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9	SUPERIOR COURT OF T	HE STATE OF CALIFORNIA
10	COUNTY OF ALAMEDA - UI	NLIMITED CIVIL JURISDICTION
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12	PETER ENGLANDER) Case No. RG 13-672233
13	Plaintiff,)) Assigned for All Purposes to
14	v.) Judge George C. Hernandez, Jr.,) Department 17
15	COSTCO WHOLESALE CORPORATION;) Department 17
16	CRAFTMASTER FURNITURE, INC.; EMERALD HOME FURNISHINGS, LLC;	PROPOSED] CONSENT JUDGMENT AS TO CRAFTMASTER FURNITURE, INC.;
17	FOUR HANDS, LLC; GRACO CHILDREN'S PRODUCTS, INC.; HOMELEGANCE, INC.; KINWAI USA) EMERALD HOME FURNISHINGS, LLC;) FOUR HANDS, LLC; AND
18	INC.; LEGACY CLASSIC FURNITURE,) HOMELEGANCE, INC.
19	INC.; LINON HOME DECOR PRODUCTS, INC.; NEWELL RUBBERMAID INC.; PIER 1 IMPORTS, INC.; PIER 1 IMPORTS (U.S.),	(Health & Safety Code § 25249.6 et seq.)
20	INC.; TUESDAY MORNING))) First <i>Amended</i> Complaint Filed: April 12, 2013
21	CORPORATION; and DOES 1-150, inclusive, et al.) First Amendea Complaint Filed. April 12, 2013
22	Defendants.))
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Case No.: RG 13-672233

[PROPOSED] CONSENT JUDGMENT

1. <u>INTRODUCTION</u>

1.1 Parties

This Consent Judgment is entered into by and between plaintiff Peter Englander ("Plaintiff") and the defendants identified in the attached Exhibits ("Settling Defendants"), with Plaintiff and the Settling Defendants collectively referred to as the "Parties."

1.2 Plaintiff

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

1.3 Settling Defendants

Each Settling Defendant 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 & Safety Code § 25249.6, et seq. ("Proposition 65").

1.4 General Allegations

- 1.4.1 Plaintiff alleges that each Settling Defendant manufactured, imported, sold and/or distributed for sale in California, products with foam cushioned components containing tris(1,3-dichloro-2-propyl) phosphate ("TDCPP") and/or tris(2-chrolorethyl) phosphate ("TCEP"), without the requisite Proposition 65 health hazard warnings.
- 1.4.2 Pursuant to Proposition 65, on April 1, 1992, California identified and listed TCEP as a chemical known to cause cancer. TCEP became subject to the "clear and reasonable warning" requirements of the Act one year later on April 1, 1993. Cal. Code Regs., Tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).
- 1.4.3 Pursuant to Proposition 65, on October 28, 2011, California identified and listed TDCPP as a chemical known to cause cancer. TDCPP became subject to the "clear and reasonable warning" requirements of Proposition 65 one year later on October 28, 2012. Cal. Code Regs., tit. 27, § 27001(b); Health & Safety Code §§ 25249.8 and 25249.10(b).

TDCPP and TCEP are hereinafter collectively referred to as the "Listed Chemicals."

Plaintiff alleges that the Listed Chemicals escape from foam padding, leading to human exposures.

1.5 **Product Description**

The categories of products that are covered by this Consent Judgment as to each Settling Defendant are identified on Exhibit A (hereinafter "Products"). Polyurethane foam that is supplied, shaped or manufactured for use as a component of another product, such as upholstered furniture, but which is not itself a finished product, is specifically excluded from the definition of Products and shall not be identified by a Settling Defendant on Exhibit A as a Product.

1.6 **Notices of Violation**

Beginning in December 2012, Plaintiff served Settling Defendants and certain requisite public enforcement agencies with "60-Day Notices of Violation" ("Notices") that provided the recipients with notice of alleged violations of Proposition 65 based on the alleged failure to warn customers, consumers, and workers in California that the Products expose users to one or more Listed Chemicals. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notices.

1.7 Complaint

On April 12, 2013, Plaintiff filed a First Amended Complaint in the Superior Court in and for the County of Alameda against the Settling Defendants, other defendants and Does 4 through 150, Laurence Vinocur, John Moore and Peter Englander v. Costco Wholesale Corporation, et al., Case No. RG 13-672233, alleging violations of Proposition 65, based in part on the alleged unwarned exposures to TDCPP contained in the Products ("Complaint"). Upon entry of this Consent Judgment, the Complaint shall be deemed amended nunc pro tunc to include the violations of Proposition 65 alleged by Plaintiff in subsequent 60-day notices to the Settling Defendants specific to TCEP and/or DEHP.

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Based on further investigation, Plaintiff has also issued supplemental 60-day notices to some of the Settling Defendants alleging that the Products contain and expose Californians to di(2ethylhexyl)phthalate ("DEHP"). DEHP and other phthalates including butyl benzyl phthalate ("BBP") and Di-n-butyl phthalate ("DBP") are listed under Proposition 65 as chemicals known to cause birth defects and other reproductive harm. As to the Settling Defendants who received Notices concerning DEHP, the term "Listed Chemical" shall also include DEHP.

1.8 No Admission

The Settling Defendants deny the material factual and legal allegations contained in Plaintiff's Notices and Complaint and maintain that all products that they have manufactured, imported, distributed, and/or sold 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 a Settling Defendant 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 any Settling Defendant of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect a Settling Defendant'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 the Settling Defendants as to the allegations contained in the Notices and Complaints, 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 pursuant to Proposition 65 and California Code of Civil Procedure § 664.6.

2. **DEFINITIONS**

2.1 California Customers

"California Customer" shall mean any customer that a Settling Defendant reasonably understands is located in California, has a California warehouse or distribution center, maintains a retail outlet in California, or has made internet sales into California on or after January 1, 2011.

2.2 **Detectable**

"Detectable" shall mean containing more than 25 parts per million ("ppm") (the equivalent of .0025%) of any one chemical in any material, component, or constituent of a subject product, when analyzed by a NVLAP accredited laboratory pursuant to EPA testing methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the presence, and measure the quantity, of TDCPP and/or TCEP in a solid substance.

2.3 Effective Date

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"Effective Date" shall mean October 15, 2013.

2.4 Private Label Covered Products

"Private Label Covered Products" means Products that bear a brand or trademark owned or licensed by a Retailer or affiliated entity that are sold or offered for sale by a Retailer in the State of California.

2.5 Reformulated Products

"Reformulated Products" shall mean Products that contain no Detectable amount of TDCPP, or TCEP.²

2.6 Reformulation Standard

The "Reformulation Standard" shall mean containing no more than 25 ppm for each of TDCPP and TCEP.³

2.7 Retailer

"Retailer" means an individual or entity that offers a Product for retail sale to consumers in the State of California.

3. <u>INJUNCTIVE RELIEF: REFORMULATION</u>

3.1 Reformulation Commitment

Commencing on March 31, 2014, Settling Defendants shall not manufacture or import for distribution or sale to California Customers, or cause to be manufactured or imported for distribution or sale to California Customers, any Products that are not Reformulated Products.

3.2 Vendor Notification/Certification

On or before the Effective Date, each Settling Defendant shall provide written notice to all of its then-current vendors of the Products that will be sold or offered for sale in California, or to California Customers, instructing each such vendor to use reasonable efforts to provide only

[PROPOSED] CONSENT JUDGMENT

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² As to the Settling Defendants who received supplemental Notices concerning DEHP, the term "Reformulated Products" also includes Products for which claims concerning DEHP were noticed (the "Phthalate Products") that contain no more than 1000 ppm each of DEHP, BBP, and DBP.

³ As to the Settling Defendants who received supplemental Notices concerning DEHP, the term "Reformulated Standards" further requires that the Phthalate Products contain no more than 1000 ppm each of DEHP, BBP, and DBP.

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Reformulated Products for potential sale in California. In addressing the obligation set forth in the preceding sentence, a Settling Defendant shall not employ statements that will encourage a vendor to delay compliance with the Reformulation Standard. The Settling Defendant shall subsequently obtain written certifications, no later than April 1, 2014, from such vendors, and any newly engaged vendors, that the Products manufactured by such vendors are in compliance with the Reformulation Standard. Certifications shall be held by the Settling Defendant for at least two years after their receipt and shall be made available to Plaintiff upon request.

3.3 Products No Longer in a Settling Defendant's Control

No later than 45 days after the Effective Date, each Settling Defendant shall send a letter, electronic or otherwise ("Notification Letter") to: (1) each California Customer and/or Retailer which it, after October 28, 2011, supplied the item for resale in California described as an exemplar in the Notice(s) the Settling Defendant received from Plaintiff ("Exemplar Product"); and (2) any California Customer and/or Retailer that the Settling Defendant reasonably understands or believes had any inventory for resale in California of Exemplar Products as of the relevant Notice's dates. The Notification Letter shall advise the recipient that the Exemplar Product(s) contains TDCPP and/or TCEP, chemicals known to the State of California to cause cancer, and/or DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm, as appropriate depending on the allegations in the Notices, and request that the recipient either: (a) label the Exemplar Products remaining in inventory for sale in California, or to California Customers, pursuant to Section 3.5; or (b) return, at the Settling Defendant's sole expense, all units of the Exemplar Product held for sale in California, or to California Customers, to the Settling Defendant or a party the Settling Defendant has otherwise designated. The Notification Letter shall require a response from the recipient within 15 days confirming whether the Exemplar Product will be labeled or returned. The Settling Defendant shall maintain records of all correspondence or other communications generated pursuant to this Section for two years after the Effective Date and shall promptly produce copies of such records upon Plaintiff's written request.

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3.4 Current Inventory

Any Products in, or manufactured and en route to, a Settling Defendant's inventory as of or after December 31, 2013, that do not qualify as Reformulated Products and that the Settling Defendant has reason to believe may be sold or distributed for sale in California, shall contain a clear and reasonable warning as set forth in Section 3.5 below unless Section 3.6 applies.⁴

3.5 **Product Warnings**

3.5.1 **Product Labeling**

Any warning provided under Section 3.3 or 3.4 above shall be affixed to the packaging, labeling, or directly on each Product. 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. 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 warning provided pursuant to this Consent Judgment shall state:

WARNING: This product contains TDCPP and/or TCEP, flame retardant chemicals known to the State of California to cause cancer.

Or, for Phthalate Products:

WARNING: This product contains DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.⁵

⁴ This shall not apply to Products which are Private Label Covered Products in a Retailer Settling Defendants' inventory as of December 31, 2013.

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The regulatory safe harbor warning language specified in 27 CCR § 25603.2 may also be used if the Settling Defendant had begun to use it, prior to the Effective Date. A Settling Defendant that seeks to use alternative warning language, other than the language specified above or the safe harbor warning specified in 27 CCR § 25603.2, or that seeks to use an alternate method of transmission of the warning, must obtain the Court's approval of its proposed alternative and provide all Parties and the Office of the Attorney General with timely notice and the opportunity to comment or object before the Court acts on the request. The Parties agree that the following warning language shall not be deemed to meet the requirements of 27 CCR § 25601 et seq. and shall not be used pursuant to this Consent Judgment: (a) "cancer or birth defects or other reproductive harm" and (b) "cancer, birth defects or other reproductive harm."

1 clear and reasonable for purposes of this Consent Judgment.⁶ Provided that the other requirements 2 3 set forth in this Section are addressed, including as to the required warning statements and method 4 of transmission as set forth above, Settling Defendants remain free not to utilize the template 5 warnings. 6

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3.5.2 Internet Website Warning

A warning shall be given in conjunction with the sale of the Products to California, or California Customers, via the internet, which warning shall appear on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall: (a) appear adjacent to or immediately following the display, description, or price of the Product; (b) appear as a pop-up box; or (c) otherwise appear automatically to the consumer. The warning text shall be the same type size or larger than the Product description text:

Attached as Exhibit B are template warnings developed by Plaintiff that are deemed to be

WARNING: This product contains TDCPP and/or TCEP, flame retardant chemicals known to the State of California to cause cancer.

Or, for Phthalate Products:

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

3.6 **Alternatives to Interim Warnings**

The obligations of a Settling Defendant under Section 3.3 shall be relieved provided the Settling Defendant certifies on or before December 15, 2013 that only Exemplar Products meeting the Reformulation Standard will be offered for sale in California, or to California Customers for sale in California, after December 31, 2013. The obligations of a Settling Defendant under Section

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⁶ The characteristics of the template warnings are as follows: (a) a yellow hang tag measuring 3" x 5", with no less than 12 point font, with the warning language printed on each side of the hang tag, which shall be affixed directly to the Product; (b) a yellow warning sign measuring 8.5" x. 11", with no less that 32 point font, with the warning language printed on each side, which shall be affixed directly to the Product; and (c) for Products sold at retail in a box or packaging, a yellow warning sticker measuring 3" x 3", with no less than 12 point font, which shall be affixed directly to the Product packaging.

⁷ Footnote 5, *supra*, applies in this context as well.

3.4 shall be relieved provided the Settling Defendant certifies on or before December 15, 2013 that, 2 after June 30, 2014, it will only distribute or cause to be distributed for sale in, or sell in, California, or to California Customers for sale in California, Products (i.e., Products beyond the 3 Exemplar Product) meeting the Reformulation Standard. The certifications provided by this 4 Section are material terms and time is of the essence. 5

MONETARY PAYMENTS

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

In settlement of all the claims referred to in this Consent Judgment, a Settling Defendant shall pay the civil penalties shown for it on Exhibit A in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA"), and 25% of the penalty remitted to "The Chanler Group in Trust for Peter Englander." Each penalty payment shall be made within two business days of the date it is due and be delivered to the addresses listed in Section 4.5 below. A Settling Defendant shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing under this Section that are not received within two business days of the due date.

- 4.1.1 Initial Civil Penalty. On or before the Effective Date, each Settling Defendant shall make an initial civil penalty payment in the amount identified on the Settling Defendant's Exhibit A.
- 4.1.2 Second Civil Penalty. On or before January 15, 2014, each Settling Defendant shall make a second civil penalty payment in the amount identified on the Settling Defendant's Exhibit A. The amount of the second penalty may be reduced according to any penalty waiver the Settling Defendant is eligible for under Sections 4.1.4(i) and 4.1.4(iii), below.
- 4.1.3 Third Civil Penalty. On or before November 30, 2014, each Settling Defendant shall make a third civil penalty payment in the amount identified on the Settling Defendant's Exhibit A. The amount of the third penalty may be reduced according to any penalty waiver the Settling Defendant is eligible for under Sections 4.1.4(ii) and 4.1.4(iv), below.

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4.1.4 Reductions to Civil Penalty Payment Amounts. Each Settling Defendant may reduce the amount of the second and/or third civil penalty payments identified on the Settling Defendant's Exhibit A by providing Plaintiff with certification of certain efforts undertaken to reformulate their Products or limit the ongoing sale of non-reformulated Products in California. The options to provide a written certification in lieu of making a portion of a Settling Defendant's civil penalty payment constitute material terms of this Consent Judgment, and with regard to such terms, time is of the essence.

4.1.4(i) Partial Penalty Waiver for Accelerated Reformulation of Products Sold or Offered for Sale in California.

As shown on an electing Settling Defendant's Exhibit A, a portion of the second civil penalty shall be waived, to the extent that it has agreed that, as of November 1, 2013, and continuing into the future, it shall only manufacture or import for distribution or sale to California Customers or cause to be manufactured or imported for distribution or sale to California Customers, Reformulated Products. An officer or other authorized representative of a Settling Defendant that has exercised this election shall provide Plaintiff with a written certification confirming compliance with such conditions, which certification must be received by Plaintiff's counsel on or before December 15, 2013.

4.1.4(ii) Partial Penalty Waiver for Extended Reformulation.

As shown on an electing Settling Defendant's Exhibit A, a portion of the third civil penalty shall be waived, to the extent that it has agreed that, as of March 31, 2014, and continuing into the future, it shall only manufacture or import for distribution or sale in California or cause to be manufactured or imported for distribution or sale in California, Reformulated Products which also do not contain tris(2,3-dibromopropyl)phosphate ("TDBPP") in a detectable amount of more than 25 parts per million ("ppm") (the equivalent of .0025%) in any material, component, or constituent of a subject product, when analyzed by a NVLAP accredited laboratory pursuant to EPA testing methodologies 3545 and 8270C, or equivalent methodologies utilized by federal or state agencies to determine the presence, and measure the quantity, of TDBPP in a solid substance. An officer or other authorized representative of a Settling Defendant that has exercised this election shall provide

Plaintiff with a written certification confirming compliance with such conditions, which certification must be received by Plaintiff's counsel on or before November 15, 2014.

4.1.4(iii) Partial Penalty Waiver for Withdrawal of Unreformulated Exemplar Products from the California Market.

As shown on a Settling Defendant's Exhibit A, a portion of the second civil penalty shall be waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiff with written certification, by December 15, 2013, confirming that each individual or establishment in California to which it supplied the Exemplar Product after October 28, 2011, has elected to return all remaining Exemplar Products held for sale in California.⁸

4.1.4(iv) Partial Penalty Waiver for Termination of Distribution to California of Unreformulated Inventory.

As shown on a Settling Defendant's Exhibit A, a portion of the third civil penalty shall be waived, if an officer or other authorized representative of a Settling Defendant provides Plaintiff with written certification, on or before November 15, 2014, confirming that, as of July 1, 2014, it has and will continue to distribute, offer for sale, or sell in California, or to California Customers, only Reformulated Products.

4.2 Representations

Each Settling Defendant represents that the sales data and other information concerning its size, knowledge of Listed Chemicals, and prior reformulation and/or warning efforts, it provided to Plaintiff was truthful to its knowledge and a material factor upon which Plaintiff has relied to determine the amount of civil penalties assessed pursuant to Health & Safety Code § 25249.7 in this Consent Judgment. If, within nine months of the Effective Date, Plaintiff discovers and presents to a Settling Defendant, evidence demonstrating that the preceding representation and warranty was materially inaccurate, then a Settling Defendant shall have 30 days to meet and confer regarding the Plaintiff's contention. Should this 30 day period pass without any such resolution between the

⁸ For purposes of this Section, the term Exemplar Products shall further include Products for which Plaintiff has, prior to August 31, 2013, provided the Settling Defendants with test results from a NVLAP accredited laboratory showing the presence of a Listed Chemical at a level in excess of 250 ppm pursuant to EPA testing methodologies 3545 or 8270C.

Plaintiff and the Settling Defendant, Plaintiff shall be entitled to file a formal legal claim including, but not limited to, a claim for damages for breach of contract.

Each Settling Defendant further represents that in implementing the requirements set forth in Sections 3.1 and 3.2 of this Consent Judgment, it will voluntarily employ commercial best efforts to achieve reformulation of its Products and Additional Products on a nationwide basis and not employ statements that will encourage a vendor to limit its compliance with the Reformulation Standard to goods intended for sale to California Consumers.

4.3 Stipulated Penalties for Certain Violations of the Reformulation Standard.

If Plaintiff provides notice and appropriate supporting information to a Settling Defendant that levels of a Listed Chemical in excess of the Reformulation Standard have been detected in one or more Products labeled or otherwise marked in an identifiable manner as manufactured or imported after a deadline for meeting the Reformulation Standard has arisen for a Settling Defendant under Sections 3.1 or 3.6 above, the Settling Defendant may elect to pay a stipulated penalty to relieve any further potential liability under Proposition 65 or sanction under this Consent Judgment as to Products sourced from the vendor in question. The stipulated penalty shall be \$1,500 if the violation level is below 100 ppm and \$3,000 if the violation level is between 100 ppm and 249 ppm, this being applicable for any amount in excess of the Reformulation Standards but under 250 ppm. Plaintiff shall further be entitled to reimbursement of their associated expense in an amount not to exceed \$5,000 regardless of the stipulated penalty level. A Settling Defendant under this Section must provide notice and appropriate supporting information relating to the purchase (e.g. vendor name and contact information including representative, purchase order, certification (if any) received from vendor for the exemplar or subcategory of products), test results, and a letter from a company representative or counsel attesting to the information provided, to

Any stipulated penalty payments made pursuant to this Section should be allocated and remitted in the same manner as set forth in Sections 4.1 and 4.5, respectively.

⁹ This Section shall not be applicable where the vendor in question had previously been found by the Settling Defendant to have provided unreliable certifications as to meeting the Reformulation Standard in its Products on more than one occasion. Notwithstanding the foregoing, a stipulated penalty for a second exceedance by a Settling Defendant's vendor at a level between 100 and 249 ppm shall not be available after July 1, 2015.

Plaintiff within 30 calendar days of receiving test results from Plaintiff's counsel. Any violation levels at or above 250 ppm shall be subject to the full remedies provided pursuant to this Consent Judgment and at law.

4.4 Reimbursement of Fees and Costs

The Parties acknowledge that Plaintiff 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 reimbursement issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, the Settling Defendants expressed a desire to resolve the fee and cost issue. The Settling Defendants then agreed to pay Plaintiff and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed through the mutual execution of this agreement, including the fees and costs incurred as a result of investigating, bringing this matter to the Settling Defendant's attention, negotiating a settlement in the public interest, and seeking court approval of the same. In addition, the negotiated fee and cost figure expressly includes the anticipated significant amount of time plaintiff's counsel will incur to monitor various provisions in this agreement over the next two years, with the exception of additional fees that may be incurred pursuant to a Settling Defendant's election in Section 11. Each Settling Defendant more specifically agreed, upon the Court's approval and entry of this Consent Judgment, to pay Plaintiff's counsel the amount of fees and costs indicated on the Settling Defendant's Exhibit A. Each Settling Defendant further agreed to tender and shall tender its full required payment under this Section to a trust account at The Chanler Group (made payable "In Trust for The Chanler Group") within two business days of the Effective Date. Such funds shall be released from the trust account upon the Court's approval and entry of this Consent Judgment.

4.5 Payment Procedures

- 4.5.1 Issuance of Payments.
- (a) All payments owed to Plaintiff and his counsel, pursuant to Sections 4.1, 4.3 and 4.4 shall be delivered to the following payment address:

The Chanler Group
Attn: Proposition 65 Controller

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1	2560 Ninth Street Parker Plaza, Suite 214
2	Berkeley, CA 94710
3	(b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to
4	Section 4.1, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at one
5	of the following addresses, as appropriate:
6	For United States Postal Service Delivery:
7	Mike Gyurics Fiscal Operations Branch Chief
8	Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA 95812-4010
9	For Non-United States Postal Service Delivery:
10	Mike Gyurics
11	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment
12	1001 I Street
13	Sacramento, CA 95814
14	4.5.2 Proof of Payment to OEHHA. A copy of each check payable to OEHHA
15	shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in
16	Section 4.5.1(a) above, as proof of payment to OEHHA.
17	4.5.3 Tax Documentation. A Settling Defendant shall issue a separate 1099 form
18	for each payment required by this Section to: (a) Peter Englander, whose address and tax
19	identification number shall be furnished upon request after this Consent Judgment has been fully
20	executed by the Parties; (b) Peter Englander, whose address and tax identification number shall be
21	furnished upon request after this Consent Judgment has been fully executed by the Parties; (c)
22	OEHHA, who shall be identified as "California Office of Environmental Health Hazard
23	Assessment" (EIN: 68-0284486) in the 1099 form, to be delivered directly to OEHHA, P.O. Box
24	4010, Sacramento, CA 95814; and (d) "The Chanler Group" (EIN: 94-3171522) to the address set
25	forth in Section 4.5.1(a) above.
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5. CLAIMS COVERED AND RELEASED

5.1 Plaintiff's Release of Proposition 65 Claims

Plaintiff, acting on his own behalf and in the public interest, releases each Settling

Defendant, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom the Settling Defendant directly or indirectly distribute or sell Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to the Listed Chemicals in the Products, as set forth in the Notices. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to exposures to the Listed Chemicals from the Products, as set forth in the Notices. The Parties further understand and agree that this Section 5.1 release shall not extend upstream to any entities, other than Settling Defendants, that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to a Settling Defendant, except that entities upstream of a Settling Defendant that is a Retailer of a Private Labeled Covered Product shall be released as to the Private Labeled Covered Products offered for sale in California, or to California Customers, by the Retailer in question.

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5.2 Plaintiff's Individual Releases of Claims

Plaintiff, in his individual capacity only and *not* in his representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities, and demands of Plaintiff of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to TDCPP, TCEP, and/or TDBPP in the Products or Additional Products (as defined in Section 11.1 and delineated on a Settling Defendant's Exhibit A) manufactured, imported, distributed, or sold by

^{27 |} For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall include DEHP with respect to those Settling Defendants that received supplemental Notices alleging violations of Proposition 65 as to exposures to DEHP.

Settling Defendants prior to the Effective Date.¹² The Parties further understand and agree that this Section 5.2 release shall not extend upstream to any entities that manufactured the Products or Additional Products, or any component parts thereof, or any distributors or suppliers who sold the Products or Additional Products, or any component parts thereof to Settling Defendants, except that entities upstream of a Settling Defendant that is a Retailer of a Private Labeled Covered (or Additional) Product shall be released as to the Private Labeled Covered (or Additional) Products offered for sale in California by the Retailer in question. Nothing in this Section affects Plaintiff's rights to commence or prosecute an action under Proposition 65 against a Releasee that does not involve a Settling Defendant's Products or Additional Products.¹³

5.3 Settling Defendants' Release of Plaintiff

Each Settling Defendant, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Plaintiff and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Plaintiff and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products or Additional Products.

6. <u>COURT APPROVAL</u>

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 in its entirety and entered by the Court within one year after it has been fully executed by all Parties. If the Court does not approve the Consent Judgment, the Parties shall meet and confer as to whether to modify the language or appeal the ruling. If the Parties do not jointly agree on a course of action to take, then the case shall proceed in its normal course on the Court's trial calendar. If the Court's approval is ultimately overturned by an appellate court, the Parties shall meet and confer as to whether to modify the

¹² The injunctive relief requirements of Section 3 shall apply to Additional Products as otherwise specified.

¹³ For purposes of this Section, as to the Phthalate Products, the term "Listed Chemicals" shall include DEHP, BBP and DBP with respect to those Settling Defendants that received supplemental Notices alleging violations of Proposition 65 as to exposures to DEHP.

then the case shall proceed in its normal course on the Court's trial calendar. In the event that this Consent Judgment is entered by the Court and subsequently overturned by any appellate court, any monies that have been provided to OEHHA, Plaintiff or his counsel pursuant to Section 4, above, shall be refunded within 15 days of the appellate decision becoming final. If the Court does not approve and enter the Consent Judgment within one year of the Effective Date, any monies that have been provided to OEHHA or held in trust for Plaintiff or his counsel pursuant to Section 4, above, shall be refunded to the associated Settling Defendant within 15 days.

7. GOVERNING LAW

The terms of this Consent Judgment shall be governed by the laws of 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 rendered inapplicable by reason of law generally as to the Products, then a Settling Defendant may provide written notice to Plaintiff 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. Nothing in this Consent Judgment shall be interpreted to relieve a Settling Defendant from any obligation to comply with any pertinent state or federal law or regulation.

8. NOTICES

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

To Settling Defendants:

To Plaintiff:

At the address shown on each Exhibit A

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

[PROPOSED] CONSENT JUDGMENT

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.

9. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

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This Consent Judgment may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or pdf signature shall be as valid as the original.

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

Plaintiff and his attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

11. ADDITIONAL POST EXECUTION ACTIVITIES

In addition to the Products, where a Settling Defendant has identified on Exhibit A 11.1 additional products that contain Listed Chemicals and that are sold or offered for sale by it in California, or to California Customers, ("Additional Products"), then by no later than October 15, 2013, the Settling Defendant may provide Plaintiff with additional information or representations necessary to enable them to issue a 60-Day Notice of Violation and valid Certificate of Merit therefore, pursuant to Health & Safety Code § 25249.7, that includes the Additional Products. Polyurethane foam that is supplied, shaped or manufactured for use as a component of a product, such as upholstered furniture, is specifically excluded from the definition of Additional Products and shall not be identified by a Settling Defendant on Exhibit A as an Additional Product. Except as agreed upon by Plaintiff, Settling Defendants shall not include a product, as an Additional Product, that is the subject of an existing 60-day notice issued by Plaintiff or any other private enforcer at the time of execution. After receipt of the required information, Plaintiff agrees to issue a supplemental 60-day notice in compliance with all statutory and regulatory requirements for the Additional Products. Plaintiff will, and in no event later than October 1, 2014, prepare and file an amendment to this Consent Judgment to incorporate the Additional Products within the defined term "Products" and serve a copy thereof and its supporting papers (including the basis for supplemental stipulated penalties, if any) on the Office of the California Attorney General; upon the Court's approval and finding that the supplemental stipulated penalty amount, if any, is reasonable,

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the Additional Products shall become subject to Section 5.1 in addition to Section 5.2. The Settling Defendant shall, at the time it elects to utilize this Section and tenders the additional information or representations regarding the Additional Products to Plaintiff, tender to The Chanler Group's trust account an amount not to exceed \$8,750 as stipulated penalties and attorneys' fees and costs incurred by Plaintiff in issuing the new notice and engaging in other reasonably related activities, which may be released from the trust as awarded by the Court upon Plaintiff's application. Any fee award associated with the modification of the Consent Judgment to include Additional Products shall not offset any associated supplemental penalty award, if any. (Any tendered funds remaining in the trust thereafter shall be refunded to the Settling Defendant within 15 days). Such payment shall be made to "in trust for The Chanler Group" and delivered as per Section 4.5.1(a) above.

11.2 Plaintiff and Settling Defendant(s) agree 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, which Plaintiff shall draft and file. If any third party objection to the noticed motion is filed, Plaintiff and each Settling Defendant shall work together to file a 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.

12. 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.

[PROPOSED] CONSENT JUDGMENT

1	1 13. <u>AUTHORIZATION</u>				
2	The undersigned are authorized to execut	te this Consent Judgment on behalf of their			
3	3 respective Parties and have read, understood, and	respective Parties and have read, understood, and agree to all of the terms and conditions of this			
4	4 Consent Judgment.				
5	5				
6	6 AGREED TO:	AGREED TO:			
7	7 /2/0///				
8		By:			
9	9 Plaintiff: Peter Englander	Name: It's:			
ιο		D. 0.1 2010			
11	1 Date: October <u>31</u> , 2013	Date: October, 2013			
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13. **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. AGREED TO: AGREED TO: Plaintiff Peter Englander Cratunaster Date: September__, 2013 Date: September <u>30</u>, 2013

AUTHORIZATION 13. 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. AGREED TO: AGREED TO: Plaintiff Peter Englander Date: September 30, 2013 Date: September ___ 2013

13. **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. AGREED TO: AGREED TO: Plaintiff Peter Englander Name: t's: Date: September_, 2013 Date: September __, 2013

13. <u>AUTHORIZATION</u>

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.

6 AGREED TO:

Plaintiff Peter Englander

Date: September __, 2013

AGREED TO:

Name: Timothy R. Liss

It's: Emerald Home Furnishings

Date: September ___, 2013

October 7,2013

EXHIBIT A 1 Name of Settling Defendant: CRAFTMASTER FURNITURE, INC. 2 I. 3 II. Names of Releasees (optional/partial): Types of Covered Products Applicable to Settling Defendant: III. 4 Padded upholstered furniture including ottomans containing TDCPP 5 Types of Additional Products the Settling Defendant Elects to Address (if any): 6 IV. 7 V. Settling Defendant's Required Settlement Payments 8 Penalties of \$78,000, as follows: A. 9 \$12,000 initial payment due on or before the Effective Date; 10 \$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be 11 waived pursuant to Section 4.1.4(iii); and 12 \$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be 13 waived pursuant to Section 4.1.4(iv). 14 Payment to The Chanler Group for reimbursement of attorneys' fees and costs B. attributable to Craftmaster Furniture, Inc.: \$50,000. 15 VI. Person(s) to receive Notices pursuant to Section 8 16 17 Kevin C. Mayer Name 18 Attornev 19 Title 20 Company/Firm Name 21 Address Crowell & Moring LLP 22 515 South Flower Street, 40th Floor 23 Los Angeles, CA 90071 24 25

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1	EXHIBIT A
2	I. Name of Settling Defendant: HOMELEGANCE, INC.
3	II. Names of Releasees (optional/partial):
4	III. Types of Covered Products Applicable to Settling Defendant:
5	a) Padded upholstered furniture including ottomans containing TDCPP and TCEP;
6	b) Chairs with vinyl/PVC upholstery containing DEHP.
7	IV. Types of Additional Products the Settling Defendant Elects to Address (if any):
8	V. Settling Defendant's Required Settlement Payments
9	A. Penalties of \$86,000, as follows:
10	\$20,000 initial payment due on or before the Effective Date;
11	\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be
12	waived pursuant to Section 4.1.4(iii); and
13 14	\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).
15	B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs attributable to Homelegance, Inc.: \$44,000.
16	VI. Person(s) to receive Notices pursuant to Section 8
17	Kevin C. Mayer
18	Name
19	Attorney Title
20	
21	Company/Firm Name
22	Address Crowell & Moring LLP
23	515 South Flower Street, 40 th Floor
24	Los Angeles, CA 90071
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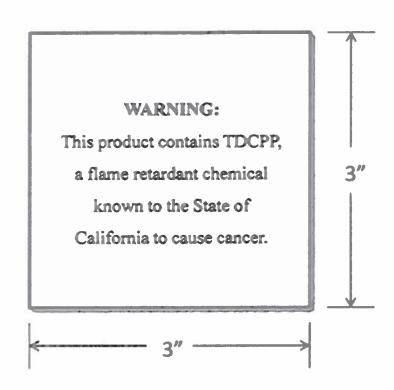
1			EXHIBIT A
2	I.	Name	of Settling Defendant: EMERALD HOME FURNISHINGS, LLC
3	II.	Names	s of Releasees (optional/partial):
4		WAY	FAIR LLC as to the Products manufactured, imported, distributed and/or sold by
5		EMER	ALD HOME FURNISHINGS, LLC
6	III.	Types	of Covered Products Applicable to Settling Defendant:
7		a) Up	sholstered chairs with foam padding containing TDCPP;
8		b) Cha	irs with vinyl/PVC upholstery containing DEHP.
9	IV.	Types	of Additional Products the Settling Defendant Elects to Address (if any):
10	v.	Settlin	g Defendant's Required Settlement Payments
11		A.	Penalties of \$91,000, as follows:
12			\$25,000 initial payment due on or before the Effective Date;
13 14			\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and
15 16			\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).
17 18		B.	Payment to The Chanler Group for reimbursement of attorneys' fees and costs totaling \$46,000, as follows:
19			Fees and Costs attributable to Emerald Home Furnishings, LLC: \$38,000.
20			Additional Fees and Costs attributable to action filed by Plaintiff before the Effective Date naming an unaffiliated third party that is released by the
21			Settling Defendant's participation in the Consent Judgment: \$8,000
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1	VI. Person(s) to receive Notices pursuant to Section 8
2	Kevin C. Mayer Name
3	
4	Attorney Title
5	Company/Firm Name
6	Address Crowell & Moring LLP
7	515 South Flower Street, 40 th Floor
8	Los Angeles, CA 90071
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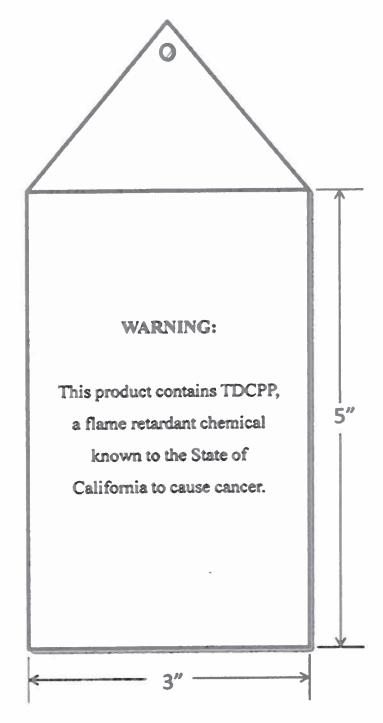
[PROPOSED] CONSENT JUDGMENT

1	EXHIBIT A
2	I. Name of Settling Defendant: FOUR HANDS, LLC
3	II. Names of Releasees (optional/partial):
4	III. Types of Covered Products Applicable to Settling Defendant:
5	Padded upholstered footstools containing TDCPP
6	IV. Types of Additional Products the Settling Defendant Elects to Address (if any):
7	V. Settling Defendant's Required Settlement Payments
8	A. Penalties of \$86,000, as follows:
9	\$20,000 initial payment due on or before the Effective Date;
10 11	\$42,000 second payment due on or before January 15, 2014, of which \$23,000 may be waived pursuant to Section 4.1.4(i) and \$19,000 may be waived pursuant to Section 4.1.4(iii); and
12 13	\$24,000 third payment due on or before November 30, 2014, of which \$14,000 may be waived pursuant to Section 4.1.4(ii) and \$10,000 may be waived pursuant to Section 4.1.4(iv).
14	B. Payment to The Chanler Group for reimbursement of attorneys' fees and costs attributable to Four Hands, LLC.: \$40,000.
15	VII. Person(s) to receive Notices pursuant to Section 8
16	VII. 1 Chongs to receive the second pulsars and a s
17	Kevin C. Mayer Name
18	Attorney
19	Title
20	Company/Firm Name
21	Address Crowell & Moring LLP
22	515 South Flower Street, 40 th Floor
23	Los Angeles, CA 90071
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EXHIBIT B (ILLUSTRATIVE WARNINGS)



INSTRUCTIONS: Minimum 12 pt. font. "WARNING:" text must be bold.



INSTRUCTIONS: Print warning on each side of hang tag.

Minimum 12 pt. font. "WARNING:" text must be bold.

WARNING:

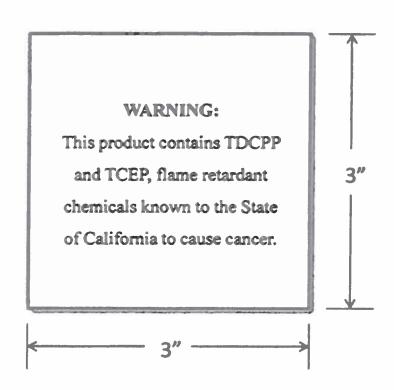
This product contains TDCPP, a flame retardant 1.5"

chemical known to the State of California to

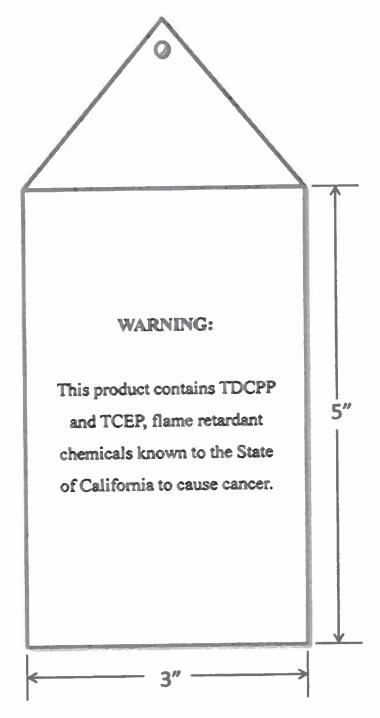
cause cancer.

INSTRUCTIONS:

Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.



INSTRUCTIONS: Minimum 12 pt. font. "WARNING:" text must be bold.



INSTRUCTIONS: Print warning on each side of hang tag.
Minimum 12 pt. font. "WARNING:" text must be bold.

WARNING:

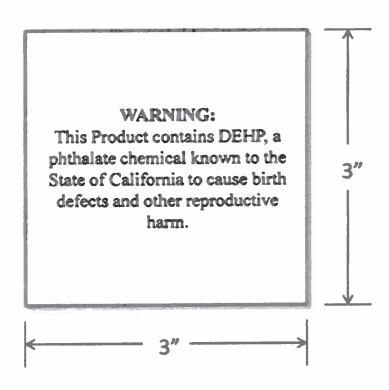
This product contains TDCPP and TCEP, flame œ.5%

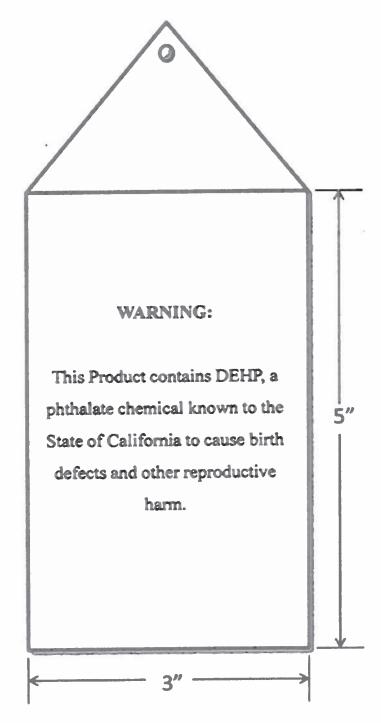
retardant chemicals known to the State of

California to cause cancer.

INSTRUCTIONS:

Minimum 32 pt. Font. "WARNING:" text must be bold and underlined.





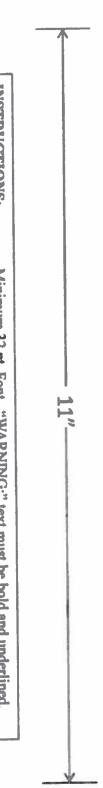
INSTRUCTIONS: Print warning on each side of hang tag.

Minimum 12 pt. font. "WARNING:" text must be bold.

WARNING:

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

œ :5%



INSTRUCTIONS:

Minimum 32 pt. Font. "WARNING:" text must be bold and underlined