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Clifford A. Chanler, State Bar No. 135534
Eric S. Somers, State Bar No. 139050
CHANLER & SOMERS
Suite 110
1700 Montgomery Street
San Francisco, CA 94111
Tel: (415) 391-1122
Fax: (415) 391-1157

Attorneys for Plaintiff
AS YOU SOW

SUPERIOR COURT OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN FRANCISCO

AS YOU SOW, a non-profit corporation,
Plaintiff
v.
TALSOL CORPORATION, and DOES 1 through 1000,
Defendants.


Case No. 970615
STIPULATION FOR ENTRY OF JUDGMENT AND JUDGMENT ON STIPULATION

FILED
San Francisco Superior Court
JAN 31 1996
ALAN CARLSON, Clerk
BY: Christine E. Phillips, Deputy Clerk

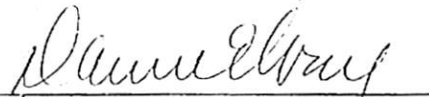
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IT IS HEREBY STIPULATED, by and between plaintiff As
You Sow and defendant Talsol Corporation, through their
respective representatives, that judgment in the above-
entitled action be entered in accordance with the terms of the
settlement agreement between the parties, which is attached
hereto as Exhibit A.

Dated: January 19, 1996

by: 
Eric S. Somers
Attorneys for Plaintiff
AS YOU SOW

Dated: January 18, 1996

by: 
Daniel E. Wax
Attorneys for Defendant
Talsol Corporation

IT IS HEREBY ORDERED that judgment be entered in
accordance with the terms of the stipulation between the
parties.

Dated: January 30, 1996

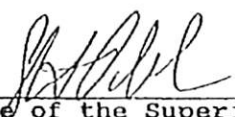

Judge of the Superior Court
oc
JAMES H. BLAK
JANUARY 30 1996

Exhibit A

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is entered into by and between As You Sow, a California non-profit corporation ("AYS"), and Talsol Corporation, a _____ corporation ("TALSOL"), as of January 16, 199~~8~~⁶ (the "Effective Date").

6 2 1-1746

WHEREAS:

AYS is a not-for-profit public interest foundation dedicated to promoting consumer and worker awareness, protecting the environment and improving human health;

TALSOL manufactures and/or distributes various paint products in the State of California that contain the chemicals listed pursuant to Proposition 65 (the "Products");

The Products have been distributed and sold by TALSOL for use in California since April 1, 1989;

On March 17, 1995, AYS first served TALSOL and all of the requisite public enforcement agencies with a document entitled "60-Day Notice" which provided TALSOL and such public enforcers with notice that TALSOL was allegedly in violation of Health & Safety Code § 25249.6 on behalf of individuals in California who allegedly are exposed to chemicals listed pursuant to Proposition 65 contained in certain TALSOL products.

On June 23, 1995, AYS filed a complaint entitled As You Sow v. Talsol Corporation, et al. (No. 970615) in the San Francisco Superior Court, naming TALSOL as a defendant and alleging violations of Business & Professions Code § 17200 and Health & Safety Code § 25249.6 on behalf of individuals in California who allegedly are exposed to chemicals listed pursuant to Proposition 65 contained in certain TALSOL products.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. **Product Labeling.** Beginning immediately, TALSOL shall initiate revisions to its current labels for the Products. TALSOL shall use its best efforts to ensure that all Products are relabeled as quickly as possible. To that end: (a) Talsol shall relabel its Products in the order of their sales volumes such that the higher volume Products shall be relabeled prior to the lower volume Products; (b) TALSOL agrees that as of the date one

year after the Effective Date, it shall have relabeled forty percent (40%) of the Products; (c) Talsol agrees that as of the date two years after the Effective Date, it shall have relabeled seventy percent (70%) of the Products; and (d) Talsol agrees that as of the date three years after the Effective Date, it shall not ship (or cause to be shipped) any of the Products for sale or use in or into the State of California unless each such Product contains the appropriate warning statement on its label as follows:

- 1.1. For products containing a chemical listed by the State of California as known to cause birth defects or other reproductive harm:

"WARNING: This product contains a chemical(s) known to the State of California to cause birth defects or other reproductive harm."

- 1.2. For Products containing a chemical listed by the State of California as known to cause cancer:

"WARNING: This product contains a chemical(s) known to the State of California to cause cancer."

- 1.3 For Products containing any combination of chemicals listed by the State of California as known to cause cancer and known to cause birth defects or other reproductive harm:

"WARNING: This product contains a chemicals known to the State of California to cause cancer and birth defects or other reproductive harm."

The warning statement shall be prominent and displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual.

2. **Restitution.** TALSOL agrees to pay \$2,000 to AYS within three (3) days of Entry of Judgment. This payment, which is made pursuant to Business & Professions Code § 17203, shall be forwarded by AYS to Baykeeper, a nonprofit group dedicated to protection, preservation and enhancement of the San Francisco

Bay/Delta ecosystems. Baykeeper utilizes volunteers to patrol the bay and shoreline to detect violations of environmental laws including toxic dumping, improper discharges, and related illegal anti-environmental activity.

3. **Reimbursement of Fees and Costs.** TALSOL agrees to reimburse AYS for its investigation fees and costs, expert fees, reasonable attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to TALSOL's attention, litigation and negotiating a settlement in the public interest. Within three (3) days of Entry of Judgment, TALSOL shall pay AYS \$8,000 as a reimbursement of such costs. Such payment shall be made at the offices of Chanler & Somers, 1700 Montgomery Street, Suite 110, San Francisco, CA 94111.

4. **AYS Release.** AYS, by this Agreement, waives all rights to institute action against TALSOL, its officers, directors, agents, distributors or customers, whether under Proposition 65 or business and Profession Code §§ 17200 et seq. based on TALSOL's failure to warn about exposure to Proposition 65 listed chemicals contained in any of the Products manufactured on or prior to the date of this Agreement.

5. **TALSOL Release.** TALSOL, by this Agreement, waives all rights to institute any form of legal action against AYS, its members, officers, directors, attorneys and representatives (the "AYS Releasees") for all actions or statements made by the AYS Releasees in the course of seeking enforcement of Proposition 65 or Business & Profession Code §§ 17200 et seq. against TALSOL on or prior to the date of this Agreement.

6. **MSDS Revisions.** TALSOL agrees to revise the health hazard data on each Material Safety Data Sheet ("MSDS") pertaining to each of the Products to include the applicable warning language set forth in ¶ 1 of this Agreement. Final MSDSs incorporating the revised warning language will begin to be distributed in the normal course of business on or before February 1, 1996.

6-17-96

7. **Warranties and Representations.** The parties make the following representations and warranties:

7.1. TALSOL represents and warrants as follows:

7.1.1. Each of the Products contains one or more substances known to the state of California to cause cancer

or birth defects or other reproductive toxicity, and that TALSOL has no analytical, risk assessment, or other data indicating that an exposure to any or all Products poses "no significant risk" or will have "no observable effect," as each such standard is applicable and as each is defined under Health & Safety Code § 25249.10(c).

7.1.2. In the event that TALSOL obtains analytical, risk assessment, or other data that shows that an exposure to any or all Products poses "no significant risk" or will have "no observable effect," as each such standard is applicable and as each is defined under Health & Safety Code § 25249.10(c), TALSOL shall provide AYS with 90 days prior written notice of its intent to limit or eliminate the warning provisions under Section 1 and shall provide AYS with all such supporting data. Within thirty (30) days of receipt of TALSOL's exposure data, AYS shall provide TALSOL with written notice of its desire to challenge the data (in the event that AYS chooses to make such a challenge), and AYS and TALSOL shall negotiate in good faith to attempt to reach a settlement. In the event that no settlement is reached within thirty (30) days of mailing by AYS of such notice of challenge, AYS and TALSOL agree to submit such challenge to binding arbitration, with an arbitrator acceptable to both parties. The prevailing party shall be entitled to reasonable attorney's fees and costs associated with such an arbitration. If AYS does not challenge TALSOL's notice or the arbitrator determines that no warning is required for a particular Product or Products, TALSOL shall no longer be required to provide the warnings described in Section 1 of this Agreement for those Products.

8. Change in Law. In the event that any law, rule regulation or final decision of any legislative, judicial or excessive body with jurisdiction becomes effective or is entered, which renders the warnings agreed to under Section one (1) of this Agreement unnecessary or inappropriate to comply with applicable laws, TALSOL, at its option, may cease placing the warnings required under Section one (1) on its labels and MSDSs; provided, however, that TALSOL shall continue to provide any warnings that continue to be required under other applicable laws, rules and regulations. TALSOL shall provide AYS thirty (30) days prior written notice of its intent to so limit the warning provisions under Section one (1) of this Agreement and shall provide AYS with a written explanation for the basis of its contention that any new or revised law, rule, regulation or final

decision limits or otherwise renders inapplicable the warning provisions of Proposition 65. Notwithstanding the terms of this Section, AYS shall not be required under any circumstances to refund or return any amount paid pursuant to Sections 2 and 3 of this Agreement.

9. **Stipulated Judgment.** The parties shall file a stipulated judgment to be approved pursuant to CCP § 664.6 by the San Francisco Superior Court in accordance with the terms of this agreement.

10. **Severability.** In the event that any of the provisions of this Agreement are held by a court to be unenforceable, the validity of the enforceable provisions shall not be adversely affected.

11. **Attorneys' Fees.** In the event that a dispute arises with respect to any provision(s) of this Agreement, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees.

12. **Governing Law.** The terms of this Agreement shall be governed by the laws of the State of California.

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13. Notices. All correspondence to AYS shall be mailed to:

Eric S. Somers, Esq.
Chanler & Somers
1700 Montgomery Street
Suite 110
San Francisco, CA 94111

All correspondence to TALSOL shall be mailed to:

Stanley Landfair, Esq.
McKenna & Cuneo, L.L.P.
444 South Flower Street, 8th Floor
Los Angeles, CA 90071-2909

14. No Admissions. Nothing in this Agreement shall be construed as an admission by TALSOL 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 TALSOL of any fact, finding, conclusion, issue of law, or violation of law. However, this Section shall not diminish or otherwise affect the obligation, responsibilities, and duties of TALSOL under this Agreement.

15. Authorization. The undersigned are authorized to execute this Agreement on behalf of their respective parties and have read, understood and agree to all of the terms and conditions of this Agreement.

AGREED TO:

AS YOU SOW



LISA S. WIGGINS

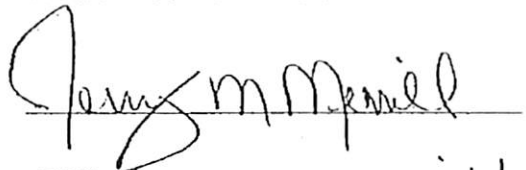
Printed Name

GENERAL COUNSEL

Title

AGREED TO:

TALSOL CORPORATION



TERRY M. MERRILL

Printed Name

President

Title