

ALAN M. CAPLAN (SBN 49315) APRIL M. STRAUSS, Of Counsel (SBN 163327) BUSHNELL, CAPLAN & FIELDING, LLP 意図JUNE-5 AN IO: 52 CASE MANAGEMENT CONFERENCE SET. 221 Pine Street, Suite 600 San Francisco, CA 94104 3 Telephone: (415) 217-3800 Facsimile: (415) 217-3820 PLAN | NOV 0 7 2003 900 AM PARAMINATT 4 (Additional Attorneys on Signature Page) 12 5 Attorneys for Plaintiff ENVIRONMENTAL LAW FOUNDATION 6 7 SUPERIOR COURT OF THE STATE OF CALIFORNIA 8 COUNTY OF SAN FRANCISCO, UNLIMITED JURISDICTION 9 10 CASE NO. CGG _ 03 - 421 108 ENVIRONMENTAL LAW FOUNDATION,) Individually and On Behalf of the General 11 COMPLAINT FOR CIVIL Public, PENALTIES, STATUTORY, EQUITABLE AND INJUNCTIVE 12 Plaintiff, RÈLIEF BASED UPON: 13 ٧. (1) Violation of Cal. Health & Safety 14 COST PLUS, INC., SAFEWAY, INC., TRADER JOE'S COMPANY, WILLIAMS-Code § 25249.6 et seg.; (2) Violation of Cal. Bus. & Prof. Code § 15 17200, et seq. - Unlawful Business SONOMA, INC., WHOLE FOODS, INC., Practice Predicated on Cal. Health & and DOES 1 through 100, inclusive, 16 Safety Code § 25249.6 et seq.; (3) Violation of Cal. Bus. & Prof. Code § Defendants. 17 17200, et seq. - Unlawful Business Practices predicated on violations of § TYPE OF ACTION: 18 1750, et seq., of the Cal. Civil Code; Consumer Legal Remedies Act; **Local Rule 2.3(1):** (a) Unfair Business Practices 19 (4) Violation of Cal. Bus. & Prof. Code § 17200, et seq. - Unlawful Business Plaintiff DEMANDS A TRIAL 20 Practices predicated on violations of Cal. BY JURY Civil Code § 1714; Negligence; and (5) Violation of Cal. Bus. & Prof. Code 21 §17200, et seq. (Unfair Business 22 Practices). 23 24 25 26 27 28

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Plaintiff, by its attorneys, brings this action on its own behalf and on behalf of the General Public on information and belief, except those allegations which pertain to the named Plaintiff or to its attorneys (which are alleged on personal knowledge), and hereby alleges as follows:

INTRODUCTION The Hazards of Lead

- 1. This action seeks, among other remedies, restitution, civil penalties and injunctive relief to redress the actions of Defendants now resulting in widespread exposure of men, women and children to lead, a known toxin to the human reproductive system, threatening their health and well being. Specifically, Plaintiff challenges Defendants' manufacture, distribution, promotion and sale of vinegars that are contaminated with lead, presenting a risk of reproductive harm and other adverse health effects, resulting in human exposure to lead without prior warning. Defendants' actions, including, but not limited to, their failure to provide prior warnings as required by law, violate California Health & Safety Code §§ 25249.6 et seq. and constitute an unfair and unlawful business practice in violation of California Business and Professions Code § 17200, et seq.
- 2. According to a June 1999 report on lead by the Agency for Toxic Substances and Disease Registry ("ATSDR") (an agency of the U.S. Department of Health and Human Services):

Lead can affect almost every organ and system in your body. The most sensitive is the central nervous system, particularly in children. Lead also damages kidneys and the reproductive system. The effects are the same whether it is breathed or swallowed. At high levels, lead may decrease reaction time, cause weakness in fingers, wrists, or ankles, and possibly affect the memory. Lead may cause anemia, a disorder of the blood. It can also damage the male reproductive system. . . . Children are more vulnerable to lead poisoning than adults. A child who swallows large amounts of lead may develop blood anemia, severe stomachache, muscle weakness, and brain damage. . . . for young and unborn Exposure to lead is more dangerous children. Unborn children can be exposed to lead through their mothers. Harmful effects include premature births, smaller babies, decreased mental ability in the infant, learning

difficulties, and reduced growth in young children.

ATSDR, ToxFAQs for Lead (visited May 7, 2003) http://www.atsdr.cdc.gov/tfacts13.html.

- 3. On February 27, 1987, California Governor George Deukmejian declared lead a reproductive toxin subject to Proposition 65. Proposition 65 requires that consumers must be warned before they are exposed to chemicals/metals that cause birth defects and/or reproductive harm. (The Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code § 25249.6, et seq., also known as "Proposition 65").
- 4. By exposing consumers to lead without providing any warning, Defendants have violated and will continue to violate Proposition 65. Additionally, by committing the acts set forth herein Defendants have committed, and unless enjoined will continue to violate Proposition 65 and commit, unlawful and unfair business practices under California Business and Professions Code § 17200, et seq. Plaintiff is therefore entitled to civil penalties. Plaintiff is also entitled to injunctive relief to compel Defendants to:
- (A) Comply with the requirements of Proposition 65 in the sale and distribution of their vinegars, including its requirement that the ultimate consumers of Defendants' vinegars be provided with a clear and reasonable warning that the ingestion of Defendants' products results in exposure to lead, a known reproductive toxin;
- (B) Undertake an immediate and comprehensive public information program to alert all consumers (past, present or future) of Defendants' vinegars at issue herein of the inherent risk of lead exposure in these products; and
- (C) To provide full and complete restitution to the purchasers of these products.

PARTIES

5. Plaintiff ENVIRONMENTAL LAW FOUNDATION ("ELF") is a California nonprofit organization founded on Earth Day in 1991. ELF has a longstanding interest in reducing health hazards to the public posed by lead, and particularly to protect those with the least choice and greatest vulnerability to toxic risks: children, inner city dwellers, and

workers. ELF is dedicated to the preservation and enhancement of human health and the environment. ELF brings this action on its own behalf, and pursuant to California Business and Professions Code § 17204 and Health and Safety Code § 25249.7(d) in the interest of the general public.

- 6. Cost Plus, Inc. ("Cost Plus") is a California corporation with its principal place of business located at 200 Fourth Street Oakland, CA 94607. Cost Plus sells wine vinegar, including, but not limited to, Balsamic Vinegar (Cost Plus/V), Old Acetaia Balsamic Vinegar of Modena, Balsamic Vinegar of Modena, and Aged Balsamic Vinegar, that contains lead.
- 7. Safeway, Inc. ("Safeway") is a Delaware corporation with its principal place of business located at 5918 Stoneridge Mall Road, Pleasanton, CA 94588-3229. Safeway sells wine vinegar, including, but not limited to, Balsamic Vinegar of Modena, that contains lead.
- 8. Trader Joe's Company ("Trader Joe's") is a California corporation with its principal place of business located at 800 South Shamrock Street, Monrovia, California 91016. Trader Joe's sells wine vinegar, including, but not limited to, Trader Joe's Gold Quality Balsamic Vinegar, Trader Giottos Balsamic Vinegar of Modena, and Trader Joe's Balsamic Vinegar of Modena Italy, that contains lead.
- 9. Williams-Sonoma, Inc. ("Williams-Sonoma") is a California corporation with its principal place of business located at 3250 Van Ness Avenue San Francisco, CA 94109. Williams-Sonoma sells wine vinegar, including, but not limited to, Vinaigre de Vin de Chateauneuf du Pape, Cask 85 Cabernet Vinegar, Vinaigre Vieux de Vin Rouge 7, Balsamico Dispensa 15, and Aceto Balsamico di Modena, that contains lead.
- 10. Whole Foods Market, Inc. ("Whole Foods") is a Texas corporation with its principal place of business located at 601 N. Lamar, Ste. 300 Austin, TX 78703. Whole Foods sells wine vinegar, including, but not limited to, Balsamic Vinegar of Modena, and BR Cohn, that contains lead.
- 11. Each of the Defendants herein has employed ten (10) or more persons at all times relevant to this action.
 - 12. The true names and capacities of Defendants sued herein under California

Code of Civil Procedure §474 as DOES 1 through 100, inclusive, are presently unknown to Plaintiff, who therefore sues these Defendants by such fictitious names. Plaintiff will seek to amend this Complaint and include these Doe Defendants' true names and capacities when they are ascertained. Each of the fictitiously named Defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the general public.

13. At all times herein mentioned in the causes of action into which this paragraph is incorporated by reference, each and every defendant was an agent or employee of each and every other defendant. In doing the things alleged in the cause of action into which this paragraph is incorporated by reference, each and every defendant was acting within the course and scope of this agency or employment, and was acting with the consent, permission, and authorization of each of the remaining Defendants. All actions of each defendant alleged in the causes of action into which this paragraph is incorporated by reference were ratified and approved by every other defendant or their officers or managing agents, and by agreeing to actively conceal the true facts as alleged herein. Alternatively, Defendants aided, conspired with and/or facilitated the wrongful conduct of other Defendants.

JURISDICTION AND VENUE

- 14. This Court has jurisdiction over all causes of action asserted herein pursuant to the California Constitution, Article XI, Section 10, because this case is a cause not given by statute to other trial courts.
- 15. This Court has jurisdiction over Defendants named herein because Defendants either are located in this State or are foreign corporations authorized to do business in California and registered with the California Secretary of State, or who do sufficient business in California, have sufficient minimum contacts with California, or otherwise intentionally avail themselves of the markets within California through the promotion, sale, marketing and distribution of their products in California to render the exercise of jurisdiction by the California courts permissible under traditional notions of fair play and substantial justice.
- 16. Venue is proper in this Court because the products at issue are advertised, promoted, sold and used in this County, a substantial portion of the transactions complained

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of herein occurred here, contracts relating to the purchase of this product were entered into, made and were to be performed in this County, and Defendants have received substantial compensation from the sale of the product at issue in this County by doing business here and making numerous misrepresentations which had an effect in this County.

- With respect to violations of Health and Safety Code § 25249.6, et seq., on 17. February 28, 2003, pursuant to Health and Safety Code § 25249.7, Plaintiff mailed appropriate notices of the violations of section 25249.6 of Proposition 65 by Safeway, Cost Plus, Williams-Sonoma, Whole Foods, Trader Joe's, as alleged herein. The "Notices of Violation of Proposition 65" were mailed to each of the these Defendants, as well as to the California Attorney General, the District Attorney of every county in California, and the City Attorneys of any cities with populations according to the most recent decennial census of over 750,000 in whose jurisdiction some of the violations of Proposition 65 occurred. Each notice included a certificate of merit executed by Plaintiff's attorneys stating that the person executing the certificate had consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed the facts, studies or other data regarding exposure to lead, and that, based on that information, the person executing the certificate believes there is a reasonable and meritorious case for this private action. The factual information sufficient to establish the basis of the certificate of merit has been attached to the certificate of merit served on the California Attorney General.
- 18. None of these public prosecutors has commenced and is diligently prosecuting an action against the violations at issue herein, although the notice period provided in § 25249.7 has elapsed since such notice was provided.

STATUTORY AND REGULATORY BACKGROUND

- 19. The Safe Drinking Water and Toxic Enforcement Act of 1986 is an initiative statute passed as Proposition 65 by a vote of the People in 1986.
- 20. Proposition 65 provides the circumstances under which persons must be warned before they are exposed to chemicals/metals that cause cancer, birth defects, or other

reproductive harm. Health and Safety Code § 25249.6 states the warning requirement:

"No person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual, except as provided in section 25249.10."

- 21. Proposition 65 establishes a procedure by which the Governor lists chemicals known to the state to cause reproductive toxicity. Health and Safety Code § 25249.8. Pursuant to this authority, Governor George Deukmejian on February 27, 1987 placed lead on the list of reproductive toxins. The State of California has established the specific regulatory level for lead at 0.5 micrograms/day. 26 CCR § 22 12805(a).
- 22. The warning requirement under Proposition 65 for a given chemical goes into effect one year after the Governor places that chemical on the list. Health and Safety Code § 25249.10(b). Therefore, lead became subject to a Proposition 65 warning on February 27, 1988.

<u>FACTS</u>

- 23. Vinegar is a condiment regularly used in almost every type of food and style of cooking. It's a ubiquitous ingredient for dressings, mayonnaise and mustards.
- 24. Regulations under the Nutrition Labeling and Education Act of 1990 have set the serving size for vinegar at one (1) tablespoon. 21 C.F.R. § 101.12(b) (Table 2).
- 25. Defendants Cost Plus, Safeway, Trader Joe's, Williams-Sonoma, and Whole Foods manufacture, sell, and/or distribute a variety of vinegars labeled, marketed and intended for human consumption, including, but not limited to those listed in paragraphs 6-10, supra. These vinegars are manufactured, distributed and/or sold in the State of California for the purpose of distribution and retail sale in California.
- 26. The vinegar at issue in this Complaint contains lead which results in human exposure to the lead upon its consumption without prior warning.
- 27. Plaintiff is informed and believes and thereon alleges that the Defendants knew and/or reasonably should have known, that the foreseeable use of their vinegar results in exposure to lead, and that the levels of lead so released exceed the lead exposure levels (i.e.,

0.5 micrograms per day) which trigger Proposition 65's warning requirements.

28. Nevertheless, and in violation of California Business and Professions Code § 17200, et seq. and California Health and Safety Code § 25249.6, et seq., the Defendants have not labeled, marked or used signs, shelf warnings, or any indicia whatsoever that warns or informs the public that their vinegars contain and expose consumers to lead, a chemical known to the State of California to cause reproductive toxicity. Defendants have in the course of doing business, knowingly and intentionally, and recklessly and negligently, exposed individuals to a chemical known to the State of California to cause reproductive toxicity without first providing a clear and reasonable warning as required by California Health and Safety Code §§ 25249.6 and 25249.11(f). Defendants have also promoted and marketed its vinegar for sale without any warning regarding the levels of lead exposure. As a direct result of Defendants' acts and omissions, the general public in California is being regularly, unlawfully, and involuntarily exposed to lead, a known reproductive toxin.

FIRST CAUSE OF ACTION (California Health and Safety Code §§ 25249.6 et seq.) (Against All Defendants)

- 29. Plaintiff incorporates by reference ¶ 1 through 28 as if fully set forth herein.
- 30. The people of the State of California have declared in Proposition 65 their right "[t]o be informed about exposure to chemicals that cause cancer, birth defects or other reproductive harm." Proposition 65, § 1(b).
- 31. To carry out those statutory purposes, Proposition 65 requires that a clear and reasonable warning be given by persons who, in the course of doing business, knowingly and intentionally expose any individual to a chemical known to the State of California to cause reproductive harm.
- 32. On February 27, 1987, Governor Deukmejian listed lead as a chemical known to the State of California to cause reproductive toxicity. No warning need by given concerning a chemical so listed until one year after the chemical first appears on the list. *Id.*, § 25249.10(b). Lead, therefore, one year later became subject to the warning requirements of Proposition 65.

- 33. Proposition 65 provides that any person "violating or threatening to violate" the statute may be enjoined in any court of competent jurisdiction. *Id.*, § 25249.7. In addition, violators are liable for civil penalties of up to \$2,500.00 per day per violation, recoverable in a civil action. *Id.*, § 25249.7(b).
- 34. Defendants have engaged and continue to engage in conduct which violates Health and Safety Code § 25249.6. This conduct includes the manufacturing, packaging, marketing, distributing and selling of vinegars the foreseeable use of which results in exposing the public to lead, known to the State of California to cause reproductive toxicity, without first providing a clear and reasonable warning pursuant to Health and Safety Code §§ 25249.6 and 25249.11(f). Defendants have, therefore, in the course of doing business, knowingly and intentionally exposed individuals to a chemical known to the State of California to cause reproductive toxicity without first providing a clear and reasonable warning.
- 35. By the above-described acts, Defendants are liable, pursuant to Health and Safety Code § 25249.7(b), for a civil penalty of up to \$2,500.00 per day per individual exposure to lead through Defendants' vinegars.

WHEREFORE, Plaintiff prays for judgment as set forth below.

SECOND CAUSE OF ACTION

(Unlawful Business practices in violation of California Business and Professions Code § 17200 et seq.) (Predicated on California Health and Safety Code § 25249.6)

- 36. Plaintiff incorporates by reference ¶¶ 1 through 35 as if fully set forth herein.
- 37. California Business and Professions Code § 17200 provides that unfair competition shall mean and include any "unlawful . . . business practice."
- 38. Proposition 65 requires that a clear and reasonable warning be given by persons who, in the course of doing business, knowingly and intentionally expose any individual to a chemical known to the State of California to cause reproductive harm.
- 39. Defendants have, in the course of doing business, knowingly and intentionally exposed individuals to lead without first providing a clear and reasonable warning in

violation of Proposition 65 and thereby engaged in a per se unlawful business practice constituting unfair competition in violation of California Business and Professions Code §§

WHEREFORE, Plaintiff prays for judgment as set forth below.

THIRD CAUSE OF ACTION

(Unlawful Business Practice in Violation of California Business and Professions Code § 17200, Predicated on Violation of California Civil Code § 1750, et seq.: Consumer Legal Remedies Act)

- Plaintiff incorporates by reference ¶¶ 1through 39 as if fully set forth herein.
- California Business & Professions Code § 17200 provides that unfair competition shall mean and include an "unlawful . . . business practice."
- The acts and practices alleged herein were intended to result in the sale of Defendants' products to the consuming public, and violated and continue to violate the Consumer Legal Remedies Act (the "Act"), California Civil Code § 1750, et seq., in at least
 - In violation of § 1770(a)(5) of the Act, Defendants' acts and practices constitute misrepresentation that their goods have characteristics, uses, and benefits which they do not have (i.e., that these vinegars can be consumed safely when in fact, they expose men, women and children to lead); and
 - In violation of § 1770(a)(7) of the Act, Defendants' acts and practices constitute misrepresentation that their goods are of a particular standard, quality and/or grade when they are another (i.e., that these vinegars are safe under normal use when in fact, they expose men, women and children to lead under normal use); Accordingly, Defendants have also violated Business & Professions Code § 17200 proscription against engaging in an unlawful business practice.

WHEREFORE, Plaintiff prays for judgment as set forth below.

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FOURTH CAUSE OF ACTION

(Unlawful Business Practice in Violation of California Business and Professions Code § 17200, Predicated on Violation of California Civil Code § 1714: Negligence.)

- 43. Plaintiff incorporates by reference ¶¶1 through 42 as if fully set forth herein.
- 44. Defendants had a duty to properly and safely produce, manufacture and sell their products in a manner that would not result in exposure to a hazard to human health. Defendants were negligent in their manufacturing, distribution and/or sale of their vinegars by allowing and/or causing the products to contain lead that exposes children, women and men to it when such vinegars are ingested. The Defendants were negligent in that they knew, or in the exercise of reasonable care should or could have known, that their conduct would allow or cause lead to contaminate its vinegars. The lead contained in these products was thus a foreseeable consequence of Defendants' negligence in using it in the manufacturing process.
- 45. Defendants, in failing to use the requisite degree or ordinary care and skill in the management of their manufacturing processes, violated the requirements of California Civil Code § 1714. Accordingly, the Defendants have violated California Business and Professions Code § 17200's proscription against engaging in an unlawful business practice by violating California Civil Code §§ 17200 et seq.

WHEREFORE, Plaintiff prays for judgment as set forth below.

FIFTH CAUSE OF ACTION

(Violation of California Business and Professions Code § 17200, et seq. – Unfair Business Practices)

- 46. Plaintiff incorporates by reference paragraphs 1 through 45 above.
- 47. California Business and Profession Code § 17200 provides that unfair competition shall mean and include any "unfair . . . business practice."
- 48. As alleged in the preceding paragraphs, the misrepresentation and nondisclosure by Defendants of the material facts detailed above constitutes an unfair

business practice within the meaning of Business and Professions Code § 17200. WHEREFORE, Plaintiff prays for judgment as set forth below.

THE NEED FOR INJUNCTIVE RELIEF

49. By committing the acts alleged herein, the Defendants have caused irreparable harm for which there is no plain, speedy or adequate remedy at law. In the absence of equitable relief, the general public will continue to be involuntarily exposed to lead which is contained in Defendants' vinegars, creating substantial risk of irreparable physical injury.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

- A. A temporary restraining order, preliminary and permanent injunction enjoining the Defendants, their agents, employees, assigns, and all persons acting in concert or participating with them from:
- (1) selling and distributing their vinegars which contain lead in California, without first providing, to the ultimate consumers and users, a clear and reasonable warning that the foreseeable consumption of such vinegars results in exposure to lead, a chemical known to the State of California to be a reproductive toxin;
- (2) failing to undertake a court-approved public information campaign to warn and inform the general public that consumption of Defendants' vinegars which contain lead results in exposure to lead, a chemical known to the State of California to be a reproductive toxin and identifying steps that may be taken to reduce such exposure;
- (3) failing and refusing to make full and complete restitution to the members of the general public of all monies acquired by means of any act found by this court to be an unlawful or unfair business practice under Business and Professions Code §§ 17200 et seq. and taking all other steps necessary to make members of the public whole from the acts and omissions of Defendants complained of herein;
 - (4) failing and refusing to disgorge all monies acquired by means of any

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| 1 | act found by this court to be an unlawful or unfair bu | | | |
| 2 | Professions Code §§ 17200 et seq.; | | | |
| 3 | B. | B. An award of statutory penalties of \$250 | | |
| 4 | 65 throughout the State of California | | | |
| 5 | C. | Reasonable attorneys' fees and costs; | | |
| 6 | D. Such other and further relief as this co | | | |
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 - urt may deem necessary and proper.

LL, CAPLAN & FIELDING CAPLAN STRAUSS, Of Counsel

LER, BERZON, NUSSBAUM, BIN & DEMAIN ALTSHULER

MENTAL LAW FOUNDATION MES R. WHEATON

for Plaintiff

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on each and every cause of action.

DATED: June 4, 2003

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BUSHNELL, CAPLAN & FIELDING, LLP

ALAN M. CAPLAN APRIL M. STRAUSS, Of Counsel

Βv

ALAN M. CAPLAN Attorneys for Plaintiff