

**STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE**

In the Matter of Blue Cross Laboratories, Inc. and  
Dollar Tree, Inc.

**STIPULATION AND  
SETTLEMENT AGREEMENT**

TO: Blue Cross Laboratories, Inc.  
20950 Centre Pointe Parkway  
Santa Clarita, CA 91350

Dollar Tree, Inc.  
500 Volvo Parkway  
Chesapeake, VA 23320

Commissioner of Commerce Mike Rothman (Commissioner) has determined as follows:

1. Minn. Stat. §325F.08 (2014) states, "No person, firm, corporation, association or agent or employee thereof shall import, manufacture, sell, hold for sale or distribute a toy or other article intended for use by a child which presents an electrical, mechanical or thermal hazard or presents a hazard due to toxic, or flammable properties or properties able to produce asphyxiation or suffocation."

2. Pursuant to Minn. Stat. § 325F.10 (2014), the Commissioner shall ban from sale or distribution any toy or other article intended for use by children that presents any of the hazards set out in section 325F.08. Additionally, the Commissioner shall adopt the rules necessary to carry out the intent of sections 325F.08 to 325F.18.

3. Minn. Stat. § 325F.11 (2014) grants the Commissioner or an authorized delegate of the Commissioner the authority to test toys or other articles being sold in this state to insure compliance with the sections 325F.08 - 325F.18. Additionally, Minn. Stat. § 325F.15 (2014) grants the Commissioner or an authorized delegate of the Commissioner the right to access the premises and records needed to administer and enforce sections 325F.08 to 325F.18.

4. Minn. Stat. §§ 325F.176 - 325F.177 (2014) establishes a ban on the sale of children's products, which intentionally contain formaldehyde due to its toxic hazard, by

manufacturers and retail sellers. Specifically, after August 1, 2014, a manufacturer is banned from selling children's products that intentionally contain formaldehyde. Additionally and for the same reasons, after August 1, 2015 the law also bans sales of children's products by a retail seller that intentionally contain formaldehyde.

5. Pursuant to Minn. Stat. § 325F.13 (2014), no person shall sell, expose for sale, deliver, give away, possess, or introduce or deliver for introduction into commerce any hazardous toy or article intended to be used by a child or banned hazardous toy or article intended to be used by a child.

6. Pursuant to Minn. Stat. § 325F.12 (2014), any article sold by a manufacturer, distributor or dealer, which has been banned, whether or not it was banned at the time of its sale, the article shall, in accordance with the rules of the Commissioner be repurchased.

7. Respondent Blue Cross Laboratories, Inc. (BCL) is a privately held manufacturing company of household cleaning and health and beauty care products. BCL's manufacturing facilities are located in Santa Clarita, California and Phoenix, Arizona. Some of BCL's product manufacturing items includes children's products as defined at Minn. Stat. §325F.176 (c) (2014).

8. Respondent Dollar Tree, Inc. (DT) is a publicly traded national single-price-point retailer headquartered in Chesapeake, VA. Some of DT's retail product offerings to Minnesota consumers are purchased from BCL and include children's products as defined at Minn. Stat. § 325F.176 (c) (2014).

9. In 2015, the Minnesota Pollution Control Agency (MCPA) purchased children's products sold at a Minnesota based DT retail location. The children's products were provided to the Minnesota Department of Health (MDH) for testing to determine their chemical compositions. One of the products tested was "Sesame Street Baby Shampoo - Calming Lavender" (Product), which is a children's product and for which Respondent BCL is the manufacturer. MDH's testing revealed the Product contained formaldehyde which was later found to be an intentionally added ingredient in a preservative used in the Product called Lincocide H.

10. The Product was manufactured by BCL in 2015 and 2016 and sold to DT in the same time frame. DT subsequently sold the Product to Minnesota consumers in 2015 and 2016. After the Department of Commerce informed BCL that the Product is subject to the rules contained in Minn. Stat. §§ 325F.176 – 325F.178 the use of the preservative Lincocide H was discontinued in 2016 and replaced with a different preservative called Lincocide K. Lincocide K in the Product does not intentionally contain formaldehyde.

11. Respondent BCL sold the Product after August 1, 2014 in violation of Minn. Stat. § 325F.177 (a)(1) (2014). Respondent DT sold the Product after August 1, 2015 in violation of Minn. Stat. § 325F.177 (b)(1) (2014). Both Respondent BCL and DT admit that the sales of the Product are in violation of Minn. Stat. § 325F.177 (a)(1) & (b)(1) respectively. In order to resolve these violations Respondents and the Commissioner have entered into this Stipulation and Settlement Agreement.

12. Respondents acknowledge that they have been advised of their rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondents hereby expressly waives those rights. Respondents further acknowledge that they have been represented by legal counsel throughout these proceedings or hereby expressly waive that right;

13. Respondents have agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2016) and Minn. R. 1400.5900 (2015); and

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED TO,** pursuant to Minn. Stat. §§ 325F.10 (2016), 325F.12 (a)(b)(c) (2016) and 325F.13 (2016) as follows:

A. Respondents BCL and DT shall cease and desist from selling children's products in this state that intentionally contain formaldehyde;

B. Respondent BCL shall repurchase any unsold Product from DT, and shall refund DT the price paid for the Product. If BCL requires the return of the Product in connection with the

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repurchase of it, BCL shall also reimburse DT for any reasonable and necessary expenses incurred in returning it to the BCL;

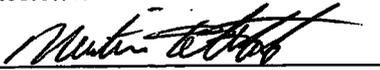
C. Respondent DT shall refund the purchase price paid for the Product if returned by any consumer who purchased the Product in Minnesota and reimburse any consumer for reasonable shipping charges incurred in the Product's return;

D. Respondent BCL and DT shall each create and maintain a compliance program designed to ensure that no children's product will be sold in Minnesota, which violates any portion of Minn. Stat. §§ 325F.176 – 325F.178 (2016).

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 5-15-2017

Mike Rothman  
Commissioner

By: 

MARTIN FLEISCHHACKER  
Assistant Commissioner of Enforcement  
85 Seventh Place East, Suite 280  
St. Paul, Minnesota 55101

CONSENT TO ENTRY OF AGREEMENT

The undersigned states that they have read the foregoing Stipulation and Settlement Agreement; that they know and fully understand its contents and effect; that they are authorized to execute this Consent to Entry of Agreement; that they have been advised of their right to be represented by counsel, and that they consent to entry of this Agreement by the Commissioner of Commerce. It is further expressly understood that this Agreement constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

By \_\_\_\_\_

Authorized Representative Dollar Tree, Inc.

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ (date) by \_\_\_\_\_ (name of person)

(stamp)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
Title (and Rank)

By [Signature]  
Authorized Blue Cross Laboratories, Inc.

STATE OF California  
COUNTY OF Los Angeles

This instrument was acknowledged before me on 05/04/17 (date) by Darrell Mahler (name of person)



[Signature]  
(Signature of Witness)  
Notary Public  
Title (and Rank)

CONSENT TO ENTRY OF AGREEMENT

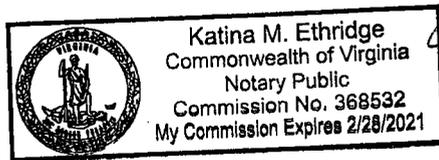
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By [Signature]  
Authorized Representative Dollar Tree, Inc.

STATE OF Virginia  
City  
COUNTY OF Chesapeake

This instrument was acknowledged before me on 9th May 2017 (date) by Keith P. Zanni (name of person)

(stamp)



[Signature]  
(Signature of Witness)  
Notary Public  
Title (and Rank)

By \_\_\_\_\_  
Authorized Blue Cross Laboratories, Inc.

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ (date) by \_\_\_\_\_ (name of person)

(stamp)

\_\_\_\_\_  
(Signature of Witness)  
\_\_\_\_\_  
Title (and Rank)