1					
2					
3					
4					
5					
6					
7					
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA				
9	COUNTY OF ALAMEDA				
10					
11	CENTER FOR ENVIRONMENTAL HEALTH,) Case No. RG 15-789111			
12	Plaintiff,) [PROPOSED] CONSENT			
13	v.	JUDGMENT AS TO VENUS FASHION, INC.			
14	FREE PEOPLE OF PA, LLC, et al.,				
15	Defendants.				
16					
17					
18	1. DEFINITIONS 1.1 "Covered Products" means (i) handbags, wallets, purses, and clutches; (ii)				
19					
20					
21	1.2 "Effective Date" means the date on which this Consent Judgment is entered by				
22	the Court.				
23	1.3 "Lead Limits" means the maximum concentrations of lead and lead				
24	compounds ("Lead") by weight specified in Section 3.2.				
25	1.4 "Manufactured" and "Manufactures" means to manufacture, produce, or				
26	assemble.				
27					
28	-1-				
DOCUMENT PREPARED ON RECYCLED PAPER	CONSENT JUDGMENT – VENUS FASH	ION – CASE NO. RG 15-789111			

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

2. INTRODUCTION

- 2.1 The parties to this Consent Judgment ("Parties") are the Center for Environmental Health ("CEH") and Defendant Venus Fashion, Inc. ("Settling Defendant").
- 2.2 More than 60 days prior to entry of this Consent Judgment, CEH served 60-Day Notices of Violation under Proposition 65 (The Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5, et seq.) (the "Notices") on Settling Defendant, the California Attorney General, the District Attorneys of every County in the State of California, and the City Attorneys for every City in the State of California with a population greater than 750,000. The Notices allege that Settling Defendant violated Proposition 65 by exposing persons to Lead contained in Covered Products without first providing clear and reasonable Proposition 65 warnings.
- 2.3 On October 9, 2015, CEH filed the action *Center for Environmental Health v. Free People of PA, LLC, et al.*, Case No. RG 15-789111, in the Superior Court of California for Alameda County. On or about February 10, 2016, CEH named Settling Defendant as a defendant in that action pursuant to California Code of Civil Procedure § 474. Upon entry of this Consent Judgment, the operative Complaint in that action is deemed amended such that the term "Fashion Accessories" as to Settling Defendant only means Covered Products.
- 2.4 Settling Defendant distributes and/or offers for sale Covered Products in the State of California or has done so in the past.
 - 2.5 For purposes of this Consent Judgment only, the Parties stipulate that this

Court has jurisdiction over the allegations of violations contained in the operative Complaint applicable to Settling Defendant (the "Complaint") and personal jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter this Consent Judgment.

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

3. INJUNCTIVE RELIEF

- 3.1 **Specification Compliance Date.** To the extent it has not already done so, no more than thirty (30) days after the Effective Date, Settling Defendant shall provide the Lead Limits to its Vendors of Covered Products and shall instruct each Vendor to use reasonable efforts to provide Covered Products that comply with the Lead Limits on a worldwide basis.
- 3.2 **Lead Limits.** Subject to Section 3.4 below, commencing on the Effective Date, Settling Defendant shall not purchase, import, supply to an unaffiliated third party, or sell or offer for sale any Covered Product that will be sold or offered for sale to California consumers that contains a material or is made of a component that exceeds the following Lead Limits:
 - 3.2.1 Paint or other Surface Coatings: 90 parts per million ("ppm").
 - 3.2.2 Polyvinyl chloride ("PVC"): 200 ppm.
 - 3.2.3 All other materials or components other than cubic zirconia (sometimes called cubic zirconium, CZ), crystal, glass or rhinestones: 300 ppm.

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

Or

1

22

23

24

25

2627

28

3.2 by issuing a Notice of Violation pursuant to this Section 4.2.

text, such as "legal notice required by law."

WARNING: [HYPERLINK to one of the full warning statements above] In either case, the word "WARNING" shall be in all capital letters and in bold print. A Clear and Reasonable Warning shall not be preceded by, surrounded by, or include any additional words or phrases that contradict, obfuscate or otherwise undermine the warning. For internet, catalog, telephonic or any other sale where the consumer is not physically present and cannot see a warning displayed on the Covered Product or the packaging of the Covered Product prior to purchase or payment, the warning statement shall be displayed or otherwise communicated in such a manner that it is likely to be read and understood prior to the authorization of or actual payment. For internet sales, the warning statement shall: (a) be displayed before a consumer commits to purchasing the Covered Product and without the need for the consumer to follow any additional hyperlinks beyond those required as part of the ordinary purchasing process; (b) be set out in a text, box on a separate line or in a separate paragraph; (c) be displayed in a font size in which the smallest character is no less than the equivalent of the height of the equivalent characters in 12 point arial font; and (d) be displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual. The warning statement shall not be preceded, followed, or surrounded by words, symbols, or other matter that reduces its conspicuousness to an ordinary individual, or that qualifies or interprets the required

4. ENFORCEMENT

4.2

- 4.1 Any Party may, after meeting and conferring, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Enforcement of the terms and conditions of Section 3.2 of this Consent Judgment shall be brought exclusively pursuant to Sections 4.2 through 4.3.
- DOCUMENT PREPARED ON RECYCLED PAPER

Notice of Violation. CEH may seek to enforce the requirements of Section

4.2.1 **Service of Notice.** CEH shall serve the Notice of Violation on Settling Defendant within 45 days of the date the alleged violation(s) was or were observed, provided, however, that: (i) CEH may have up to an additional 45 days to provide Settling Defendant with the test data required by Section 4.2.2(d) below if it has not yet obtained it from its laboratory; and (ii) CEH may serve a Notice of Violation to a supplier of a Covered Product so long as: (a) the identity of the supplier cannot be discerned from the labeling of the Covered Product; and (b) the Notice of Violation to the supplier is served within 45 days of the date the supplier is identified by CEH.

4.2.2 **Supporting Documentation.** The Notice of Violation shall, at a minimum, set forth for each Covered Product: (a) the date(s) the alleged violation(s) was observed, (b) the location at which the Covered Product was offered for sale, (c) a description of the Covered Product giving rise to the alleged violation, and of each material or component that is alleged not to comply with the Lead Limits, including a picture of the Covered Product and all identifying information on tags and labels, and (d) all test data obtained by CEH regarding the Covered Product and related supporting documentation, including all laboratory reports, quality assurance reports and quality control reports associated with testing of the Covered Products. Such Notice of Violation shall be based at least in part upon total acid digest testing performed by an independent accredited laboratory. Wipe, swipe, x-ray fluorescence, and swab testing are not by themselves sufficient to support a Notice of Violation, although any such testing may be used as additional support for a Notice. The Parties agree that the sample Notice of Violation attached hereto as Exhibit A is sufficient in form to satisfy the requirements of subsections (c) and (d) of this Section 4.2.2.

4.2.3 Additional Documentation. CEH shall promptly make available for inspection and/or copying upon request by and at the expense of Settling Defendant, all supporting documentation related to the testing of the Covered Products and associated quality control samples, including chain of custody records, all laboratory logbook entries for laboratory receiving, sample preparation, and instrumental analysis, and all printouts

from all analytical instruments relating to the testing of Covered Product samples and any and all calibration, quality assurance, and quality control tests performed or relied upon in conjunction with the testing of the Covered Products, obtained by or available to CEH that pertains to the Covered Product's alleged noncompliance with Section 3 and, if available, any exemplars of Covered Products tested.

- 4.2.4 **Multiple Notices.** If Settling Defendant has received more than four Notices of Violation in any 12-month period, at CEH's option, CEH may seek whatever fines, costs, penalties, or remedies are provided by law for failure to comply with the Consent Judgment. For purposes of determining the number of Notices of Violation pursuant to this Section 4.2.4, the following shall be excluded:
- (a) Multiple notices identifying Covered Products Manufactured for or sold to Settling Defendant from the same Vendor; and
- (b) A Notice of Violation that meets one or more of the conditions of Section 4.3.3(c).
- Notice of Election. Within thirty (30) days of receiving a Notice of Violation pursuant to Section 4.2, including the test data required pursuant to 4.2.2(d), Settling Defendant shall provide written notice to CEH stating whether it elects to contest the allegations contained in the Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election shall be deemed an election to contest the Notice of Violation. Any contributions to the Fashion Accessory Testing Fund required under this Section 4.3 shall be made payable to The Center for Environmental Health and included with Settling Defendant's Notice of Election.
 - 4.3.1 **Contested Notices.** If the Notice of Violation is contested, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including any test data. Within thirty (30) days the parties shall meet and confer to attempt to resolve their dispute. Should such attempts at meeting and conferring fail, CEH may file an enforcement motion or application pursuant to Section 4.1. If Settling Defendant withdraws its Notice of Election to contest the Notice of Violation before any motion concerning the violations alleged in the Notice of Violation is filed pursuant to

Section 4.1, Settling Defendant shall make a contribution to the Proposition 65 Fashion Accessory Testing Fund in the amount of \$12,500 and shall comply with all of the non-monetary provisions of Section 4.3.2. If, at any time prior to reaching an agreement or obtaining a decision from the Court, CEH or Settling Defendant acquires additional test or other data regarding the alleged violation, it shall promptly provide all such data or information to the other Party.

4.3.2 **Non-Contested Notices.** If the Notice of Violation is not contested, Settling Defendant shall include in its Notice of Election a detailed description of corrective action that it has undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that the Covered Product will no longer be offered by Settling Defendant or its customers for sale in California. If there is a dispute over the sufficiency of the proposed corrective action or its implementation, CEH shall promptly notify Settling Defendant and the Parties shall meet and confer before seeking the intervention of the Court to resolve the dispute. In addition to the corrective action, Settling Defendant shall make a contribution to the Fashion Accessory Testing Fund in the amount of \$10,000, unless one of the provisions of Section 4.3.3 applies.

4.3.3 Limitations in Non-Contested Matters.

- (a) If it elects not to contest a Notice of Violation before any motion concerning the violation(s) at issue has been filed, the monetary liability of Settling Defendant shall be limited to the contributions required by Section 4.3.2 and this Section 4.3.3, if any.
- (b) For non-contested Notices of Violation, only one required contribution may be assessed as to any particular Covered Product.
 - (c) The contribution to the Fashion Accessory Testing Fund shall be:
 - (i) One thousand seven hundred fifty dollars (\$1,750) if Settling

 Defendant, prior to receiving and accepting for distribution or sale the

 Covered Product identified in the Notice of Violation, obtained test results

demonstrating that all of the materials or components in the Covered Product identified in the Notice of Violation complied with the applicable Lead Limits, and further provided that such test results meet the same quality criteria to support a Notice of Violation as set forth in Section 4.2.2 and that the testing was performed within two years prior to the date of the sales transaction on which the Notice of Violation is based. Settling Defendant shall provide copies of such test results and supporting documentation to CEH with its Notice of Election; or

- (ii) One thousand five hundred dollars (\$1,500) if Settling

 Defendant is in violation of Section 3.2 only insofar as that Section deems

 Settling Defendant to have "offered for sale to California consumers" a

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

5. PAYMENTS

5.1 **Payments by Settling Defendant.** Within five (5) business days of the Effective Date, Settling Defendant shall pay the total sum of \$100,000 as a settlement payment. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each day the full payment is not received after the applicable date set forth herein. The total settlement amount for Settling Defendant shall be paid in four separate checks made payable and allocated as follows:

1 Settling Defendant shall pay the sum of \$18,955 as a civil penalty pursuant 2 to Health & Safety Code § 25249.7(b). The civil penalty payment shall be apportioned in 3 accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of 4 California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the 5 OEHHA portion of the civil penalty payment in the amount of \$14,216.25 shall be made payable 6 to OEHHA and associated with taxpayer identification number 68-0284486. This payment shall 7 be delivered as follows: 8 For United States Postal Service Delivery: 9 Attn: Mike Gyurics Fiscal Operations Branch Chief 10 Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B 11 Sacramento, CA 95812-4010 12 For Non-United States Postal Service Delivery: 13 Attn: Mike Gyurics Fiscal Operations Branch Chief 14 Office of Environmental Health Hazard Assessment 1001 I Street, MS #19B 15 Sacramento, CA 95814 The CEH portion of the civil penalty payment in the amount of \$4,738.75 shall be made 16 17 payable to the Center for Environmental Health and associated with taxpayer identification 18 number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero 19 Street, San Francisco, CA 94117. 20 Settling Defendant shall pay the sum of \$14,210 as an Additional 21 Settlement Payment ("ASP") in lieu of civil penalty to CEH pursuant to Health & Safety Code § 22 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH intends to place these 23 funds in CEH's Toxics and Youth Fund and use them to support CEH programs and activities 24 that seek to educate the public about lead and other toxic chemicals in consumer products that are 25 marketed to youth, expand its use of social media to communicate with youth in California about 26 the risks of exposures to lead and other toxic chemicals in the products they use and about ways 27 to reduce those exposures, work with industries that market products to youth to reduce exposure

28

to lead and other toxic chemicals, and thereby reduce the public health impacts and risks of

exposure to lead 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. 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 Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.1.3 Settling Defendant shall also separately pay the sum of \$66,835 to the Lexington Law Group as reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement check shall be made payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

6. MODIFICATION

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

7. CLAIMS COVERED AND RELEASED

This Consent Judgment is a full, final and binding resolution between CEH on behalf of itself and the public interest and Settling Defendant, and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, attorneys, successors, assigns, trustees and agents ("Defendant Releasees"), and each entity to and through whom they directly or indirectly distribute or sell Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Downstream Defendant Releasees") of any violation of Proposition 65 that was or could have been asserted in the Complaint against Settling Defendant, Defendant Releasees, and

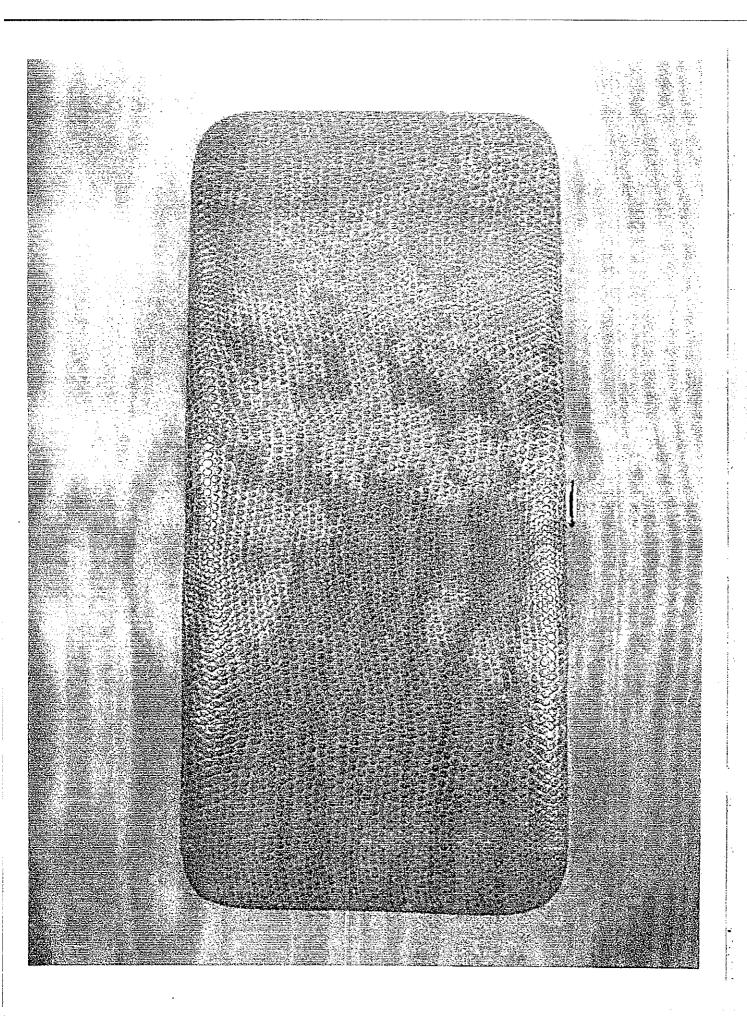
1	Downstream Defendant Releasees, based on failure to warn about alleged exposure to Lead				
2	contained in Covered Products that were sold by Settling Defendant prior to the Effective Date.				
3	7.2	Compliance with the terms of this Consent Judgment by Settling Defendant			
4	constitutes compliance with Proposition 65 with respect to Lead in Covered Products sold by				
5	Settling Defe	endant.			
6	7.3	This Consent Judgment resolves all monetary claims CEH has asserted against			
7	Settling Defendant and any of its retail customers under Fashion Accessory Testing Fund Notice				
8	of Violation issued or to be issued by CEH that are related to the Section 3.3 Products.				
9	8. NOT	TICE			
10	8.1	When CEH is entitled to receive any notice under this Consent Judgment, the			
11	notice shall be sent by first class and electronic mail to:				
12		Eric S. Somers			
13		Lexington Law Group 503 Divisadero Street			
14		San Francisco, CA 94117 esomers@lexlawgroup.com			
15	8.2	When Settling Defendant is entitled to receive any notice under this Consent			
16	Judgment, the notice shall be sent by first class and electronic mail to:				
17	v wagiiivii, u	Allan Gabriel			
18		Dykema 333 South Grand Avenue, Suite 2100			
19		Los Angeles, CA 90071			
20		agabriel@dykema.com			
21	8.3	Any Party may modify the person and address to whom the notice is to be sent			
22	by sending each other Party notice by first class and electronic mail.				
23	9. COU	JRT APPROVAL			
24	9.1	This Consent Judgment shall become effective upon entry by the Court. CEH			
25	shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant				
26	shall support entry of this Consent Judgment.				
27	9.2	If this Consent Judgment is not entered by the Court, it shall be of no force or			
28	effect and sh	all never be introduced into evidence or otherwise used in any proceeding for any -12-			

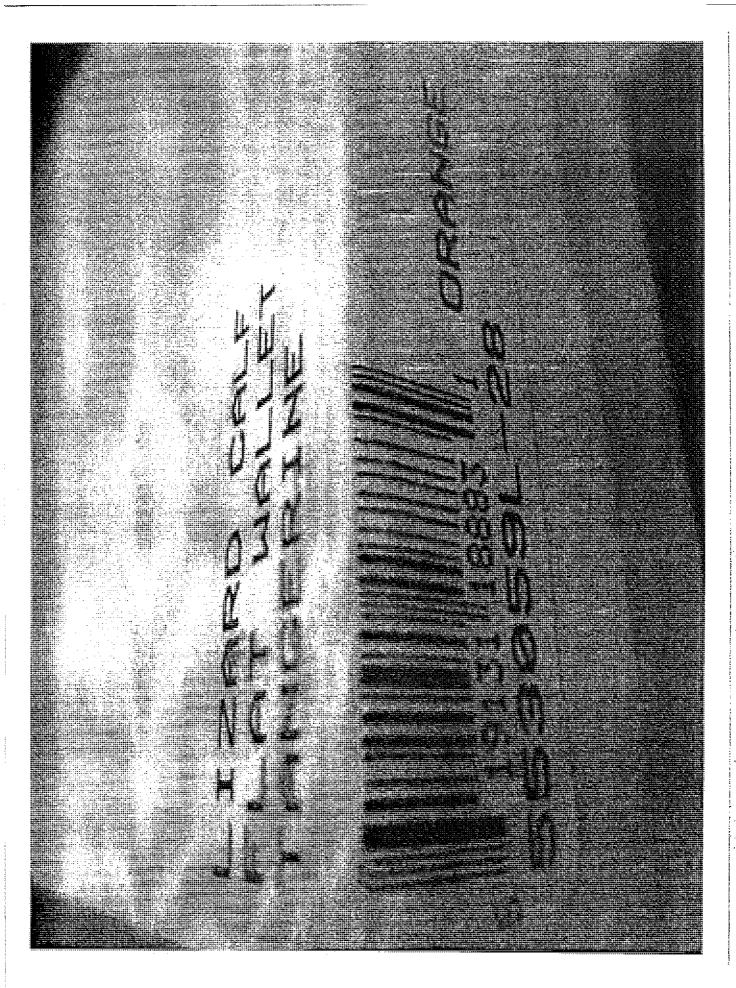
1 purpose other than to allow the Court to determine if there was a material breach of Section 9.1. 2 10. **ATTORNEYS' FEES** 3 10.1 Should CEH prevail on any motion, application for an order to show cause or 4 other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its 5 reasonable attorneys' fees and costs incurred as a result of such motion or application. Should 6 Settling Defendant prevail on any motion application for an order to show cause or other 7 proceeding, Settling Defendant may be awarded its reasonable attorneys' fees and costs as a result 8 of such motion or application upon a finding by the Court that CEH's prosecution of the motion 9 or application lacked substantial justification. For purposes of this Consent Judgment, the term 10 substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, 11 Code of Civil Procedure §§ 2016, et seq. 12 10.2 Except as otherwise provided in this Consent Judgment, each Party shall bear 13 its own attorneys' fees and costs. 14 10.3 Nothing in this Section 10 shall preclude a Party from seeking an award of 15 sanctions pursuant to law. **OTHER TERMS** 16 11. 17 11.1 The terms of this Consent Judgment shall be governed by the laws of the State 18 of California. 19 11.2 This Consent Judgment shall apply to and be binding upon CEH and Settling 20 Defendant, and the successors or assigns of any of them. 21 11.3 This Consent Judgment contains the sole and entire agreement and 22 understanding of the Parties with respect to the entire subject matter hereof, and any and all prior 23 discussions, negotiations, commitments, or understandings related thereto, if any, are hereby 24 merged herein and therein. There are no warranties, representations, or other agreements between 25 the Parties except as expressly set forth herein. No representations, oral or otherwise, express or 26 implied, other than those specifically referred to in this Consent Judgment have been made by any 27 Party hereto. No other agreements not specifically contained or referenced herein, oral or 28 otherwise, shall be deemed to exist or to bind any of the Parties hereto. No supplementation,

1	IT IS SO STIPULATED:	
2		
3	CENTER FOR ENVIRONMENTAL HEALTH	[
4	, e	
5	Cle	
6	Signature	
7	CHANIZ PIZAMO	
8		
9	1550C 53 1) 0 = 711	
10	Title	
11		
12	MENTIC EACHTON INC	
13	VENUS FASHION, INC.	
14		
15		
16	Signature	
17		
18	Printed Name	
19		
20	Title	
21		
22		
23		
24		
25		
26		
27		
28	-15-	•

1	IT IS SO STIPULATED:
2	
3	CENTER FOR ENVIRONMENTAL HEALTH
4	
5	
6	Signature
7	
8	Printed Name
9	
10	Title
11	
12	VENUS FASHION, INC.
13	
14	James M. Buste
15 16	Signature
17	
18	Tames M. Brewster Printed Name
19	
20	President
21	Title
22	
23	
24	
25	
26	
27	
28	-15-
DOCUMENT PREPARED ON RECYCLED PAPER	CONSENT JUDGMENT – VENUS FASHION – CASE NO. RG 15-789111

Exhibit A





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



925-828-1440 www.TheNFL.com

Analytical Report

August 03, 2011

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

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

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

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

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

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

Sincerely,

Grace Bandong, Division Manager, Food Contaminants - Chemistry

cc: The NFL's Accounts Receivable