

1 [Settlement Of Lawsuit]

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3 **Ordinance authorizing settlement of the lawsuit filed by the City and County of**  
4 **San Francisco and the Environmental Law Foundation against the United States**  
5 **Tobacco Company, other manufacturers of smokeless tobacco products, and major**  
6 **retail chains that sell smokeless tobacco in California, for \$2,750,000; the lawsuit was**  
7 **filed on March 31, 1998 in San Francisco Superior Court, Case No. 993-992; entitled**  
8 **City and County of San Francisco and Environmental Law Foundation v. United States**  
9 **Tobacco Co., et al.; other material terms of said settlement are that the smokeless**  
10 **tobacco manufacturers shall distribute warning signs required by Proposition 65 to**  
11 **their retailers throughout the state, and that the retailer defendants shall post those**  
12 **signs.**

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14 Be it ordained by the People of the City and County of San Francisco:

15 Section 1. The City Attorney is hereby authorized to settle the action entitled "City and  
16 County of San Francisco and the Environmental Law Foundation v. United States Tobacco  
17 Co., et al.", San Francisco Superior Court No. 993-992, Judicial Council Coordination  
18 Proceeding No. 4042, in consideration for the payment of \$2,750,000, to be allocated as  
19 described below in subsection (a), and for the injunctive relief as described below in  
20 subsection (b):

21 (a) The proceeds of the settlement are allocated as follows: \$1,626,930 will  
22 be used for activities relating to advocacy and education of the general public concerning  
23 smokeless tobacco products and/or Prop. 65 issues; of this amount, \$313,465 will be awarded  
24 to the San Francisco Department of Public Health ("SFDPH") to support public education and  
25 advocacy programs (the SFDPH shall hereafter submit a specific request to the Board of

1 Supervisors for the appropriation of this money); \$313,465 will be paid directly to the  
2 Environmental Law Foundation ("ELF"), to support similar educational activities; and the  
3 remaining \$1,000,000 of public education funds will be set aside for a grant program, jointly  
4 administered by CCSF and ELF, to award grants for worthy public education and advocacy  
5 programs throughout the state relating to smokeless tobacco and/or Prop. 65 issues; the  
6 remaining settlement funds (\$1,123,070) will reimburse San Francisco and its co-plaintiff,  
7 ELF, for their costs and attorneys fees in pursuing the litigation (San Francisco will receive  
8 \$75,000 of this amount as reimbursement for time spent on the case by Deputy City  
9 Attorneys).

10 (b) As part of the settlement, Defendants have agreed to distribute and/or  
11 post warning signs that contain the specific warnings required by Prop. 65 in the following  
12 ways: within 14 days after final approval of the settlement, the Manufacturer Defendants will  
13 deliver Prop. 65 warning signs to all stores that sell their smokeless tobacco products in  
14 California; the Retailer Defendants will post these signs in each of their stores that sells  
15 smokeless tobacco products; if a Manufacturer receives actual notice that a retailer is selling  
16 its smokeless tobacco products without the required Prop. 65 warning sign, it will send a letter  
17 reminding that retailer about the need to post the warning, and a copy of that letter shall be  
18 sent to the San Francisco City Attorney's Office and ELF for possible follow-up enforcement  
19 action; every two years after the initial distribution of signs, through at least 2010, the  
20 Manufacturers shall redistribute Prop. 65 warning signs to various trade associations; so long  
21 as the Manufacturers continue to abide by the terms of these injunctive provisions, they shall  
22 be deemed to be in compliance with Prop. 65.

23 (c) the San Diego Superior Court will retain jurisdiction to enforce all of the  
24 terms of the settlement as a consent judgment.

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1           Section 2. The Controller of the City and County of San Francisco is hereby authorized  
2 to accept all the payments made to the City and County of San Francisco pursuant to the  
3 terms of the settlement agreement, and to issue warrants for the distribution of the \$1,000,000  
4 in grants to be awarded pursuant to the terms of the settlement.

5           Section 3. The above-named action was filed in the San Francisco Superior Court on  
6 March 31, 1998, and later transferred to the San Diego Superior Court as part of the Tobacco  
7 Cases II coordinated proceedings (J.C.C.P. No. 4042), and the following parties are named as  
8 defendants in the lawsuit: United States Tobacco Co.; U.S.T. Inc.; Conwood Co.; Pinkerton  
9 Tobacco Co.; Swedish Match North America, Inc.; National Tobacco Co.; Swisher  
10 International Group, Inc.; Hay Island Holding Corp.; Brown & Williamson Tobacco Corp.;  
11 BATUS Holdings, Inc.; Merrill Reese, Inc.; Lucky Stores, Inc.; Quick Stop Markets, Inc.;  
12 Raley's, Inc.; Save Mart Supermarkets, Inc.; Sav-On Drug Stores, Inc.; The Southland Corp.;  
13 Circle K Stores, Inc.; Longs Drug Stores Corp.; Walgreen Co. and Safeway, Inc.

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15 APPROVED AS TO FORM AND  
16 RECOMMENDED:

17 LOUISE H. RENNE  
18 City Attorney

19 JOANNE HOEPER  
20 Chief Trial Deputy

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