1 2 3 4 5 6	Clifford A. Chanler, State Bar No. 135534 David S. Lavine, State Bar No. 166744 HIRST & CHANLER LLP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565 Telephone: (510) 848-8880 Facsimile: (510) 935-8116 Attorneys for Plaintiff ANTHONY E. HELD, Ph.D., P.E.	JUL 10 2008 JUL 10 2008 By C. PITTS Deputy
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
9	FOR THE COUNTY OF ALAMEDA	
10	UNLIMITED CIVIL JURISDICTION	
11	ANTHONY E. HELD, Ph.D., P.E.,	Case No. RG08378050
12	Plaintiff,	[PROPOSED] JUDGMENT PURSUANT
13	V.	TO TERMS OF STIPULATION AND ORDER RE: CONSENT JUDGMENT
14 15	SARAMAX APPAREL GROUP, INC., and	Date: August 29, 2008
16	DOES 1 through 150, inclusive,	Time: 11:00 a.m. Dept.: 20
17	Defendants.	Judge: Hon. Robert Freedman
18		Reservation No.: R843767
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[PROPOSED] JUDGMENT

In the above-entitled action, Plaintiff ANTHONY E. HELD, Ph.D., P.E. and Defendant SARAMAX APPAREL GROUP, INC., having agreed through their respective counsel that judgment be entered pursuant to the terms of the Proposition 65 settlement agreement in the form of a Stipulation and [Proposed] Order Re: Consent Judgment entered into by the parties, and after issuing an order approving this Proposition 65 settlement agreement and entering the Stipulation and Order Re: Consent Judgment on August 29, 2008.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that pursuant to Code of Civil Procedure §664.5, judgment is entered in accordance with the terms of the Stipulation and Order Re: Consent Judgment attached hereto as **Exhibit 1** and lodged concurrently herewith.

IT IS SO ORDERED.

Dated: SEP 1 7 2008

Robert B. Freedman

JUDGE OF THE SUPERIOR COURT

Exhibit 1

1 2 3 4 5	Clifford A. Chanler, State Bar No. 135534 David Lavine, State Bar No. 166744 HIRST & CHANLER LLP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565 Telephone: (510) 848-8880 Facsimile: (510) 848-8118 Attorneys for Plaintiff ANTHONY E. HELD, Ph.D., P.E.		
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9	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
10	FOR THE COUNTY OF ALAMEDA		
11	UNLIMITED CIVIL JURISDICTION		
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13	ANTHONY HELD, Ph.D., P.E., Case No. RG08378050		
	Plaintiff,)		
14 15 16	v. STIPULATION AND [PROPOSED] ORDER RE: CONSENT JUDGMENT SARAMAX APPAREL GROUP, INC.; and DOES 1 through 150, inclusive,		
17	Defendants.)		
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STIPULATION AND [PROPOSED] ORDER RE: CONSENT JUDGMENT

1. INTRODUCTION

1.1 Anthony E. Held, Ph.D., P.E., and Sara Max Corporation

This consent judgment is entered into by and between plaintiff Anthony E. Held, Ph.D., P.E. ("Dr. Held" or "Plaintiff") and defendant Sara Max Apparel Group, Inc. ("Sara Max" or "Defendant"), with Plaintiff and Defendant collectively referred to as the "parties."

1.2 Plaintiff

Dr. Held 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

Sara Max employs ten or more persons who are each 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

Dr. Held alleges that Sara Max has manufactured, distributed and/or sold certain child care articles containing lead and di(2-ethylhexyl)phthalate (hereinafter "DEHP") in the State of California without the requisite health hazard warnings. Lead and DEHP are listed pursuant to Proposition 65, and are known to cause birth defects and other reproductive harm. Lead and DEHP shall be referred to hereinafter as the "listed chemicals."

1.5 Product Description

The products that are covered by this consent judgment are defined as follows: baby bibs containing lead and/or the plasticizer phthalate DEHP, such as the Kellogg's Vinyl Bib, #4605, Style #K1004R (#0 14614 40652 3). All such baby bibs containing lead and/or DEHP are referred to hereinafter as the "Products".

1.6 Notice of Violation

On November 20, 2007, and again on January 11, 2008, Dr. Held served Sara Max and the Office of the California Attorney General of the State of California, all California counties' District

Attorneys and all City Attorneys of California cities with populations exceeding 750,000, (collectively, "Public Enforcers") with a document entitled "60-Day Notice of Violation" (the "Notices") that provided Sara Max and Public Enforcers with notice of alleged violations of California Health & Safety Code §25249.6 for failing to warn consumers that the Products that Sara Max sold exposed users in California to the listed chemicals, while the items were handled or chewed of the items. No Public Enforcer has diligently prosecuted the allegations set forth in the Notices.

1.7 Complaint

On March 21, 2008, Dr. Held, who was and is acting in the interest of the general public in California, filed a complaint ("Complaint" or "Action") in the Superior Court in and for the County of Alameda against Sara Max and Does 1 through 150, alleging violations of California Health & Safety Code §25249.6 based on the alleged exposures to the listed chemicals contained in the Products sold by Sara Max. On April 21, 2008, Dr. Held filed an amended complaint to include alleged exposure to lead from the handling or other reasonably foreseeable use of the Products ("Amended Complaint").

1.8 No Admission

Sara Max denies the material, factual and legal allegations contained in Dr. Held's Notice and Amended Complaint and maintains that all Products that they have sold and distributed in California have been and are in compliance with all laws. Nothing in this consent judgment shall be construed as an admission by Sara Max 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 Sara Max of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Sara Max. In order to avoid the costs and expenses of litigation and without admitting liability or wrongdoing, Sara Max has elected to resolve this matter by settlement and on the terms set forth herein. However, this section shall not diminish or otherwise affect Sara Max's obligations, responsibilities, and duties under this consent judgment.

1.9 Consent to Jurisdiction

For purposes of this consent judgment only, the parties stipulate that this Court has jurisdiction over Sara Max as to the allegations contained in the Complaint, that venue is proper in the County of Alameda and that this Court has jurisdiction to enter and enforce the provisions of this consent judgment.

1.10 Effective Date

For purposes of this consent judgment, the term "effective date" shall mean May 30, 2008.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION

2.1 **Product Warnings**

After the effective date, Sara Max shall not sell, ship, or offer to be shipped for sale in California any Products containing the listed chemicals unless such Products are sold or shipped with one of the clear and reasonable warnings set forth in subsections 2.1(a) and (b), are otherwise exempt pursuant to Section 2.2, or comply with the reformulation standards set forth in Section 2.3.

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 if not eliminate the chance that an overwarning situation will arise.

(a) Retail Store Sales.

(i) Product Labeling. Sara Max may perform its warning obligation by ensuring that a warning is affixed to the packaging, labeling, or directly on each Product sold in retail outlets by Sara Max or its agents, that states:

WARNING: This product contains lead and/or the phthalate chemical known as DEHP, chemicals known to the State of California to cause birth defects and other reproductive harm.

1	(ii) Point-of-Sale Warnings. Sara Max may perform its warning			
2	obligations by ensuring that signs are posted at retail outlets in the State of California where the			
3	Products are sold. Point-of-sale warnings shall be provided through one or more signs posted in			
4	close proximity to the point of display of the Products that states:			
5	WARNING: This product contains lead and/or the			
6	phthalate chemical known as DEHP, chemicals known to the State of California			
7	reproductive harm.	to cause birth defects and other reproductive harm.		
8	Where more than one Product is sold in proximity to other like items or to those that do no			
9	require a warning (e.g., Reformulated Products as defined in Section 2.3), the following statement			
10	must be used:			
11	WARNING: The following products contain lead and/or the phthalate chemical known as DEHP,			
12	chemicals known to the State of California to cause birth defects and other			
13	reproductive harm.			
14	[list products for which warning is required]			
15	(b) Mail Order Catalog and Internet Sales. Sara Max shall satisfy its warning			
16	obligations for Products sold via mail order catalog or the Internet to California residents by			
17	providing a warning: (i) in the mail order catalog; or (ii) on the website. Warnings given in the			
18	mail order catalog or on the website shall identify the specific Product to which the warning appli	es		
19	as further specified in Sections 2.1(b)(i) and (ii).			
20	(i) Mail Order Catalog Warning. Any warning provided in a mail			
21	order catalog must be in the same type size or larger than the Product description text within the			
22	catalog. The following warning shall be provided on the same page and in the same location as the			
23	display and/or description of the Product:			
24	WARNING: This product contains lead and/or the			
25	phthalate chemical known as DEHP, chemicals known to the State of California			
26	to cause birth defects and other reproductive harm.			
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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 Product, Sara Max 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):

WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain lead and/or the phthalate chemical known as DEHP, chemicals 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, Sara Max must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

If Sara Max elects to provide warnings in the mail order catalog, then the warnings must be included in all catalogs offering to sell one or more Products printed after the date of entry of this consent judgment.

(ii) Internet Website Warning. A warning may be given in conjunction with the sale of the Product via the Internet, provided it appears either: (a) on the same web page on which the Product is displayed; (b) on the same web page as the order form for the Product; (c) on the same page as the price for any Product; 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 Product for which it is given in the same type size or larger than the Product description text:

WARNING: This product contains lead and/or the phthalate chemical known as DEHP, chemicals known to the State of California to cause birth defects and other reproductive harm.

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Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Product 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 lead and/or the phthalate chemical known as DEHP, chemicals known to the State of California to cause birth defects and other reproductive harm: ▼.

2.2 Exceptions To Warning Requirements

The warning requirements set forth in Section 2.1 shall not apply to:

- (i) Any Products shipped to a customer located in California before the effective date; or
- (ii) Reformulated Products (as defined in Section 2.3 below).

2.3 Reformulation Standards

Reformulated Products are defined as those containing both: (1) less than two one-hundredths of one percent (0.02%) of lead by weight, as measured using a test method of sufficient sensitivity to establish a detection limit of less than 200 parts per million ("ppm"); and (2) less than 1,000 ppm of phthalate chemical, as measured by Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C. The warnings required pursuant to Section 2.1 above shall not be required for such Reformulated Products.

2.4 Reformulation Commitment

Sara Max hereby commits that eighty percent (80%) of the Products that they offer for sale in California after June 30, 2008, and one hundred percent (100%) of the Products that they offer for sale in California after September 30, 2008, shall qualify as Reformulated Products or shall otherwise be exempt from the warning requirements of Section 2.1.

3. MONETARY PAYMENTS

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

In settlement of all the claims referred to in this consent judgment, Sara Max shall pay \$16,000 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 ("OEHHA") and the remaining 25% remitted to Anthony Held as provided by California Health & Safety Code §25249.12(d). Sara Max shall issue two separate checks for the payment: (a) one check made payable to "Hirst & Chanler LLP in Trust For OEHHA" in the amount of \$12,000, representing 75% of the total amount; and (b) one check to ""Hirst & Chanler LLP in Trust for Anthony Held" in the amount of \$4,000, representing 25% of the total amount. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) Anthony Held, whose information shall be provided five days before the payment is due.

Payment shall be delivered to Dr. Held's counsel on or before July 1; 2008, at the following address:

HIRST & CHANLER LLP Attn: Proposition 65 Controller 455 Capitol Mall, Suite 605 Sacramento, CA 95814

4. REIMBURSEMENT OF FEES AND COSTS

4.1 Attorney Fees and Costs.

The parties acknowledge that Dr. Held and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Sara Max then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then attempted to (and did) reach an accord on the compensation due to Dr. Held 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. Sara Max shall reimburse Dr. Held and his counsel for fees and costs incurred as a result of investigating, bringing this matter to Sara Max's attention, and litigating and negotiating a settlement in the public interest. Sara Max shall pay Dr. Held and his counsel \$34,750 for all attorneys' fees and costs. Sara Max shall issue a separate 1099 for fees and costs (EIN: 20-3929984) and shall make the check payable to "Hirst & Chanler LLP" and shall be delivered on or before July 1, 2008, to the following address:

HIRST & CHANLER LLP Attn: Proposition 65 Controller Capitol Mall Complex 455 Capitol Mall, Suite 605 Sacramento, CA 95814

4.2 Additional Attorney Fees and Costs in Seeking Judicial Approval.

Pursuant to CCP §§1021 and 1021.5, the parties further agree that Sara Max will reimburse Dr. Held and his counsel for their reasonable fees and costs incurred in seeking judicial approval of this settlement agreement in the trial court, in an amount not to exceed \$8,500. Such additional fees and costs, exclusive of fees and costs that may be incurred in the event of an appeal include, but are not limited to, drafting and filing of the motion to approve papers, fulfilling the reporting requirements referenced in Health & Safety Code §25249.7(f), responding to any third party objections, corresponding with opposing counsel and appearing before the Court related to the approval process.

Reimbursement of such additional fees and costs shall be due within ten calendar days after receipt of a billing statement from Dr. Held ("Additional Fee Claim"). Payment of the Additional Fee Claim shall be made to "Hirst & Chanler LLP," and the payment shall be delivered, at the following address:

HIRST & CHANLER LLP Attn: Proposition 65 Controller Capitol Mall Complex 455 Capitol Mall, Suite 605 Sacramento, CA 95814

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Sara Max has the right to object to such reimbursement and may submit the resolution of this issue to the American Arbitration Association (AAA) in Northern California to determine the reasonableness of the additional fees and costs sought, provided that an arbitration such notice of objection or decision to arbitrate is received by Dr. Held by the end of the ten calendar days. If an arbitration notice is not filed with AAA in a timely manner, Dr. Held may file a motion with the Court pursuant to both CCP §1021.5 and this consent judgment to recover additional attorney fees and costs incurred as set forth in this paragraph. In the event Sara Max submits the matter to arbitration, Dr. Held may seek, pursuant to CCP §1021.5, reasonable attorney fees and costs incurred for the arbitration.

5. RELEASE OF ALL CLAIMS

5.1 Dr. Held's Release of Sara Max

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Dr. Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, and in the interest of the general public, 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, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attornevs' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "claims"), against Sara Max and each of its downstream wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Defendant Releasees"). This release is limited to those claims that arise under Proposition 65 that were or could have been asserted in the Amended Complaint against Defendant (including any claims that could be asserted in connection with any of the Products covered by this consent judgment) or Defendant Releasees, based on failure to warn about alleged exposures to the listed chemicals

contained in the Products, with respect to any Products distributed or sold by Defendant. The parties further 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 Sara Max.

Dr. Held, in his individual capacity and *not* in his representative capacity, releases any and all general claims that he may presently have against Sara Max beyond those claims covered in this paragraph. Dr. Held further waives any and all rights and benefits which he now has, or in the future may have, conferred upon 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 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

5.2 Sara Max's Release of Dr. Held

Sara Max waives any and all claims against Dr. Held, his attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Dr. Held and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against them in this matter, and/or with respect to the Products.

6. COURT APPROVAL

This consent 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 one year after it has been fully executed by all parties, in which event any monies that have been provided to Plaintiff, or his counsel pursuant to Section 3 and/or Section 4 above, shall be refunded within fifteen days after receiving written notice from Sara Max that the one-year period has expired.

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. ENTIRE AGREEMENT

This consent 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.

9. 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 or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Sara Max shall provide written notice to Dr. Held 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 Products are so affected.

10. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this consent judgment shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

To Sara Max:

Robert A. Schachter, Esq. ROBINSON BROG LEINWAND GREENE GENOVESE & GLUCK, P.C. 1345 Avenue of the Americas New York, NY 10105

1 To Dr. Held:

Proposition 65 Coordinator HIRST & CHANLER LLP 2560 Ninth Street Parker Plaza, Suite 214 Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

11. COUNTERPARTS; FACSIMILE SIGNATURES

This consent judgment may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

12. COMPLIANCE WITH HEALTH & SAFETY CODE §25249.7(f)

Dr. Held agrees to comply with the reporting form requirements referenced in California Health & Safety Code §25249.7(f).

13. ADDITIONAL POST EXECUTION ACTIVITIES

Dr. Held and Sara Max agree to mutually employ their 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 & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this consent judgment. Accordingly, Plaintiff agrees to file a motion to approve the settlement.

14. **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. The Attorney General shall be served with notice of any proposed modification to this consent judgment at least fifteen days in advance of its consideration by the Court.

1	15. <u>AUTHORIZATION</u>				
2	The undersigned are authorized to execute this consent judgment on behalf of their				
3	respective parties and have read, understood, and agree to all of the terms and conditions of this				
4	consent judgment.				
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6	AGREED TO:	AGREED TO:			
7	Date: 05/29/2008	Date: 6/3/08			
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9	By: Plaintiff, ANTHONY E. HELD, Ph.D., P.E.	By: Middle Knyewerd Defendant, SARA MAX APPAREL			
10		GROUP, INC.			
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12	IT IS SO ORDERED.				
13	II is so ordered.				
14	Date:	JUDGE OF THE SUPERIOR COURT			
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1	STIPULATION AND [PROPOSED] ORDER RE: CONSENT JUDGMENT 13				