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BY CARA WATSON  
DEPUTY

7  
8 **SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN JOAQUIN**

9 PEOPLE OF THE STATE OF CALIFORNIA, )

10 Plaintiff, )

11 vs. )

12 MCLANE COMPANY, INC., a Texas  
Corporation, )

13 Defendant. )

Case No. 39-2014-00319887-CU-TT-STK

**NOTICE OF ENTRY OF JUDGMENT  
(H&S §25181, §118325, B&P §17203, etc.)**

14  
15 **TO ALL PARTIES APPEARING HEREIN AND THEIR ATTORNEYS:**

16 PLEASE TAKE NOTICE that a Stipulation For Entry Of Final Judgment And Permanent  
17 Injunction in the above action was entered by the San Joaquin County Superior Court Clerk's  
18 Office on January 5, 2015. A copy of this Stipulation For Entry Of Final Judgment And Permanent  
19 Injunction is attached to this Notice of Entry of Judgment.

20  
21 Dated: January 26, 2015

TORI VERBER SALAZAR  
DISTRICT ATTORNEY

22  
23 By: *Celeste Kaisch*  
24 CELESTE KAISCH  
25 Deputy District Attorney  
26 Environmental Prosecutions Unit  
27  
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1 WHEREAS, this Stipulation for Entry of Final Judgment and Permanent Injunction ("Final  
2 Judgment") is entered into by Plaintiff, the People of the State of California ("People") and Defendant  
3 McLane Company, Inc. ("Defendant" or "McLane") by their respective attorneys. The People and  
4 Defendant shall be referred to collectively as "Parties." The Parties have stipulated and consented to the  
5 entry of this Final Judgment prior to trial. The Parties have agreed to settle the above captioned matter  
6 without further litigation, as set forth below.

7 AND WHEREAS, the Court finds that the settlement between the Parties is fair and in the public  
8 interest;

9 NOW THEREFORE, upon the consent of the Parties, it is hereby ORDERED, ADJUDGED,  
10 AND DECREED:

11 **FINAL JUDGMENT AND PERMANENT INJUNCTION ON CONSENT**

12 **1. JURISDICTION**

13 The Parties stipulate and agree that the Superior Court of California, County of San Joaquin, has  
14 subject matter jurisdiction over the matters alleged in this action and personal jurisdiction over the Parties  
15 to this Final Judgment.

16 **2. SETTLEMENT OF DISPUTED CLAIMS**

17 This Final Judgment is not an admission or denial by Defendant regarding any issue of law or fact  
18 in the above-captioned matter or any violation of any law. The Parties enter into this Final Judgment  
19 pursuant to a compromise and settlement of disputed claims, as set forth in the Complaint filed in this  
20 action for the purpose of furthering the public interest. The People believe that the resolution embodied  
21 in this Final Judgment is fair and reasonable and fulfills the People's enforcement objectives; and that  
22 except as provided in this Final Judgment, no further action is warranted concerning the allegations  
23 contained in the Complaint. Defendant agrees that this Final Judgment is a fair and reasonable resolution  
24 of the matters alleged in the Complaint.

25 All Parties have stipulated and consented to the entry of this Final Judgment prior to the taking of  
26 any proof, and without trial or adjudication of any fact or law herein. The Parties also waive their right to  
27 appeal.  
28

1                   3.    DEFINITIONS

2                   Except where otherwise expressly defined in this Final Judgment, all terms shall be interpreted  
3 consistent with the Hazardous Waste Control Law, Health and Safety Code Sections 25100-25258.2; and  
4 the Medical Waste Management Act, Health and Safety Code sections 117600-118360; and the  
5 regulations promulgated under these sections.

6                   “McLane Operations” means any facility including, but not limited to the twelve (12) distribution  
7 centers (hereinafter “Facilities”) which service retail stores, restaurants and other third party distribution  
8 and food service customers, as well as the tractor trailers owned, operated, or leased by Defendant and  
9 used to transport products and materials to and from such Facilities, that as of July 15, 2014, are owned,  
10 operated, licensed, leased or serviced by Defendant or its subsidiaries. The distribution centers are:

- 11                   a. Meadowbrook Meat Company: 500 Burning Tree Lane, Fullerton, California
- 12                   b. Meadowbrook Meat Company: 800 Mellon Avenue, Manteca, California
- 13                   c. Meadowbrook Meat Company: 1051 North Wineville Avenue, Ontario, California
- 14                   d. Meadowbrook Meat Company: 5675 Sunol Boulevard, Pleasanton, California
- 15                   e. Meadowbrook Meat Company: 9408 Richmond Pl., Rancho Cucamonga, California
- 16                   f. Meadowbrook Meat Company: 1495 Columbia Avenue, Riverside, California
- 17                   g. Meadowbrook Meat Company: 1050 Palmyrita Avenue, Riverside, California
- 18                   h. Meadowbrook Meat Company: 6300 Sycamore Canyon, Riverside, California
- 19                   i. McLane Tracy: 800 E. Pescadero Drive, Tracy, California
- 20                   j. McLane Pacific: 3876 E. Childs Ave., Merced, California;
- 21                   k. McLane Southern California: 4472 Georgia Blvd., San Bernardino, California; and
- 22                   l. McLane Riverside: 14813 Meridian Parkway, Riverside, California.

23  
24                   The Facilities shall not be to the exclusion of any locations that may have been inadvertently omitted,  
25 where the Parties agree in writing that an omitted location should be included. As to any locations that  
26 have been omitted, Defendant shall provide the following to the People within thirty (30) days after the  
27 omission comes to the attention of Defendant: (a) written notice of such additional locations; and (b) to  
28 the best of Defendant’s knowledge and belief, copies of any notices of violation and/or governmental

1 inspection reports applicable to such locations that have been received by that location since May 2,  
2 2007, to the date of entry of this Final Judgment. If after the People have had sufficient time within  
3 which to review the alleged reason for the omission and after Defendant has established to the  
4 satisfaction of the People that the omission was inadvertent, the Parties shall agree in writing that the  
5 additional location(s) be included in the Final Judgment.

6 “Certified Unified Program Agency” or “CUPA” is an agency certified by the California  
7 Environmental Protection Agency pursuant to the requirements of Chapter 6.11 of the Health and Safety  
8 Code and California Code of Regulations, Title 27, Sections 15100-16150 to implement certain state  
9 environmental programs within the local agency’s jurisdiction.

10 “Participating Agency” means an agency that has been designated by the CUPA to administer one  
11 or more state environmental programs on behalf of the CUPA.

12 “Hazardous Item” means any product that would have to be managed as a hazardous waste, as  
13 defined by Health and Safety Code Section 25117, if discarded as defined by California Code of  
14 Regulations, Title 22, section 66261.2.

15 **4. INJUNCTIVE RELIEF**

16 Pursuant to the provisions of Health and Safety Code sections 25181 and 118325, and Business  
17 and Professions Code section 17203, and subject to Paragraph 23 below, Defendant shall comply with  
18 the Hazardous Waste Control Law, Health and Safety Code Sections 25100-25258.2; the Medical Waste  
19 Management Act, Health and Safety Code Sections 117600-118360; and the applicable regulations  
20 promulgated under these chapters, to the extent that these provisions apply to McLane’s business  
21 operations at its Facilities. Failure to comply with this injunction or any of the specific additional  
22 injunctive provisions that follow, may subject Defendant to sanctions, including, but not limited to,  
23 contempt and/or additional penalties. Paragraph 15, below, applies to any application or motion for  
24 failure to comply with the injunctive provisions of this Final Judgment.

25 **4.1 Specific Injunctive Provisions**

26 Defendant shall comply with each of the following provisions at and from the Facilities to the  
27 extent that these provisions apply to McLane’s business operations at its Facilities:

28 4.1.a. Defendant shall not dispose, or cause the disposal of, any hazardous waste at a point not

1 authorized or permitted by the Department of Toxic Substances Control (“DTSC”), in violation of Health  
2 & Safety Code section 25189, including, without limitation, to any trash compactor, dumpster, drain,  
3 sink, or toilet at any of the Facilities, or onto the surface or subsurface of the ground at any unauthorized  
4 location, or at a landfill or transfer station not authorized to receive hazardous waste.

5 4.1.b. Defendant shall not transport, transfer custody of, or cause to be transported, any  
6 hazardous waste unless the transporter is properly licensed and registered to do so, as required by Health  
7 & Safety Code section 25163. This prohibition includes, without limitation, the transportation of any  
8 hazardous waste by a person that is not properly licensed and registered to transport hazardous waste on a  
9 tractor and/or trailer owned or operated by Defendant.

10 4.1.c. Defendant shall not transport, or cause to be transported, any hazardous waste to an  
11 unauthorized location, in violation of Health & Safety Code section 25189.5. Notwithstanding this  
12 specific injunctive provision, Defendant may lawfully transport products and packages that contain  
13 hazardous materials which have spilled or leaked during the course of transportation, and which have  
14 been mitigated to contain such spill or leak, to the McLane Facility from which the tractor trailer  
15 transporting such hazardous material originated.

16 4.1.d. Defendant shall not transport, or cause to be transported, any item that would be  
17 considered hazardous in California pursuant to Chapter 11 of Title 22, Division 4.5 of the California  
18 Code of Regulations, as part of its “reverse logistics” process to centralize the management of returned  
19 items at distribution centers owned by Defendant and/or consolidation facilities owned by a third party,  
20 unless pursuant to a contractual agreement expressly providing for the return of the item to the item’s  
21 manufacturer or the manufacturer’s designated agent (so long as the item is in sufficiently good condition  
22 that it may be donated, resold, reused, or recycled in a manner that does not constitute discard, pursuant  
23 to California Code of Regulations, Title 22, section 66261.2), or unless the item is in sufficiently good  
24 condition that it may be donated, resold, reused, or recycled in a manner that does not constitute discard,  
25 pursuant to California Code of Regulations, Title 22, section 66261.2.

26 4.1.e. Defendant shall comply with the California Medical Waste Management Act, Health and  
27 Safety Code section 117600, et seq  
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1           4.2 Reverse Distribution of Pharmaceuticals:

2           4.2.a. Beginning three (3) months after entry of this Final Judgment, Defendant shall initiate  
3 work with appropriate stakeholders from business and government, including the U.S. Environmental  
4 Protection Agency, the U.S. Food and Drug Administration, DTSC, and California Department of Public  
5 Health, and thereafter either directly or through trade associations or informal coalitions of interested  
6 parties, undertake to promote federal regulatory reform regarding the proper management of non-  
7 dispensable pharmaceuticals, including over-the-counter medications, through reverse distribution. Such  
8 work shall include coordination and communication with national retail trade associations. Progress on  
9 such work shall be included in the status reports required by Paragraph 22 below.

10           4.2.b. During the term of this Final Judgment, the People shall only pursue a violation of this  
11 Final Judgment or applicable law regarding the reverse distribution of such non-dispensable  
12 pharmaceuticals if Defendant has failed to demonstrate reasonable diligence in performing work on the  
13 federal regulatory reform described in subparagraph 4.2.a above. Nothing herein shall prevent the People  
14 from pursuing appropriate enforcement of this Final Judgment or applicable law regarding the reverse  
15 distribution of:

16           1. Non-dispensable pharmaceuticals for acts or omissions occurring on or after ninety  
17 (90) days following receipt by Defendant of written notice as provided by Paragraph 8 of their  
18 intent to do so, or;

19           2. Non-dispensable over-the-counter drugs for acts or omissions occurring on or after  
20 one hundred eighty (180) days following receipt by Defendant of written notice as provided by  
21 Paragraph 8 of the People's intent to do so.

22           The Parties shall attempt to resolve any such dispute by means of good faith informal  
23 negotiations.

24           5. CIVIL PENALTIES, SUPPLEMENTAL ENVIRONMENTAL PROJECTS, COSTS,  
25 AND ENHANCED ENVIRONMENTAL COMPLIANCE EFFORTS

26           Defendant shall, in accordance with this Final Judgment, pay Civil Penalties, fund the  
27 Supplemental Environmental Projects provided for in this Final Judgment, and pay costs, in the total  
28 amount of **THREE HUNDRED AND THIRTY-FIVE THOUSAND DOLLARS (\$335,000.00)**. Said

1 payments may be made by business or cashier's check and shall be made as set forth in paragraphs 5.1,  
2 5.2, and 5.4 below. On entry of this Final Judgment, Defendant shall deliver all required payments to the  
3 District Attorney's Office for the County of San Joaquin, attention: David J. Irej, Special Deputy District  
4 Attorney, for distribution pursuant to the terms of this Final Judgment.

5 **5.1 Civil Penalties**

6 Defendant shall pay **ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00)**  
7 as civil penalties pursuant to Business and Professions Code section 17206, to the prosecuting  
8 agencies/regulatory agencies identified in, and in accordance with the terms of, **Exhibit B**, attached.

9 **5.2 Supplemental Environmental Projects**

10 Defendant shall pay **ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00)**  
11 for supplemental environmental projects identified in, and in accordance with the terms of, **Exhibit C**,  
12 attached.

13 **5.3 Enhanced Environmental Compliance Efforts**

14 As part of its "reverse logistics" system, Defendant routes certain products from its McLane  
15 Southern California and Pacific facilities to a third-party consolidator that manages those products in  
16 conformance with a "disposition code" established by the product's manufacturer and contained in a  
17 contract between a manufacturer and the Defendant. Beginning one (1) month after entry of this Final  
18 Judgment, Defendant will review on a monthly basis the disposition codes for all items it handles that  
19 would be considered hazardous in California pursuant to Chapter 11 of Title 22, Division 4.5 of the  
20 California Code of Regulations. The purpose of this review is to ensure that a disposition code does not  
21 instruct the third-party consolidator to destroy or discard a hazardous item such that the product would  
22 have to be managed as hazardous waste pursuant to Health and Safety Code sections 25100-25258.2. To  
23 the extent that Defendant's review discovers a disposition code that instructs a consolidator to destroy or  
24 discard a hazardous item (even if that item is not damaged or leaking and is able to be used for its  
25 intended purposes), Defendant, after consultation with the item's manufacturer, will determine an  
26 alternative disposition. This alternative disposition will be to either return the hazardous item to the  
27 manufacturer (if it is not damaged or leaking) or to recycle, resell or reuse it in a manner that does not  
28 constitute discard, pursuant to California Code of Regulations, Title 22, section 66261.2. For those

1 hazardous items already in the possession of the third-party consolidator, Defendant will instruct the  
2 third-party consolidator not to destroy those items until an alternative disposition is determined. If an  
3 alternative disposition is determined within 45 days, Defendant will instruct the third-party consolidator  
4 to manage all hazardous items in conformance with that determination. If an alternative disposition is  
5 not determined within 45 days, Defendant will instruct the third-party consolidator to manage those  
6 hazardous items as hazardous waste. Until that alternative disposition is determined and that  
7 determination is communicated to the third-party consolidator, Defendant must manage each item  
8 currently at its Facilities as a hazardous waste.

9 Defendant is currently working on a computer system that will automate this audit process and  
10 review the disposition codes for each hazardous item on a more periodic basis. Once this automated  
11 process is in place, a hazardous item with a "destroy-only" or "discard-only" disposition will be  
12 automatically flagged and McLane will promptly and aggressively work with the manufacturer to change  
13 its disposition or manage the item as a hazardous waste as described in the previous paragraph. When  
14 Defendant implements a fully functioning computer system that performs this automated review,  
15 Defendant will inform the People in a status reports, defined in Paragraph 22. Defendant and the People  
16 agree that when this automated process is implemented and when the Defendant informs the People,  
17 Defendant will no longer be required to perform the monthly review described in the previous paragraph.

18 In addition to reviewing disposition codes, McLane also agrees to conduct semi-annual internal  
19 audits of the Damages and Returns Areas in each of its Facilities to verify that its employees are  
20 complying with Injunctive Relief provisions included herein.

21 **5.4 Reimbursement of Partial Costs of Investigation and Enforcement**

22 Defendant shall pay THIRTY FIVE THOUSAND DOLLARS (\$35,000.00) for reimbursement of  
23 attorney's fees, costs of investigation, and other costs of enforcement, to the entities identified in, and in  
24 accordance with the terms of, Exhibits D-1 and D-2, attached.

25 **6. ENFORCEMENT OF FINAL JUDGMENT AND PENALTIES**

26 The People may move this Court for additional relief for any violation of any provision of this  
27 Final Judgment including, but not limited to, contempt, additional injunctive provisions, or additional  
28 penalties consistent with the provisions of this Final Judgment. Unless otherwise set forth herein, nothing

1 in this Final Judgment shall limit any rights of the People to seek any other relief or remedies provided  
2 by law, or limit the rights of Defendant to defend against any request of the People for such other relief  
3 or remedies.

4 **7. MATTERS COVERED BY THIS FINAL JUDGMENT**

5 7.1 This Final Judgment is a final and binding resolution and settlement of all claims, violations  
6 or causes of action expressly alleged by the People in the Complaint or claims that could have been  
7 asserted within the scope of the allegations set forth in the Complaint (“Covered Matters”), against  
8 Defendant and its subsidiaries, affiliates and corporate parents, and each of their affiliates and parents,  
9 Facilities, successors, heirs, assigns, and each of their respective officers, directors, partners, employees,  
10 agents, representatives, property owners, and facility operators (“Entities Covered by Final Judgment”).  
11 The People further covenant not to sue the Entities Covered by Final Judgment for any Covered Matter.  
12 Any claim, violation, or cause of action that is not a Covered Matter is a “Reserved Claim.” Reserved  
13 Claims include, without limitation, any violation that occurs after the Court's entry of this Final  
14 Judgment. The People reserve the right to pursue any Reserved Claim, and Defendant reserves its  
15 defenses against any Reserved Claim.

16 7.2 Any claims or causes of action by the People against Defendant for performance of cleanup,  
17 corrective action, or response action for any actual past or future release, spill, or disposal of hazardous  
18 waste or hazardous substances, universal waste, sharps waste, pharmaceutical waste, or photo waste with  
19 silver, or any other material, substance, or waste, that is caused or contributed to by Defendant at or from  
20 its Facilities, and any claims or causes of action for performance of cleanup, corrective action, or  
21 response action relating to Defendant’s disposal of the same that are discovered by the People after  
22 execution of this Agreement are Reserved Claims. For purposes of this Final Judgment, the term  
23 “release” includes, but is not limited to, any spilling, leaking, pumping, injecting, escaping, leaching,  
24 dumping, or disposing into the environment.

25 7.3 In any subsequent action that may be brought by the People based on any Reserved Claim,  
26 Defendant agrees that it will not assert that failing to pursue the Reserved Claim(s) as part of this action  
27 constitutes claim-splitting. This Paragraph does not affect any statute of limitations, if any, which may be  
28 applicable to any Reserved Claim(s) otherwise excluded from this Final Judgment and does not prohibit

1 Defendant from asserting any statute of limitations or other legal or equitable defenses that may be  
2 applicable to any Reserved Claim(s).

3  
4 7.4 In the event litigation is filed by an entity that is not a party to this action against Defendant or  
5 any affiliates arising out of or related to a Covered Matter, Defendant may, within thirty (30) days  
6 following service of such litigation, notify the People of such litigation. Upon such timely notice, the  
7 People will undertake a good faith effort to determine whether the subsequent litigation is barred by the  
8 terms of this Final Judgment and the principle of *res judicata*. If the People determine that the subsequent  
9 litigation is barred by the terms of this Final Judgment and the principle of *res judicata*, the People may  
10 appear in person or in writing in such subsequent litigation to explain the People's view of the effect of  
11 this Final Judgment on such litigation and the People will not oppose Defendant in arguing that the  
12 subsequent litigation is barred by the principle of *res judicata*. No language in this paragraph will  
13 preclude Defendant from asserting in any subsequent litigation any and all applicable legal and equitable  
14 defenses regarding compliance with any provision in this Final Judgment or the laws or regulations cited  
15 in this Final Judgment or cited in the Complaint, including, but not limited to, *res judicata*.

16 7.5 The provisions of paragraph 7.1 are effective on the date of entry of the Final Judgment. The  
17 continuing effect of paragraph 7.1 is expressly conditioned on Defendant's full payment of the amounts  
18 due under this Final Judgment.

19 7.6 Paragraph 7.1 does not limit the ability of the People to enforce the terms of this Final  
20 Judgment.

21 7.7 Defendant covenants not to pursue any civil or administrative claims against the People or  
22 against any agency of the State of California, any county or city in the State of California or any CUPA,  
23 Participating Agency or local agency (collectively "Agencies"), or against any of their officers,  
24 employees, representatives, agents or attorneys, arising out of or related to any Covered Matter;  
25 provided, however, that if any Agencies initiate claims against Defendant, Defendant reserves any and all  
26 rights, claims, demands and defenses against such Agencies.

27 7.8 Any event that is beyond the control of Defendant and that prevents it from timely performing  
28 any obligation under Paragraphs 4 and 5 of this Final Judgment, despite its best efforts to fulfill that  
obligation, is a "force majeure" event. The requirement that Defendant exercise its "best efforts to fulfill

1 the obligation” includes the requirement that Defendant use its best efforts to anticipate any potential  
2 force majeure event and use best efforts to address the effects of any potential force majeure event: (1) as  
3 it is occurring, and (2) following the force majeure event, such that the delay is minimized to the greatest  
4 extent possible. “Force majeure” does not include financial inability to fund or complete the obligation.

5 **8. NOTICE**

6 All submissions and notices required by this Final Judgment shall be sent to:

7 For the People:

8 David J. Irey  
9 Special Deputy District Attorney  
10 Office of the District Attorney of San Joaquin County  
11 222 E. Weber Ave., Room 202  
12 Stockton, CA 95202  
13 David.Irey@sjcda.org

14 For Defendant McLane:

15 Larry Parsons  
16 Vice President, General Counsel  
17 McLane Company, Inc.  
18 4747 McLane Parkway  
19 Temple, TX 76504

20 With a copy to:

21 Charles H. Abbott III, Esq.  
22 Jenner & Block  
23 633 W. 5th Street, Suite 3600  
24 Los Angeles, CA 90071  
25 Chabbott@Jenner.com

26 Any Party may change its notice name and address by informing the other party in writing, but no  
27 change is effective until it is received. All notices and other communications required or permitted under  
28 this Final Judgment that are properly addressed as provided in this paragraph are effective upon delivery  
if delivered personally or by overnight mail, or are effective five (5) days following deposit in the United  
States mail, postage prepaid, if delivered by mail, or the day that electronic mail is sent if sent before 5  
p.m. to the electronic mail addresses of the designated recipients for notice concurrent with sending the  
notice by overnight mail.

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9. **EFFECT OF FINAL JUDGMENT**

Except as expressly provided in this Final Judgment, nothing in this Final Judgment is intended nor shall it be construed to preclude the People, or any state, county, or local agency, department, board or entity, or any CUPA, from exercising its authority under any law, statute or regulation. Except as expressly provided in this Final Judgment, Defendant retains all of its defenses to the exercise of the aforementioned authority.

10. **LIABILITY OF THE PEOPLE**

The People shall not be liable for any injury or damage to any person or property resulting from any act or omission by Defendant, or any of its directors, officers, employees, agents, representatives or contractors, in carrying out activities pursuant to this Final Judgment, nor shall the People be held as a party to or guarantor of any contract entered into by Defendant, its directors, officers, employees, agents, representatives or contractors, in carrying out the requirements of this Final Judgment.

11. **NO WAIVER OF RIGHT TO ENFORCE**

The failure of the People to enforce any provision of this Final Judgment shall neither be deemed a waiver of such provision nor in any way affect the validity of this Final Judgment. The failure of the People to enforce any such provision shall not preclude them from later enforcing the same or any other provision of this Final Judgment, subject to Paragraph 23. Except as expressly provided in this Final Judgment, Defendant retains all defenses allowed by law to any such later enforcement. No oral advice, guidance, suggestions or comments by employees or officials of any Party regarding matters covered in this Final Judgment shall be construed to relieve any Party of its obligations under this Final Judgment.

12. **FUTURE REGULATORY CHANGES**

Nothing in this Final Judgment shall excuse Defendant from meeting any more stringent requirement that may be imposed by applicable law or by any change in the applicable law. Except as to Paragraphs 4.1.d and 4.2, to the extent any future statutory or regulatory change makes Defendant's obligations less stringent than those provided for in this Final Judgment, Defendant may comply with those laws that require less stringent obligations in lieu of those set forth herein.

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**13. APPLICATION OF FINAL JUDGMENT**

This Final Judgment shall apply to and be binding upon the People and upon Defendant and its officers, directors, managers, employees, agents, successors and assigns. Nothing in this Final Judgment shall create personal liability for Defendant’s officers, directors, managers, employees or agents in their individual capacity.

**14. AUTHORITY TO ENTER FINAL JUDGMENT**

Each signatory to this Final Judgment certifies that he or she is fully authorized by the party he or she represents to enter into this Final Judgment, to execute it on behalf of the party represented, and to legally bind that party.

**15. CONTINUING JURISDICTION**

The Court shall retain continuing jurisdiction to enforce the terms of this Final Judgment and to address any other matters arising out of or regarding this Final Judgment. The Parties shall meet and confer at least ten (10) days prior to the filing of any application or motion relating to this Final Judgment, and shall negotiate in good faith in an effort to resolve any dispute without judicial intervention; provided, however, that the ten (10) day period referenced above shall be shortened to five (5) days regarding any alleged violation of Paragraph 4.1.a. of this Final Judgment. If the Parties are unable to resolve their dispute after meet-and-confer discussions, any Party may move this Court seeking a resolution of that dispute by the Court.

**16. ABILITY TO INSPECT AND COPY RECORDS AND DOCUMENTS**

On reasonable notice, Defendant shall permit any duly authorized representative of the People to inspect and copy records and documents as they deem reasonably necessary to determine compliance with the terms of this Final Judgment. Nothing in this paragraph is intended to require access to or production of any documents that are protected from production or disclosure by the attorney-client privilege, attorney work product doctrine, any other applicable privilege, defense, exemption, or immunity afforded to Defendant under applicable law, nor does it waive any of the objections or defenses to which Defendant would be entitled in responding to requests for documents made by subpoena or other formal legal process or discovery. This obligation shall not require Defendant to alter its normal document-retention policies (including, but not limited to, policies regarding backup tapes for electronic

1 documents); provided, however, that Defendant's policies must comply with Health and Safety Code  
2 Chapters 6.5 and 6.95; Health and Safety Code sections 117600, *et seq.*, and their implementing  
3 regulations as applicable, to the extent those provisions apply to Defendant's Facilities. The Parties agree  
4 that Defendant may not be deemed in violation of this paragraph for failure to maintain such records  
5 unless Defendant fails to exercise reasonable diligence in administering this record retention requirement.  
6 Nothing in this paragraph is intended to limit the authority of any governmental agency to inspect  
7 Defendant or its records and documents under applicable law.

8 **17. PAYMENT OF LITIGATION EXPENSES AND FEES**

9 Defendant shall make no request of the People to pay its attorney's fees, expert witness fees and  
10 costs and all other costs of litigation and investigation incurred to date.

11 **18. INTERPRETATION**

12 This Final Judgment was drafted equally by all Parties. The Parties agree that the rule of  
13 construction holding that ambiguity is construed against the drafting party shall not apply to the  
14 interpretation of this Final Judgment.

15 **19. COUNTERPART SIGNATURES**

16 This Final Judgment may be executed by the Parties in counterpart and signed and delivered by e-  
17 mail or facsimile, which signatures shall have the same force and effect as an original signature.

18 **20. INTEGRATION**

19 This Final Judgment constitutes the entire agreement between the Parties and may not be  
20 amended or supplemented except as provided for herein. No oral representations have been made or  
21 relied upon other than as expressly set forth herein.

22 **21. MODIFICATION OF FINAL JUDGMENT**

23 This Final Judgment may be modified only on noticed motion by one of the Parties with approval  
24 of the court, or upon written consent by all of the Parties and the approval of the court.

25 **22. STATUS REPORTS**

26 Beginning six (6) months after entry of this Final Judgment, for as long as this Final Judgment  
27 remains in effect, Defendant shall submit an annual status report to the People's representative listed in  
28 Section 8 above. The status report shall: (1) briefly summarize the actions that Defendant has taken

1 during the previous year in order to comply with its obligations under this Final Judgment, (2) disclose  
2 and provide copies of any notices of violation that Defendant has received pertaining to environmental  
3 matters at its Facilities, and disclose any corrective measures taken as a result; and (3) set forth any  
4 penalties Defendant has paid to any governmental agency for alleged noncompliance with any of the  
5 aforementioned environmental statutes or regulations arising from its Facilities. Each status report shall  
6 be signed by an officer or corporate level manager of Defendant authorized by Defendant to sign under  
7 penalty of perjury that to the best of his or her knowledge based on information and belief and after  
8 reasonable investigation the information contained therein is true and correct. Provided, further, that  
9 beginning one (1) year after entry of this Final Judgment, and continuing for as long as this Final  
10 Judgment remains in effect, Defendant shall, at the People's request, on an annual basis, meet to describe  
11 to the People's representatives the status of Defendant's compliance with Paragraph 4, 4.1, 4.2, and 5.3  
12 of this Final Judgment, and any reverse logistics program Defendant may have in place.

13 **23. TERMINATION OF FINAL JUDGMENT**

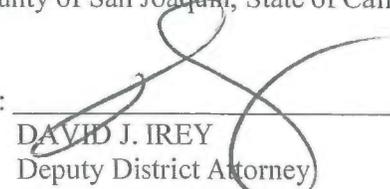
14 At any time after this Final Judgment has been in effect for five (5) years, and Defendant has paid  
15 any and all amounts due under the Final Judgment, any party may provide notice to the Court (which  
16 shall be served on all parties) that the injunctive provisions of this Final Judgment should expire and have  
17 no further force and effect ("Notice of Termination"). The injunctive provisions of this Final Judgment  
18 will be of no further force or effect sixty (60) days thereafter, unless the People file a motion contesting  
19 the expiration of any injunctive provisions within forty (40) days of receipt of the Notice of Termination.  
20 In the event that such motion is filed, none of the injunctive provisions of the Final Judgment contested  
21 in the People's motion will terminate pending the Court's ruling on the motion. The People reserve the  
22 right to contest termination exclusively on the grounds that Defendant has not substantially complied in  
23 all material respects with the injunctive provisions of Paragraph 4.1 of the Final Judgment or has not  
24 been reasonably diligent in pursuing the actions described in Paragraph 4.2.a, and to offer any evidence  
25 relevant to such motion. Defendant reserves its rights to respond to any ground raised in the People's  
26 motion and to offer any evidence relevant to such motion. The injunctive provisions in the Final  
27 Judgment will expire and be of no further force or effect unless the Court (upon consideration of the  
28 Parties' pleadings and arguments, if any) determines that the expiration of the provision at issue would

1 not be in the interest of justice, because Defendant has not substantially complied in material respects  
2 with the provision of Paragraph 4.1 of the Final Judgment or has not been reasonably diligent in pursuing  
3 the actions described in Paragraph 4.2.a. The termination of the injunctive provisions of the Final  
4 Judgment shall have no effect on Defendant's obligation to comply with the requirements imposed by  
5 statute, regulation, ordinance, or law.

6 **IT IS SO STIPULATED.**

7 **FOR THE PEOPLE:**

8  
9  
10 JAMES P. WILLETT, District Attorney  
11 County of San Joaquin, State of California

12  
13 By:   
14 DAVID J. IREY  
15 Deputy District Attorney

16  
17 Dated: 12/23/14

18 PAUL ZELLERBACH, District Attorney  
19 County of Riverside, State of California

20 By:  DALE C. HOY II  
21 Deputy District Attorney

22  
23 Dated: 12/23/14

24 TONY RACKAUCKAS, District Attorney  
25 County of Orange, State of California

26 By: \_\_\_\_\_  
27 WILLIAM G. FALLON  
28 Deputy District Attorney

Dated: \_\_\_\_\_

1 not be in the interest of justice, because Defendant has not substantially complied in material respects  
2 with the provision of Paragraph 4.1 of the Final Judgment or has not been reasonably diligent in pursuing  
3 the actions described in Paragraph 4.2.a. The termination of the injunctive provisions of the Final  
4 Judgment shall have no effect on Defendant's obligation to comply with the requirements imposed by  
5 statute, regulation, ordinance, or law.

6 **IT IS SO STIPULATED.**

7 **FOR THE PEOPLE:**

8  
9  
10 JAMES P. WILLETT, District Attorney  
11 County of San Joaquin, State of California

12  
13 By: \_\_\_\_\_  
14 DAVID J. IREY  
15 Deputy District Attorney

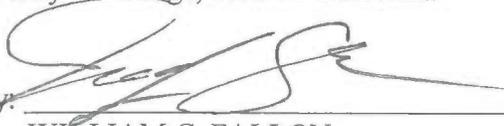
16 Dated: \_\_\_\_\_

17 PAUL ZELLERBACH, District Attorney  
18 County of Riverside, State of California

19 By: \_\_\_\_\_  
20 DALE C. HOY II  
21 Deputy District Attorney

22 Dated: \_\_\_\_\_

23 TONY RACKAUCKAS, District Attorney  
24 County of Orange, State of California

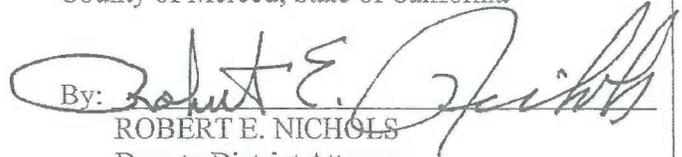
25  
26 By:   
27 WILLIAM G. FALLON  
28 Deputy District Attorney

Dated: December 18, 2014

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Dated: December 18, 2014

LARRY D. MORSE, District Attorney  
County of Merced, State of California

By:   
ROBERT E. NICHOLS  
Deputy District Attorney

Dated: \_\_\_\_\_

MICHAEL A. RAMOS, District Attorney  
County of San Bernardino, State of California

By: \_\_\_\_\_  
DOUGLAS POSTON  
Deputy District Attorney

**FOR DEFENDANT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
LARRY PARSONS  
GENERAL COUNSEL  
MCLANE COMPANY INC.

**REVIEWED AS TO FORM AND CONTENT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
CHARLES H. ABBOTT III  
JENNER & BLOCK  
Attorney for MCLANE COMPANY INC.

**IT IS SO ORDERED.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Judge of the Superior Court

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Dated: \_\_\_\_\_

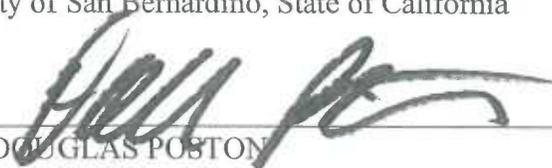
LARRY D. MORSE, District Attorney  
County of Merced, State of California

By: \_\_\_\_\_

ROBERT E. NICHOLS  
Deputy District Attorney

Dated: 12/19/14

MICHAEL A. RAMOS, District Attorney  
County of San Bernardino, State of California

By:  \_\_\_\_\_

DOUGLAS POSTON  
Deputy District Attorney

**FOR DEFENDANT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

LARRY PARSONS  
GENERAL COUNSEL  
MCLANE COMPANY INC.

**REVIEWED AS TO FORM AND CONTENT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

CHARLES H. ABBOTT III  
JENNER & BLOCK  
Attorney for MCLANE COMPANY INC.

**IT IS SO ORDERED.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Judge of the Superior Court

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LARRY D. MORSE, District Attorney  
County of Merced, State of California

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
ROBERT E. NICHOLS  
Deputy District Attorney

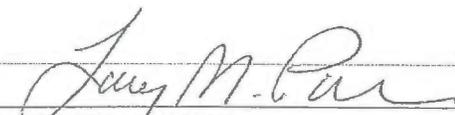
MICHAEL A. RAMOS, District Attorney  
County of San Bernardino, State of California

By: \_\_\_\_\_  
DOUGLAS POSTON  
Deputy District Attorney

Dated: \_\_\_\_\_

**FOR DEFENDANT:**

Dated: 12/19/14

By:   
LARRY PARSONS  
VP, GENERAL COUNSEL &  
SECRETARY  
MCLANE COMPANY INC.

**REVIEWED AS TO FORM AND CONTENT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
CHARLES H. ABBOTT III  
JENNER & BLOCK,  
Attorney for MCLANE COMPANY INC.

**IT IS SO ORDERED.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Judge of the Superior Court

Dated: \_\_\_\_\_

LARRY D. MORSE, District Attorney  
County of Merced, State of California

By: \_\_\_\_\_  
ROBERT E. NICHOLS  
Deputy District Attorney

MICHAEL A. RAMOS, District Attorney  
County of San Bernardino, State of California

By: \_\_\_\_\_  
DOUGLAS POSTON  
Deputy District Attorney

Dated: \_\_\_\_\_

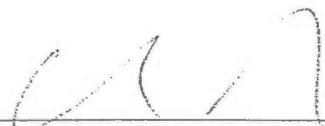
**FOR DEFENDANT:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
LARRY PARSONS  
GENERAL COUNSEL  
MCLANE COMPANY INC.

**REVIEWED AS TO FORM AND CONTENT:**

Dated: DECEMBER 12, 2014

By:  \_\_\_\_\_  
CHARLES H. ABBOTT III  
JENNER & BLOCK  
Attorney for MCLANE COMPANY INC.

**IT IS SO ORDERED.**

Dated: JAN 05 2015

By:  \_\_\_\_\_  
Barbara A. Rhonlund  
Judge of the Superior Court

EXHIBIT A

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MICHAEL A. RAMOS  
San Bernardino County District Attorney  
Douglas Poston, SBN 176388  
Deputy District Attorney  
412 W. Hospitality Lane, Suite 301  
San Bernardino, CA 92415-0023  
Telephone: (909) 891-3330

LARRY D. MORSE II  
Merced County District Attorney  
Robert E. Nichols, SBN 100028  
Deputy District Attorney  
550 W. Main Street  
Merced, CA 95340  
Telephone: (209) 385-7381

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EXHIBIT B  
CIVIL PENALTIES

Agency	Civil Penalties - Business and Professions §17200 Penalties	Civil Penalties - Health and Safety Code §25500 Penalties	Civil Penalties - Health and Safety Code §25189 Penalties	Total of Civil Penalties Paid to Agency
Merced Co. District Attorney's Office	\$7,500.00	--	--	\$7,500.00
Orange Co. District Attorney's Office	\$45,000.00	--	--	\$45,000.00
Riverside Co. District Attorney's Office*	\$45,000.00	--	--	\$45,000.00
San Bernardino Co. District Attorney's Office	7,500.00	--	--	7,500.00
San Joaquin Co. District Attorney's Office**	45,000.00	--	--	45,000.00
Totals - Prosecutor Civil Penalties	150,000.00	--	--	150,000.00

\* RIVERSIDE Penalties: Business and Professions Code §17200: "Defendants" shall pay \$45,000.00 to the Riverside County District Attorney's Office as civil penalties for violations of Business and Professions Code section 17200. Pursuant to Business and Professions Code section 17206(b), said sum will be paid in the form of a check made payable to the District Attorney, County of Riverside; sums to be distributed as follows: 100 percent will be deposited into the consumer protection prosecution account in the General Fund of Riverside County.

\*\* SAN JOAQUIN Penalties: B&P 17200 Penalties shall be paid to the "Treasurer of San Joaquin County". Penalties allocated to H&S 25500 shall be paid to the "San Joaquin Co. District Attorney's Office".

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EXHIBIT C

SUPPLEMENTAL ENVIRONMENTAL PROJECTS

**1. Environmental Protection Prosecution Fund.** McLANE shall provide the amount of Thirty Seven Thousand-Five Hundred Dollars (\$37,500) to be used by the Craig Thompson Environmental Protection Prosecution Fund (“CTEPP Fund”) for purposes consistent with the mission of the CTEPP Fund.

**2. CUPA Forum Environmental Protection Trust Funds.** McLANE shall provide the amount of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) to the CUPA Forum Environmental Protection Trust Fund, which is administered and to be used by the California Certified Unified Program Agency (CUPA) Forum, for purposes consistent with the mission of the Trust for the CUPA Forum.

**3. California Hazardous Materials Investigators Association (CHMIA).** McLANE shall provide the amount of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) to be used by CHMIA Board of Directors to fund scholarships for the annual training conference presented by CHMIA.

**4. Environmental Enforcement and Training Account.** McLANE shall provide the amount of Thirty Seven Thousand-Five Hundred Dollars (\$37,500), made payable to the “Secretary for California Environmental Protection Agency” for deposit in the Environmental Enforcement and Training Account as set forth in Penal Code Section 14300 et seq., for purposes consistent with the mission of the Environmental Enforcement and Training Act of 2002.

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EXHIBIT D-1

COSTS

Agency	Total Costs to Prosecutors
Orange Co. District Attorney's Office	\$1,250.00
Riverside Co. District Attorney's Office*	\$1,250.00
San Joaquin Co. District Attorney	\$3,500.00
San Bernardino Co. District Attorney's Office	\$2,500.00
Yolo Co. District Attorney's Office	\$1,500.00
Total - Costs	\$10,000.00

\* RIVERSIDE Costs: "Defendants" shall pay \$1,250 as costs to the Riverside County District Attorney's Office. Said sum will be paid in the form of a check made payable to the District Attorney, County of Riverside.

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EXHIBIT D-2

COSTS

Agency	Total Costs to Agency
Merced Co. – Division of Environmental Health	\$3000.00
Orange Co. – Environmental Health (*see below)	\$5000.00
Riverside Co. – Dept. of Environmental Health	\$3,500.00
San Bernardino Co. – Fire Haz Mat	\$3,500.00
San Diego Environmental Health	\$5,000.00
San Joaquin Co. – Environmental Health Department	\$5,000.00
Total - Costs	\$25,000.00

\* ORANGE: Five Thousand Dollars (\$5,000.00) is restricted to the Orange County Health Care Agency/Environmental Health and is to be placed in a special revenue account. These funds are to be used for the enhancements of the Hazardous Waste Program for special projects and other uses as determined by the Director of Environmental Health. Said payment shall be made in the form of a check made payable to the County of Orange/Auditor-Controller.

1 PEOPLE OF THE STATE OF CALIFORNIA, )  
2 Plaintiff, )  
3 vs. )  
4 MCLANE COMPANY, INC., a Texas )  
5 Corporation, )  
6 Defendant. )

Case No. 39-2014-00319887-CU-TT-STK

**PROOF OF SERVICE BY MAIL  
(CCP 1013, 2015.5)**

7 I, ROXANE BRANNON, declare that:

8 I am employed in the County of San Joaquin, I am over the age of eighteen years and not a  
9 party to the within entitled cause; my business address is: 222 East Weber Avenue, Room 202,  
10 Stockton, California, 95202.

11 On the date set forth below, I served the **NOTICE OF ENTRY OF JUDGMENT** by  
12 placing a true copy thereof enclosed in sealed envelope following ordinary business practices for  
13 collection in San Joaquin County's outgoing mail system addressed as follows:

14 Charles H. Abbott III, Esq.  
15 Jenner & Block  
16 633 W. 5th Street, Suite 3600  
Los Angeles, CA 90071

17 I am readily familiar with San Joaquin County's business practice for collection and  
18 processing of mail with the United States Postal Service and said mail would be deposited with the  
19 United States Postal Service sealed and postage fully paid at Stockton, California that same day in  
20 the ordinary course of business.

21 I declare under penalty of perjury that the foregoing is true and correct, and that this  
22 declaration was executed on January 26, 2015, at Stockton, California.

23   
24 ROXANE BRANNON