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January 22, 2002

Reuben Yeroushalmi, Esq.
3700 Wilshire Boulevard, Suite 480
Los Angeles, CA 90010

RE: Proposition 65 Sixty Day Notice

Dear Mr. Yeroushalmi:

The Attorney General recently received a sixty-day notice from your office, on behalf of Consumer Advocacy Group, Inc., in which you allege that the following companies have failed to provide required Proposition 65 warnings for certain products alleged to cause exposures to aniline.

Colgate-Palmolive Company
Colgate Flavor and Fragrances, Inc.

These notices were served on December 31, 2001, some of roughly 3,500 notices served on the Attorney General between December 21, 2001 and December 31, 2001.

As you know, the Legislature passed, and the Governor approved, SB 471, which adopted certain changes in Proposition 65. These changes include the new requirement that notices alleging violations of the warning requirement include a certificate of merit, which provides certain information substantiating the claims made in the notice. This requirement took effect for notices served on or after January 1, 2002. The Attorney General supported this legislation, because it helps assure that noticing parties have adequately investigated their claims before providing the notice.

In our experience, we have found that responsible groups doing this type of work had engaged in an investigation similar to that required by SB 471, and therefore would not be especially burdened by the new requirements. Unfortunately, some groups have not always performed sufficient investigation before providing these notices. You have provided a large volume of notices very shortly before the effective date of the new certificate of merit requirements. We certainly hope that this was not done in an effort to avoid conducting the type of investigation that would be necessary to provide an adequate certificate of merit, but the

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timing and volume of your notices could support that inference.

Although the Certificate of Merit requirement was not in effect on the date of your notices, the provisions of the Code of Civil Procedure and other legal remedies already exist to address an civil actions that are filed without adequate basis to proceed. For example, Code of Civil Procedure section 128.7(b)(3) provides that your signature on a complaint constitutes certification, among other things, that “the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.” Any actions filed pursuant to the notices in question, must meet all applicable legal standards.

Moreover, if actions are filed pursuant to these notices, they will be subject to the newly-required settlement review procedures. Under these provisions, no settlements can be approved unless the court finds that any warning complies with the law, any civil penalty is reasonable, and any award of attorney’s fees is reasonable under California law. Any settlements must be provided to the Attorney General for review, and the Attorney General may appear in court concerning the settlements. In addition, the Attorney General has authority to investigate matters within his jurisdiction through administrative subpoenas promulgated pursuant to Government Code section 11181 et seq.

We have a number of questions concerning the support for the allegations in your notice, the answers to which are important to our ability to evaluate whether the Attorney General should commence enforcement action on them. We trust that you have obtained this information as part of your investigation, and will provide it to us:

Regarding the consumer exposures alleged, are the chemicals listed ingredients of the product? If they are not listed ingredients, do you have test data showing that the products contains the chemicals and will you provide that test data to us? If there is no test data, please provide us with the evidence on which you have based your claim of exposure.

Regarding each of the occupational and environmental exposures alleged, as you are aware, it is the plaintiff’s burden to prove that there has been an exposure and that no warning was provided. What is your basis for stating that the company has caused an exposure to a listed chemical and failed to provide the Proposition 65 warning in either the occupational or environmental context? In the occupational context, what is your factual basis for stating that there is an exposure to employees inside the storage facilities where the finished product is stored, or to employees inside stores where the finished product is sold.

In addition to the above, we have begun to review the notice to determine whether it

complies with the regulatory requirements for notices, set forth in the Code of California Regulations, Title 22, section 12903. We have noted certain problems with the notice:

1. Regarding the occupational exposure, the notices state that the violations take place, in part, in stores where the product is sold and/or used and/or displayed. In *As You Sow v. Shell Oil Company* (No. 975116), Judge Pollak of the San Francisco Superior Court ruled that a manufacturer is not liable under Proposition 65 for failure to provide the warning to employees of downstream employers. Please inform us if you are alleging that the stores where the product is sold are owned by the noticed companies, and the employees are therefore employees of the noticed companies. If this is not the allegation, then the party being noticed for those particular violations may not be correct.
2. Also in regard to the occupational exposure, you state that the exposure occurs to factory workers, product testers, in-store sales persons, product demonstrators, contractors, maintenance workers, service personnel, and security personnel. The locations include factories, storage facilities, and shops and stores. The category of workers and the locations appears to be so broad and general as to encompass every conceivable type of worker in every conceivable location. Therefore it is questionable whether the notice actually informs the company of where the actual exposures are occurring and to whom.
3. On page two to three of the notice, under occupational exposure, you state, that the “violator(s) has been and is knowingly and intentionally exposing employees of the violator(s) to Palmolive 24 Hours Hand & Nail Lotion and other chemicals listed below and designated by the State of California to cause cancer. . . .” As you are aware, the products themselves are not Proposition 65 chemicals.
4. Regarding the environmental exposure, the regulations require that the notice either provide the location of the source of the exposure or, if numerous sources are alleged, the notice must identify each facility or source of exposure by stating the common characteristics that result in the allegedly unlawful exposure in a manner sufficient to distinguish those facilities or sources from others for which no violation is alleged. The notice alleges that the facilities include the place of business, inside shops and stores where the product is sold and/or used and/or displayed and/or demonstrated, as well as any location at which consumers and/or users of the product come into contact with members of the public. This description is so broad as to make it impossible for us to distinguish facilities and locations in which the violation occurs from facilities in which no violation is

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alleged.

4. The regulations require that where the alleged violator has a current registration with the California Secretary of State that identifies a Chief Executive Officer, President, or General Counsel, the notice must be addressed to one of those persons. The notice above was served on "CEO/President/Owner" of the companies, without designating a named individual. If the noticed companies have identified names on file with the Secretary of State, the notice must be served on the named individual.

The list of problems in the notice is not intended to be exhaustive or to imply that all other aspects of the notice are adequate.

We would appreciate receiving answers to the questions set forth above. If you wish to discuss any of the above, please feel free to call me.

Sincerely,

SUSAN S. FIERING
Deputy Attorney General

For BILL LOCKYER
Attorney General

cc: Noticed Companies

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NOTICED COMPANIES

CEO/President/Owner
Colgate-Palmolive Company
300 Park Avenue
New York, NY 10022
Attn: Reuben Mark

CEO/President/Owner
Colgate-Palmolive Co.
191 E. Hanover Ave.
Morristown, NJ 07960-3151

CEO/President/Owner
Colgate Flavor and Fragrances, Inc.
300 Park Ave. FL 8
New York, NY 10022-7402
Attn: William Shanahan

CEO/President/Owner
Colgate-Palmolive Co.
1806 Kansas Ave.
Kansas City, KS 66105-1124

CEO/President/Owner
Colgate-Palmolive Co.
8800 Guernsey Industrial Blvd.
Cambridge, OH 43725-8913