CONSENT JUDGMENT [PROPOSED]

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- 1.2.1 CAG alleges that AHQ, Inc. is a California Corporation which employs ten or more persons. CAG alleges that Defendant manufactured, sold or distributed the Covered Products (as that term is defined below) in California:
 - (i) Handbags with Plastic Components identified as Handbags with Plastic Components "Black Gabi Satchel;" "GPS21808;" "Giselle Paris;" "AHQ, LLC;" "RN#137646;" "UPC 8 84239 03027 0" and Handbags identified as "Giselle Paris"; "Black Adele Satchel"; "Style # GPS21802"; "AHQ, LLC"; "RN#137646"; "UPC 8 84239 03042 3" and "Giselle Paris"; "Black Eloise Satchel"; "Style # GPS21800"; "AHQ, LLC"; "RN#137646"; "UPC 8 84239 03032 4" ("hereinafter Handbags")
 - (iii) Satchels identified as "Giselle Paris"; "Adele Satchel"; "Black"; "GPS21802"; "AHQ, LLC"; "RN#137646"; "UPC 884239030423" and "Giselle Paris"; "Francine Satchel"; "Blue Cloud"; "GPS22811"; "AHQ, LLC"; "RN#137646"; "UPC 884239042105" ("hereinafter Satchels")

 The products identified in 1.2.1(i) to 1.2.1(iii) above are collectively referred to as the "Covered Products".
- 1.2.2 For purposes of this Consent Judgment only, AHQ is deemed a person in the course of doing business in California and 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).
 - 1.3 Chemicals of Concern
- 1.3.1 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.
- 1.3.2 Diisononyl Phthalate ("DINP") has been listed by the State of California as a chemical known to cause cancer.
 - 1.4 Notices of Violation
- 1.4.1 On or about April 2, 2022, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" (AG# 2022-00668)

- 1.4.2 On or about September 1, 2022, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" (AG# 2022-02027) ("Notice") that provided AHQ with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP and DINP contained in certain Handbags that AHQ sells. No public enforcer has commenced or diligently prosecuted the allegations set forth in the September 1, 2022 Notice.
- 1.4.3 On or about June 13, 2023, CAG served a "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" (AG# 2023-01682) ("Notice") that provided AHQ with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of exposures to DEHP and DINP contained in certain Satchels that AHQ sells. No public enforcer has commenced or diligently prosecuted the allegations set forth in the June 13, 2023 Notice.

1.5 Complaint

1.5.1 On January 4, 2023, CAG filed a Complaint for civil penalties and injunctive relief ("Complaint") in Alameda County Superior Court, Case No. 23CV025114 against AHQ and other parties. Complaint alleges, among other things, that defendants to that action violated Proposition 65 for allegedly failing to give clear and reasonable warnings of alleged exposure to Listed Chemicals from Covered Products.

1.6 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over AHQ 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 as a full settlement and resolution of the allegations against AHQ contained in the Complaint, and of all claims which

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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 in the Notice or the Complaint, or of any fact, conclusion of law, issue of law or violation of law of any kind, including without limitation, any admission concerning any alleged or actual violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine, including but not limited to the meaning of the terms "knowingly and intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section 25249.6. Nothing in this Consent Judgment, nor compliance with its terms, shall constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by AHO, 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.

2. **DEFINITIONS**

- 2.1 "Covered Products" means products specifically identified in Paragraph 1.2.1 sold or distributed for sale by Defendant.
- 2.2 "Effective Date" means the date that this Consent Judgment is approved by the Court.
- 2.3 "DEHP" means Di (2-ethylhexyl) Phthalate, also known as Diethyl Hexyl 2.3 Phthalate and Bis (2-ethylhexyl) Phthalate
 - 2.4 "DINP" means Diisononyl Phthalate. 2.4
 - 2.5 2.5 "Listed Chemicals" means:

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- i. DEHP and DINP in Handbags
- ii. DEHP and DINP in Satchels

3. INJUNCTIVE RELIEF/REFORMULATION

- 3.1 After the Effective Date, AHQ shall not order any Covered Products for sale into California, with any component that contains the Listed Chemical(s) in excess of 0.1% (1,000 parts per million) by weight.
- 3.2 For any Covered Products in existing inventory that exceeds 0.1% (1,000 parts per million) of the Listed Chemical(s) that are placed into the stream of commerce in California after the Effective Date, Defendant must provide a Proposition 65 compliant warning for the Covered Products as set forth below. 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 warning must be set off from other surrounding information, enclosed in a box. Where the packaging of the Covered Products in existing inventory includes consumer information as defined by California Code of Regulations title 27 §25600.1(c) in a language other than English, the warning must also be provided in that language in addition to English. Should Defendant sell or distribute any Covered Product s in existing inventory through the internet the warning will be posted in the manner provided for with respect to internet sales, as provided for in 27 CCR sections 25601 and 25602, as they may be subsequently amended.
- 3.3 The Parties agree that the following warning language shall constitute compliance with Proposition 65 with respect to the alleged Listed Chemical(s) in the Covered Products placed into the stream of commerce by Defendant after the Effective Date:

For Covered Products that contain DEHP:

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.

For Covered Products that contain DINP:

- **WARNING:** This product can expose you to chemicals including Diisononyl Phthalate ("DINP")which is known to the State of California to cause cancer.. For more information go to www.P65Warnings.ca.gov.
- 3.5 Changes in the law and regulations applicable to Prop 65 occurring after this date shall be incorporated into the terms of this Consent Judgment.

4. SETTLEMENT PAYMENT

- 4.1 Payment: AHQ shall pay a total of One Hundred and Ten Thousand Dollars and zero cents (\$110,000.00) in full and complete settlement of any and all claims for civil penalties, damages, attorney's fees, expert fees or any other claim for costs, expenses or monetary relief of any kind for claims that were or could have been asserted in the Notice or Complaint identified in Sections 1.4 and 1.5, as follows:
- 4.1.1 **Civil Penalty**: AHQ shall issue two separate checks totaling Twenty Thousand and Twelve Dollars (\$20,012.00) as follows for alleged civil penalties pursuant to Health & Safety Code § 25249.12:
- (a) AHQ will issue one check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of Fifteen Thousand and Nine Dollars (\$15,009.00) representing 75% of the total civil penalty and AHQ will issue a second check to CAG in the amount of five thousand and three dollars (\$5,003.00) representing 25% of the total civil penalty;
- (b) Separate 1099s shall be issued for each of the above payments: AHQ will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of Fifteen Thousand and Nine Dollars (\$15,009.00). AHQ will also issue a 1099 to CAG in the amount of Five Thousand and Three dollars (\$5,003.00) and deliver it to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

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4.1.2 Additional Settlement Payments: Defendant shall make a separate payment, in the amount of Fourteen Thousand Nine Hundred and Eighty-Eight Dollars (\$14,988.00) as an additional settlement payment to "Consumer Advocacy Group, Inc." pursuant to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d). Defendant PFT will issue a separate check to CAG for the Additional Settlement Payment. CAG will use this payment as follows, eighty percent (80%) 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; twenty percent (20%) 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.

4.1.3 **Reimbursement of Attorney Fees and Costs:** AHQ shall issue a check in the amount of seventy-five thousand dollars (\$75,000.00) payable 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 Settling Defendant's attention, litigating, negotiating a settlement in the public interest, and seeking and obtaining court approval of this Consent Judgment.

4.2 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, OEHHA, 1001 I Street, Mail Stop 12-B Sacramento, California 95812, Attn: Mike Gyurics. AHQ shall provide written confirmation to CAG of the payment to OEHHA.

MATTERS COVERED BY THIS CONSENT JUDGMENT 5.

- 5.1 This Consent Judgment is a full, final, and binding resolution between CAG, on behalf of itself and in the public interest, and AHQ and its owners, officers, directors, insurers, employees, parents, shareholders, divisions, subdivisions, subsidiaries, partners, affiliates, sister companies, predecessors, and their successors and assigns (collectively, "Defendant Releasees"), and all entities to whom AHQ directly or indirectly distributes or sells Covered Products, including, but not limited to, downstream distributors, downstream wholesalers, customers, retailers, marketplace hosts, franchisees, cooperative members, licensees, and the successors and assigns of any of them, who may use, maintain, distribute or sell Covered Products ("Downstream Defendant Releasees"), of all claims for alleged or actual violations of Proposition 65 for alleged exposures to Listed Chemicals from Covered Products manufactured, distributed or sold by AHQ up through the Effective Date as set forth in the Notice and Complaint. AHQ and Defendant Releasees' compliance with this Consent Judgment shall constitute compliance with Proposition 65 with respect to alleged exposures to Listed Chemicals from Covered Products sold by Defendant Releasees 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 Settling Defendant, Defendant Releasees, or Downstream Defendant Releasees.
- 5.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all rights to institute or participate in, directly or

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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 Defendant Releasees and Downstream Defendant Releasees arising from any actual or alleged violation of Proposition 65 or any other statutory or common law claim regarding the Covered Products manufactured, distributed or sold by the Defendant Releasees through the Effective Date regarding any actual or alleged failure to warn about exposure to Listed Chemicals from Covered Products. In furtherance of the foregoing, CAG on behalf of itself only, hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it with respect to Claims regarding the Covered Products manufactured, distributed or sold by Defendant Releasees through the Effective Date arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemicals from the Covered Products by virtue of the provisions of section 1542 of the California Civil Code, which provides 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 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the Covered Products manufactured, distributed or sold by the Defendant Releasees through the Effective Date regarding the failure to warn about actual or alleged exposure to the Listed Chemicals from the Covered Products, CAG will not be able to make any claim for those damages, penalties or other relief against Defendant Releasees or Downstream Defendant Releasees. Furthermore,

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YEROUSHALMI & YEROUSHALMI *An Independent Association of Law CAG acknowledges that it intends these consequences for any such Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemicals from the Covered Products as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Consent Judgment, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

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).
- 6.2 Upon entry of an order approving this Consent Judgment, the Complaint in this action shall be deemed amended to include all the claims raised in the Notices outlined in Section 1.4.
- 6.3 Within five (5) business days of receipt of all settlement payments outlined in Section 4 of this Consent Judgment, CAG shall file requests for dismissal of the claims listed in Sections 1.5.
- 6.4 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.

8. ENFORCEMENT OF JUDGMENT

8.1 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, County of Los Angeles, giving the notice required by law, enforce the terms and conditions contained herein.

9. RETENTION OF JURISDICTION

- 9.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment under Code of Civil Procedure section 664.6.
- 9.2 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.

10. SERVICE ON THE ATTORNEY GENERAL

10.1 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. The hearing on CAG's motion to approve this Consent Judgment shall be no sooner than forty-five (45) days after the Attorney General has received the aforementioned copy of this Consent Judgment.

11. ATTORNEY FEES

11.1 Except as specifically provided in Sections 4.1.3 and 9.1 and 9.2, each Party shall bear its own attorneys' fees and costs in connection with the claims resolved in this Consent Judgment.

12. GOVERNING LAW

- 12.1 The validity, construction, terms, 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 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 or Listed Chemicals, then AHQ 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 AHQ from any obligation to comply with any other 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 Consent Judgment was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California Civil Code section 1654.

13. EXECUTION AND COUNTERPARTS

13.1 This Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document and have the same force and effect as original signatures.

14. NOTICE

- 14.1 Any Notice under this Consent Judgment shall be by delivery of First-Class Mail.
- 14.1.1 If to CAG:

Reuben Yeroushalmi
reuben@yeroushalmi.com
YEROUSHALMI & YEROUSHALMI
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

14.1.2 If to Defendant AHQ, LLC:

James G. Scadden jscadden@grsm.com

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