE RELIEF

# 3.1 Products No Longer in GORDON's Control

No later than the Effective Date, GORDON shall send a letter, electronic or otherwise ("Notification Letter") to: (1) each California customer to which GORDON, after October 1, 2014, supplied any Covered Products (excluding Plaintiff or her counsel); and (2) any California customer and/or retailer that GORDON reasonably understands or believes has any inventory of Covered Products for resale in California as of the Effective Date (if any). The Notification Letter shall advise the recipient that the Covered Products "contain the Listed Chemical, a chemical known to the State of California to cause birth defects or other reproductive harm," and request that the recipient label the Covered Products remaining in inventory for sale in California, or to California Customers, pursuant to Section 3.2. The Notification Letter shall require a response from the recipient within 15 days, confirming whether the Covered Products will be labeled or returned. GORDON shall maintain records of all correspondence or other

communications generated pursuant to this Section (if any) for two years after the Effective Date and shall promptly produce copies of such records upon Davia's written request.

#### 3.2 Product Reformulation Commitment

**3.2.1** As GORDON is only the retailer of the Covered Product, and is supplied with such product by Sterling who manufactures or distributes the Product, GORDON shall have no reformulation obligations under this agreement.

# 3.3 Product Warnings

GORDON certifies that it no longer maintains or controls any inventory of any Covered Product. If, after the Effective Date, GORDON happens to come into possession or control of any Covered Product, it agrees that it will not sell such product to any California customer or to any customer that GORDON reasonably understand maintains any retail outlet in California unless such Product complies with Proposition 65.

### 4. MONETARY PAYMENTS

# 4.1 Civil Penalty

As a condition of settlement of all the claims referred to in this Consent Judgment, GORDON shall pay a total of \$1,600 in civil penalties in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Davia.

# 4.2 Augmentation of Penalty Payments

For purposes of the penalty assessment under this Agreement, Davia is relying entirely upon GORDON and its counsel for accurate, good faith reporting to Davia of the nature and amounts of relevant sales activity. If within nine (9) months of the Effective Date, Davia discovers and presents to GORDON evidence that the Covered Products have been distributed by GORDON in sales volumes to California materially different than those identified by GORDON prior to execution of this Agreement, then the Parties shall have a period of 30 days to meet and confer concerning such evidence, and Gordon shall have the opportunity to present to

Plaintiff any evidence to the contrary. If the Parties can agree on an appropriate disposition, then Gordon shall submit payment of any agreed additional civil penalties and attorney's fees related to investigating and alleging sales activity materially different from that disclosed by Gordon prior to the execution of this Agreement within 30 days in accordance with the method of payment of penalties and fees specified in Sections 4.1 and 4.4. If the Parties cannot agree on an appropriate disposition within 30 days, Davia shall be entitled to file a formal legal claim for additional penalties according to proof for breach of this contract, and should Davia prevail she shall be entitled to her reasonable attorney fees and costs relating to such claim to the extent consistent with California Code of Civil Procedure Section 1021.5. Should GORDON prevail in opposing any such claim, Gordon shall be entitled to its reasonable attorney's fees in opposing the claim.

### 4.3 Reimbursement of Davia's Fees and Costs

The Parties acknowledge that Davia and her counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. GORDON then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach an accord on the compensation due to Davia and her counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work of any kind performed in this matter, including but not limited to investigative and expert costs, and attorney's fees incurred through the preparation and filing of a motion to approve this Consent Judgment, and obtaining the Court's approval and entry of this Consent Judgment, except any fees that may be incurred on appeal. Under these legal principles, GORDON Corporation shall pay Davia's counsel the total all-inclusive amount of \$14,000 for all fees and costs incurred investigating, litigating and enforcing this matter through the Court's entry of this Consent Judgment. Such payment shall be made payable to "Sheffer Law Firm".

### **4.4** Payment Procedures

GORDON shall deliver all settlement payment funds required by this Consent Judgment to its counsel within one week of the date that this Agreement is fully executed by the Parties. GORDON's counsel shall confirm receipt of settlement funds in writing to plaintiff's counsel within two business days of receipt of same and, thereafter, hold the amounts paid in trust until such time as the Court approves this settlement as set forth in Section 7.

Within five business days of the date the Court approves this Consent Judgment, defendant's counsel shall deliver the settlement payments it has held in trust to plaintiff's counsel as follows:

- **1.** a civil penalty check in the amount of \$1,200 payable to "OEHHA" (EIN: 68-0284486, Memo line "Prop 65 Penalties, 2015-01145");
- **2.** a civil penalty check in the amount of \$400 payable to "Susan Davia" (EIN: to be supplied, Memo line "Prop 65 Penalties, 2015-01145"); and
- **3.** An attorney fee and cost reimbursement check, pursuant to Section 4.3, in the amount of \$14,000 payable to "Sheffer Law Firm" (EIN 55-08-58910, Memo line "2015-01145")

Plaintiff shall have sole responsibility for delivering OEHHA's portion of the civil penalty payment to OEHHA. All penalty and fee/cost payments shall be delivered to the Sheffer Law Firm at the following address:

Sheffer Law Firm Attn: Proposition 65 Controller 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941

GORDON shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing from it under this Section that are not received by Sheffer Law Firm within five business days of the due date for such payment.

While the obligations of this agreement are binding upon execution, the Release of GORDON in Section 5 shall not become effective until after all monetary payments have been made by GORDON and all funds have cleared.

### 4.5 Issuance of 1099 Forms

After this Agreement has been executed and the settlement funds have been transmitted to Davia's counsel, GORDON shall issue three separate 1099 forms, as follows:

- (a) The first 1099 shall be issued to the Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount paid pursuant to Sections 4.1 and 4.2 (if required);
- (b) The second 1099 shall be issued to Davia in the amount paid pursuant to Sections 4.1 and 4.2 (if required), whose address and tax identification number shall be furnished upon request; and
- (c) The third 1099 shall be issued to the Sheffer Law Firm (EIN: 55-08-58910) in the amount paid pursuant to Section 4.3.
- 4.6 Other Settlements for the same products. In the event Davia reaches a settlement or judgment against Sterling Supply Company on the basis of a violation of Proposition 65, Gordon may apply to Davia, through her counsel, for a refund to Gordon of up to one half of the amounts paid by Gordon under paragraphs 4.1, 4.2 and 4.3 so as to avoid Davia's collection of duplicative payments for the same Covered Products. Such refund will only be upon proof by Gordon that Gordon sold Covered Products from Sterling Supply Company within two years prior to the Effective Date. Any such refund shall be capped and limited to one half of the monies paid to Davia and her counsel under this Agreement This provision is in recognition of the facts that Gordon is not the original manufacturer of Covered Products.

## 5. RELEASES

# 5.1 DAVIA'S RELEASE OF GORDON

5.1.1 This Consent Judgment is a full, final and binding resolution between Davia, on behalf of herself and the public interest, and GORDON of any violation of Proposition 65 that was or could have been asserted by Davia on behalf of herself, her representatives and attorneys, against GORDON, its directors, officers, employees, attorneys, and each entity to whom GORDON directly or indirectly distributes or sells Covered Products, including, but not limited,

to Retailers, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on their failure to warn about alleged exposures to the Listed Chemical contained in the Covered Products that were manufactured, distributed, sold and/or offered for sale by GORDON in California before the Effective Date.

5.1.2 In further consideration of the promises and agreements herein contained, Davia on behalf of herself, her past and current representatives and attorneys, hereby waives all Davia's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that Davia may have, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses -- including, but not limited to, investigation fees, expert fees, and attorneys' fees, but exclusive of fees and costs on appeal -- arising under Proposition 65 with respect to the Listed Chemical in the Covered Products manufactured, distributed, sold and/or offered for sale by GORDON before the Effective Date (collectively "Claims"), against GORDON and the Releasees.

5.1.3 Davia, in her individual capacity, provides a general release herein, on behalf of herself, her past and current representatives and attorneys, which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Davia, of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the Notice and Complaint as to Covered Products manufactured, distributed or sold by GORDON or the Releasees. Davia, in her individual capacity, also provides a general release, on behalf of herself, her past and current representatives and attorneys, to GORDON which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Davia, of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the California sale by GORDON of any product, other than Covered Products, prior to the Effective Date. Davia acknowledges that she is familiar with section 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 TO 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 OR HER SETTLEMENT WITH THE DEBTOR.

Davia, in her individual capacity, in behalf of herself, her past an current representatives and attorneys, expressly waives and relinquishes any and all rights and benefits that she may have under, or which may be conferred on her by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, excepting Section 4.2, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

This Section 5.1 release is expressly limited to any alleged violations by GORDON that occur prior to the Effective Date, and does not release GORDON or any Releasee, entity or individual besides GORDON from any liability for any violation of Proposition 65 regarding the Covered Products that occurs after the Effective Date.

The Parties further understand and agree that this Section 5.1 release shall not extend upstream to any entities, other than GORDON, that manufactured the Covered Products or any component parts thereof, or any distributors or suppliers who sold the Covered Products or any component parts thereof to GORDON.

The Parties further expressly understand and agree that this Section 5.1 release shall not extend upstream to Sterling Supply Company, Inc., S&L Holdings, Inc., the Gerson Companies or any company that is directly or indirectly responsible or liable for the manufacture or distribution of Covered Products, or any component parts thereof, to GORDON.

### 5.2 GORDON's Release of Davia

The Release by Davia is mutual. GORDON, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Davia and her attorneys and other representatives through the Effective Date, for

any and all actions taken or statements made (or those that could have been taken or made) by Davia and her attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products. GORDON acknowledges that it is familiar with Section 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 TO 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 OR HER SETTLEMENT WITH THE DEBTOR.

GORDON expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

### 6. SEVERABILITY

If any of the provisions of this Agreement are found by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected so long as the parties mutually agree, unless the Court finds that any unenforceable provision is not severable from the remainder of the Agreement.

### 7. COURT APPROVAL

This Agreement is effective upon execution but must also be approved by the Court. If this Consent Judgment is not approved by the Court in its entirety, the Parties shall meet and confer to determine whether to modify the terms of the Agreement and to resubmit it for approval. In meeting and conferring, the Parties agree to undertake any actions reasonably

necessary to amend and/or modify this Agreement in order to further the mutual intention of the Parties in entering into this Agreement.

The Agreement shall become null and void if, for any reason, it is not approved and entered by the Court, as it is executed, within one year after it has been fully executed by all Parties. If the Agreement becomes null and void after any payment of monies under this agreement to Sheffer Law Firm, such monies shall be returned to defendant by payment of such monies to counsel of defendant in trust for that defendant.

If this Agreement is not entered by the Court, and the Parties have exhausted their meet and confer efforts pursuant to this Section 7, upon 15 days written notice, the law firm holding Settling Defendant's funds in trust shall refund any and all payments made into its trust account by Settling Defendant as requested.

#### 8. GOVERNING LAW

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

### 9. NOTICES

When any Party is entitled to receive any notice under this Consent Judgment, the notice shall be sent by certified mail or electronic mail to the following:

For The Gordon Companies, Inc.:

David Gordon, President Gordon Companies, Inc. 85 Innsbruck Drive Cheektowaga NY, 14227

With a copy to its counsel:

J. Robert Maxwell Rogers Joseph O'Donnell PLC 311 California Street, 10th Floor San Francisco, CA 94104

For Davia to:

Proposition 65 Coordinator Sheffer Law Firm 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941

Any Party may modify the person and address to whom the notice is to be sent by sending each other Party notice by certified mail and/or other verifiable form of written communication.

# 10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

Davia agrees to comply with the reporting form requirements referenced in California Health & Safety Code §25249.7(f).

### 11. MODIFICATION

This Consent Judgment may only be modified by written stipulation of the Parties..

### 12. ADDITIONAL POST-EXECUTION ACTIVITIES

The Parties acknowledge that, pursuant to Health & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment, and that Davia and her counsel will prepare and file such motion within a reasonable time after the full execution of this Agreement. In furtherance of obtaining such approval, Davia and GORDON, and their respective counsel, agree to mutually employ their best efforts to support the entry of this Agreement as a Consent Judgment and obtain approval of the Agreement - sufficient for the Court to render an order approving this agreement in a timely manner. Any effort by GORDON to impede judicial approval of this Agreement shall subject it to liability for attorney's fees and costs incurred by Plaintiff or her counsel in their efforts to meet or oppose GORDON's impeding conduct.

### 13. ENTIRE AGREEMENT

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 prior discussions, negotiations, commitments, and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party

deemed to exist or to bind any of the Parties. No supplementation, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any of the other provisions whether or not similar, nor shall such waiver constitute a continuing waiver

hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be

14.1 Should Davia prevail on any motion, application for order to show cause or other proceeding to enforce a violation of this Agreement, Davia shall be entitled to her reasonable attorney fees and costs incurred as a result of such motion, order or application, consistent with C.C.P. § 1021.5. Should GORDON prevail on any motion, application for order to show cause or other proceeding to oppose or enforce a violation of this Agreement, GORDON shall be entitled to its reasonable attorney fees and costs incurred as a result of such motion, order or application upon a finding that Davia's prosecution of the motion or application lacked substantial justification. For purposes of this Agreement, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.

- **14.2** Except as otherwise specifically provided herein, each Party shall bear its own costs and attorney's fees in connection with the Notice, the Complaint, and obtaining Court approval of this Consent Judgment.
- **14.3** Nothing in this Section shall preclude a Party from seeking an award of sanctions pursuant to applicable law for violation of the terms of this Consent Judgment.

## 15. NEUTRAL CONSTRUCTION

Both Parties and their counsel have participated in the preparation of this Consent Judgment, and this Agreement is the result of the joint efforts of the Parties. This Agreement 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 Agreement shall not be interpreted against any Party as a result of the manner of the preparation of this Agreement. Each Party to this Agreement 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 Agreement and, in this regard, the Parties hereby waive California Civil Code Section 1654.

### 16. COUNTERPARTS, FACSIMILE SIGNATURES

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

### 17. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Consent Judgment.

#### IT IS SO AGREED

Dated: June, 2016	Dated: June 15, 2016
David Gordon, President Gordon Companies, Inc.	Susan Davia

of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Agreement and, in this regard, the Parties hereby waive California Civil Code Section 1654.

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### 17. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Consent Judgment.

### IT IS SO AGREED

Dated: June <u>16</u> , 2016	Dated: June, 2016
David Gordon, President Gordon Companies, Inc.	Susan Davia