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| 4 | Berkeley, CA 94710-2565 Telephone: (510) 848-8880 | | |
| 5 | Facsimile: (510) 848-8118 | | |
| 6 | Attorneys for Plaintiff JOHN MOORE | | |
| 7 | Ben D. Whitwell, State Bar No. 138426 Jennifer Levin, State Bar No. 252420 VENABLE LLP 2049 Century Park East | | |
| 8 | | | |
| 9 | Suite 2100 | | |
| 10 | Los Angeles, CA 90067 Telephone: (310) 229-0355 | | |
| 11 | Facsimile: (310) 229-9901 | | |
| 12 | Attorneys for Defendant HALSTEAD NEW ENGLAND CORPORATION | | |
| 13 | | | |
| 14 | SUPERIOR COUR | T OF THE STATE OF CALIFORNIA | |
| 15 | COUNTY OF MARIN UNLIMITED CIVIL JURISDICTION | | |
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| 17 | ONLINI | TED CIVIL JUNGBLETION | |
| 18 | IOIDIMOODE |) Case No. CIV-1006130 | |
| 19 | JOHN MOORE, |) Case No. CIV-1006130 | |
| 20 | Plaintiff, | [PROPOSED] CONSENT JUDGMENT | |
| 21 | V. |) Dept: B | |
| 22 | HALSTEAD NEW ENGLAND CORPORATION; THE HOME | Judge: Hon. Roy O. Chernus Date: None set | |
| 23 | DEPOT, INC.; et al., | | |
| 24 | Defendants. | Complaint Filed: November 19, 2010 | |
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[PROPOSED] CONSENT JUDGMENT

1. <u>INTRODUCTION</u>

1.1 Parties

This Consent Judgment is entered into by and between plaintiff John Moore ("Moore" or "Plaintiff") on the one hand, and Halstead New England Corporation ("Halstead") and Metroflor Corp. ("Metroflor") (collectively the "Defendants") on the other hand, with Moore, Halstead and Metroflor collectively referred to as the "Parties."

1.2 John Moore

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

1.3 Halstead New England Corporation

Moore alleges that Halstead 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 Metroflor Corp.

Moore contends that Metroflor employs ten or more persons and is a person in the course of doing business for purposes of Proposition 65.

1.5 General Allegations

Moore asserts that Halstead and Metroflor have manufactured, imported, distributed and/or sold vinyl flooring that contain phthalates, including di(2-ethylhexyl)phthalate ("DEHP"), without the requisite Proposition 65 warnings. DEHP is on the Proposition 65 list as known to cause cancer as well as birth defects and other reproductive harm.

1.6 Product Description

The products that are covered by this Consent Judgment are defined as vinyl flooring containing DEHP manufactured, imported, distributed, sold and/or offered for sale in California by Halstead and Metroflor, respectively, including, but not limited to, *Traffic Master Images Vinyl*

Tile, Red Wood (#0 88969 55331 7), Traffic Master Images Vinyl Tile, HB Amber (#0 88969 55303 4) and Metro Design Tile, Pattern: Stone, No. 1520 Rock. All such vinyl flooring containing DEHP is referred to hereinafter as the "Products."

1.7 Notices of Violation

On June 17, 2010, Moore served Halstead and various public enforcement agencies, with a document entitled "60-Day Notice of Violation" (the "Halstead Notice") that provided the recipients with notice of alleged violations of California Health & Safety Code § 25249.6 based on Halstead's alleged failure to warn consumers and others that the Products exposed users in California to DEHP. No public enforcer has prosecuted the allegations set forth in the Halstead Notice.

On November 23, 2010, Moore served Halstead, The Home Depot, Inc. ("Home Depot") and various public enforcement agencies with a document entitled "Supplemental 60-Day Notice of Violation" (the "Supplemental Notice") that provided the recipients with notice of alleged violations of California Health & Safety Code § 25249.6 based on Halstead's and Home Depot's alleged failure to warn consumers and others that the Products exposed users in California to DEHP. No public enforcer has prosecuted the allegations set forth in the Supplemental Notice.

On August 30, 2013, Moore served Metroflor and various public enforcement agencies, with a document entitled "60-Day Notice of Violation" (the "Metroflor Notice") that provided the recipients with notice of alleged violations of California Health & Safety Code § 25249.6 based on Metroflor's alleged failure to warn consumers and others that the Products exposed users in California to DEHP. No public enforcer has prosecuted the allegations set forth in the Metroflor Notice. The Halstead Notice, Supplemental Notice and Metroflor Notice shall hereinafter collectively be referred to as the "Notices."

1.8 Complaint

On or about, November 19, 2010, Moore filed a complaint in the Superior Court in and for the County of Marin against Halstead New England Corporation and Does 1 through 150, *Moore v. Halstead, et al.*, Case No. CIV-1006130 ("Complaint" or "Action"), alleging violations of California Health & Safety Code § 25249.6, based on the alleged exposures to DEHP contained in

1.9 No Admission

certain vinyl flooring products sold by Halstead. On or about February 17, 2011, Moore filed a First Amended Complaint adding Home Depot as a named defendant and incorporating the allegations contained in the Supplemental Notice ("First Amended Complaint"). Upon entry of this Consent Judgment, and provided no public enforcer has elected to enforce the violations alleged in the Metroflor Notice, the First Amended Complaint shall be deemed amended *nunc pro tunc* to include: (i) Metroflor as a named Defendant; and (ii) the violations alleged by Englander in the Metroflor Notice.

Halstead denies the material, factual and legal allegations contained in the Halstead Notice, the Supplemental Notice, the Complaint, and the First Amended Complaint and maintains that all products that it has manufactured, imported, marketed, distributed, sold, and/or offered for sale in California, including the Products, have been and are in compliance with all applicable laws.

Metroflor denies the material, factual and legal allegations contained in the Metroflor Notice and maintains that all products that it has manufactured, imported, marketed, distributed, sold, and/or offered for sale in California, including the Products, have been and are in compliance with all applicable laws.

Nothing in this Consent Judgment shall be construed as an admission or statement against interest by Halstead or Metroflor 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 or statement against interest by Halstead or Metroflor of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Halstead or Metroflor. However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties of Halstead or Metroflor under this Consent Judgment.

1.10 Consent to Jurisdiction

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

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2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Standards

"Reformulated Products" are defined as: (1) Products manufactured on or after April 1, 2013, that contain DEHP in concentrations less than: (a) 0.1 percent (1,000 parts per million) in the top film layer of any Product ("Top Component"); (b) 3.0 percent (30,000 parts per million) in the bottom base layer ("Bottom Component"); and (c) 2.5 percent (25,000 parts per million) in the entire Product when all components are taken as a whole; and (2) Products manufactured before April 1, 2013, that contain DEHP in concentrations less than: (a) 0.1 percent (1,000 parts per million) in the Top Component; and (b) 5.0 percent (50,000 parts per million) in the entire Product when all components are taken as a whole; provided further that DEHP is not intentionally added to the Product and is present as a component of recycled material used in the Product. Testing analysis to demonstrate compliance shall be pursuant to European Standard EN 14372, U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance. Compliance with requirements applicable to: (i) the Top Component shall be determined by testing the separate Top Component before it is manufactured, processed, or assembled into the entire Product; (ii) the Bottom Component may be determined by testing the Bottom Component which has been separated from the entire Product after it is available for sale in the market place; and (iii) the entire Product may be determined by testing the entire Product after it is available for sale in the market place. Halstead and Metroflor shall send a representative Top Component sample, before it is used to produce the entire Product, with the certifications provided under Sections 3.2 and 3.3. Additionally, Halstead shall undertake every reasonable effort to use the lowest commercially available DEHP level in all materials used in the Product.

2.2 **Product Warnings**

Commencing on October 31, 2013, Halstead and Metroflor, respectively, shall, for each of its own Products other than Reformulated Products ("Other Products"), provide clear and reasonable warnings as set forth in subsections 2.2(a) and (b). Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as

[PROPOSED] CONSENT JUDGMENT

respectively, shall provide a warning for each of its own Other Products sold via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall identify the specific Other Product to which the warning applies as further specified in Sections 2.2(b)(i) and (ii).

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

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

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Other Product, Halstead and Metroflor, respectively, 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 each of its the Other Product(s):

WARNING: Certain products identified with this symbol

▼ and offered for sale in this catalog contain

DEHP, a phthalate chemical known to the

State of California to cause birth defects and other reproductive harm.

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

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

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

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Other 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 DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

3. PAYMENT OF PENALTIES

In settlement of all the claims referred to in this Consent Judgment, Halstead and Metroflor shall pay a total of \$540,000 in civil fines as set forth below.

3.1 Initial Civil Penalty

Halstead and Metroflor shall collectively pay a total of \$40,000 in initial civil penalties, to be apportioned in accordance with California Health & Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to John Moore. Separate checks for the penalty payment will be issued: (a) one check made payable to "The Chanler Group in Trust For OEHHA" in the amount of \$30,000, representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for John Moore" in the amount of \$10,000, representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided five calendar days before the payment is due.

Payment shall be delivered to Moore's counsel on or before October 18, 2013, at the following address:

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

3.2 Second Civil Penalty

Halstead and Metroflor shall collectively pay a second civil penalty totaling \$200,000 on, or before, December 19, 2014. As incentive to reformulate the Other Products, however, the second civil penalty shall be waived in its entirety if an Officer of Halstead and an Officer of Metroflor, respectively, certify in writing that, as of December 5, 2014, at least 75% of their respective Other Products, by number of sales units, that Halstead and Metroflor will continue to sell, ship and offer for sale in California after December 5, 2014, are Reformulated Products. Such certification must be received by The Chanler Group on or before December 19, 2014. If one company makes the certification and the other one does not, the company not making the certification shall pay \$100,000 as a second civil penalty. Any second civil penalty payment shall be apportioned in accordance with California Health & Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to John Moore. Separate checks for the second civil penalty payment shall be issued: (a) one check made payable to "The Chanler Group in Trust For OEHHA" in an amount representing 75% of the second civil penalty owed; and (b) one check to "The Chanler Group in Trust for John Moore" in an amount-representing 25% of the total penalty owed. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided five calendar days before the payment is due (if different than the information already provided to Halstead and Metroflor under Section 3.1 above). The certification in lieu of paying the second civil penalty provided by this Section is a material term, and time is of the essence.

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

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

3.3 **Final Civil Penalty**

Halstead and Metroflor shall collectively pay a final civil penalty totaling \$300,000 on, or before, December 18, 2015. As incentive to reformulate the Other Products, however, the final civil penalty shall be waived in its entirety if an Officer of Halstead and an Officer of Metroflor, respectively, certify in writing that, as of December 4, 2015, at least 90% of their respective Other Products, by number of sales units, that Halstead and Metroflor will continue to sell, ship and offer for sale in California after December 4, 2015, are Reformulated Products. Such certification must be received by The Chanler Group on or before December 18, 2015. Any final civil penalty payment shall be apportioned in accordance with California Health & Safety Code § 25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to John Moore. Separate checks for the final civil penalty payment shall be issued: (a) one check made payable to "The Chanler Group in Trust For OEHHA" in an amount representing 75% of the second civil penalty owed; and (b) one check to "The Chanler Group in Trust for John Moore" in an amount representing 25% of the total penalty owed. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) John Moore, whose information shall be provided five calendar days before the payment is due (if different than the information already provided to Halstead and Metroflor under Section 3.1 above). The certification in lieu of paying the final civil penalty provided by this Section is a material term, and time is of the essence.

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

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

4. REIMBURSEMENT OF ATTORNEY'S FEES AND COSTS

The Parties reached an accord on the compensation due to Moore and his counsel under the general contract principles and the private attorney general doctrine codified at Code of Civil Procedure ("CCP") § 1021.5. Halstead and Metroflor shall reimburse Moore and his counsel a total of \$280,000 for fees and costs incurred as a result of investigating, bringing this matter to its attention, and negotiating a settlement in the public interest. This figure includes Moore's future fees and costs including, but not limited to, attorney's fees to be incurred in seeking judicial approval of this Consent Judgment as well as any other legal work performed after the execution of this Consent Judgment incurred in an effort to obtain finality of the case. However, in the event a third party were to appeal entry of this Consent Judgment, Plaintiff and his counsel shall be entitled to seek their reasonable attorney's fees and costs associated with all appellate work defending the entry of judgment pursuant to CCP § 1021.5.

The check for reimbursement of fees and costs shall be made payable to "The Chanler Group" and shall be delivered on or before October 18, 2013 to the following address:

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

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

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations

This Consent Judgment is a full, final and binding resolution among: (1) Moore, on behalf of himself and the public ("Moore Releasees"); (2) Halstead, its parents, subsidiaries, related entities, successors, predecessors, assignees, directors, officers, shareholders, employees, attorneys, representatives, consultants, agents, and each entity to whom Halstead directly or indirectly distributes or sells Products including, but not limited, to downstream distributors, wholesalers, customers, retailers such as Home Depot, franchisees, cooperative members, licensors, and licensees ("Halstead Releasees"); and (3) Metroflor, its parents, subsidiaries, related entities,

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successors, predecessors, assignees, directors, officers, employees, shareholders, attorneys, representatives, consultants, agents, and each entity to whom Metroflor directly or indirectly distributes or sells Products including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Metroflor Releasees"), of any violation of Proposition 65 that may or could have been asserted by Moore Releasees against Halstead Releasees or Metroflor Releasees, based on the failure to warn about alleged exposures to DEHP contained in the Products that were sold by Halstead or Metroflor.

5.2 Moore's Public Release of Proposition 65 Claims

In further consideration of the promises and agreements herein contained, Moore 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, but not limited to, 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 attorneys' fees-- of any nature, character or kind, whether known or unknown, suspected or unsuspected, limited to and arising under Proposition 65 with respect to DEHP in the Products sold by Halstead or Metroflor, against Halstead Releasees and Metroflor Releasees.

5.3 Moore's Individual Release of Claims

Moore also, 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 Moore of any nature, character or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to DEHP in the Products manufactured, distributed or sold by Halstead or Metroflor against Halstead Releasees and Metroflor Releasees.

5.4 Halstead's Release of Moore

Halstead on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Moore, his attorneys and

5.5 Metroflor's Release of Moore

Metroflor on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Moore, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Moore 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.

5.6 Dismissal of Home Depot

Upon entry of this Consent Judgment, Moore shall file a dismissal without prejudice of the First Amended Complaint against Home Depot.

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 and entered by the Court within one year after it has been fully executed by all Parties.

7. SEVERABILITY

If, subsequent to the execution of this Consent Judgment, any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

8. GOVERNING LAW

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

and Metroflor, respectively, shall have no further obligations pursuant to this Consent Judgment 1 2 with respect to, and to the extent that, the Products are so affected. 9. 3 **NOTICES** 4 Unless specified herein, all correspondence and notices required to be provided pursuant to 5 this Consent Judgment shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the 6 7 other party at the following addresses: 8 To Halstead: To Moore: 9 **Proposition 65 Coordinator** Ben D. Whitwell The Chanler Group Jennifer Levin 10 VENABLE LLP 2560 Ninth Street 2049 Century Park East Parker Plaza, Suite 214 11 **Suite 2100** Berkeley, CA 94710-2565 Los Angeles, CA 90067 12 William N. Hall 13 VENABLE LLP 575 7th Street, N.W. 14 Washington, DC 20004 15 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. 16 17 10. COUNTERPARTS; FACSIMILE SIGNATURES This Consent Judgment may be executed in counterparts and by facsimile or pdf signature, 18 19 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. 20 11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f) 21 22 Moore and his attorneys agree to comply with the reporting form requirements referenced in 23 California Health & Safety Code § 25249.7(f). 24 12. ADDITIONAL POST EXECUTION ACTIVITIES Moore, Halstead, and Metroflor agree to mutually employ their, and their counsel's, best 25 efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the 26

California Health & Safety Code § 25249.7, a noticed motion is required to obtain judicial approval

Consent Judgment by the Court in a timely manner. The Parties acknowledge that, pursuant to

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of this Consent Judgment, which Moore shall draft and provide to Halstead and Metroflor for review and comment, which comment(s) shall be provided within 3 business days. If the reasonable comments of Halstead and Metroflor are incorporated, they shall join the noticed motion which Moore shall file. If any third party objection to the noticed motion is filed, the Parties shall work together to file a joint reply and appear at any hearing before the Court. This provision is a material component of the Consent Judgment and shall be treated as such in the event of a breach. If the Superior Court does not approve the motion to approve this Consent Judgment, and if the Parties choose not to pursue a modified Consent Judgment within 30 days after the Court's denial of the motion to approve, then all payments made pursuant to this Consent Judgment will be returned to counsel for Halstead and Metroflor.

MODIFICATION 13.

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.

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AUTHORIZATION 14.

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: Defendant, Halstead New England Plaintiff, John Moore Corporation Date: Ocroser 10, 2013 Print Name Date: Oct 11, 2013 AGREED TO: Defendant, Metroflor Corporation | Halin | | | Print Name CFU Director
Print Title

Date: UC+ 1/2 20/3