1 2 3 4	David Bush (State Bar No. 154511) Jennifer Henry (State Bar No. 208221 BUSH & HENRY 4400 Keller Avenue Suite 200 Oakland, CA 94605-4229 Telephone: (510) 577-0747 Facsimile: (510) 577-0787)
5	Attorneys for Plaintiff Michael DiPirro	ige (1. Letter): Ne stadfiere i en terr
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7	CROSBY, HEAFEY, ROACH & MAY Professional Corporation	CLERK ON Lor Starmator Of Re
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9	Mailing Address:	
10	P.O. Box 2084 Oakland, CA 94604-2084	
11	Telephone: (510) 763-2000	
12	Facsimile: (510) 273-8832	
13 14	Attorneys for Defendant Hobbico, Inc., dba Great Planes Model Distributors	
15	CURERIOR COURT OF CAUSORNIA COUNTY OF ALANSER A	
16	SUPERIOR COURT OF CALIFORNIA – COUNTY OF ALAMEDA	
17	MICHAEL DIPIRRO,	No. H218174-3
18	Plaintiff,	CONSENT JUDGMENT
19	VS.	
20	HOBBICO et. al.,	
21	Defendants.	
22	1. INTRODUCTION:	
23	1.1 Michael DiPirro ("DiPirro") is an individual residing in San	
24	Francisco, California, who seeks to promote awareness of exposures to toxic	
25	chemicals and improve human health by reducing or eliminating hazardous	
26	substances contained in consumer and industrial products.	
27	1.2 For purposes of this Consent Judgment, the term "Hobbico"	
28	shall mean Hobbico, Inc., an Illinois cor	poration (on behalf of itself and its divisions, -1- 9481257. 1

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including, but not limited to, Great Planes Model Distributors and Tower Hobbies) (hereafter collectively referred to as "Hobbico").

- 1.3 Since February 13, 1997, Hobbico has distributed and sold in the State of California certain iron cleaner products containing toluene and fuel products containing nitromethane (hereafter referred to as the "Products" that Plaintiff contends contain or whose customary use and application is likely to produce fumes, gases or exhaust which contain chemicals listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 et seq., also known as Proposition 65 including, but not limited to, toluene and nitromethane (the "Listed Chemicals").
- 1.4 On November 24, 2000, Michael DiPirro first served Hobbico and other public enforcement agencies with a document entitled "60-Day Notice of Violation" which provided Hobbico and such public enforcers with notice that Hobbico was allegedly in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain products it sells in California expose users to one or more Proposition 65-Listed Chemicals.
- 1.5 On February 13, 2001, Michael DiPirro filed a complaint entitled Michael DiPirro v. Hobbico, et al. in the Alameda County Superior Court, naming Hobbico 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 have been exposed to one or more of the Listed Chemicals contained in certain Hobbico products. Hobbico filed and served its answer to that complaint.
- 1.6 Hobbico denies the material factual and legal allegations contained in Michael DiPirro's above mentioned 60-Day Notice of Violation and Complaint and maintains that all products distributed or sold by Hobbico in California including, but not limited to, the Products, have been and are in compliance with all laws.
 - · 1.7 Nothing in this Consent Judgment shall be construed as an 9481257. 1

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prominently placed on or near the Products at the point of sale with such conspicuousness, as compared with other words, statements, designs or devices in proximity of the location of the Products on the store shelf or on the label, by way of adhesive sticker or otherwise printed on the label, as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase.

2.5 Hobbico acknowledges that each of the Products contains toluene or nitromethane and Michael DiPirro alleges that the customary use or application of the Products is likely to expose users to toluene or nitromethane. In the event that Hobbico obtains analytical, risk assessment or other data ("Exposure Data") that shows 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) and Hobbico seeks to limit or eliminate any of the warning provisions required under this Consent Judgment, then Hobbico shall provide DiPirro with ninety (90) days prior written notice of its intent to limit or eliminate the warning provisions under this Consent Judgment based on the Exposure Data and shall provide DiPirro with all such supporting Exposure Data. Within ninety (90) days of receipt of Hobbico's Exposure Data, DiPirro shall provide Hobbico with written notice of his intent to challenge the Exposure Data (in the event that he chooses to make such a challenge). If DiPirro fails to provide Hobbico written notice of his intent to challenge the Exposure Data within ninety (90) days of receipt of Hobbico's notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and Hobbico shall be entitled to limit or eliminate the warning provisions required under this Consent Judgment with respect to those Product(s) to which the Exposure Data applies. If DiPirro timely notifies Hobbico of his intent to challenge the Exposure Data, DiPirro and Hobbico (a) may stop its efforts to eliminate the warnings upon notice to DiPirro with no further liability or obligations or (b) shall negotiate in good faith for a period not to exceed thirty (30) days following receipt of Hobbico's notice to attempt to reach a settlement of this 9481257. 1

issue. If a settlement is not reached, DiPirro and Hobbico agree to submit such challenge to the superior court for determination, pursuant to the court's continuing jurisdiction of this matter under C.C.P. §664.6 and this Consent Judgment. The prevailing party shall be entitled to reasonable attorneys' fees and costs associated with bringing a motion brought under this paragraph to the court for determination. Should Hobbico so request, DiPirro shall not unreasonably withhold his consent to modifying or eliminating the warning program set forth in Sections 2.2-2.4 herein to make it consistent with the warning program applicable to other nitromethane fuel products substantially similar to the nitromethane Products.

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3. MONETARY PAYMENTS

Pursuant to Health & Safety Code §25249.7(b), Hobbico shall pay a civil penalty of \$2,200. The payment of \$2,200 shall be paid within five (5) calendar days of the Effective Date and shall be held in trust by DiPirro's counsel until the Alameda

Payment Pursuant To Health & Safety Code §25249.7(b).

County Superior Court approves and enters the Consent Judgment. The penalty

payment is to be made payable to "Chanler Law Group In Trust For Michael

18 DiPirro".

- 3.2 Any penalty monies received shall be apportioned by DiPirro in accordance with Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Department of Toxic Substances Control. DiPirro shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this paragraph. In the event this Consent Judgment is not entered, any payment made pursuant to this Section shall be returned to Hobbico, with interest thereon at a rate of six percent (6%) per annum, within five (5) calendar days of receipt of notice of the Court's rejection of this proposed Consent Judgment.
 - 3.3 Hobbico understands that the payment schedule as stated in this -5 -9481257. 1

Consent Judgment is a material factor upon which DiPirro has relied in entering into this Consent Judgment. Hobbico agrees that all payments will be made in a timely manner in accordance with the payment due dates. Hobbico will be given a five (5) calendar day grace period from the date payment is due. Hobbico agrees to pay Michael DiPirro a \$250 per calendar day fee for each day the payment is received after the grace period ends. For purposes of this paragraph, each new day (requiring an additional \$250 payment) will begin at 5 p.m. (PST).

4. REIMBURSEMENT OF FEES AND COSTS

4.1 Reimbursement Of Fees And Costs. The parties acknowledge that DiPirro offered to resolve the dispute without reaching terms on the amount of fees and costs to be reimbursed, thereby leaving this open issue to be resolved after the material terms of the agreement had been reached, and the matter settled. Hobbico then expressed a desire to resolve the fee and cost issue concurrently with other settlement terms, so the parties tried to reach an accord on the compensation due to DiPirro and his counsel under the private attorney general doctrine codified at C.C.P. §1021.5.

4.2 Hobbico shall reimburse DiPirro and his counsel for his fees and costs, incurred as a result of investigating, bringing this matter to Hobbico's attention, litigating and negotiating a settlement in the public interest. Hobbico shall pay \$15,800 for all attorneys' fees, expert and investigation fees, and litigation costs. Hobbico agrees to pay the total sum of \$15,800 within five (5) calendar days of the Effective Date. Such sum shall be held in trust by DiPirro's counsel until the Alameda County Superior Court approves and enters the Consent Judgment. If the Consent Judgment is not approved by the Court, DiPirro will return all funds, with interest thereon at a rate of six percent (6%) per annum, within ten (10) calendar days of notice of the Court's decision. Payment should be made payable to the "Chanler Law Group".

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- 4.3 Hobbico understands that the payment schedule as stated in this Consent Judgment is a material factor upon which DiPirro and his counsel have relied in entering into this Consent Judgment. Hobbico agrees that all payments will be made in a timely manner in accordance with the payment due dates. Hobbico will be given a five (5) calendar day grace period from the date payment is due. Hobbico agrees to pay Michael DiPirro and his counsel a \$250 per calendar day fee for each day the payment is received after the grace period ends. For purposes of this paragraph, each new day (requiring an additional \$250 payment) will begin at 5 p.m. (PST).
- 4.4 Additional Contingent Fees and Costs. In the event that the California Attorney General's Office, pursuant to 11 CCR 3000 et seq, serves objections to this Consent Judgment on either of the parties, such that it requires DiPirro to incur additional legal fees or costs relating to this Consent Judgment, Hobbico shall reimburse DiPirro for reasonable fees and costs incurred by DiPirro and his counsel in excess of \$1,500 from the date of receipt of the Attorney General's objections. Such additional legal fees or costs relating to this Consent Judgment include, but are not limited to: further editing and finalizing of the Consent Judgment; corresponding with opposing counsel; retention of experts; and presenting of the Consent Judgment (or any modifications thereof) to the Attorney General for further comment.

DiPirro agrees to document all fees and costs incurred from the date of receipt of the Attorney General's objections through the date of court approval of the Consent Judgment. Prior to receiving such documentation, Hobbico agrees to enter into a letter agreement in which the parties agree that, by transmitting such information, no privilege will be waived by DiPirro or his counsel.

Such additional reimbursement of legal fees and costs shall be due within ten (10) calendar days after receipt by Hobbico of both notice of Court approval of the Consent Judgment and final billing statement from DiPirro. Hobbico has the 9481257. 1 -7 -

right to object to such reimbursement. If Hobbico does object, it shall notify DiPirro's counsel in writing within five (5) calendar days of its receipt of both the notice of the Court's approval of the Consent Judgment and DiPirro's billing statement. The parties shall meet and confer in good faith to resolve the dispute. If the dispute is not resolved within twenty-one (21) calendar days, either party may submit the dispute to the Court, pursuant to the Court's continuing jurisdiction to implement the terms of this Consent Judgment. The parties may also agree to resolve the dispute through mediation, arbitration or other neutral third party dispute resolution proceeding.

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5. RELEASE OF ALL CLAIMS

Michael DiPirro's Release Of Hobbico. In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Michael DiPirro, on behalf of himself, his agents, representatives, attorneys, and/or assignees, and in the interest of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including investigation fees, expert fees and attorneys' fees and other costs, other than those stated herein) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively, "Claims"), against Hobbico and any of its parent companies, divisions, subdivisions, subsidiaries (and the predecessors, successors and assigns of any of them), and its respective officers, directors, attorneys, representatives, shareholders, partners, agents, and employees (collectively, "Hobbico Releasees"). This waiver and release shall pertain only to Claims arising under Proposition 65 or Business & Professions Code §17200 et seq., related to the Hobbico Releasees alleged failure to warn about exposures on or before the Effective Date to certain

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Listed Chemicals contained in or produced by the customary use of any of the Products. It is specifically understood and agreed that Hobbico's compliance with the terms of this Release resolves all issues and liability, now and in the future, concerning the Hobbico Releasees' compliance with the requirements of Proposition 65 or Business and Professions Code §17200 et seq., as to the Products.

5.2. DiPirro's Release of "Downstream Persons." In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Michael DiPirro, on behalf of himself, his agents, representatives, attorneys, and/or assignees, and in the interest of the general public, further waives all rights to institute any form of legal action and releases all Claims, as defined above, against each distributor, wholesaler, auctioneer, retailer, dealer, customer, owner, operator, purchaser, lessor, lessee, renter, or user of the Products, or any of their respective parent, divisions, subdivisions, subsidiaries (and the predecessors, successors and assigns of any of them) and their respective officers, directors, shareholders, partners, attorneys, representatives, agents, employees (collectively, "Downstream Persons"). This waiver and release shall pertain only to Claims arising under Proposition 65 or Business & Professions Code §17200 et seq., related to the Downstream Persons' alleged failure to warn about exposures on or before the Effective Date to the Listed Chemicals contained in any of the Products. It is specifically understood and agreed that this Consent Judgment resolves all issues and liability, now and in the future, concerning the Downstream Persons' compliance with the requirements of Proposition 65 or Business & Professions Code §17200, et seq., as to the Products.

5.3. <u>Hobbico's Release of Michael DiPirro</u>. Hobbico waives all rights to institute any form of legal action against Michael DiPirro, and his attorneys or representatives, for all actions taken or statements made on or before the Effective Date by Michael DiPirro and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 or Business & Professions Code §17200, <u>et 9481257.</u> 1

HOBBICO SALES DATA. Hobbico understands that the sales data provided to counsel for DiPirro by Hobbico was a material factor upon which DiPirro has relied to determine the amount of payments made pursuant to Health & Safety Code §25249.7(b) in this Agreement. To the best of Hobbico's knowledge, the sales data provided is true and accurate. In the event that DiPirro discovers facts which demonstrate to a reasonable degree of certainty that the sales data is materially inaccurate, the parties shall meet in a good faith attempt to resolve the matter within ten (10) days of Hobbico's receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data. If this good faith attempt fails to resolve DiPirro's concerns, DiPirro shall have the right to vacate this Consent Judgment and re-institute an enforcement action against Hobbico, provided that all sums paid by Hobbico pursuant to Sections 3 and 4 are returned to Hobbico within ten (10) days from the date on which DiPirro notifies Hobbico of his intent to rescind this Agreement. In such case, all applicable statutes of limitation shall be deemed tolled for the period between the date DiPirro filed the instant action and the date DiPirro notifies Hobbico that he is vacating this Consent Judgment pursuant to this Paragraph, provided that in no event, shall any statute of limitations be tolled

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7. COURT APPROVAL. If this Consent Judgment is not approved and entered by the Court within 120 days of the Effective Date, it shall be deemed null and void as of the one hundred twenty-first (121st) day after the Effective Date and cannot be used in any proceeding.

beyond four (4) years from the date this action was filed.

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8. SEVERABILITY. In the event that any of the provisions of this Consent

Judgment are held by a court to be unenforceable, the validity of the enforceable

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CONSENT JUDGMENT

Either party, from time to time, may specify a change of address or facsimile number to which all notices and other communications shall be sent.

- 12. NO ADMISSIONS: Nothing in this Consent Judgment shall constitute or be construed as an admission by Hobbico 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 Hobbico of any fact, finding, conclusion, issue of issue of law, or violation of law, such being specifically denied by Hobbico. Hobbico reserves all of its rights and defenses with regard to any claim by any party under Proposition 65 or otherwise. However, this Paragraph shall not diminish or otherwise affect Hobbico's obligations, responsibilities and duties under this Consent Judgment.
- 13. ENTIRE AGREEMENT; MODIFICATION: This Consent Judgment constitutes the entire agreement between the parties relating to the rights and obligations herein granted and assumed, and supersedes all prior agreements and understandings between the parties. This Consent Judgment may be modified only upon the written agreement of the parties and upon entry of a modified or amended Consent Judgment by the Court, or upon motion by any party as provided by law and upon entry of an amended Consent Judgment by the court.
- 14. <u>COUNTERPARTS; FACSIMILE SIGNATURES:</u> This Consent Judgment may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

1	15. COMPLIANCE WITH REPORTING F	REQUIREMENTS (HEALTH & SAFETY COD
2	§25249.7(f)). The parties acknowledge that the reporting provisions of Health &	
3	Safety Code §25249.7(f) apply to this Consent Judgment. Counsel for DiPirro shall	
4	comply with that section by submitting the required reporting form to, and serving	
5	copy of this Consent Judgment on the California Attorney General's Office within	
6	two business days after the parties execute this Consent Judgment. Following the	
7	expiration of the Attorney General's thirty day review period, counsel for DiPirro	
8	shall submit the Consent Judgment to the Court in accordance with the	
9	requirements of Health & safety Code Section 25249.7(f) and its implementing	
10	regulations, unless the parties cannot agree that all of the Attorney General's	
11	objections, if any, cannot be reasonably cured.	
12		
13	16. AUTHORIZATION. The undersigned	ed are authorized to execute this Consent
14	Judgment on behalf of their respective parties and have read, understood and agre	
15	to all of the terms and conditions of this Consent Judgment.	
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17	AGREED TO:	AGREED TO:
18	DATE: 9/17/01	DATE:
19	DATE: 9/17/01 Min Suff	
20	Plaintiff Michael DiPirro	Defendant Hobbico, Inc.
21	•	
22	APPROVED AS TO FORM:	APPROVED AS TO FORM:
23	DATE: 9/18/01	DATE:
24		
25	David Bush	John E. Dittoe
26	Attorneys for Plaintiff Michael DiPirro	Attorneys for Defendant Hobbico, Inc
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13	objections, if any, cannot be reasonably cured.	
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16	Judgment on behalf of their respective parties and have read, understood and agree	
17	to all of the terms and conditions of this Consent Judgment.	
18		
19	AGREED TO:	AGREED TO:
20	DATE:	DATE: 9-14-2001
21		Willaul K. Munkent
22	Plaintiff Michael DiPirro	Defendant Hobbico, Inc.
23		
24	APPROVED AS TO FORM:	APPROVED AS TO FORM:
25	DATE:	DATE:
26		
27	David Bush	John E. Dittoe
28	Attorneys for Plaintiff Michael DiPirro	

CONSENT JUDGMENT

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7	to all of the terms and conditions of thi	s Consent Judgment.
8		
9	AGREED TO:	AGREED TO:
20	DATE:	DATE:
21		
22	Plaintiff Michael DiPirro	Defendant Hobbico, Inc.
23		
24	APPROVED AS TO FORM:	APPROVED AS TO FORM:
25	DATE:	DATE: September 14,2001 In & Patte
26		
27	David Bush	John E. Dittoe
28	Attorneys for Plaintiff Michael DiPirro	Attorneys for Defendant Hobbico, Inc13 - 9481257. 1