| 1 2 | Reuben Yeroushalmi (SBN 193981) Peter T. Sato (SBN 238486) Shannon E. Royster (SBN 314126) | | |
|-----|---|--|--|
| 3 | YEROUSHALMI & YEROUSHALMI An Association of Independent Law Corporat | ions | |
| 4 | 9100 Wilshire Boulevard, Suite 240W Beverly Hills, California 90212 Telephone: 310.623.1926 | | |
| 5 | Facsimile: 310.623.1930 | | |
| 6 | Attorneys for Plaintiff, Consumer Advocacy Group, Inc. | | |
| 7 | | | |
| 8 | SUPERIOR COURT OF THE STATE OF CALIFORNIA | | |
| 9 | COUNTY OF LOS ANGELES | | |
| 10 | CONSUMER ADVOCACY GROUP, INC., in the public interest, | CASE NO. BC672978 | |
| 11 | Plaintiff, | CONSENT JUDGMENT [PROPOSED] | |
| 12 | · | Health & Safety Code § 25249.5 et seq. | |
| 13 | V. | Dept. 30 | |
| 14 | BURLINGTON COAT FACTORY WAREHOUSE CORPORATION, a Delaware | Judge: Hon. Barbara Scheper | |
| 15 | Corporation; BURLINGTON COAT FACTORY DIRECT | Complaint filed: August 18, 2017 | |
| 16 | CORPORATION, a New Jersey Corporation; BURLINGTON STORES, INC., a Delaware | | |
| 17 | Corporation; BURLINGTON COAT FACTORY OF | | |
| 18 | CALIFORNIA, LLC., a California Limited Liability Corporation; | | |
| 19 | LOUISE PARIS LTD., a business entity of form unknown; | | |
| 20 | NEXT STEP GROUP INC., a New York Corporation; | | |
| 21 | SANTANA TESORO, LLC., a Nevada Limited Liability Corporation; | | |
| 22 | L & LEUNG GROUP, a Hong Kong Corporation; | | |
| 23 | L & LEUNG HANDBAGS MFY., LTD., a business entity of form unknown; | | |
| 24 | BURLINGTÓN COAT FACTORY OF SAN BERNARDINO, LLC., a California Limited | | |
| 25 | Liability Corporation; DOES 1-20; | | |
| | Defendants. | | |
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1. INTRODUCTION

Advocacy Group, Inc. (referred to as "CAG") acting on behalf of itself and in the interest of the public, and Defendant Louise Paris Ltd. (referred to as "Defendant"), with each referred to as a "Party" and collectively referred to as "Parties." Defendants Burlington Coat Factory Warehouse Corporation, Burlington Coat Factory Direct Corporation, Burlington Stores, Inc., Burlington Coat Factory of California, LLC, and Burlington Coat Factory of San Bernardino, LLC ("collectively, "Burlington Defendants") and Next Step Group, Inc. will be released by CAG as set forth in Section 4, below.

1.2 Defendants and Products.

Defendant is a business entity form unknown which does business in California and employs ten (10) or more persons. CAG alleges that Defendant manufactured, caused to be manufactured, sold, or distributed Polymer Fitness Balls (referred to hereinafter as "Covered Products") including but not limited to "Cover girl®"; "Active"; "65cm Core Conditioning Exercise Ball"; "Includes Air Pump"; "Engineered with Anti-burst Technology"; "Helps Improve Core Strength and Posture"; "Provides a Total Body Workout"; "Color Black" "SEA 2 ACC 09 642 64991663 6"; "00006303040975820797"; "Superior Brands Group LLC."; "New York, NY 10001"; "COVER GIRL is a trademark of Next Step Group, Inc."; UPC: 630304714770". For purposes of this Consent Judgment, Defendant is deemed a person in the course of doing business in California and are subject to the provisions of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65"). The Covered Products are limited only to those sold or supplied by Defendant.

1.3 Listed Chemical.

Di (2-ethylhexyl) Phthalate ("DEHP"), also known as Diethyl Hexyl Phthalate and Bis (2-ethylhexyl) Phthalate, has been listed by the State of California as a chemical known to cause cancer and birth defects or other reproductive harm.

1.4 Notice of Violation.

On October 19, 2016 CAG served Defendant Louise Paris and various public enforcement agencies with a document titled "60-Day Notice of Violation" ("AG 2016-01228") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP contained in certain Polymer Fitness Balls sold by Defendant ("Notice"). No public enforcer has commenced or diligently prosecuted the allegations set forth in the Notice.

1.5 Complaint.

On August 18, 2017, CAG filed a Complaint for civil penalties and injunctive relief ("Complaint") in the above-captioned action. In the First Cause of Action, the Complaint alleges, among other things, that Defendant, Burlington Defendants, and Next Step Group, Inc. violated Proposition 65 by failing to give clear and reasonable warnings of exposure to DEHP from the Covered Products.

Defendant denies the claims in the Complaint and maintains that there is no duty to warn for alleged exposure to DEHP in the Covered Products.

1.6 Consent to Jurisdiction.

For purposes of this Consent Judgment, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Los Angeles and that this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations contained in the Complaint and of all claims which were or could have been raised by any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or related thereto.

1.7 No Admission.

This Consent Judgment resolves claims that are denied and disputed. The Parties enter into this Consent Judgment pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Nothing in this Consent Judgment shall be construed as an admission by the Parties of any material allegation of the Notice or the Complaint,

any fact, conclusion of law, issue of law or violation of law, including without limitation, any admission concerning any alleged violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Consent Judgment, nor compliance with its terms, shall constitute or be construed as an admission by the Parties, or give rise to any inference, of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by any Defendant, its officers, directors, employees, or parent, subsidiary or affiliated corporations, or be offered or admitted as evidence in any administrative or judicial proceeding or litigation in any court, agency, or forum. Furthermore, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument, or defense the Parties may have in any other or future legal proceeding, except as expressly provided in this Consent Judgment.

1.8 The "Effective Date" is the date that this Consent Judgment is approved and entered by the Court.

2. INJUNCTIVE RELIEF

- **2.1** Within 90 days of the Effective Date, Defendant shall not sell, offer for sale in California, or distribute for sale in California, any Covered Products unless they contain no more than 0.1% DEHP by weight.
- 2.2 For any Covered Products still existing in Defendant's inventory as of the Effective Date, Defendant shall place a Proposition 65 compliant warning on the packaging. Any warning provided pursuant to this section shall be affixed to the packaging of, or directly on, the Covered Products, and be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. The pictogram shall be in yellow with a black exclamation mark; provided the pictogram may be in white instead of yellow if the Covered Product label does not contain the color yellow. The following warning is deemed to comply with Proposition 65:
 - ▲ WARNING: This product can expose you to chemicals including Di(2-ethylhexyl) phthalate (DEHP), which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

If the Defendant sells Covered Products in existing inventory via an internet website to customers located in California, the warning requirements of this section shall be satisfied in accordance with applicable regulations.

3. SETTLEMENT PAYMENT

3.1 Payment and Due Date.

Within 10 business days of the Effective Date, Defendant shall pay a total of sixty-five thousand dollars and zero cents (\$65,000) in full and complete settlement of all monetary claims by CAG related to the Notice and Complaint as to Defendant, as follows:

- **3.1.1 Civil Penalty:** Defendant shall issue separate checks totaling five thousand seven hundred and twenty dollars and zero cents (\$5,720.00) as penalties pursuant to Health & Safety Code § 25249.12:
- (a) Defendant will issue a check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of four thousand two hundred and ninety dollars and zero cents (\$4,290.00) representing 75% of the total penalty and Defendant will issue a check to CAG in the amount of one thousand four hundred and thirty dollars and zero cents (\$1,430.00) representing 25% of the total penalty; and
- (b) Separate 1099s shall be issued for each of the above payments: Defendant will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$4,290.00. Defendant will also issue a 1099 to CAG c/o Yeroushalmi & Yeroushalmi 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212 in the amount of \$1,430.00.
- 3.1.2 Additional Settlement Payment: The Defendant shall issue one check for four thousand two hundred and eighty dollars and zero cents (\$4,280.00) to "Consumer Advocacy Group, Inc." pursuant to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d). CAG will use this portion of the this Additional Settlement Payment as follows, eighty five percent (85%) for fees of investigation, purchasing and testing for Proposition 65 listed chemicals in various products, and for expert fees for evaluating exposures through various mediums, including but not limited to consumer product, occupational, and environmental

exposures to Proposition 65 listed chemicals, and the cost of hiring consulting and retaining experts who assist with the extensive scientific analysis necessary for those files in litigation and to offset the costs of future litigation enforcing Proposition 65 but excluding attorney fees; fifteen percent (15%) for administrative costs incurred during investigation and litigation to reduce the public's exposure to Proposition 65 listed chemicals by notifying those persons and/or entities believed to be responsible for such exposures and attempting to persuade those persons and/or entities to reformulate their products or the source of exposure to completely eliminate or lower the level of Proposition 65 listed chemicals including but not limited to costs of documentation and tracking of products investigated, storage of products, website enhancement and maintenance, computer and software maintenance, investigative equipment, CAG's member's time for work done on investigations, office supplies, mailing supplies and postage. Within 30 days of a request from the Attorney General, CAG shall provide to the Attorney General copies of documentation demonstrating how the above funds have been spent. CAG shall be solely responsible for ensuring the proper expenditure of such additional settlement payment.

- **3.1.3** Reimbursement of Attorneys' Fees and Costs: Defendant shall pay fifty-five thousand dollars and zero cents (\$55,000.00) to "Yeroushalmi & Yeroushalmi" as complete reimbursement for any and all reasonable investigation fees and costs, attorneys' fees, expert fees, and any and all other costs and expenses incurred as a result of investigating, bringing this matter to the Defendant's attention, litigating, negotiating a settlement in the public interest, and seeking and obtaining court approval of this Consent Judgment.
- 3.2 Other than the payment to OEHHA described above, all payments referenced in paragraphs 4.1.1, 4.1.2, and 4.1.3 above, shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212. The payment to OEHHA shall be delivered directly to Office of Environmental Health Hazard Assessment, Attn: Mike Gyurics, 1001 I Street, Mail Stop 12-B, Sacramento, California 95812. The Defendant shall provide written confirmation to CAG upon payment to OEHHA.

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4. MATTERS COVERED BY THIS CONSENT JUDGMENT

4.1 This Consent Judgment is a full, final, and binding resolution between CAG, on behalf of itself and in the public interest, on the one hand, and (i) Defendant and its officers, directors, attorneys, agents, insurers, employees, parents, shareholders, divisions, subdivisions, subsidiaries, partners, affiliates, sister companies, and their successors and assigns (collectively referred to as "Defendant Releasees"); (ii all entities to which Defendant Releasees directly or indirectly has distributed or sold the Covered Products, including, but not limited to, downstream distributors, suppliers, wholesalers, customers, retailers (including but not limited to the Burlington Defendants), and marketplace hosts; (iii) Next Step Group, Inc., franchisors, franchisees, cooperative members, licensors, licensees; (iv) and the successors and assigns of any of them (the released entities listed in (i) through (iv) of this Section 4.1 are collectively referred to as "Released Parties") for all claims for violations of Proposition 65 for alleged exposures to DEHP from Covered Products manufactured, distributed, or sold by Defendant on or before the Effective Date. Defendant's compliance with this Consent Judgment shall constitute compliance by any Released Parties with Proposition 65 with respect to DEHP in the Covered Products manufactured, distributed, or sold after the Effective Date. Nothing in this Section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than the Released Parties.

4.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees (collectively, the "CAG Releasors"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against the Released Parties arising from any violation of Proposition 65 or any other statutory or common law regarding alleged exposures to, or the failure to warn about alleged exposures to, DEHP from the Covered Products. It is possible that Claims not known to the Parties arising out of the facts alleged in the Notice or the

Complaint and relating to the Covered Products will develop or be discovered. CAG, on behalf of itself and the CAG Releasors, acknowledges that this Consent Judgment is expressly intended to cover and include all such Claims. CAG has full knowledge of the contents of California Civil Code section 1542. CAG, on behalf of itself and the CAG Releasors, acknowledges that the Claims released in this Section 4 may include unknown Claims, and nevertheless waives California Civil Code § 1542 as to any such unknown Claims. California Civil Code section 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542.

5. ENFORCEMENT OF JUDGMENT

- 5.1 The terms of this Consent Judgment shall be enforced exclusively by the Parties hereto. The Parties may, by noticed motion or order to show cause before the Superior Court of California, Los Angeles County, enforce the terms and conditions contained herein. A Party may enforce any of the terms and conditions of this Consent Judgment only after that Party first provides 30 days' notice to the Party allegedly failing to comply with the terms and conditions of this Consent Judgment, and attempts to resolve such Party's failure to comply in an open and good faith manner.
- 5.2 Notice of Violation. Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment, CAG shall provide a Notice of Violation ("NOV") to the Defendant. The NOV shall include for each of the Covered Products: the date(s) the alleged violation(s) was observed and the location at which the Covered Products were offered for sale, and shall be accompanied by all test data obtained by CAG regarding the Covered Products, including an identification of the component(s) of the Covered Products that were tested.

- **5.2.1 Non-Contested NOV.** CAG shall take no further action of any kind regarding the alleged violation if, within 60 days of receiving such NOV, the Defendant serves a Notice of Election ("NOE") not to contest the NOV that meets one of the following conditions:
- (a) A statement that the Covered Product was manufactured and shipped by the Defendant for sale in California before the Effective Date; or
- (b) A statement that since receiving the NOV the Defendant has taken corrective action by either: (i) taking all steps necessary to bring the sale of the product into compliance under the terms of this Consent Judgment; or (ii) requesting that its customers or stores in California, as applicable, remove the Covered Product identified in the NOV from sale in California and destroy or return the Covered Product to the Defendant or vendor, as applicable; or (iii) refute the information provided in the NOV.
- **5.2.2 Contested NOV.** The Defendant may serve a Notice of Election ("NOE") informing CAG of its election to contest the NOV within 60 days of receiving the NOV.
- (a) In its election, the Defendant may request that the sample(s) of Covered Product tested by CAG be subject to confirmatory testing at an EPA-accredited laboratory.
- (b) If the confirmatory testing establishes that the Covered Products do not contain DEHP in excess of the level allowed in Section 2.1, above, CAG shall take no further action regarding the alleged violation. If the testing does not establish compliance with Section 2.1, above, the Defendant may withdraw its NOE to contest the violation and may serve a new NOE pursuant to Section 6.2.1.
- (c) If the Defendant does not withdraw a NOE to contest the NOV, the Parties shall meet and confer for a period of no less than 30 days before CAG may seek an order enforcing the terms of this Consent Judgment.
- **5.3** In any proceeding brought by either Party to enforce this Consent Judgment, the prevailing Party shall be entitled to recover its reasonable attorney's fees and costs.

6. ENTRY OF CONSENT JUDGMENT

6.1 CAG shall file a motion seeking approval of this Consent Judgment pursuant to California Health & Safety Code § 25249.7(f). Upon entry of the Consent Judgment, CAG and

Defendant waives their respective rights to a hearing or trial on the allegations of the First Cause of Action of the Complaint.

6.2 If this Consent Judgment is not approved in full by the Court: (a) this Consent Judgment and any and all prior agreements between the Parties merged herein shall terminate and become null and void, and the actions shall revert to the status that existed prior to the execution date of this Consent Judgment; (b) no term of this Consent Judgment or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in this Action, or in any other proceeding; and (c) the Parties agree to meet and confer to determine whether to modify the terms of the Consent Judgment and to resubmit it for approval.

7. MODIFICATION OF JUDGMENT

- 7.1 This Consent Judgment may be modified only upon written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon, or upon motion of any Party as provided by law and upon entry of a modified Consent Judgment by the Court.
- 7.2 Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment.
- **7.3** Within fifteen (15) business days of the Effective Date, CAG shall file a request for dismissal without prejudice of the Burlington Defendants and Next Step Group, Inc. with respect to the First Cause of Action in the Complaint.

8. RETENTION OF JURISDICTION

8.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment under Code of Civil Procedure § 664.6.

9. SERVICE ON THE ATTORNEY GENERAL

9.1 CAG shall serve a copy of this Consent Judgment, signed by both Parties, on the California Attorney General so that the Attorney General may review this Consent Judgment prior to its submittal to the Court for approval. No sooner than forty-five (45) days after the Attorney General has received the aforementioned copy of this Consent Judgment, and in the absence of any

written objection by the Attorney General to the terms of this Consent Judgment, the Parties may then submit it to the Court for approval.

10. ATTORNEY FEES

10.1 Except as specifically provided in Section 3.1.3, each Party shall bear its own costs and attorney fees in connection with this action.

11. ENTIRE AGREEMENT

11.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof and any and all 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 hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

12. GOVERNING LAW

- **12.1** The validity, construction and performance of this Consent Judgment shall be governed by the laws of the State of California, without reference to any conflicts of law provisions of California law.
- 12.2 The terms of this Consent Judgment shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Covered Products, then any Defendant subject to this Consent Judgment may provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Covered Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve a Defendant from any obligation to comply with any pertinent state or federal law or regulation.
- 12.3 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

| 1 | Consent Judgment was subject to revision and modification by the Parties and has been accepted | | |
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| 2 | and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or | | |
| 3 | ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result of | | |
| 4 | the manner of the preparation of this Consent Judgment. Each Party to this Consent Judgment | | |
| 5 | agrees that any statute or rule of construction providing that ambiguities are to be resolved against | | |
| 6 | the drafting Party should not be employed in the interpretation of this Consent Judgment and, in this | | |
| 7 | regard, the Parties hereby waive California Civil Code § 1654. | | |
| 8 | 13. EXECUTION AND COUNTERPARTS | | |
| 9 | 13.1 This Consent Judgment may be executed in counterparts and by means of facsimile | | |
| 0 | or portable document format (pdf), which taken together shall be deemed to constitute one | | |
| 1 | document and have the same force and effect as original signatures. | | |
| 2 | 14. NOTICES | | |
| 3 | 14.1 Any notices under this Consent Judgment shall be by personal delivery or First-Class | | |
| 14 | Mail. Reuben Yeroushalmi YEROUSHALMI & YEROUSHALMI 9100 Wilshire Boulevard, Suite 240W Beverly Hills, CA 90212 Tel: (310) 623-1926 If to Louise Paris Ltd: Trenton H. Norris Sarah Esmaili ARNOLD & PORTER KAYE SCHOLER LLP Three Embarcadero Center, 10th Floor San Francisco, CA 94111 Tel: (415) 471-3100 | | |
| 23 | 15. AUTHORITY TO STIPULATE | | |
| 24 | 15.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized | | |
| 25 | by the Party he or she represents to enter into this Consent Judgment and to execute it on behalf of | | |
| 26 | the Party represented and legally to bind that Party. | | |
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| AGREED TO: | AGREED TO: |
|---------------------------|--|
| Date: April 5, 2019 | Date: 04/05/19 |
| By: MM | By: Mill Marin |
| Louise Paris Ltd. | Consumer Advocacy Group, Inc. |
| IT IS SO ORDERED, ADJUDGE | D AND DECREED: |
| Dated | |
| Dated. | |
| | Judge of the Superior Court |
| | Judge of the Superior Count |
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| | Date: April 5, 2019 By: Louise Paris Ltd. |