

State of California - Department of Justice - Attorney General's Office - Proposition 65 Enforcement Reporting

Attention: Prop 65 Coordinator, 1515 Clay Street, Suite 2000, Oakland, CA 94612

FORM JUS 1501
(03-01)

PRIVATE ENFORCEMENT FILING - Health and Safety Code section 25249.7(e) and (f)

REPORT OF SETTLEMENT

Please print or type required information

☒ Original Filing ☐ Supplemental Filing ☐ Corrected Filing

PARTIES TO THE ACTION	PLAINTIFF(S) Shefa LMV Inc.				
	DEFENDANT(S) INVOLVED IN SETTLEMENT Mulia, Inc.				
CASE INFO	COURT DOCKET NUMBER RG17854993		COURT NAME Alameda County Superior Court		
	SHORT CASE NAME Shefa v. Arizona Tile				
	INJUNCTIVE RELIEF Reformulation or Warning label				
REPORT INFO	PAYMENT: CIVIL PENALTY \$2,000		PAYMENT: ATTORNEYS FEES \$14,000		For Internal Use Only
	PAYMENT: OTHER 0.00		DATE SETTLEMENT SIGNED 07 12 2017		
	WILL SETTLEMENT BE SUBMITTED TO COURT? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
	IF YES, AFTER ENTRY OF JUDGMENT BY COURT, REPORT OF ENTRY OF JUDGMENT MUST BE SUBMITTED TO ATTORNEY GENERAL				
COPY OF SETTLEMENT MUST BE ATTACHED					
FILER INFO	NAME OF CONTACT Daniel N. Greenbaum				
	ORGANIZATION Law Office of Daniel Greenbaum			TELEPHONE NUMBER (818) 809-2199	
	ADDRESS 7120 Hayvenhurst Ave., Suite 320			FAX NUMBER (424) 243-7698	
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FILING INSTRUCTIONS: This form can be completed online and printed. If electronic filing is not available, mail the completed form with a copy of the settlement to the attention of the Prop 65 Coordinator at the address shown above. If you need additional space to complete this form please use an attachment.

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Attorneys for Defendant MULIA, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

SHEFA LMV, INC.,

Plaintiff,

vs.

ARIZONA TILE SUPPLY, INC.;
STONEPEAK CERAMICS, INC.; MULIA,
INC.; NATIVE TRAILS, INC.; LA
FUENTE, LLC; LOWE'S COMPANIES,
INC.; and DOES 1 to 50, Inclusive,

Defendants.

Case No.: RG17854993

*The Honorable Brad Seligman
Dept. 30*

**[PROPOSED] SETTLEMENT
AGREEMENT AS TO MULIA, INC.**

Action filed: March 29, 2017

1 **1. INTRODUCTION**

2 1.1 This Settlement Agreement (the "Settlement Agreement") is entered into by and
3 between Shefa LMV Inc. ("Shefa") and Mulia, Inc. ("Settling Defendant"), with Shefa and
4 Settling Defendant each individually referred to as a "Party," and collectively as the "Parties."

5 1.2 The products covered by this Settlement Agreement are ceramic tile products
6 manufactured, distributed, and/or sold by Settling Defendant that contain lead and/or lead
7 compounds ("Lead" or "Pb"), including, but not limited to, the Mulia White Subway - Glossy
8 tile with an identification number of SKU: D8A-01906-JX (the "Covered Products").

9 1.3 Lead and lead compounds are hereinafter referred to as the "Listed Chemicals."

10 1.4 On or about March 30, 2016 and again on June 10, 2016, Shefa mailed a 60-Day
11 Notice of Violation pursuant to Proposition 65 (The Safe Drinking Water and Toxic
12 Enforcement Act of 1986, Health & Safety Code §§ 25249.5, *et seq.*) to Settling Defendant, the
13 California Attorney General, the District Attorneys of every County in the State of California,
14 and the City Attorneys for every City in the State of California with a population greater than
15 750,000.

16 1.5 On March 29, 2017, Shefa filed the Complaint in the instant action.

17 1.6 Shefa alleges that the 60-Day Notice of Violation alleged violations of
18 Proposition 65 with respect to exposure to the Listed Chemicals when consumers cut or grind the
19 Covered Products sold, distributed, and/or manufactured by Settling Defendant.

20 1.7 Settling Defendant denies the alleged violations asserted against it in the
21 Complaint and deny it has any liability under Proposition 65.

22 1.8 Settling Defendant further denies the normal use of the Covered Products will
23 result in any exposure to the Listed Chemicals that would require a warning pursuant to
24 Proposition 65.

25 1.9 For purposes of this Settlement Agreement only, the Parties stipulate: (i) this
26 Court has jurisdiction over the allegations of violations contained in the operative Complaint
27 applicable to Settling Defendant and personal jurisdiction over Settling Defendant as to the acts

1 alleged in the Complaint; (ii) venue is proper in the County of Alameda; and (iii) this Court has
2 jurisdiction to approve this Settlement Agreement.

3 1.10 Nothing in this Settlement Agreement is, or shall be construed, as an admission
4 by the Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall
5 compliance with the Settlement Agreement constitute or be construed as an admission by the
6 Parties of any fact, conclusion of law, issue of law, or violation of law.

7 1.11 Nothing in this Settlement Agreement shall prejudice, waive, or impair any right,
8 remedy, argument, or defense the Parties may have in any other legal proceeding.

9 1.12 Further, Settling Defendant denies the material, factual, and legal allegations
10 contained in the 60-Day Notices and in the operative Complaint, and maintains all the products
11 that Settling Defendant has imported, manufactured, distributed, wholesaled, or retailed for sale
12 in California, including the Covered Products, have been and are in compliance with all laws,
13 including but not limited to Proposition 65.

14 1.13 Nothing herein shall be construed as an admission by Settling Defendant of any
15 fact, finding, issue of law, or violation of law, nor shall compliance with this Settlement
16 Agreement constitute or be construed as an admission by Settling Defendant of any fact, finding,
17 conclusion, issue of law, or violation of law.

18 1.14 Except as expressly set forth herein, nothing in this Settlement Agreement shall
19 prejudice, waive, or impair any right, remedy, argument, complaint, or defense the Parties may
20 have in any other or future legal proceeding unrelated to this specific proceeding.

21 1.15 This Settlement Agreement is the product of negotiation and compromise and is
22 accepted by the Parties for purposes of settling, compromising, and resolving issues disputed in
23 this action.

24 1.16 The term "Effective Date" means the date on which this Settlement Agreement is
25 approved and entered by the Court.

26 **2. INJUNCTIVE RELIEF**

2.1 Commencing on the Effective Date, Defendant shall only sell or offer for sale in California Covered Products that are Compliant Products, or shall provide warnings in accordance with this Settlement Agreement.

2.2 “Compliant Products” are defined as those Covered Products containing the Listed Chemical in a concentration less than or equal to 100 parts per million (“ppm”). This reformulation standard is based upon levels set by the Consumer Products Safety Improvement Act (CPSIA); CPSIA for lead in non-metals is 100 ppm.

2.3 The 100 ppm standard reformulation will be based upon analysis for “total” lead, including the bisque and glaze combined in a representative aliquot of the tile. The basis for this analysis standard is when both elements are pulverized together when power tools are used, so both contribute to exposure.

2.4 In order to prove compliance with the above reformulation standard, Settling Defendant may use one (or all) of the three following methods of analysis:

2.4.1 **CPSC-CH-E1002-08.1 Method** (i.e. the CPSIA method) –correlating to the reformulation standard, the laboratory will use hydrofluoric acid to break down the tiles for analysis.

2.4.2 **EPA6200 Method** – the laboratory will use this method for total Pb analysis after pulverizing the sample in a cryo-mill to ~60 mesh so the material is homogenized to get actual concentration of Pb.

2.4.3 **Lithium borate fusion followed by ICP/MS** – after the sample is milled, the laboratory of choice would use this mineral industry method of analysis.

2.5 Whenever a clear and reasonable warning is required under Section 2.1 for Covered Product offered for sale in the State of California, it shall state one of the warnings described in Section 2.7 in such a conspicuous and prominent manner as to be likely to be read and understood by the consumer prior to or at the time of the sale or purchase.

2.6 Nothing in this Settlement Agreement shall require (1) Settling Defendant to provide warnings on or with any Covered Products other than those it manufactures or sells in packaging bearing its name or trademark, or (2) Settling Defendant to provide any warnings other than the warnings identified in subparagraph 2.7.

2.7 The Parties agree that any of the following warnings shall constitute a Compliant Warning for the Listed Chemical in the Covered Products:

(a) the text, **“WARNING: This product contains a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.”** as provided by existing regulations; or

(b) the text, **“WARNING This product can expose you to chemicals, including lead and lead compounds, which is known to the State of California to cause cancer and reproductive harm. For more information go to www.P65Warnings.ca.gov.”** accompanied by and placed to the right of a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline sized to be no smaller than the word, “WARNING” as provided by regulations adopted on or about August 30, 2016; or

(c) the text, **“WARNING Cancer and Reproductive Harm - www.P65Warnings.ca.gov.”** accompanied by and placed to the right of a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline sized to be no smaller than the word, “WARNING” as provided by regulations adopted on or about August 30, 2016.

2.8 Nothing in this Settlement Agreement requires that warnings be provided for Covered Products sold for use outside the State of California.

2.9 The Parties understand and acknowledge that Proposition 65 permits warnings to be provided through mechanisms such as point-of-sale signs, which are not product labels and do not travel with products through interstate commerce. The use of other warning methods, such as labels and in-manual warnings under this Settlement Agreement, is consented to by the parties

1 to the Settlement Agreement, and shall not be construed to mean those methods are the only
2 lawful means of compliance with Proposition 65.

3 2.10 Settling Defendant shall use any (or all) of the following methods to provide the
4 warnings required by this Settlement Agreement:

- 5 i. Inclusion in every Master Safety Data Sheet (MSDS);
- 6 ii. Inclusion on every box of tile (either by label or printing directly on to the
7 box);
- 8 iii. Providing a “pop-up” warning for online customers;
- 9 iv. In store warning signs (see Section 2.11 below); or
- 10 v. Any other method that complies with the warning regulations by
11 regulations adopted on or about August 30, 2016.

12 2.11 **Warnings in-stores.** If Settling Defendant is required to provide a warning for a
13 Covered Product under subparagraph 2.1, it may provide that warning in the form of an in-store
14 warning sign for that Covered Product if **all** the following conditions are met:

15 a. **Placement.** Warning signs *must* be placed directly next to each Covered
16 Product(s). Warning signs *may* also be placed at the entrance/exit, check-out counter,
17 store aisles where the Covered Product(s) are sold.

18 b. **Size and Font.** Each warning sign must be clear, unambiguous, and
19 printed in a font large enough to be read by the average consumer. Nothing in this sub-
20 section shall be read to contradict the regulations governing the size and font of
21 Proposition 65 warnings.

22 c. **Specificity.** Each warning sign must specify for which Covered Product it
23 is being provided. This sign shall specify any (or all) of the following information: the
24 product name, UPC, SKU, color, or any other features which will identify the Covered
25 Product to customers. In addition, the sign may use an indication symbol, such as an
26 arrow, to indicate the location of the Covered Product in relation to the warning sign.

1 b. **Attorneys' Fees and Costs.** A reimbursement of Shefa's attorney's fees
2 and costs in the amount of \$14,000.00 payable to the "Law Office of
3 Daniel N. Greenbaum."

4 3.3 Shefa shall provide and deliver to Settling Defendant a W-9 for each payment
5 noted above upon request.

6 **4. CLAIMS COVERED AND RELEASED**

7 **4.1 Full and Binding Resolution of Proposition 65 Allegations:** This Settlement
8 Agreement is a full, final, and binding resolution between

9 (i) Shefa on behalf of itself and the public interest; and

10 (ii) Settling Defendant and their affiliates, their former affiliates, any person or entity
11 who directly or indirectly owns or controls, is owned or controlled by, or is under common
12 ownership or control with Settling Defendant, and their current and past directors, officers,
13 employees, and attorneys ("Defendant Releasees"), and each entity to whom (or from whom)
14 any of them directly or indirectly distribute, receive for distribution, and/or sell the Covered
15 Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees,
16 cooperative members, licensors, and licensees ("Distributor Releasees"), of any violation of
17 Proposition 65 that was or could have been asserted in the Complaint against Settling Defendant,
18 Defendant Releasees, and Distributor Releasees, based on failure to warn about an alleged
19 exposure to Lead from the reasonably foreseeable use of the Covered Products shipped,
20 distributed, or sold by Settling Defendant, Defendant Releasees, and Distributor Releasees prior
21 to 120 days after the Effective Date.

22 **4.2 Individual Release:** Shefa, on behalf of itself, its past and current agents,
23 representatives, attorneys, and successors and/or assignees, and ***not*** in its representative capacity,
24 hereby provides a release that shall be effective as a full and final accord and satisfaction, as a
25 bar to all Claims under Proposition 65 and any other statutory or common law, that are or may
26 be asserted against Settling Defendant, Defendant Releasees, and Distributor Releasees, whether
27 known or unknown, suspected or unsuspected, arising out of alleged exposures to, and/or failure

1 to warn of alleged exposures to, Lead from the Covered Products shipped, distributed, or sold
2 prior to 120 days after the Effective Date by Settling Defendant, Defendant Releasees, and
3 Distributor Releasees.

4 **4.3 General Release:** It is possible that other Claims not known to the Parties which
5 arise out of the facts alleged in the Notices and/or the Complaint will develop or be discovered.
6 Shefa, on behalf of itself, its past and current agents, representatives, attorneys, and successors
7 and/or assigns, and not in its representative capacity, acknowledges that this Settlement
8 Agreement is expressly intended to cover and include all such Claims, including all rights of
9 action therefor. Shefa has full knowledge of the contents of Civil Code § 1542. Shefa
10 acknowledges that the Claims released in Sections 4.1 and 4.2 include unknown Claims, and
11 Shefa nevertheless waives Civil Code § 1542 as to any such unknown Claims. Civil Code §
12 1542 reads as follows:

13 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH
14 THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS
15 OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE,
16 WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY
17 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

18 Shefa, on behalf of itself, its past and current agents, representatives, attorneys, and
19 successors and/or assignees, and not in its representative capacity, acknowledges and
20 understands the significance and consequences of this specific waiver of Civil Code § 1542.

21 **4.4** Compliance with the terms of this Settlement Agreement by Settling Defendant
22 shall constitute compliance with Proposition 65 by Settling Defendant, Defendant Releasees, and
23 Distributor Releasees with respect to any alleged failure to warn about Lead in Covered Products
24 manufactured, distributed, or sold by Settling Defendant, Defendant Releasees, and Distributor
25 Releasees 120 days after the Effective Date.

26 **4.5** Nothing in this Section 4 affects Shefa's right to commence or prosecute an action
27 pursuant to Proposition 65 against any person other than Settling Defendant, Defendant
28 Releasees, or Distributor Releasees.

29 **5. ENFORCEMENT**

1 5.1 Shefa may, by motion or application for an order to show cause before the
2 Superior Court of Alameda County, enforce the terms and conditions contained in this
3 Settlement Agreement.

4 5.2 Prior to bringing any motion or application to enforce the requirements of this
5 Settlement Agreement, Shefa shall provide Settling Defendant with a Notice of Violation and
6 proof of purchase and a copy of any test results which purportedly support the Notice of
7 Violation.

8 5.3 The Parties shall then meet and confer regarding the basis for the anticipated
9 motion or application to resolve it informally, including providing Settling Defendant with a
10 reasonable opportunity of at least sixty (60) days to cure any alleged violation.

11 5.4 Should such attempt at informal resolution fail, Shefa may file an enforcement
12 motion or application.

13 **6. NOTICE**

14 6.1 When Shefa is entitled to receive any notice under this Settlement Agreement, the
15 notice shall be sent by first class and electronic mail to:

16 Daniel N. Greenbaum
17 Law Office of Daniel N. Greenbaum
18 7120 Hayvenhurst Ave., Suite 320
19 Van Nuys CA 91406
20 dgreenbaum@greenbaumlawfirm.com

21 6.2 When Settling Defendant is entitled to receive any notice under this Settlement
22 Agreement, the notice shall be sent by electronic mail to:

23 PAYNE & FEARS LLP
24 David A. Grant, Esq.
25 4 Park Plaza, Suite 1100
26 Irvine, CA 92614
27 Email: dag@paynefears.com

28 6.3 Any Party may modify the person and address to whom the notice is to be sent by
sending the other Party notice by electronic mail.

29 **7. MODIFICATION**

7.1 Written Consent. This Settlement Agreement may be modified from time to time by express signed 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.

7.2 Meet and Confer. Any Party seeking to modify this Settlement Agreement shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Settlement Agreement.

8. COMPLIANCE WITH HEALTH AND SAFETY CODE § 25249.7(f)

8.1 Shefa agrees to comply with the reporting form requirements referenced in Health and Safety Code § 25249.7(f).

9. COURT APPROVAL

9.1 This Settlement Agreement shall become effective upon entry by the Court of judgment pursuant to Health & Safety Code §§ 25249.7.

10. OTHER TERMS

10.1 No supplementation, modification, waiver, or termination of this Settlement Agreement shall be binding unless executed in writing by the Party to be bound thereby, except as provided by ¶¶ 8.1 & 8.2.

10.2 No waiver of any of the provisions of this Settlement Agreement shall be deemed or shall constitute a waiver of any of the other provisions hereof whether similar, nor shall such waiver constitute a continuing waiver.

10.3 Nothing in this Settlement Agreement shall release, or in any way affect any rights Settling Defendant might have against any other party, whether or not that party is a Defendant Releasee or Distributor Releasee.

10.4 This Court shall retain jurisdiction of this matter to implement or modify the Settlement Agreement.

10.5 The Parties agree that, in any subsequent interpretation and construction of this Settlement Agreement, no inference, assumption, or presumption shall be drawn, and no provision of this Settlement Agreement shall be construed against any Party, since one of the

1 Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the
2 Settlement Agreement.

3 10.6 It is conclusively presumed that all the Parties participated equally in the
4 preparation and drafting of this Settlement Agreement.

5 **11. REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF**
6 **SETTLEMENT AGREEMENT**

7 11.1 This Settlement Agreement came before this Court upon the request of the
8 Parties.

9 11.2 The Parties request the Court to review this Settlement Agreement and to make
10 the following findings pursuant to Health & Safety Code § 25249.7(f)(4):

11 a. The injunctive relief required by the Settlement Agreement complies with
12 Health & Safety Code § 25249.7;


13 b. The reimbursement of fees and costs to be paid pursuant to the Settlement
14 Agreement is reasonable under California law; and

15 c. The civil penalty amount to be paid pursuant to Settlement Agreement is
16 reasonable.

17 AGREED TO:

18 Dated: 7/12/2017

FOR: SHEFA LMV, INC.

19 By:  _____

20 Its: Director _____

21 Dated:

FOR: MULIA, INC.

22 By:  _____

23 Its: DONEL BONTARAN

[PROPOSED] CONSENT JUDGMENT

Please note that on _____, 2017 at _____, Plaintiff Shefa LMV Inc.'s ("Plaintiff") Motion for Court Approval of Settlement Agreement and Entry of Consent Judgment as to Defendant Mulia, Inc. came for hearing before this Court in Department __, the Honorable _____ presiding. Counsel for Plaintiff did [not] appear; counsel for Defendant did [not] appear.

After full consideration of the points and authorities and related pleadings submitted, the Court GRANTED Plaintiff's Motion pursuant to and in accordance with Health & Safety Code §25249.7(f)(4). The Court reviewed the above Settlement Agreement and makes the following findings pursuant to Health & Safety Code § 25249.7(f)(4):

a. The injunctive relief required by the Settlement Agreement complies with Health & Safety Code § 25249.7;

b. The reimbursement of fees and costs to be paid pursuant to the Settlement Agreement is reasonable under California law; and

c. The civil penalty amount to be paid pursuant to Settlement Agreement is reasonable.

The Settlement Agreement is hereby approved, and the clerk is directed to enter judgment in accordance with the terms of the Settlement Agreement above.

Date

Superior Court Judge

4828-6371-1307.1