1	LEXINGTON LAW GROUP Mark N. Todzo, State Bar No. 168389		
2	Joseph Mann, State Bar No. 207968 503 Divisadero Street		
3	San Francisco, CA 94117 Telephone: (415) 913-7800		
4	Facsimile: (415) 759-4112 mtodzo@lexlawgroup.com		
5	jmann@lexlawgroup.com		
6	Attorneys for Plaintiff CENTER FOR ENVIRONMENTAL HEALTH		
7	CENTER FOR ENVIRONMENTAL HEALTH		
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9	CUREDIOD COURT FOR THE CHARE OF CALLEODALA		
10	SUPERIOR COURT FOR THE STATE OF CALIFORNIA FOR THE COUNTY OF ALAMEDA		
11	FOR THE COUN	II OF ALAMEDA	
12			
13	CENTER FOR ENVIRONMENTAL	Case No. RG 16-829826	
14	HEALTH, a non-profit corporation,	[PROPOSED] CONSENT	
15	Plaintiff, v.	JUDGMENT RE: ORBIT BABY, INC.	
16		11(0.	
17	ORBIT BABY, INC., et al.		
18	Defendants.		
19			
20	1. Introduction		
21	1.1. This Consent Judgment is entered into by Plaintiff Center for Environmental		
22	Health, a non-profit corporation ("CEH"), and Defendant Orbit Baby, Inc. ("Defendant") to settle		
23	claims asserted by CEH against Defendant as set forth in the operative Complaint in the matter		
24	Center for Environmental Health v. Orbit Baby, Inc., et al., Alameda County Superior Court Case		
25	No. RG 16-829826 (the "Action"). CEH and Defendant are referred to collectively as the		
26	"Parties."		
27	1.2. On February 26, 2016, CEH served a "Notice of Violation" (the "Notice") relating		
28	to the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") on		
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CONSENT JUDGMENT AS TO ORBIT BABY – CASE NO. RG 16-829826

Defendant, the California Attorney General, the District Attorneys of every County in the State of California, and the City Attorneys for every City in State of California with a population greater than 750,000. The Notice alleges violations of Proposition 65 with respect to the presence of tris (1,3-dichloro-2-propyl) phosphate ("TDCPP") in children's car seats manufactured, distributed, and/or sold by Defendant.

- 1.3. Defendant is a corporation that employs ten (10) or more persons and that manufactures, distributes, and/or sells Covered Products (as defined herein) in the State of California. In the past, Defendant has made public claims on its website that its Covered Products contain no TDCPP based upon testing.
- 1.4. For purposes of this Consent Judgment only, the Parties stipulate that: (i) this Court has jurisdiction over the allegations of violations contained in the Notice and Complaint and personal jurisdiction over Defendant as to the acts alleged in the Complaint; (ii) venue is proper in the County of Alameda; and (iii) this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on the facts alleged in the Notice and Complaint with respect to Covered Products manufactured, distributed, and/or sold by Defendant.
- 1.5. The Parties enter into this Consent Judgment as a full and final settlement of all claims which were or could have been raised in the Complaint arising out of the facts or conduct related to Defendant alleged therein. By execution of this Consent Judgment and agreeing to comply with its terms, the Parties do not admit any fact, conclusion 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, or violation of law. Defendant denies the material, factual, and legal allegations in the Notice and Complaint and expressly denies any wrongdoing whatsoever. Except as specifically provided herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense either Party may have in this or any other pending or future legal proceedings. This Consent Judgment is the product of negotiation and compromise and is accepted by the Parties solely for purposes of settling, compromising, and resolving issues disputed in this Action.

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that such products and/or foam have not been Treated with any Listed Chemical Flame Retardant in accordance with the requirements of Section 3.1.1. Defendant shall continue to obtain and maintain written certification(s) from its suppliers confirming that all such Covered Products and/or foam received by Defendant for distribution in California and manufactured after the Effective Date have not been Treated with any Listed Chemical Flame Retardant.

3.1.1.2. **Testing of Covered Products by Defendant.** To further ensure compliance with the formulation provisions of Section 3.1.1, following the Effective Date, Defendant shall conduct testing on Covered Products manufactured after the Effective Date to confirm that the Covered Products contain no Listed Chemical Flame Retardants. All testing pursuant to this Section shall be performed by a U.S.-based, independent, third party certified laboratory. At the request of CEH, the results of all testing performed pursuant to this Section shall be made available to CEH. The frequency and amount of testing required shall be as follows:

3.1.1.2.1. **Testing Frequency.** In the first twelve-month period following the Effective Date, Defendant shall test at least 5 randomly-selected units of Covered Product manufactured after the Effective Date and that will be sold in California. In the second twelve-month period following the Effective Date, Defendant shall test at least 3 randomly-selected units of Covered Product manufactured during that twelve-month period and that will be sold in California. In the third twelve-month period following the Effective Date, Defendant shall test 1 randomly-selected unit of Covered Product manufactured during that twelve-month period and that will be sold in California. Thereafter, Defendant may rely on the supplier specification and certification scheme set forth in Section 3.1.1.1 in lieu of mandatory testing.

3.1.1.2.2. **Products that Contain Listed Chemical Flame Retardants Pursuant to Defendant's Testing.** If the results of any of the testing required pursuant to Section 3.1.1.2.1 show the presence of any Listed Chemical Flame Retardant in a Covered Product manufactured after the Effective Date, Defendant shall: (1) refuse to accept all of the Covered Products that were purchased under the particular purchase order; (2) send a notice to the supplier explaining that such Covered Products do not comply with the supplier's

certification; and (3) apply the testing frequency set forth in Section 3.1.1.2.1 as though the next order purchased from the supplier were the first shipment following the Effective Date.

3.1.1.3. Confirmatory Testing by CEH. CEH intends to conduct periodic testing of Covered Products sold or offered for sale in California that have a Manufacture Date that is on or later than the Effective Date. Any such testing will be conducted by CEH at a U.S.-based, independent, third party certified laboratory. In the event that CEH's testing of such Covered Products manufactured after the Effective Date demonstrates the presence of any Listed Chemical Flame Retardant in one or more Covered Products, CEH shall inform Defendant of the test results, including information sufficient to permit Defendant to identify the Covered Product(s). Defendant shall, within 20 days following such notice, provide CEH, at the address listed in Section 8.1.2, with its supplier certification and testing information demonstrating its compliance with Sections 3.1.1.1 and 3.1.1.2 of this Consent Judgment. Defendant shall then have the opportunity to conduct its own independent testing of the same unit of Covered Product(s) to confirm or controvert CEH's tests. If Defendant's independent testing confirms CEH's test results, Defendant shall apply the testing frequency set forth in Section 3.1.1.2.1 as though the next order purchased from the supplier were the first shipment following the Effective Date. If Defendant's independent testing controverts CEH's test results, the Parties shall meet and confer in good faith to select a mutually agreeable independent third party certified laboratory to conduct a tiebreaking test on the same unit of Covered Product(s), the result of which shall be deemed dispositive as to the subsequent application of the testing frequency set forth in Section 3.1.1.2.1. Upon the third time that testing pursuant to Section 3.1.1.2 or Section 3.1.1.3 reveals the presence of any Listed Chemical Flame Retardant in any Covered Product, CEH may, at its discretion, invoke the judicial enforcement mechanism in Section 5 in addition to requiring any further testing under Section 3.1.1.2.

3.2. **Optional Reformulation** – **Use of Untreated Foam.** In order for Defendant to be eligible for a waiver of the additional penalty/payment in lieu of penalty payments set forth in Section 4.1.5 below, Defendant shall undertake the additional actions to reduce or eliminate the use of Chemical Flame Retardants set forth herein. As of 90 days following the Effective Date,

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Defendant shall not manufacture or distribute, sell, or offer for sale in California any Covered Product that has been Treated with any Chemical Flame Retardant. In order to avoid the additional payments, Defendant must provide written certification to CEH of its use of only Untreated Foam within 120 days following the Effective Date.

- 3.2.1. Specification To and Certification From Suppliers. To ensure compliance with the provisions of this Section 3.2, to the extent that Defendant opts for such reformulation, it shall directly or through its supply chain issue specifications to its suppliers of Covered Products and/or polyurethane foam used in any Covered Product requiring that such products and/or foam shall use only Untreated Foam. Defendant shall not be deemed in violation of the requirements of this Section 3.2 for any Covered Product to the extent: (a) it has relied on a written certification from its vendor that supplied a Covered Product and/or the polyurethane foam used in a Covered Product that such product is made with only Untreated Foam, and/or (b) it has obtained a test result from a U.S.-based, independent, third party certified laboratory reporting that the Covered Product's polyurethane foam has been made with Untreated Foam. Defendant shall obtain and maintain written certification(s) from its suppliers confirming that all such Covered Products and/or foam received by Defendant for distribution in California is Untreated Foam. CEH intends to conduct periodic testing of Covered Products sold or offered for sale in California to further ensure that any optional reformulation has been properly effectuated by Defendant.
- 3.3. Consumer Notification for Covered Products Already Purchased. In an effort to provide notice to consumers that have already purchased Covered Products that may have contained TDCPP but did not receive clear and reasonable warnings regarding the potential presence of TDCPP, Defendant shall take reasonable steps to notify all known California consumers of Covered Products of the possibility that the Covered Products may contain TDCPP within 30 days following the Effective Date. Such steps shall include, at a minimum: (1) providing notification materials by email or U.S. mail to all persons for whom Defendant has contact information that Defendant knows or reasonably believes to have purchased Covered Products in California on or after October 28, 2012 (such as consumers who purchased Covered

Products directly from Defendant, or who have registered their Covered Products with Defendant); (2) providing notification materials by certified mail to each of its California retailers or distributors to whom Defendant has reason to believe it sold Covered Products on or after October 28, 2012; and (3) placing notification materials on a prominent page on Defendant's website for four (4) years after the Effective Date or until the date on which Defendant stops operating its website, whichever is sooner.

- 3.3.1. Content of Notification Materials. Any notification materials provided pursuant to Section 3.3 shall state that there is a possibility that some Covered Products sold on or after October 28, 2012 may contain TDCPP. Such notification materials shall also state that Defendant is willing to replace any units of Covered Products purchased on or after October 28, 2012 that contain TDCPP with comparable children's car seats that do not contain any Listed Chemical Flame Retardants, provided that the person or entity requesting replacement can provide proof of purchase and present possession.
- 3.3.2. **Replacement of Covered Products.** For all Covered Products for which Defendant receives a request for replacement and proof of purchase and present possession showing purchase on or after October 28, 2012, Defendant shall replace the Covered Products with a comparable children's car seat that does not contain any Listed Chemical Flame Retardants. Defendant shall pay for any postage and shipping costs associated with such replacement of Covered Products. Defendant shall keep records reflecting the identity and contact information for all persons or entities who seek replacement of Covered Products, which shall be made available to CEH upon request.

4. PENALTIES AND PAYMENT

- 4.1. **Initial Payments from Defendant.** Within 10 days following the Effective Date, Defendant shall pay to CEH the total sum of one hundred forty-five thousand dollars (\$145,000)
- 4.2. **Allocation of Initial Payments.** The initial settlement amount for Defendant shall be paid in five (5) separate checks made payable and allocated as follows:
- 4.2.1. Defendant shall pay \$19,058 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). The civil penalty payment shall be apportioned in accordance with Health &

1	Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of		
2	Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of		
3	the civil penalty payment in the amount of \$14,293.50 shall be made payable to OEHHA and		
4	associated with taxpayer identification number 68-0284486. This payment shall be delivered as		
5	follows:		
6	For United States Postal Service Delivery:		
7	Attn: Mike Gyurics		
8	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B		
9	Sacramento, CA 95812-4010		
10	For Non-United States Postal Service Delivery:		
11	Attn: Mike Gyurics Fiscal Operations Branch Chief		
12 13	Office of Environmental Health Hazard Assessment 1001 I Street, MS #19B Sacramento, CA 95814		
14	The CEH portion of the civil penalty payment in the amount of \$4,764.50 shall be made		
15	payable to the Center for Environmental Health and associated with taxpayer identification		
16	number 94-3251981. This payment shall be delivered to Mark Todzo at Lexington Law Group at		
17	the address set forth in Section 8.		
18	4.2.2. Defendant shall pay \$14,292 as an Additional Settlement Payment ("ASP")		
19	in lieu of civil penalty to CEH pursuant to Health & Safety Code § 25249.7(b), and California		
20	Code of Regulations, Title 11, § 3204. CEH intends to place these funds in CEH's Toxics and		
21	Youth Fund and use them to support CEH programs and activities that seek to educate the public		
22	about chemical flame retardants and other toxic chemicals in consumer products that are		
23	marketed to youth, expand its use of social media to communicate with Californians about the		
24	risks of exposures to chemical flame retardants and other toxic chemicals in the products they and		
25	their children use and about ways to reduce those exposures, work with industries that market		
26	products to youth to reduce exposure to chemical flame retardants and other toxic chemicals, and		
27	thereby reduce the public health impacts and risks of exposure to chemical flame retardants and		
28	other toxic chemicals in consumer products that are marketed to youth in California. CFH shall		

obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty days of any request from the Attorney General. The payment pursuant to this Section shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Mark Todzo at Lexington Law Group at the address set forth in Section 8.

4.2.3. Defendant shall pay \$111,650 as reimbursement of reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$94,105 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$17,545 payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. These payments shall be delivered to Mark Todzo at Lexington Law Group at the address set forth in Section 8.

4.3. Additional Payments from Defendant.

- 4.3.1. In the event that Defendant elects not to certify its compliance with Section 3.2 in accordance with that Section, within 120 days following the Effective Date, Defendant must make an additional payment of \$58,000, which shall be paid in two separate checks, each payable to CEH, to be allocated as follows:
- 4.3.1.1. \$33,143 shall constitute a penalty pursuant to Cal. Health & Safety Code § 25249.7(b), such money to be apportioned by CEH in accordance with Cal. Health & Safety Code § 25249.12.
- 4.3.1.2. \$24,857 shall constitute an ASP pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH intends to place these funds in CEH's Toxics and Youth Fund and use them to support CEH programs and activities that seek to educate the public about chemical flame retardants and other toxic chemicals in consumer products that are marketed to youth, expand its use of social media to communicate with Californians about the risks of exposures to chemical flame retardants and other toxic chemicals in the products they and their children use and about ways to reduce those exposures, work with industries that market products to youth to reduce exposure to chemical

of exposure to chemical flame retardants and other toxic chemicals in consumer products that are marketed to youth in California. CEH shall obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty days of any request from the Attorney General.

flame retardants and other toxic chemicals, and thereby reduce the public health impacts and risks

5. Enforcement of Consent Judgment

5.1. CEH may, by motion or application for an order to show cause before the Superior Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. Prior to bringing any motion or application to enforce the requirements of Section 3 above, CEH shall provide Defendant with a Notice of Violation and a copy of any test results which purportedly support CEH's Notice of Violation. The Parties shall then meet and confer regarding the basis for CEH's anticipated motion or application in an attempt to resolve it informally, including providing Defendant a reasonable opportunity of at least 45 days to cure any alleged violation. Should such attempts at informal resolution fail, CEH may file its enforcement motion or application. The prevailing party on any motion to enforce this Consent Judgment shall be entitled to its reasonable attorney's fees and costs incurred as a result of such motion or application. This Consent Judgment may only be enforced by the Parties.

6. Modification of Consent Judgment

6.1. This Consent Judgment may only be modified by written agreement of CEH and Defendant, or upon motion of CEH or Defendant as provided by law.

7. CLAIMS COVERED AND RELEASE

7.1. This Consent Judgment is a full, final, and binding resolution between CEH acting in the public interest and Defendant and Defendant's parents, officers, directors, shareholders, divisions, subdivisions, subsidiaries, and their respective successors and assigns ("Defendant Releasees"), and all entities to whom they distribute or sell or have distributed or sold Covered Products including, but not limited to, distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Defendant Releasees"), of all claims alleged in the Complaint in this Action arising from any violation of Proposition 65 that have been or

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

9. COURT APPROVAL

- 9.1. This Consent Judgment shall become effective on the Effective Date, provided however, that CEH shall prepare and file a Motion for Approval of this Consent Judgment and Defendant shall support approval of such Motion.
- 9.2. If this Consent Judgment is not entered by the Court, it shall be of no force or effect and shall not be introduced into evidence or otherwise used in any proceeding for any purpose.

10. GOVERNING LAW AND CONSTRUCTION

10.1. The terms and obligations arising from this Consent Judgment shall be construed and enforced in accordance with the laws of the State of California.

11. ENTIRE AGREEMENT

- 11.1. This Consent Judgment contains the sole and entire agreement and understanding of CEH and Defendant with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein.
- 11.2. There are no warranties, representations, or other agreements between CEH and Defendant except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Consent Judgment have been made by any Party hereto.
- 11.3. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto only to the extent that they are expressly incorporated herein.
- 11.4. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby.

1 2 3 4 5 6 7	Dated: <u>February 24</u> , 2017	Michael Sanders Printed Name CFo/CD Title
8	IT IS SO ORDERED, ADJUDGED, AND DECREED:	
10	AND DECREED:	
11	Dated:	
12		Judge of the Superior Court of the State of California, County of Alameda
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ON RECYCLED PAPER	-14- CONSENT JUDGMENT AS TO ORBIT BABY – CASE NO. RG 16-829826	