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9	Attorneys for Plaintiff			
10	RUSSELL BRIMER			
11	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
12	FOR THE CITY AND COUNTY OF SAN FRANCISCO			
13				
14		UNLIMITED CIVIL JURISDICTION		
15	RUSSELL BRIMER,	Case No. CGC-04-436038		
16	Plaintiff,	STIPULATION AND [PROPOSED]		
17	vs.	ORDER RE: CONSENT JUDGMENT		
18	SMITH-SOUTHWESTERN, INC.; THE MARKETPLACE BY MARRIOTT			
19	VACATION CLUB; MARRIOTT'S TIMBER LODGE; MARRIOTT VACATION CLUB;			
20	and DOES 1 through 150,			
21	Defendants.			
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22   23				
	1. <u>INTRODUCTION</u>			
23	, <del>,</del>	This Common To do not also as a second To do not a		
23 24	1.1 <u>Plaintiff and Settling Defendant</u>	This Consent Judgment is entered into by and		
23 24 25	1.1 Plaintiff and Settling Defendant between plaintiff RUSSELL BRIMER (hereafter	"Mr. Brimer" or "Brimer" or "Plaintiff") and		
23 24 25 26	1.1 <u>Plaintiff and Settling Defendant</u>	"Mr. Brimer" or "Brimer" or "Plaintiff") and		

Southwestern collectively referred to as the "Parties" and Mr. Brimer and Smith-Southwestern each being a "Party".

- 1.2 Plaintiff Mr. Brimer is an individual residing in Alameda, California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.
- 1.3 General Allegations Plaintiff alleges that Smith-Southwestern has distributed and/or sold in the State of California ceramic mugs and shot glasses and other glassware with colored designs and/or artwork on the exterior surface that contain lead (and/or lead compounds) that are listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 et seq., also known as Proposition 65, to cause both cancer and birth defects (and other reproductive harm). Lead (and/or lead compounds) shall be referred to herein as "Listed Chemicals." Smith-Southwestern denies Plaintiff's allegations.
- 1.4 <u>Product Descriptions</u> The products that are covered by this Consent Judgment are defined as follows: all ceramic mugs and shot glasses and other glassware with colored designs and/or artwork on their exterior surface containing lead. Such products collectively are referred to herein as the "Products."
- 1.5 Notices of Violation On July 30, 2004, Mr. Brimer alleges that he served Smith-Southwestern, The MarketPlace by Marriott Vacation Club, Marriott's Timber Lodge, Marriott Vacation Club, Marriott Ownership Resorts Inc., and various public enforcement agencies (including the Attorney General of the State of California) with documents, entitled "60-Day Notice of Violation" ("Notice") that provided Smith-Southwestern and such public enforcers with notice that alleged that Smith-Southwestern was in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain products that it sold expose users in California to lead and lead compounds. On or before March 31, 2005, Brimer will be serving a Supplemental Notice on Smith-Southwestern and all required public enforcers expanding Plaintiff's prior allegations such that the definition of "Products" as used herein shall be deemed to extend to both ceramic mugs and shot glasses with exterior decorations, other tableware (such as spoonrests, coasters, and salt and pepper shakers), and keychains, and such that the definition of "Listed Chemicals" as used herein shall be

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27 28 deemed to have been expanded from lead (and/or lead compounds) to include the Listed Chemical, cadmium, as well ("Supplemental Notices").

- 1.6 Complaints On November 3, 2004, Mr. Brimer, who asserts that he is acting in the interest of the general public in California, filed a complaint (hereafter referred to as the "Complaint" or the "Action") in the Superior Court for the City and County of San Francisco against Smith-Southwestern, The MarketPlace By Marriott Vacation Club, Marriott's Timber Lodge, Marriott Vacation Club, and Does 1 through 150, alleging violations of Health & Safety Code § 25249.6 based on the alleged exposures to one or more of the Listed Chemicals contained in certain products sold by Smith-Southwestern. Upon the running of the 60-Day periods associated with the issuance of the Supplemental Notices, and provided that no authorized public enforcer of Proposition 65 initiates an action against Smith-Southwestern based on the additional allegations therein contained in the interim, the above-captioned Complaint and this Consent Judgment shall be deemed such that the definition of "Products" as used herein shall be deemed to extend to both ceramic mugs and shot glasses with exterior decorations, other tableware (such as spoonrests, coasters, and salt and pepper shakers), and keychains, and such that the definition of "Listed Chemicals" as used herein shall be deemed to have been expanded from lead (and/or lead compounds) to include the Listed Chemical, cadmium, as well.
- 1.7 No Admission Smith-Southwestern denies the material factual and legal allegations contained in Plaintiff's Notice, Supplemental Notice, and Complaint and maintains that all products that it has sold and 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 Smith-Southwestern of any fact, finding, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Smith-Southwestern of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties of Smith-Southwestern under this Consent Judgment.
- 1.8 <u>Consent to Jurisdiction</u> For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Notice, in

the Supplemental Notice, and in the Complaint, and personal jurisdiction over Smith-Southwestern as to the acts alleged in the Complaint, that venue is proper in the County of San Francisco, and that this Court has jurisdiction to enter this Consent Judgment and to enforce the provisions thereof.

1.9 <u>Effective Date</u> For purposes of this Consent Judgment, "Effective Date" shall be March 23, 2005.

### 2. INJUNCTIVE RELIEF: PROPOSITION 65 WARNINGS AND REFORMULATION

### 2.1 Warning Obligations For Non-Reformulated Products

- 2.1.A. <u>Required Warnings and Non-exempt Products</u> After March 23, 2005, Smith-Southwestern shall not sell or offer for sale in California any Products containing the Listed Chemicals, unless warnings are given in accordance with one or more provisions in subsection 2.2 below.
- 2.1.B. <u>Exceptions</u> The warning requirements set forth in subsections 2.1.A and 2.2 below shall not apply to:
  - i. any Products manufactured before March 23, 2005, or
  - ii. Reformulated Products.

### 2.2 Clear And Reasonable Warnings

- **2.2.A.** <u>Product Labeling</u> A warning is affixed to the packaging, labeling or directly to or on a Product by Smith-Southwestern or its agent, that states:
- WARNING: The materials used as colored decorations on the exterior of this product contain lead and cadmium, chemicals known to the State of California to cause birth defects and other reproductive harm.
- WARNING: The materials used as colored decorations on the exterior of these products contain lead and cadmium, chemicals known to the State of California to cause birth defects and other reproductive harm.<sup>1</sup> or
- WARNING: The materials used as colored decorations on the exterior of the following products contain lead and cadmium, chemicals known to the State of California to cause birth defects and other reproductive harm.

This formulation of the warning may only be used with respect to Products when sold as a set.

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<sup>&</sup>lt;sup>2</sup> This formulation of the warning may only be used where the store in which the Products are sold sells only Products which are not included in Section 2.3.

2.2.B.2. A point of sale warning provided pursuant to subsection
2.2.B.1 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 use or purchase and shall be placed or written in a manner
such that the consumer understands to which specific Products the warnings apply so as to minimize
if not eliminate the chances that an overwarning situation will arise. Any changes to the language or
format of the warning required for Products by this subsection shall only be made following: (1)
approval of Plaintiff; (2) approval from the California Attorney General's Office, provided that
written notice of at least fifteen (15) days is given to Plaintiff for the opportunity to comment; or (3)
Court approval.

- 2.3 Reformulation Standards: Products satisfying the conditions of Section 2.3.A, or 2.3.B, are referred to as "Reformulated Products." The warnings required pursuant to sections 2.1.A and 2.2 above shall not be required for Reformulated Products, defined as follows:
- 2.3.A. For items intended to hold beverages, if the colored artwork, designs or markings on the exterior surface of the Product does not extend into the top 20 millimeters of the ware (i.e., appear only below the exterior portion of the lip and rim area as defined by American Society of Testing and Materials Standard Test Method C927-99, hereinafter the "Lip and Rim Area"), produce a test result no higher than 1.0 micrograms (ug) of lead using a Ghost WipeTM test applied on painted portions of the surface of the Product performed as outlined in NIOSH method no. 9100, or
- 2.3.B. If the Product utilizes paints for all colored artwork, designs or markings containing six one-hundredths of one percent (0.06%) lead and/or cadmium by weight or less as measured at Smith-Southwestern's option, either before or after the material is fired onto (or otherwise affixed to) the Product, using a sample size of the materials in question measuring approximately 50-100 mg and a test method of sufficient sensitivity to establish a limit of quantitation (as distinguished from detection) of less than 600 ppm pursuant to EPA Test Method 3050B, such Product is a Reformulated Product;

### 3. MONETARY PAYMENTS

- 3.1 Penalties Pursuant To Health & Safety Code §25249.7(b) Pursuant to Health & Safety Code Section 25249.7(b), Smith-Southwestern shall pay a total of \$25,000 in civil penalties in two installments with the first payment of \$10,000 to be made not later than March 23, 2005, and made payable to "Chanler Law Group in Trust For Russell Brimer." The second penalty payment of \$15,000 shall be paid on March 23, 2006; however, such second payment shall be waived in the event that Smith-Southwestern certifies on or before March 1, 2006, that 80% or more of the Products it sold in California during the last three quarters of calendar year 2005 were Reformulated Products; provided, however, that Products manufactured before March 23, 2005, shall not be included in this calculation. Any such certification with respect to the percentage of Reformulated Products sold shall specify the Product (by Product name, SKU or UPC Code) and the number of units sold for each such Product.
- 3.1.A. In the event that Smith-Southwestern pays any penalty and the Consent Judgment is not thereafter approved and entered by the Court, Mr. Brimer shall return any penalty funds paid under this agreement within fifteen (15) days of receipt of a written request from Smith-Southwestern following notice of the issuance of the Court's decision.
- Judgment pursuant to section 6, all penalty monies received shall be apportioned by Plaintiff in accordance with 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 retained by Plaintiff as provided by Health & Safety Code § 25249.12(d). Plaintiff shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this section.

## 4. REIMBURSEMENT OF FEES AND COSTS

4.1 The Parties acknowledge that Plaintiff and his counsel offered to resolve this dispute without reaching terms on the amount of attorneys' fees and costs (including testing and

investigative costs) to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Smith Southwestern 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 Plaintiff and his counsel under the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5 for all work performed through the Effective Date of the Agreement. Under the private attorney general doctrine, Smith-Southwestern shall reimburse Plaintiff and his counsel for fees and costs, incurred as a result of investigating, bringing this matter to Smith-Southwestern's attention, litigating and negotiating a settlement in the public interest. Smith-Southwestern shall pay Plaintiff and his counsel \$43,000 for all attorneys' fees, expert and investigation fees, and litigation costs. The payment shall be made payable to the "Chanler Law Group" and shall be delivered to Plaintiff's counsel on or before March 23, 2005, at the following address:

CHANLER LAW GROUP Attn: Clifford A. Chanler 71 Elm Street, Suite 8 New Canaan, CT 06840

Except as specifically provided in this Consent Judgment, Smith-Southwestern shall have no further obligation with regard to reimbursement of Plaintiff's attorney's fees and costs with regard to the Products covered in this Action.

#### 5. RELEASE OF ALL CLAIMS

Plaintiff's Release of Smith-Southwestern In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to sections 3 and 4, Plaintiff, 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 release all claims, including, without limitation, all actions, 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 Smith-Southwestern and each of its retailers (and specifically including The MarketPlace By Marriott Vacation Club, Marriott's Timber Lodge, Marriott Ownership Resorts, Inc., and Marriott Vacation Club), licensors, licensees, auctioneers, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees (collectively, "Smith-Southwestern Releasees") arising under Proposition 65, related to Smith-Southwestern's or Smith-Southwestern Releasees' alleged failure to warn about exposures to or identification of Listed Chemicals contained in the Products.

The Parties further agree and acknowledge that this Consent Judgment is a full, final, and binding resolution of any violation of Proposition 65 that has been or could have been asserted in the Complaint against Smith-Southwestern for its alleged failure to provide clear and reasonable warnings of exposure to or identification of Listed Chemicals in the Products.

In addition, Plaintiff, on behalf of himself, his attorneys, and their agents, waive all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against the Smith-Southwestern Releasees arising under Proposition 65 related to each of the Smith-Southwestern Releasees' alleged failures to warn about exposures to or identification of Listed Chemicals contained in the Products and for all actions or statements made by Smith-Southwestern or its attorneys or representatives, in the course of responding to alleged violations of Proposition 65 by Smith-Southwestern. Provided however, Plaintiff shall remain free to institute any form of legal action to enforce the provisions of this Consent Judgment.

It is specifically understood and agreed that the Parties intend that Smith-Southwestern's compliance with the terms of this Consent Judgment resolves all issues and liability, now and in the future (so long as Smith-Southwestern complies with the terms of the Consent Judgment) concerning Smith-Southwestern's and the Smith-Southwestern Releasees' compliance with the requirements of Proposition 65, as to the Listed Chemicals in the Products.

5.2 <u>Smith-Southwestern's Release of Plaintiff</u> Smith-Southwestern and the Smith-Southwestern Releasees waive all rights to institute any form of legal action against Plaintiff, or his

attorneys or representatives, for all actions taken or statements made by Plaintiff and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 in this Action.

# 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 (15) days.

#### 7. SEVERABILITY

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.

# 8. ATTORNEYS' FEES

In the event that a dispute arises with respect to any provision(s) of this Consent Judgment, the prevailing party shall, except as otherwise provided herein, be entitled to recover reasonable and necessary costs and reasonable attorneys' fees incurred from the resolution of such dispute.

# 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 specifically, then Smith-Southwestern shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, those Products are so affected.

#### 10. NOTICES

All correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and personally delivered or sent by: (1) first-class, registered, certified mail, return receipt requested or (ii) overnight courier on either Party by the others at the following addresses.

To Smith-Southwestern:

Bruce Finchum, President Smith-Southwestern, Inc. 1850 N. Rosemont Mesa, Arizona 85205

#### To Plaintiff:

Clifford A. Chanler Chanler Law Group 71 Elm Street, Suite 8 New Canaan, CT 06840

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. NO ADMISSIONS

Nothing in this Consent Judgment shall constitute or be construed as an admission by Smith-Southwestern of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Consent Judgment constitute or be construed as an admission by Smith-Southwestern of any fact, finding, conclusion, issue of issue of law, or violation of law, such being specifically denied by Smith-Southwestern. Smith-Southwestern reserves all of its rights and defenses with regard to any claim by any party under Proposition 65 or otherwise. However, this section shall not diminish or otherwise affect Smith-Southwestern's obligations, responsibilities and duties under this Consent Judgment.

#### 12. 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.

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

Plaintiff agrees to comply with the reporting form requirements referenced in Health & Safety Code § 25249.7(f). Pursuant to regulations promulgated under that section, Plaintiff shall present this Consent Judgment to the California Attorney General's Office within two (2) days after receiving all of the necessary signatures. A noticed motion to enter the Consent Judgment will then be served on the Attorney General's Office at least forty-five (45) days prior to the date a hearing is

scheduled on such motion in the Superior Court for the City and County of San Francisco unless the Court allows a shorter period of time.

# 14. ADDITIONAL POST EXECUTION ACTIVITIES

The Parties shall 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 Health & Safety Code § 25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment. Accordingly, the Parties agree to file a Joint Motion to Approve the Agreement ("Joint Motion"), the first draft of which Plaintiff's counsel shall prepare, within a reasonable period of time after the Execution Date (i.e., not to exceed fourteen (14) days unless otherwise agreed to by the Parties' counsel based on unanticipated circumstances). Plaintiff's counsel shall prepare a declaration in support of the Joint Motion that shall, *inter alia*, set forth support for the fees and costs to be reimbursed pursuant to Section 4. Smith-Southwestern shall have no additional responsibility to Plaintiff's counsel pursuant to Code of Civil Procedure §1021.5 or otherwise with regard to reimbursement of any fees and costs incurred with respect to the preparation and filing of the Joint Motion and its supporting declaration or with regard to Plaintiff's counsel appearing for a hearing or related proceedings thereon.

### 15. MODIFICATION

This Consent Judgment may be modified only by: (1) written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon, or (2) motion of any Party as provided by law and upon 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 (15) days in advance of its consideration by the Court.

### 16. AUTHORIZATION

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

1	AGREED TO:	AGREED TO:	
2 3	Date: 5.23.05	Date:	
4 5 6	By: Plaintiff Russell Brimer	By: Defendant Smith-Southwestern, Inc.	
7	APPROVED AS TO FORM:	APPROVED AS TO FORM:	
8 9	Date:	Date:	
10 11	CHANLER LAW GROUP	CARSON MESSINGER ELLIOTT LAUGHLIN & RAGAN, P.L.L.C.	
12 13 14	By:Clifford A. Chanler Attorneys for Plaintiff RUSSELL BRIMER	By:  James A. Burns  Attorneys for Defendant SMITH- SOUTHWESTERN, INC.	
15 16	IT IS SO ORDERED.		
17 18	Date:	JUDGE OF THE SUPERIOR COURT	
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	STIPULATION AND [PROPOSED] ORDER RE: CONSENT JUDGMENT 13		

1	AGREED TO:	AGREED TO:
2	Date:	Date:
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5	By: Plaintiff Russell Brimer	By:
6	Plaintiff Russell Brimer	Defendant Smith-Southwestern, Inc.
7	APPROVED AS TO FORM:	APPROVED AS TO FORM:
8 9	Date:	Date:
10 11	CHANLER LAW GROUP	CARSON MESSINGER ELLIOTT LAUGHLIN & RAGAN, P.L.L.C.
12	By: Clifford A. Chanler Attorneys for Plaintiff	By:
13 14	Attorneys for Plaintiff RUSSELL BRIMER	James A. Burns Attorneys for Defendant SMITH- SOUTHWESTERN, INC.
15 16	IT IS SO ORDERED.	
17 18	Date:	JUDGE OF THE SUPERIOR COURT
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i	AGREED TO:	AGREED TO:
2	Date:	Date: 3/24/05
3	Date.	Date: 3/24/05 BRuce Finchum
4		
5	By:Plaintiff Russell Brimer	By: Defendant Smith-Southwestern, Inc.
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7	APPROVED AS TO FORM:	APPROVED AS TO FORM:
8	Date:	Date: 3/24/05
9	Date,	
10	CHANLER LAW GROUP	Carson Messinger Elliott Laughlin & Ragan, P.L.L.C.
11	Ву:	
12	Clifford A. Chauler	By: James A. Burns
13	Attorneys for Plaintiff RUSSELL BRIMER	Attorneys for Defendant SMITH-
14		SOUTHWESTERN, INC.
15	IT IS SO ORDERED.	
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17	Date:	JUDGE OF THE SUPERIOR COURT
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