1 2 3 4 5 6 7 8 9 10 11 12 13 14		F THE STATE OF CALIFORNIA AND COUNTY OF MARIN	
15	UNLIMITED CIVIL JURISDICTION		
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17	JOHN MOORE,) Case No.: CIV-10002842	
18	Plaintiff,		
19	V.	() [PROPOSED] CONSENT JUDGMENT AS TO NATCO PRODUCTS CORPORATION	
20	BELL SPORTS, INC., et al.,) TO NATCO PRODUCTS CORPORATION	
21	Defendants.		
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28	PROPOSED CONSENT JUDGMENT AS TO NATCO PRODUCTS CORPORATION		

1. INTRODUCTION

1.1 <u>John Moore, Natco Products Corporation</u>

This Consent Judgment is entered into by and between Plaintiff John Moore ("Moore" or "Plaintiff") and Natco Products Corporation ("Natco"), with Plaintiff and Natco collectively referred to as the "Parties."

1.2 John Moore

Moore 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 Natco Products Corporation

Plaintiff alleges that Natco employs ten 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 and Safety Code § 25249.6, *et seq.* ("Proposition 65").

1.4 General Allegations

Moore alleges that Natco has manufactured, imported, distributed and/or sold vinyl tile flooring, vinyl floor runners and protectors, and vinyl mats that contain di(2-ethylhexyl)phthalate ("DEHP"), and vinyl cargo mats that contain DEHP and lead, without the requisite Proposition 65 warnings. DEHP and lead are on the Proposition 65 list as known to the State of California to cause cancer, birth defects and other reproductive harm.

1.5 Product Description

The products that are covered by this Consent Judgment are defined as follows: (1) vinyl tile flooring containing DEHP including, but not limited to, *The Gold Label Collection Vinyl (#0 38698 00136 8)*; (2) vinyl floor runners and protectors containing DEHP including, but not limited to, *Stepguard Low Pile 27 in. v 144 in. Vinyl Carpet Protector (#0 66296 03836 3)*; (3) vinyl cargo mats containing lead and DEHP including, but not limited to, *Car Go Mat 3 Piece Set*, #364-80-83, #359CMF.53.4 (#0 38698 61398 1); and (4) vinyl mats containing DEHP including, but not limited to, *Chef's Mat Comfort Multi-Purpose Floor Mat*, #364-80-83, #359CMF.53.4 (#0 38698 61398 1).

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All such vinyl tile flooring, vinyl floor runners and protectors, vinyl cargo mats and vinyl mats, that are manufactured, distributed, sold or offered for sale in California by, or on behalf of, Natco or its affiliates are referred to hereinafter as the "Products."

1.6 Notice of Violation

On March 19, 2010, Moore served Natco and various public enforcement agencies with a document entitled "60-Day Notice of Violation" (the "March 19, 2010, Notice") that provided recipients with notice of alleged violations of California Health and Safety Code § 25249.6 for failing to warn consumers that certain vinyl flooring sold by Natco exposed users in California to DEHP. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the March 19, 2010, Notice.

On July 1, 2010, Moore served Natco and various public enforcement agencies with a document entitled "Supplemental 60-Day Notice of Violation" (the "Supplemental Notice") that provided the recipients with notice of alleged violations of California Health and Safety Code § 25249.6 for failing to warn consumers that additional vinyl flooring products sold by Natco exposed users in California to DEHP. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Supplemental Notice.

On November 23, 2010, Moore served Natco and various public enforcement agencies with a document entitled "Second Supplemental 60-Day Notice of Violation" (the "Second Supplemental Notice") that provided recipients with notice of alleged violations of California Health and Safety Code § 25249.6 for failing to warn consumers that certain vinyl mats sold by Natco exposed users in California to DEHP. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Second Supplemental Notice.

On December 30, 2010, Moore served Natco and various public enforcement agencies with a document entitled "Third Supplemental 60-Day Notice of Violation" (the "Third Supplemental Notice") that provided recipients with notice of alleged violations of California Health and Safety Code § 25249.6 for failing to warn consumers that certain vinyl mats sold by Natco exposed users

in California to lead. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Third Supplemental Notice.

On February 24, 2011, Moore served Natco and various public enforcement agencies with a document entitled "Fourth Supplemental 60-Day Notice of Violation" (the "Fourth Supplemental Notice") that provided recipients with notice of alleged violations of California Health and Safety Code section 25249.6 for failing to warn consumers that certain vinyl tile flooring, vinyl floor runners and protectors, and mats sold by Natco exposed users in California to DEHP and/or lead. To the best of the Parties' knowledge, no public enforcer has prosecuted the allegations set forth in the Fourth Supplemental Notice.

The March 19, 2010, Notice, Supplemental Notice, Second Supplemental Notice, Third Supplemental Notice and Fourth Supplemental Notice shall hereinafter collectively be referred to as the "Notices."

1.7 Complaint

On June 2, 2010, Moore filed a complaint in the Superior Court in and for the County of Marin against Natco and Does 1 through 150, *Moore v. Natco, et al.*, Case No. CIV-1002842 (the "Action"), alleging violations of California Health and Safety Code § 25249.6, based on the alleged exposures to DEHP contained in vinyl flooring sold by Natco. On July 2, 2010, Moore filed a First Amended Complaint (the "Complaint") in the Action, renaming it as *Moore v. Bell Sports, Inc., et al.*, alleging additional violations of California Health and Safety Code § 25249.6 based on alleged exposures to DEHP contained in products sold by Natco and others.

1.8 Answer

On August 31, 2010, Natco responded to the Complaint by filing a general denial Answer and Affirmative Defenses, denying all claims alleged by Plaintiff in the Complaint.

1.9 No Admission

Natco denies the material, factual and legal allegations contained in Moore's Notices and Complaint and maintains that all products that it has sold, manufactured and/or distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this

Consent Judgment shall be construed as an admission by Natco 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 Natco of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Natco. However, this section shall not diminish or otherwise affect Natco's obligations, responsibilities, and duties under this Consent Judgment.

1.10 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Natco as to the allegations contained in the Complaint, that venue is proper in the County of Marin and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

1.11 Effective Date

For purposes of this Consent Judgment, the term "Effective Date" shall mean the date this Consent Judgment is executed by all Parties.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulated Products

For purposes of this Consent Judgment, Reformulated Products are defined as Products that: (1) contain DEHP in concentrations less than 0.1 percent (1,000 parts per million) in each accessible component when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance; and (2) yield less than 1.0 microgram of lead when using a wipe test pursuant to NIOSH Test Method 9100, and yield less than 100 ppm of 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.

2.2 Reformulation Commitment: Vinyl Tile Flooring; Vinyl Floor Runners and Protectors; Vinyl Cargo Mats

Commencing on the Effective Date, Natco and its affiliates shall only ship, sell, or offer to be shipped for sale in California, vinyl tile flooring, vinyl floor runners and protectors, and vinyl cargo mats that qualify as Reformulated Products.

2.3 Product Warnings: Vinyl Mats

Commencing on the Effective Date, Natco shall, for all vinyl mats that are not Reformulated Products, provide clear and reasonable warnings, as set forth in subsections 2.3(a) and (b). Each warning 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 before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* product the warning applies, so as to minimize the risk of consumer confusion.

(a) Retail Store Sales.

(i) **Product Labeling.** Natco shall affix a warning to the packaging, labeling, or directly on each vinyl mat sold in retail outlets in California by Natco, or any other person, that states:

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

(ii) **Point-of-Sale Warnings.** Alternatively, Natco may provide warning signs in the form below to its customers in California with instructions to post the warnings in close proximity to the point of display of the vinyl mats. Such written instruction sent to Natco's customers shall be sent by certified mail, return receipt requested.

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

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Where more than one vinyl mat product is sold in proximity to other like items or to those that do not require a warning (e.g., Reformulated Products as defined in Section 2.1), the following statement shall be used:¹

WARNING: The following products contain DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm:

[list products for which warning is required]

(b) Mail Order Catalog and Internet Sales. In the event that Natco sells vinyl mats via mail order catalog and/or the internet, to customers located in California, after the Effective Date, that are not Reformulated Products, Natco shall provide warnings for such vinyl mats sold via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall identify the *specific* vinyl mat product to which the warning applies as further specified in Sections 2.3(b)(i) and (ii).

(i) Mail Order Catalog Warning. Any warning provided in a mail order catalog shall be in the same type size or larger than the product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the product:

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

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the vinyl mat product, Natco may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol" with the following language on the inside of the front cover of the catalog or on the same page as any order form for the product(s):

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¹For purposes of the Consent Judgment, "sold in proximity" shall mean that the vinyl mat product and another similar product are offered for sale close enough to each other that the consumer, under customary conditions of purchase, could not reasonably determine which of the two products is subject to the warning sign.

WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, Natco must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(ii) Internet Website Warning. A warning shall be given in conjunction with the sale of vinyl mats via the internet, which warning shall appear either: (a) on the same web page on which a vinyl mat is displayed; (b) on the same web page as the order form for a vinyl mat; (c) on the same page as the price for any vinyl mat; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the vinyl mat for which it is given in the same type size or larger than the product description text:

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

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the vinyl mat for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

3. CIVIL PENALTY PAYMENTS

In settlement of all the claims referred to in this Consent Judgment, Natco shall pay \$65,000, in civil penalties pursuant to Sections 3.1 and 3.2 below.

3.1 Initial Civil Penalty

In settlement of all the claims referred to in this Consent Judgment, Natco shall pay an initial civil penalty in the amount of \$20,000. This initial civil penalty reflects credits of \$20,000 based on Natco's commitment to reformulate its vinyl tile flooring, \$20,000 based on Natco's commitment to reformulate its vinyl floor runners and protectors, and \$20,000 based on Natco's commitment to reformulate its vinyl cargo mats, as per Section 2.2 above. The initial civil penalty shall be apportioned in accordance with California Health and Safety Code §§ 25249.12 (c) and (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to John Moore. Natco shall issue two separate checks for the penalty payment: (a) one check made payable to "The Chanler Group in Trust For OEHHA" representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for John Moore", representing 25% of the total penalty. The payments shall be delivered on or before May 5, 2011, to the following address:

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

Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided within fourteen (14) calendar days of payment delivery.

3.2 Final Civil Penalty

In settlement of all claims referred to in this Consent Judgment, Natco shall also pay a final civil penalty of \$45,000 on December 15, 2011. As incentive for Natco to reformulate its vinyl mat products, however, the final civil penalty shall be waived in its entirety if an officer of Natco certifies in writing that Natco and its affiliates, as of December 1, 2011, has sold, shipped and offered for sale in California only vinyl mats that are Reformulated Products and that it will continue to sell, ship and offer for sale in California only vinyl mats that are Reformulated Products. Such certification must be received by The Chanler Group on or before December 15, 2011. The

final civil penalty payment shall be apportioned in accordance with California Health and Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to OEHHA and the remaining 25% of the penalty remitted to John Moore. Natco shall issue two separate checks for the final civil penalty payment: (a) one check made payable to "The Chanler Group in Trust For OEHHA", representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for John Moore" representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided fourteen (14) calendar days before the payment is due (if different than the information already provided to Natco under Section 3.1 above).

Payment shall be delivered to Moore's counsel at the following address:

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

4. REIMBURSEMENT OF FEES AND COSTS

4.1 Attorney's Fees and Costs

The Parties reached an accord on the compensation due to Moore and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5. Natco shall reimburse Moore and his counsel \$80,000 for fees and costs incurred to date, as a result of investigating, bringing this matter to its attention, negotiating a settlement in the public interest. This figure also includes future anticipated fees and costs including, but not limited to, attorney's fees to be incurred in seeking judicial approval of this Consent Judgment as well as any other legal work performed after the execution of this Consent Judgment incurred in an effort to obtain finality of the case. The check for reimbursement of fees and costs shall be made payable to "The Chanler Group" and shall be delivered on or before May 5, 2011, to the following address:

A separate 1099 shall be issued to "The Chanler Group" (EIN: 94-3171522) for the amount of the reimbursement of Plaintiff's fees and costs.

5. RELEASE OF ALL CLAIMS

5.1 Moore's Release of Natco

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Moore, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, and in the interest of the general public pursuant to California Health and Safety Code § 25249.7(d), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, agreements, promises, royalties, accountings, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorney's fees), fixed or contingent (collectively "claims"), against Natco and their, downstream wholesalers, licensors, licensees, auctioneers, retailers including, but not limited to, Orchard Supply Hardware, LLC and The Home Depot, Inc., distributors, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates including, but not limited to, Natco Home Fashions, Inc. and Multy Home LP, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, (collectively "Releasees") that arise under Proposition 65, as such claims relate to Natco's and the Releasees' alleged failure to warn about exposures to DEHP and/or lead contained in the Products. The Parties understand and agree that this release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Natco, other than Colmar Industries, Inc. ("Colmar"), and shall

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only extend to Colmar for claims related to Natco's, the Releasees', and Colmar's alleged failure to warn about exposures to DEHP and/or lead contained in the Products.

5.2 Natco's Release of Moore

Natco, on behalf of itself and its corporate affiliates and subsidiaries, franchisees, owners, parent companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, waives any and all claims against Moore, his attorneys, and other representatives for any and all actions taken by Moore 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 Products.

5.3 Compliance with Proposition 65

Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to DEHP and lead in the Products based on the facts and circumstances of this case.

6. COURT APPROVAL

This Consent Judgment must be 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 one year after it has been fully executed by all Parties.

7. SEVERABILITY

If, subsequent to the execution 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.

8. GOVERNING LAW

The terms of this Consent Judgment shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or are no longer required as a result of any such repeal

or preemption, or are rendered inapplicable by reason of law generally as to the Products, then 1 Natco shall have no further obligations pursuant to this Consent Judgment with respect to, and to 2 the extent that, the Products are so affected. 3 4 9. **NOTICES** Unless specified herein, all correspondence and notices required to be provided pursuant to 5 this Consent Judgment shall be in writing and personally delivered or sent by: (i) first-class, 6 (registered or certified mail) return receipt requested; or (ii) overnight courier on any Party by the 7 other Party at the following addresses: 8 9 To Natco: With a Copy to: 10 Steven Burke William F. Tarantino, Esq. Chief Financial Officer Morrison & Foerster, LLP 11 425 Market Street Natco Products Corporation 155 Brookside Avenue San Francisco, CA 94105 12 West Warwick, RI 02893 13 To Moore: 14 Proposition 65 Coordinator The Chanler Group 15 2560 Ninth Street Parker Plaza, Suite 214 16 Berkeley, CA 94710-2565 17 Any Party, from time to time, may specify in writing to the other Party a change of address 18 to which all notices and other communications shall be sent. 19 **10. COUNTERPARTS; FACSIMILE SIGNATURES** 20 This Consent Judgment may be executed in counterparts and by facsimile or .pdf signature, 21 each of which shall be deemed an original, and all of which, when taken together, shall constitute 22 one and the same document. A facsimile or .pdf signature shall be as valid as the original. 23 11. COMPLIANCE WITH CALIFORNIA HEALTH & SAFETY CODE § 25249.7(f) 24 Moore and his attorneys agree to comply with the reporting form requirements referenced in 25 California Health and Safety Code § 25249.7(f). 26

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12. ADDITIONAL POST EXECUTION ACTIVITIES

Moore and Natco agree to mutually employ their, and their counsel's, reasonable best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner. The Parties acknowledge that, pursuant to California Health and Safety Code section 25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment, which Natco shall draft and Moore shall file, and which Natco shall not oppose. Natco shall provide all draft documents including, but not limited to, the notice, memorandum of points and authorities and any related papers to Moore no later than May 5, 2011. If any third party objection to the noticed motion is filed, Moore and Natco shall work together to file a joint reply and appear at any hearing before the Court. This provision is a material component of the Consent Judgment and shall be treated as such in the event of a breach. If the Superior Court does not approve the motion to approve this Consent Judgment, and the Parties choose not to pursue a modified Consent Judgment within 30 days of said denial, all payments made by Natco shall be immediately returned to Natco. Should the Superior Court approve this Consent Judgment and any person successfully appeals that approval, upon remittitur, all payments made pursuant to this Consent Judgment will be returned to Natco.

13. MODIFICATION

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

14. <u>AUTHORIZATION</u>		
The undersigned are authorized to execute this Consent Judgment on behalf		
respective Parties and have read, understood, and agree to all of the terms and conditions		
Consent Judgment.		
AGREED TO:	AGREED TO:	
Date: April 27, 2011	Date:	
By: file E. afor	By: Defendant, Natco Products Corporation	
Plaintiff, John Moore	Defendant, Natco Products Corporation	
IT IS SO ORDERED, ADJUDGED	AND DECREED	
II IS SO ORDERED, ADJUDGED	MIND DECREED.	
Dated:		
	Judge of the Superior Court	
•		
PROPOSED CONSENT JU	UDGMENT AS TO NATCO PRODUCTS CORPORATION	

1	1 14. <u>AUTHORIZATION</u>			
2	2 The undersigned are authorized to e	The undersigned are authorized to execute this Consent Judgment on behalf of their		
3	3 respective Parties and have read, understood,	respective Parties and have read, understood, and agree to all of the terms and conditions of this		
4	4 Consent Judgment.			
5		A CREED TO		
6	6	AGREED TO:		
7	7 Date:	Date: 4/14/11		
8	8	Date: 4/21/11		
9	9 By: Plaintiff, John Moore	Бу. // () ()		
10	10 Plaintiff, John Moore	Defendant, Natco Products Corporation		
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13	IT IS SO ORDERED, ADJUDGED AND DECREED.			
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-	PROPOSED CONSENT JUDGMENT A	S TO NATCO PRODUCTS CORPORATION		