| 1 | Michael Freund SBN 99687 | |
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| 2 | Ryan Hoffman SBN 283297 Michael Freund & Associates | |
| 3 | 1919 Addison Street, Suite 105 Berkeley, CA 94704 | |
| 4 | Telephone: (510) 540-1992 Facsimile: (510) 540-5543 | |
| 5 | Attorneys for Plaintiff | |
| 6 | ENVIRONMENTAL RESEARCH CENTER, II | NC |
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| 9 | | |
| 10 | | |
| 11 | CAMPEDIAN COMPANION OF THE | |
| 12 | SUPERIOR COURT OF THI | |
| 13 14 | COUNTY OF | ALAMEDA |
| 15 | ENVIRONMENTAL RESEARCH CENTER, INC., a California non-profit | CASE NO. RG17860873 |
| 16 | corporation | STIPULATED CONSENT JUDGMENT |
| 17 | Plaintiff, | Health & Safety Code § 25249.5 et seq. |
| 18 | VS. | Action Filed: May 15, 2017 |
| 19 | BEAUTYFIT INC.; BED BATH & BEYOND INC.; and DOES 1-100 | Trial Date: None set |
| 20 | Defendants. | |
| 21 | | |
| 22 | 1. INTRODUCTION | |
| 23 | 1.1 On May 15, 2017, Plaintiff Enviro | onmental Research Center, Inc. ("ERC"), a non- |
| 24 | profit corporation, as a private enforcer and in the | e public interest, initiated this action by filing a |
| 25 | Complaint for Injunctive and Declaratory Relief | and Civil Penalties pursuant to the provisions of |
| 26 | California Health and Safety Code section 25249 | 0.5 et seq. ("Proposition 65"), against BeautyFit |
| 27 | Inc. ("BeautyFit"), Bed Bath & Beyond, and Doe | es 1-100. Upon Entry of this Consent Judgment |
| 28 | by the Court, ERC will dismiss Bed Bath & Beyo | ond from the case. |

Page 1 of 14
STIPULATED CONSENT JUDGMENT

Case No.RG17860873

BeautyFit and no designated governmental entity has filed a complaint against BeautyFit with regard to the Covered Products or the alleged violations.

- 1.6 ERC's Notices and Complaint allege that use of the Covered Products exposes persons in California to lead without first providing clear and reasonable warnings in violation of California Health and Safety Code section 25249.6. BeautyFit denies all material allegations contained in the Notices and Complaint.
- 1.7 The Parties have entered into this Consent Judgment in order to settle, compromise, and resolve disputed claims and thus avoid prolonged and costly litigation.

 Nothing in this Consent Judgment nor compliance with this Consent Judgment shall constitute or be construed as an admission by any of the Parties or by any of their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, issue of law, or violation of law.
- 1.8 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any current or future legal proceeding unrelated to these proceedings.
- 1.9 The Effective Date of this Consent Judgment is the date on which it is entered as a Judgment by this Court.

2. JURISDICTION AND VENUE

For purposes of this Consent Judgment and any further court action that may become necessary to enforce this Consent Judgment, the Parties stipulate that this Court has subject matter jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over BeautyFit as to the acts alleged in the Complaint, that venue is proper in Alameda County, and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims up through and including the Effective Date which were or could have been asserted in this action based on the facts alleged in the Notices and Complaint.

3. INJUNCTIVE RELIEF, REFORMULATION, TESTING AND WARNINGS

- 3.1 Beginning on the Effective Date, BeautyFit shall be permanently enjoined from manufacturing for sale in the State of California, "Distributing into the State of California", or directly selling in the State of California, any Covered Products which exposes a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day unless it meets the warning requirements under Section 3.2.
- 3.1.1 As used in this Consent Judgment, the term "Distributing into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that BeautyFit knows or has reason to know will sell the Covered Product in California.
- 3.1.2 For purposes of this Consent Judgment, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day. If no recommended daily serving size is provided on the label, then the daily serving size shall equal one.

3.2 Clear and Reasonable Warnings

If BeautyFit is required to provide a warning pursuant to Section 3.1, the following warning must be utilized ("Warning"):

WARNING: Consuming this product can expose you to chemicals including lead which is [are] 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/food.

BeautyFit shall use the phrase "cancer and" in the Warning only if the "Daily Lead Exposure Level" is greater than 15 micrograms of lead as determined pursuant to the quality control methodology set forth in Section 3.4.

The Warning shall be securely affixed to or printed upon the container or label of each Covered Product. In addition, for any Covered Product sold over the internet, the Warning shall

appear on the checkout page when a California delivery address is indicated for any purchase of any Covered Product. An asterisk or other identifying method must be utilized to identify which products on the checkout page are subject to the Warning.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on its website or on the label or container of BeautyFit's product packaging and the word "WARNING" shall be in all capital letters and in bold print. No statements intended to or likely to have the effect of diminishing the impact of, or reducing the clarity of, the Warning on the average lay person shall accompany the Warning. Further, no statements may accompany the Warning that state or imply that the source of the listed chemical has an impact on or results in a less harmful effect of the listed chemical.

BeautyFit must display the above Warning with such conspicuousness, as compared with other words, statements, design of the label, container, or on its website, as applicable, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product.

3.3 Reformulated Covered Products

A Reformulated Covered Product is one for which the "Daily Lead Exposure Level" is no greater than 0.5 micrograms of lead per day as determined by the quality control methodology described in Section 3.4.

3.4 Testing and Quality Control Methodology

3.4.1 Beginning within one year of the Effective Date, BeautyFit shall arrange for lead testing of the Covered Products once a year for a minimum of one year by arranging for testing of three randomly selected samples of each of the Covered Products, in the form intended for sale to the end-user, which BeautyFit intends to sell or is manufacturing for sale in California, directly selling to a consumer in California or "Distributing into the State of California." If tests conducted pursuant to this Section demonstrate that no Warning is required for a Covered Product after the first year, then the testing requirements of this Section will no longer be required as to that Covered Product.

- **3.4.2** For purposes of measuring the "Daily Lead Exposure Level," the arithmetic mean lead detection result of the three (3) randomly selected samples of the Covered Products will be controlling.
- 3.4.3 All testing pursuant to this Consent Judgment shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection, qualification, accuracy, and precision that meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry ("ICP-MS") achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method subsequently agreed to in writing by the Parties and approved by the Court through entry of a modified consent judgment.
- 3.4.4 All testing pursuant to this Consent Judgment shall be performed by an independent third party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration.
- **3.4.5** Nothing in this Consent Judgment shall limit BeautyFit's ability to conduct, or require that others conduct, additional testing of the Covered Products, including the raw materials used in their manufacture.
- **3.4.6** Within sixty (60) days of ERC's written request, BeautyFit shall deliver lab reports obtained pursuant to Section 3.4 to ERC. BeautyFit shall retain all test results and documentation for a period of three years from the date of each test.

4. SETTLEMENT PAYMENT

4.1 In full satisfaction of all potential civil penalties, additional settlement payments, attorney's fees, and costs, BeautyFit shall make a total payment of \$34,200.00 ("Total Settlement Amount") to ERC by wire transfer to ERC's escrow account, for which ERC will give BeautyFit the necessary account information. The Total Settlement Amounts shall be made in twelve (12) equal consecutive monthly installments of \$2,850.00 with the first payment due and owing within ten (10) days after execution of the Consent Judgment with each additional payment of \$2,850.00 to follow in thirty day increments ("Due Dates").

The Total Settlement Amount shall be apportioned as follows:

- 4.2 \$2,500.00 shall be considered a civil penalty pursuant to California Health and Safety Code section 25249.7(b)(1). ERC shall remit 75% (\$1,875.00) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code section 25249.12(c). ERC will retain the remaining 25% (\$625.00) of the civil penalty.
- **4.3** \$4,723.32 shall be distributed to ERC as reimbursement to ERC for reasonable costs incurred in bringing this action.
- 4.4 \$1,224.00 shall be distributed to Michael Freund as reimbursement of ERC's attorney's fees, \$8,500.00 shall be distributed to Ryan Hoffman as reimbursement of ERC's attorney's fees, while \$17,252.68 shall be distributed to ERC for its in-house legal fees. Except as explicitly provided herein, each Party shall bear its own fees and costs.
- 4.6 In the event that BeautyFit fails to remit any settlement payment owed under Section 4 of this Consent Judgment on or before its respective Due Date, BeautyFit shall be deemed to be in material breach of its obligations under this Consent Judgment. ERC shall provide written notice of the delinquency to BeautyFit via electronic mail. If BeautyFit fails to deliver the delinquent payment within ten (10) days from the written notice, the Total Settlement Amount shall become immediately due and owing and shall accrue interest at the statutory judgment interest rate provided in the California Code of Civil Procedure section 685.010. Additionally, BeautyFit agrees to pay ERC's reasonable attorney's fees and costs for any efforts to collect the payment due under this Consent Judgment.

5. MODIFICATION OF CONSENT JUDGMENT

- **5.1** This Consent Judgment may be modified only as to injunctive terms (i) by written stipulation of the Parties or pursuant to Section 5.4 and (ii) upon entry by the Court of a modified consent judgment.
- 5.2 If BeautyFit seeks to modify this Consent Judgment under Section 5.1, then
 BeautyFit must provide written notice to ERC of its intent ("Notice of Intent"). If ERC seeks to
 meet and confer regarding the proposed modification in the Notice of Intent, then ERC must

provide written notice to BeautyFit within fifteen (15) days of receiving the Notice of Intent. If ERC notifies BeautyFit in a timely manner of ERC's intent to meet and confer, then the Parties shall meet and confer in good faith as required in this Section. The Parties shall meet in person or via telephone within forty-five (45) days of ERC's notification of its intent to meet and confer. Within fifteen (15) days of such meeting, if ERC disputes the proposed modification, ERC shall provide to BeautyFit a written basis for its position. The Parties shall continue to meet and confer for an additional thirty (30) days in an effort to resolve any remaining disputes. Should it become necessary, the Parties may agree in writing to different deadlines for the meet-and-confer period.

5.3 Where the meet-and-confer process does not lead to a joint motion or application in support of a modification of the Consent Judgment, then either Party may seek judicial relief on its own.

6. RETENTION OF JURISDICTION, ENFORCEMENT OF CONSENT JUDGMENT

- 6.1 This Court shall retain jurisdiction of this matter to enforce, modify, or terminate this Consent Judgment.
- 6.2 If ERC alleges that any Covered Product fails to qualify as a Reformulated Covered Product (for which ERC alleges that no Warning has been provided), then ERC shall inform BeautyFit in a reasonably prompt manner of its test results, including information sufficient to permit BeautyFit to identify the Covered Products at issue. BeautyFit shall, within sixty (60) days following such notice, provide ERC with testing information, from an independent third-party laboratory meeting the requirements of Sections 3.4.3 and 3.4.4, demonstrating BeautyFit's compliance with the Consent Judgment, if warranted. The Parties shall first attempt to resolve the matter prior to ERC taking any further legal action.

7. APPLICATION OF CONSENT JUDGMENT

This Consent Judgment may apply to, be binding upon, and benefit the Parties and their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, franchisees, licensees, customers (excluding private labelers), distributors, wholesalers,

retailers, predecessors, successors, and assigns. This Consent Judgment shall have no application to any Covered Product which is distributed or sold exclusively outside the State of California and which is not used by California consumers.

8. BINDING EFFECT, CLAIMS COVERED AND RELEASED

- 8.1 This Consent Judgment is a full, final, and binding resolution between ERC, on behalf of itself and in the public interest, and BeautyFit and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, suppliers, franchisees, licensees, customers (not including private label customers of BeautyFit), distributors, wholesalers, retailers, and all other upstream and downstream entities in the distribution chain of any Covered Product, and the predecessors, successors, and assigns of any of them (collectively, "Released Parties"). ERC, on behalf of itself and in the public interest, hereby fully releases and discharges the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs, and expenses asserted, or that could have been asserted from the handling, use, or consumption of the Covered Products, as to any alleged violation of Proposition 65 or its implementing regulations arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Effective Date.
- 8.2 ERC on its own behalf only, and BeautyFit on its own behalf only, further waive and release any and all claims they may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notices and Complaint up through and including the Effective Date, provided, however, that nothing in Section 8 shall affect or limit any Party's right to seek to enforce the terms of this Consent Judgment.
- 8.3 It is possible that other claims not known to the Parties, arising out of the facts alleged in the Notices and Complaint, and relating to the Covered Products, will develop or be discovered. ERC on behalf of itself only, and BeautyFit on behalf of itself only, acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. ERC and

BeautyFit acknowledge that the claims released in Sections 8.1 and 8.2 above may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

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

ERC on behalf of itself only, and BeautyFit on behalf of itself only, acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

- **8.4** Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance with Proposition 65 by any releasee regarding alleged exposures to lead in the Covered Products as set forth in the Notices and Complaint.
- **8.5** Nothing in this Consent Judgment is intended to apply to any occupational or environmental exposures arising under Proposition 65, nor shall it apply to any of BeautyFit's products other than the Covered Products.

9. SEVERABILITY OF UNENFORCEABLE PROVISIONS

In the event that any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

10. GOVERNING LAW

The terms and conditions of this Consent Judgment shall be governed by and construed in accordance with the laws of the State of California.

11. PROVISION OF NOTICE

All notices required to be given to either Party to this Consent Judgment by the other shall be in writing and sent to the following agents listed below via first-class mail. Courtesy copies via email may also be sent.

FOR ENVIRONMENTAL RESEARCH CENTER, INC.:

Chris Heptinstall, Executive Director, Environmental Research Center 3111 Camino Del Rio North, Suite 400 San Diego, CA 92108

| 1 | Tel: (619) 500-3090 |
|----|---|
| 2 | Email: chris_erc501c3@yahoo.com |
| 3 | With a copy to: Michael Freund |
| 4 | Ryan Hoffman Michael Freund & Associates |
| 5 | 1919 Addison Street, Suite 105 |
| 6 | Berkeley, CA 94704 Telephone: (510) 540-1992 |
| 7 | Facsimile: (510) 540-5543 |
| 8 | BEAUTYFIT |
| 9 | Jimmy Mentis 100 NW 105 th Avenue |
| 10 | Plantation, FL 33322 |
| 11 | |
| 12 | With a copy to: Alan H. Feldstein SBN 115604 |
| 13 | Jonathan Manfre |
| 14 | Collins Gann McClockey & Barry PLLC 11271 Ventura Blvd. #127 |
| 15 | Studio City, CA 91604 Telephone: 818-508-1820 |
| 16 | Facsimile: 818-508-1845 |
| 17 | 12. COURT APPROVAL |
| 18 | 12.1 Upon execution of this Consent Judgment by the Parties, ERC shall notice a |
| 19 | Motion for Court Approval. The Parties shall use their best efforts to support entry of this |
| 20 | Consent Judgment. |
| 21 | 12.2 If the California Attorney General objects to any term in this Consent Judgment, |
| 22 | the Parties shall use their best efforts to resolve the concern in a timely manner, and if possible |
| 23 | prior to the hearing on the motion. |
| 24 | 12.3 If this Stipulated Consent Judgment is not approved by the Court, it shall be |
| 25 | void and have no force or effect. |
| 26 | 13. EXECUTION AND COUNTERPARTS |
| 27 | This Consent Judgment may be executed in counterparts, which taken together shall be |
| 28 | deemed to constitute one document. A facsimile or .pdf signature shall be construed to be as valid |

Page 11 of 14
STIPULATED CONSENT JUDGMENT

Case No.RG17860873

14. DRAFTING

The terms of this Consent Judgment have been reviewed by the respective counsel for each Party prior to its signing, and each Party has had an opportunity to fully discuss the terms and conditions with legal counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment, no inference, assumption, or presumption shall be drawn, and no provision of this Consent Judgment shall be construed against any Party, based on the fact that one of the Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the Consent Judgment. It is conclusively presumed that all of the Parties participated equally in the preparation and drafting of this Consent Judgment.

15. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

If a dispute arises with respect to either Party's compliance with the terms of this Consent Judgment entered by the Court, the Parties shall meet and confer in person, by telephone, and/or in writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed in the absence of such a good faith attempt to resolve the dispute beforehand.

16. ENFORCEMENT

ERC may, by motion or order to show cause before the Superior Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. In any action brought by ERC to enforce this Consent Judgment, ERC may seek whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with the Consent Judgment. To the extent the failure to comply with the Consent Judgment constitutes a violation of Proposition 65 or other laws, ERC shall not be limited to enforcement of this Consent Judgment, but may seek in another action whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with Proposition 65 or other laws.

17. ENTIRE AGREEMENT, AUTHORIZATION

17.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter herein, and any and all prior discussions, negotiations, commitments, and understandings related hereto. No

| | Dated: 11 S . 2017 BEAUTYFIT INC. |
|---|---|
| | 7/1/2 |
| | By. Jimmy Mentis |
| | Its: President / CEO |
| | APPROVED AS TO FORM: |
| | Dated: 11/15, 2017 MICHAEL FREUND & ASSOCIATES |
| | 90 ena |
| | By: 2 |
| | Michael Freund |
| | Ryan Hoffman Attorneys for Plaintiff Environmental |
| | Research Center, Inc. |
| | Dated:, 2017 COLLINS GANN MCCLOSKEY & |
| | Dated:, 2017 COLLINS GANN MCCLOSKEY & BARRY PLLC // // |
| | By: Ah Sol |
| | Alan H. Feldstein |
| | Attorney for Defendant BeautyFit Inc. |
| ORDER AND JUDGMENT | |
| Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is | |
| approved and Judgment is hereby entered according to its terms. | |
| IT IS SO ORDERED, ADJUDGED AND DECREED. | |
| I | |
| | Dated:, 2017 Judge of the Superior Court |
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| 11- | Page 14 of 14 STIPULATED CONSENT JUDGMENT Case No.RG17860873 |