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1 2 3 4 5 6	Clifford A. Chanler, State Bar No. 135534 Gregory M. Sheffer, State Bar No. 173124 THE CHANLER GROUP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565 Telephone: (510) 848-8880 Facsimile: (510) 848-8118 Attorneys for Plaintiff RUSSELL BRIMER	
7 8 9 10 11	FOR THE CITY AND COU	HE STATE OF CALIFORNIA JINTY OF SAN FRANCISCO TIL JURISDICTION
12 13 14 15	RUSSELL BRIMER, Plaintiff, v.	Case No. CGC-10-500815 CONSENT TO JUDGMENT AS TO DEFENDANT JACK SCHWARTZ SHOES, INC.
16 17 18	JACK SCHWARTZ SHOES, INC.; and DOES 1-600, inclusive, Defendants.	
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CONSENT TO JUDGMENT RE: JACK SCHWARTZ SHOES, INC.

1. INTRODUCTION

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1.1 The Parties

This Consent To Judgment is entered into by and between Plaintiff Russell Brimer ("Brimer" or "Plaintiff") and Defendant Jack Schwartz Shoes, Incorporated ("Jack Schwartz" or "Defendant"), with Brimer and Jack Schwartz collectively referred to as the "Parties."

1.2 Plaintiff

Brimer is an individual residing in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

1.3 Defendant

Jack Schwartz employs 10 or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65").

1.4 General Allegations

Brimer alleges that Jack Schwartz manufactured, distributed and/or sold, in the State of California, certain types of infant footwear containing available lead on the exterior shoe surfaces, such as Lugz Drifter Boots for Infants (#676730 10310 8), exposing users to lead, without first providing "clear and reasonable warning" under Proposition 65. Lead is listed as a reproductive and developmental toxicant pursuant to Proposition 65 and is referred to hereinafter as the "Listed Chemical."

1.5 Notice of Violation

On December 15, 2009. Brimer served Jack Schwartz and various public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") that provided public enforcers and these entities with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn consumers of the presence of lead, a toxic chemical found in their infant footwear sold in California. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.6 Complaint/Amended Complaints

On June 18, 2010. Brimer, acting, in the interest of the general public in California, filed a Complaint in the Superior Court in and for the City and County of San Francisco, alleging violations by Defendant of Health & Safety Code § 25249.6 based. *inter alia*, on the alleged exposures to lead contained in that certain infant footwear, Lugz Drifter Boots for Infants (#676730 10310 8) (the "Action").

1.7 No Admission

This Consent To Judgment resolves claims that are denied and disputed by Jack Schwartz. 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. Jack Schwartz denies the material factual and legal allegations contained in the Notice and Action, maintains that it did not knowingly or intentionally expose California consumers to lead through the reasonably foreseeable use of its products and otherwise contends that all products it has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws. Nothing in this Consent Judgment shall be construed as an admission by Jack Schwartz of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by Jack Schwartz of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Jack Schwartz. However, notwithstanding the foregoing, this section shall not diminish or otherwise affect Jack Schwartz's obligations, responsibilities, and duties under this Consent Judgment.

1.8 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Jack Schwartz as to the allegations contained in the Complaint, that venue is proper in the City and County of San Francisco, and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment. As an express part of this Agreement, pursuant to C.C.P. §664.6 the Court in which this action was filed shall retain jurisdiction over the parties to enforce the settlement until performance in full of the terms of the settlement.

2. **DEFINITIONS**

- 2.1 The term "Complaint" shall mean, collectively, the Complaint.
- 2.2 The term "Covered Products" means any children's footwear (including infant sizes), including, but not limited to, Lugz Drifter Boots for Infants (#676730 10310 8) manufactured, caused to be manufactured or distributed by Jack Schwartz that contains available lead on the exterior shoe surfaces or on the exterior surface of any accessory (such as laces) included as a component part of the product for sale
 - 2.3 The term "Effective Date" shall mean August 25 2010.

3. INJUNCTIVE RELIEF

3.1 Formulation Commitment

As of the Effective Date. Jack Schwartz shall not sell, ship, or offer to be shipped for sale in California any existing inventory of any Covered Product containing more than 300 parts per million ("ppm") of lead in or on any piece, portion or component part of the product.

3.2 Warning Requirement.

Commencing on the Effective Date, Jack Schwartz shall not sell, ship, or offer to be shipped for sale in California any Covered Product that is not Lead Free without a clear and reasonable warning affixed to the packaging, labeling, or directly on each Covered Product that states:

WARNING: This product contains lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Warnings shall 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 of purchase or use.

For purposes of this Consent Judgment, "Lead Free" Products shall mean Products containing components that may be handled, touched or mouthed by a consumer, and which components yield less than 1.0 microgram of lead when using a wipe test pursuant to NIOSH Test

Method 9100, and yield less than 300 parts per million ("ppm") lead when analyzed pursuant to EPA testing methodologies 3050B and 6010B, or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content in a solid substance.

4. MONETARY PAYMENTS

4.1 Payments Pursuant to Health & Safety Code § 25249.7(b)

Subject to the potential offsets described in Section 4.2 below. Jack Schwartz shall pay a total of \$6,000.00 in civil penalties to be apportioned in accordance with California Health & Safety Code \$25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Brimer as provided by California Health & Safety Code \$25249.12(d).

Jack Schwartz shall issue two separate checks for this penalty payment: (a) one check made payable to The Chanler Group in Trust for the State of California's Office of Environmental Health Hazard Assessment ("The Chanler Group in Trust for OEHHA") in the amount of \$4.500.00 for 75% of the total penalty required and (b) one check to "The Chanler Group in Trust for Russell Brimer" in the amount of \$1.500.00 for the remaining 25% of the total penalty required. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to Brimer, whose address and tax identification number shall be furnished, upon request, at least five calendar days before payment is due. The payments shall be delivered on or before thirty (30) days after the Effective Date, at the following address:

The Chanler Group Attn: Proposition 65 Controller 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

4.2 Reduction in Penalty Payments

Jack Schwartz may reduce the total penalty payment due pursuant to section 4.1 above by satisfying the following penalty offset options (in which event the division of remaining total penalties due shall be proportioned between OEHHA and Brimer in the same ratio as set forth in section 4.1 above):

 (a) a \$1,000 reduction in the total penalty amount due under section 4.1 above shall be realized if, no later than thirty (30) days after the Effective Date. Jack Schwartz certifies, in a writing to counsel for plaintiff that is signed by the Chief Operating Officer and/or Chairman, that, as of the Effective Date, Jack Schwartz has contacted the retailer of the Covered Products. Famous Footwear, and issued a "Return Authorization" for all Covered Product in its inventory.

(b) An additional \$1,000.00 reduction in the total penalty amount due under section 4.1 above shall be realized if, no later than thirty (30) days after the Effective Date. Jack Schwartz certifies, in a writing to counsel for plaintiff that is signed by the Chief Operating Officer and/or Chairman, that, as of the Effective Date, Jack Schwartz has implemented a testing protocol to ensure that the shoe components are tested for the presence of the Listed Chemical prior to the assembly of those components into Covered Product and further agrees to continue such testing protocol for a period of one year after the Effective Date.

4.3 Penalty Payment Terms

Payment of the amount due pursuant to sections 4.1 and 4.2 shall be delivered to Brimer's counsel on or before thirty (30) days after the Effective Date, at the following address:

The Chanler Group Attn: Proposition 65 Controller 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

5. REIMBURSEMENT OF FEES AND COSTS

5.1 Attorney Fees and Costs

5.1.1 The Parties reached an accord on the compensation due to Brimer and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) §1021.5, for all work performed through the mutual execution of this agreement and approval of the Consent Judgment by the trial court, excluding any fees on appeal. Jack Schwartz shall pay Brimer and his counsel a total of \$36,000.00 as compromise reimbursement of a portion of the fees and costs incurred by Brimer and his counsel as a result of investigating, bringing this matter to Jack Schwartz's attention, litigating.

negotiating and proposing the entry of a consent judgment in the public interest. It is expressly understood that the sum of \$36,000 shall include compensation for Brimer and his counsel as reimbursement for a portion of the additional attorney fees and costs that Brimer's counsel will expend in drafting, filing and appearing for hearing(s) on a motion for Court approval of this Consent to Judgment.

5.1.2 Payment of the amount due pursuant to section 5.1.1 shall be delivered to Brimer's counsel on or before thirty (30) days after the Effective Date, at the following address:

The Chanler Group Attn: Proposition 65 Controller 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

6. CLAIMS COVERED AND RELEASE

6.1 Brimer's Releases of Jack Schwartz and Related Entities

Brimer, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, and in the interest of the general public, and Jack Schwartz, and Jack Schwartz's owners, subsidiaries, affiliates, sister and related companies (including those overseas entities held by its owners which manufactured or supplied the Covered Products to Jack Schwartz), employees, shareholders, directors, insurers, attorneys, successors, and assigns ("Defendant Releasees"), and all entities to whom Jack Schwartz directly or indirectly distributes or sells. Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Defendant Releasees") of any violation of Proposition 65 that has been or could have been asserted against Defendant Releasees and Downstream Defendant Releasees regarding the failure to warn about exposure to the Listed Chemical arising in connection with Covered Products manufactured, sourced, distributed, or sold by Defendant Releasees prior to the Effective Date. Jack Schwartz's compliance with this Consent Judgment shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products after the Effective Date.

attorneys, successors, and/or assignees, and in the interest of the general public, hereby waives with respect to Covered Products 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 Defendant Releasees and Downstream Defendant Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in the public interest, as such claims relate to Defendant Releasees' and Downstream Defendant Releasees' alleged failure to warn about exposures to the Listed Chemical contained in the Covered Products.

6.1.3 Brimer also, in his individual capacity only and *not* in his representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Brimer of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the Complaint as to Covered Products manufactured, distributed or sold by Defendant Releasees. Brimer acknowledges that he is familiar with Section 1542 of the California Civil Code, which provides 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.

Brimer, in his individual capacity only and *not* in his representative capacity, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In

furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

6.1.4 Upon court approval of the Consent Judgment, the Parties waive their respective rights to a hearing or trial on the allegations of the Complaint.

6.2 Jack Schwartz's Release of Brimer

- 6.2.1 Jack Schwartz waives any and all claims against Brimer, his attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Brimer and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Covered Products.
- 6.2.2 Jack Schwartz also provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Jack Schwartz of any nature, character or kind, known or unknown, suspected or unsuspected, arising out of the subject matter of the Action. Jack Schwartz acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides 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.

Jack Schwartz expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

7. SEVERABILITY

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If, subsequent to court approval of this Consent Judgment, any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected, unless the Court finds that any unenforceable provision is not severable from the remainder of the Consent Judgment.

8. COURT APPROVAL

This Consent To Judgment is not effective until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved and entered by the Court within nine months after it has been fully executed by all Parties.

9. GOVERNING LAW

The terms of this Consent To Judgment shall be governed by the laws of the State of California.

10. NOTICES

When any Party is entitled to receive any notice under this Consent To Judgment, the notice shall be sent by certified mail and electronic mail to the following:

For Jack Schwartz to:

Ray Ricci (rricci@jssi.com) Jack Schwartz Shoes, Inc. 155 Avenue of the Americas New York, NY 10013

With copy to their counsel at

Norman C. Hile (nhile \widehat{a} orrick.com) Michael Weed (mweed \widehat{a} orrick.com) Orrick, Herrington & Sutcliffe LLP 400 Capitol Mall. Suite 3000 Sacramento, CA 95814

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For Brimer to:

Proposition 65 Coordinator The Chanler Group 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

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Any Party may modify the person and address to whom the notice is to be sent by sending each other Party notice by certified mail and/or other verifiable form of written communication.

11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

Brimer agrees to comply with the reporting form requirements referenced, in California Health & Safety Code §25249.7(f) and to file a motion for approval of this Consent Judgment.

12. MODIFICATION

This Consent Judgment may be modified only: (1) by written agreement of the Parties; or (2) upon a successful motion of any party and entry of a modified Consent Judgment by the Court.

13. ADDITIONAL POST-EXECUTION ACTIVITIES

The parties acknowledge that, pursuant to Health & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this Consent To Judgment. In furtherance of obtaining such approval. Brimer and Jack Schwartz and their respective counsel agree to mutually employ their best efforts to support the entry of this agreement as a Consent To Judgment and obtain approval of the Consent To Judgment - sufficient to render a formal judgment approving this agreement - by the Court in a timely manner. Any effort by Jack Schwartz to impede judicial approval of this Consent To Judgment shall subject Jack Schwartz to liability for attorney fees and costs incurred by plaintiff or his counsel in their efforts to meet or oppose Jack Schwartz' impeding conduct.

14. ENTIRE AGREEMENT

This Consent To 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.

15. ATTORNEY'S FEES

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- 15.1 A Party who unsuccessfully brings or contests an action arising out of this Consent To Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs unless the unsuccessful Party has acted with substantial justification. For purposes of this Consent To Judgment, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.
- 15.2 Except as specifically provided in the above paragraph and in Section 5.1, each Party shall bear its own costs and attorney's fees in connection with this action.
- 15.3 Nothing in this Section 15 shall preclude a Party from seeking an award of sanctions pursuant to law.

16. COUNTERPARTS, FACSIMILE SIGNATURES

This Consent To Judgment may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same documents.

17. AUTHORIZATION

The undersigned parties and their counsel are authorized to execute this Consent To Judgment on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Consent To Judgment.

IT IS SO AGREED

Dated: August 2010	Dated: August 2010
Plaintiff Russell Brimer	The Chanler Group Attorneys for Plaintiff Russell Brimer
Dated: August 28. 2010 Ray Ricci Jack Schwartz, Shoes, Inc.	Dated: August 31. 2010 Orrick. Herrington & Sutcliffe. LLP Attorneys for Defendant lack Schwartz. Shoes, Inc.

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Judgment on behalf of their respective Parties and have read, understood, and agree to all of the
terms and conditions of this Consent To Judgment.

IT IS SO AGREED

Dated: August 7, 2010

Plaintiff Russell Brimer

Dated: August 7, 2010

The Chanler Group

Attorneys for

Plaintiff Russell Brimer

Dated: August 27, 2010

Ray Ricci

Jack Schwartz, Shoes, Inc.

Dated: August 31, 2010

Orrick, Herrington & Sutcliffe, LLI

Attorneys for

Defendant Jack Schwartz, Shoes, Inc.

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IT IS SO AGREED

Dated: August, 2010	Dated: August, 2010
Plaintiff Puscell Primar	
Dlaintiff Duscall Drimon	The Charles Crown

Plaintiff Russell Brimer

The Chanler Group

Attorneys for

Plaintiff Russell Brimer

Dated: August 31, 2010

Dated: August 31, 2010

Orrick Herrington & Sur

Jack Schwartz, Shoes, Inc.

Attorneys for
Defendant Jack Schwartz, Shoes, Inc.