

1 James B. Pollack (Pro Hac Vice forthcoming)
Marten Law LLP
2 920 5th Ave, Suite 2700
3 Seattle, WA 98104
(206) 351-6007
4 jpollack@martenlaw.com

5 Linda S. Gilleran (State Bar No. 307107)
Farella Braun + Martel LLP
6 One Bush Street, Suite 900
7 San Francisco, California 94104
(415) 954-4400
8 lgilleran@fbm.com

9 Attorneys for Petitioner/Plaintiff
American Apparel & Footwear Association, Inc.

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11
12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **COUNTY OF SACRAMENTO**

14
15 AMERICAN APPAREL & FOOTWEAR)
ASSOCIATION, INC.,)

16)
17) Petitioner/Plaintiff,)

18) v.)

19 CALIFORNIA DEPARTMENT OF)
RESOURCES RECOVERY AND RECYCLING,)

20)
21) Respondent/Defendant,)

22) &)

23 LANDBELL USA INC.,)

24)
25) Real Party in Interest.)
26)
27)
28)

Case No.: 26WM000091

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
PETITIONER’S MOTION FOR
PRELIMINARY INJUNCTION OR,
ALTERNATIVELY, STAY**

ASSIGNED FOR ALL PURPOSES TO:
JUDGE SHELLEYANNE W.L. CHANG

Action Filed: March 27, 2026

Hearing Date: August 7, 2026

Time: 10:00 a.m.

Dept: 16B

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1 Petitioner American Apparel & Footwear Association, Inc. (AAFA) moves for a preliminary
2 injunction requiring Respondent California Department of Resources Recovery and Recycling
3 (CalRecycle) to halt implementation of California’s Responsible Textile Recovery Act by an
4 unqualified and unlawfully approved producer responsibility organization (PRO), Real Party in
5 Interest Landbell USA Inc.

6 **I. INTRODUCTION**

7 The Responsible Textile Recovery Act of 2024 (SB 707, Newman, Chapter 864, Statutes of
8 2024) (Act) is the first law of its kind in the United States, establishing an extended producer
9 responsibility (EPR) program for textiles, apparel, and other covered products. Under this policy,
10 apparel and textile article producers will invest in collection, sorting, reuse, repair, and recycling
11 infrastructure. They will also establish standards that incentivize product stewardship through
12 sustainable design, manufacturing practices, and repairability. Through these efforts, producers will
13 ultimately assume certain end-of-life responsibilities for their products. Altogether, these initiatives
14 will facilitate a more “circular” economic approach in the textile and apparel industry—one that keeps
15 materials and products in circulation for as long as possible.

16 The make-or-break factor for the successful implementation of the Act is the selection of a
17 qualified producer responsibility organization (PRO). The PRO will contract with service providers,
18 manage data collection from producers, set fees for regulated materials, establish how sustainability
19 attributes (like durability) will reduce those fees, interface with regulators, and authorize and manage
20 the collection, recycling, and reporting activities required by the Act. As the name implies—and the
21 statute requires—the PRO must be an entity formed *by producers* to support the regulated community
22 in fulfilling their legal obligations. The PRO’s industry experience is critical to program success, as
23 producers are best situated to understand how to properly collect, transport, repair, sort, and recycle
24 their products while exercising program oversight to keep costs low. For this and related reasons, the
25 state legislature expressly required that the approved PRO under the Act: (1) be formed by producers;
26 (2) be a 501(c)(3) organization; (3) have a governing board diverse in size and type of covered
27 product; and (4) demonstrate adequate financial controls to ensure proper management of funds.

28

1 Respondent California Department of Resources Recovery and Recycling (CalRecycle) did
2 not approve a PRO meeting any of these criteria. Instead, it approved Landbell USA Inc., a
3 corporation that: (1) is not formed by producers; (2) is not a 501(c)(3) organization; (3) represents a
4 narrow sliver of the industry; and (4) raises serious financial concerns based on its apparent ownership
5 by a for-profit parent company, Landbell Group. CalRecycle’s decision to approve Landbell USA as
6 the PRO was contrary to law and an abuse of discretion, warranting correction by this Court through
7 mandamus.

8 Although Landbell USA is not qualified to serve as PRO, it and CalRecycle are already taking
9 major steps to implement the Act. Statutory deadlines are quickly approaching, including a July 1,
10 2026 deadline for 35,000 to 40,000 entities to register with Landbell USA. Based on Landbell USA’s
11 application, each registered producer will be responsible for a \$1,000 flat fee. Mere days ago,
12 Landbell USA began asking producers to register to join the PRO and hiring contractors for the needs
13 assessment under the Act. AAFA must therefore move for a preliminary injunction directing
14 CalRecycle and Landbell USA to cease taking any further steps to implement the Act with Landbell
15 USA as the PRO. AAFA, its members, and the public interest are harmed by Landbell USA
16 unlawfully serving as the PRO and undermining the design and efficacy of the Act.

17 **II. BACKGROUND**

18 **A. The State Enacts the Responsible Textile Recovery Act of 2024**

19 In recent years, there has been a growing recognition in California of the challenges posed by
20 textiles waste. Californians dispose of approximately 1.2 million metric tons of textiles per year,
21 costing over \$70 million in annual disposal costs. (Senate Rules Committee, *Office of Senate Floor*
22 *Analysis, SB 707 Bill Analysis* at 5 (Aug. 29, 2024), <https://perma.cc/6H9Q-PGYL>.) And although
23 the vast majority of textiles are reusable or recyclable, the recovery rate for textiles in the United
24 States is only about 15%, meaning that 85% of discarded clothing and textiles are sent to a landfill or
25 incinerated. (*Id.* at 5-6.)

26 The state legislature’s solution to this problem was the Responsible Textile Recovery Act of
27 2024, which creates a first-in-the-nation EPR program for textiles, apparel, and other covered
28

1 products. EPR is “a strategy that places shared responsibility for end-of-life product management on
2 the producers and all entities involved in the product chain, instead of on the general public and local
3 governments.” (*Id.* at 6.) The textiles EPR program created by the Act is the sixth EPR program in
4 the State. (*Id.* at 7.) As the bill analysis for the Act makes clear, EPR programs like these depend on
5 industry to work:

6 EPR programs rely on *industry*, formalized in a product stewardship organization, to
7 develop and implement approaches to create a circular economy *that makes business*
8 *sense*, with oversight and enforcement provided by the government. This approach
9 provides *flexibility for manufacturers*, based on *their expertise in designing products*
10 *and the systems that bring these products to market*, to design systems to capture those
11 products at the end-of-life to meet statutory goals.

12 (*Id.* at 6-7 [emphasis added].)

13 Thus, it should be no surprise that the cornerstone of the Act is that the PRO should be formed
14 by industry: “Producers of covered products shall form and join a PRO for the purposes of complying
15 with this chapter.” (Pub. Resources Code, § 42984.4(a)(1).) A PRO is defined as an “organization
16 that is exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986,
17 is formed for the purpose of implementing a plan to meet the requirements of this chapter, and is
18 approved by the department.” (*Id.* § 42984.3(t).) All producers of covered products must join, fund,
19 and be governed by the approved PRO. (*Id.* §§ 42984.4(a)(3), 42984.13(b).) The application deadline
20 for any proposed PRO was January 1, 2026. (*Id.* § 42984.4(a)(1).) By March 1, 2026, CalRecycle
21 was required to approve a PRO that “meets the requirements of this chapter.” (*Id.* § 42984.4(a)(2).)
22 “If applications for more than one PRO are submitted to the department,” CalRecycle was required
23 to “determine which proposed PRO can most effectively implement this chapter.” (*Id.*
24 § 42984.4(a)(1).)

25 As relevant here, the statute contains several requirements for a successful PRO applicant:

- 26 • The PRO must be formed by producers. (*Id.* § 42984.4(a)(1).) Producers may include
27 manufacturers, importers, distributors, retailers, and wholesalers. (*Id.* § 42984.3(s) [defining
28 “producer”].)
- The PRO must be a 501(c)(3) organization. (*Id.* § 42984.3(t).)

- 1 • The PRO must have “a governing board consisting of producers that are diverse in size and
2 type and that represent the diversity of covered products placed in the market by those
3 entities.” (*Id.* § 42984.4(a)(2).) The concept or degree of diversity is not defined by statute.
4 However, the set of “covered products” includes a broad range of “apparel” and “textile
5 article” products. (*Id.* § 42984.3(a)(1) [defining “apparel”]; *id.* § 42984.3(ae)(1) [defining
6 “textile article”]).
- 7 • Finally, the PRO must “demonstrate[] that it has adequate financial responsibility and
8 financial controls in place, including fraud prevention measures and an audit schedule, to
9 ensure proper management of funds.” (*Id.* § 42984.4(a)(2).)

10 **B. Three Applicants Propose to Serve as the Producer Responsibility Organization (PRO)**

11 As of January 1, 2026, three entities applied to be the approved PRO under the Act: Textile
12 Renewal Alliance, Circular Textile Alliance, and Landbell USA. Each submitted materials detailing
13 the composition of its governing board, financial responsibility and financial control measures, and
14 other information on how the organization would implement the Act if selected as PRO.

15 AAFA, the National Retail Federation, and the California Retailer’s Association collaborated
16 to incorporate Textile Renewal Alliance as a 501(c)(3) nonprofit, propose it to CalRecycle as the
17 PRO, and otherwise prepare for it to serve as the PRO. (Lamar Decl. ¶ 9.) Textile Renewal Alliance
18 submitted its application to CalRecycle on December 31, 2025. (Textile Renewal Alliance PRO
19 Application at 1-2, <https://perma.cc/74E6-JPR2>.) In a supplemental submission, it confirmed that the
20 Internal Revenue Service (IRS) had granted it 501(c)(3) status. (Textile Renewal Alliance
21 Supplement at 1, <https://perma.cc/37Y6-KD3D>.)

22 Circular Textile Alliance applied to serve as the PRO on December 31, 2025. (Circular Textile
23 Alliance PRO Application at 1-2, <https://perma.cc/AR9T-5G9P>.) In a supplementary submission,
24 Circular Textile Alliance attached a letter from the IRS informing the organization that it had been
25 granted 501(c)(3) status. (Circular Textile Alliance Supplement at 1, <https://perma.cc/T5PR-DPES>.)

26 Landbell USA submitted an application to serve as the PRO on December 23, 2025. (Compl.,
27 Ex. A at 1.) In a supplemental submission, Landbell USA attached its application for 501(c)(3) status
28

1 reflecting a submission date of February 6, 2026—over a month after its PRO application was due.
2 (Landbell USA Supplement at 1, <https://perma.cc/354Z-HSH6>.) As of the date of this filing, however,
3 the IRS still does not list Landbell USA as a 501(c)(3) nonprofit.

4 **C. CalRecycle Approves Landbell USA as the PRO**

5 On February 24, 2026, Deputy Director of CalRecycle’s Division of Circular Economy
6 Michelle Martin sent a memo to CalRecycle Director Zoe Heller conveying the recommendation of
7 CalRecycle’s staff to approve Landbell USA as the PRO under the Act. (Compl., Ex. B.)

8 Regarding 501(c)(3) status, the memo noted that approval of any applicant as PRO would be
9 contingent on receipt of 501(c)(3) nonprofit tax-exempt status from the IRS. (Compl., Ex. B at 2.)

10 Staff then evaluated the diversity of the governing boards of each applicant. They concluded
11 that Landbell USA had a “diverse board with a few large producers, as well as mid-sized and smaller
12 producers.” (*Id.* at 3.) Confusingly, instead of fully analyzing board diversity by business size, type,
13 and covered products, staff admonished that the approved PRO would need to “review the structure
14 of their [sic] board and ensure the board is representative of the diversity of sizes and types of
15 producers subject to the Act as well as the covered products placed in the market.” (*Ibid.*)

16 As to financial responsibility and controls, staff noted all applicants had “demonstrated some
17 level of financial responsibility” and “committed to building and maintaining six months’ worth of
18 reserve funds.” (*Id.* at 4.) Staff did not note any potential conflicts of interest related to Landbell
19 USA’s relationship with Landbell Group.

20 Finally, as to ability to effectively implement the Act, staff found that each applicant had
21 “certain strengths,” but that Landbell USA had the edge “based on Landbell Group’s experience
22 developing needs assessments internationally.” (*Id.* at 6.) Staff seemed to fully conflate Landbell USA
23 and Landbell Group: “Landbell Group’s extensive organizational experience operating EPR programs
24 around the world supports that it can most effectively implement the Act.” (*Ibid.*)

25 Director Heller thereafter accepted the recommendation and approved Landbell USA as the
26 PRO, making a “Director’s Signing Statement” to that effect dated February 27, 2026:

27 I approve Landbell USA as the PRO based on the information provided by Landbell
28 USA in its PRO application, CalRecycle’s extensive experience in oversight of
extended producer responsibility programs in California, and the information and

1 analysis contained in this Request for Action. After reviewing all of the PRO
2 applications that CalRecycle received, I find that Landbell USA demonstrated that it
can most effectively implement the Responsible Textile Recovery Act.

3 (*Id.* at 6-7.) Director Heller stated that she did not consider the supplemental materials submitted by
4 each applicant “material.” (*Ibid.*) And she stated that CalRecycle’s approval of Landbell USA as PRO
5 was “contingent upon its receipt of 501(c)(3) non-profit tax-exempt status from the IRS and
6 completing subsequent corporate registration requirements.” (*Ibid.*)

7 **D. CalRecycle and Landbell USA Begin to Take Irreversible Steps to Implement the Act**

8 CalRecycle and Landbell USA are presently proceeding to implement the Act. Statutory
9 deadlines are approaching, including a July 1, 2026 deadline for 35,000 to 40,000 entities to join
10 Landbell USA, each responsible for a \$1,000 flat fee—\$35 to \$40 million that Landbell USA will
11 soon begin spending. (Compl., Ex. A at 6, 11.) This week, Landbell USA began asking covered
12 producers to register to join the PRO. (CalRecycle, *Responsible Textile Recovery Act: Needs*
13 *Assessment Informational Workshop* at 24 (Apr. 7, 2026), <https://perma.cc/56DQ-GURD>.) Under
14 highly compressed deadlines, Landbell USA has begun hiring contractors to complete the initial
15 statewide needs assessment required under the Act. (*Id.* at 20-21.) This needs assessment will set forth
16 all “necessary steps and investment needed for covered products, to achieve the requirements of this
17 chapter,” and is due by March 1, 2027. (Pub. Resources Code, § 42984.6(a).)

18 **III. LEGAL STANDARD**

19 **A. Preliminary Injunction**

20 “In deciding whether to issue a preliminary injunction, a trial court must evaluate two
21 interrelated factors: (i) the likelihood that the party seeking the injunction will ultimately prevail on
22 the merits of his claim, and (ii) the balance of harm presented, i.e., the comparative consequences of
23 the issuance and nonissuance of the injunction.” (*Common Cause v. Bd. of Supervisors* (1989) 49
24 Cal.3d 432, 441-42.)

25 **B. Ordinary Writ of Mandate Under Code Civ. Proc., § 1085**

26 “An ordinary mandamus action under Code of Civil Procedure section 1085 permits judicial
27 review of ministerial duties as well as quasi-legislative acts of public agencies. (*Carrancho v. Cal.*
28

1 *Air Res. Bd.* (2003) 111 Cal.App.4th 1255, 1264-65.) “Mandamus lies to compel the performance of
2 a clear, present, and ministerial duty where the petitioner has a beneficial right to performance of that
3 duty.” (*Id.* at 1265.) “Mandamus may issue to correct the exercise of discretionary legislative power,
4 but only if the action taken is so palpably unreasonable and arbitrary as to show an abuse of discretion
5 as a matter of law.” (*Ibid.*) Thus, the “court must determine whether the agency had a ministerial duty
6 capable of direct enforcement or a quasi-legislative duty entitled to a considerable degree of
7 deference.” (*Ibid.*) Whether statutes “impose a ministerial duty, for which mandamus will lie, or a
8 mere obligation to perform a discretionary function is a question of statutory interpretation.” (*Cal.*
9 *Pub. Recs. Rsch., Inc. v. Cnty. of Yolo* (2016) 4 Cal.App.5th 150, 178.) Courts “examine the language,
10 function and apparent purpose of the statute” to distinguish between ministerial and discretionary
11 duties. (*Ibid.* [internal quotation marks omitted].)

12 **C. Stay Under Code Civ. Proc., § 1094.5(g)**

13 In any petition for writ of mandate under Code Civ. Proc., § 1094.5(a), “the court in which
14 proceedings under this section are instituted may stay the operation of the administrative order or
15 decision pending the judgment of the court However, no such stay shall be imposed or continued
16 if the court is satisfied that it is against the public interest.” (Code Civ. Proc., § 1094.5(g).)

17 **IV. ARGUMENT**

18 **A. AAFA Is Likely to Succeed on the Merits of Its Petition for Writ of Mandate Under Code** 19 **Civ. Proc., § 1085**

20 **1. CalRecycle Failed to Discharge Its Ministerial Duty to Approve a Statutorily** 21 **Qualified PRO**

22 The state legislature assigned CalRecycle a ministerial duty to approve a PRO that met the
23 prerequisites set forth by the Act. CalRecycle had no discretion to approve a PRO unless it “meets
24 the requirements of this chapter.” (Pub. Resources Code, § 42984.4(a)(2).) The chapter imposes at
25 least four “unqualifiedly required” conditions on any approved PRO. (*Redwood Coast Watersheds*
26 *All. v. State Bd. of Forestry & Fire Prot.* (1999) 70 Cal.App.4th 962, 970 [“A duty is ministerial when
27 it is the doing of a thing unqualifiedly required.”].)
28

1 First, the chapter at issue requires the PRO to be “form[ed]” by producers. (*Id.*
2 § 42984.4(a)(1).) But Landbell USA was not formed by producers. Its President, John Hayes, is the
3 sole incorporator of Landbell USA. (Compl., Ex. A, App. 5.) Mr. Hayes is the Head of North America
4 Region and Compliance Solutions at H2 Compliance, a compliance consultancy. (Compl., Ex. A,
5 App. 11.) H2 Compliance “became a part of the Landbell Group, a group managing 45 PROs around
6 the world,” in 2016. (Compl., Ex. A, App. 11). Despite clear legislative intent that producers
7 cooperate to regulate themselves in the EPR program created by the Act, neither Landbell Group, H2
8 Compliance, nor Mr. Hayes are “[p]roducers of covered products.” (Pub. Resources Code,
9 § 42984.4(a)(1).)

10 The Act also requires the PRO to be a 501(c)(3) organization. (*Id.* § 42984.3(t).) Landbell
11 USA is not a 501(c)(3) nonprofit. At the time Landbell USA submitted its PRO application, it had
12 not even applied for 501(c)(3) status. It apparently applied to the IRS for such status on February 6,
13 2026, more than a month after CalRecycle received its PRO application. (Landbell USA
14 Supplemental Application at 1.) As of the date of this filing, Landbell USA is still not listed by the
15 IRS as a 501(c)(3) nonprofit. In contrast, the other two PRO applicants advised CalRecycle they had
16 been granted 501(c)(3) status by the time of CalRecycle’s decision. (Textile Renewal Alliance
17 Supplement, *supra*, at 1; Circular Textile Alliance Supplement, *supra*, at 1.) Landbell USA’s
18 founding documents also raise serious concerns about its eligibility for 501(c)(3) status. For one,
19 Landbell USA has not sufficiently shown that it will abide by the limitations on the activities of
20 501(c)(3) corporations in I.R.C. § 501(c)(3), including limitations on its operations for exempt
21 purposes, campaigning, and dissolution. While its bylaws may profess to address some of these
22 matters, other Landbell USA organizing documents fail to adequately limit the corporation’s purposes
23 to exempt purposes under I.R.C. § 501(c)(3) and may be read as empowering it to engage in activities
24 that are not in furtherance of one or more of those purposes: “The purpose of the corporation is to
25 engage in any lawful act or activity for which corporations may be organized under the General
26 Corporation Law of Delaware.” (Compl., Ex. A, App. 5.) Its application materials entirely lack
27 limitations on campaigning or the use of funds following dissolution. (*Ibid.*)

28

1 The Act also provides that the PRO CalRecycle approves must have “a governing board
2 consisting of producers that are diverse in size and type and that represent the diversity of covered
3 products placed in the market by those entities.” (Pub. Resources Code, § 42984.4(a)(2).) Landbell
4 USA’s governing board does not have a board “diverse in size.” (*Id.* § 42984.4(a)(2).) The diversity
5 requirement directly relates to the purpose of the PRO—to ensure that the interests and experiences
6 of divergent types of producer businesses are represented and can provide that background to the
7 program design. (Senate Rules Committee, *supra*, at 7 [describing that the purpose of the PRO is to
8 engage producers to bring “*their expertise in designing products and the systems that bring these*
9 *products to market*, to design systems to capture those products at the end-of-life to meet statutory
10 goals” (emphasis added)].) Different sized businesses will have different interests and experiences in
11 the marketplace. (Lamar Decl. ¶ 10.) Different products may require different collection and recycling
12 infrastructure. (*Ibid.*) Consider, for example, the differences in complexity and materials presented
13 by a cotton sheet and a hiking boot. (*Ibid.*) Landbell USA’s application describes a board comprised
14 of seven individuals. (Compl., Ex. A at 68-70.) Two members represent industry associations,
15 although the Act requires the governing board to consist of “producers.” (Pub. Resources Code,
16 § 42984.4(a)(2)(A).) The five other members represent self-proclaimed small- and medium-sized
17 businesses. (Compl., Ex. A at 24.) Altogether, they represent an incredibly small segment of the global
18 apparel and textile article producer market. CalRecycle staff erroneously describe Landbell USA as
19 already having “a diverse board with a few large producers, as well as mid-sized and small
20 producers.” (Compl., Ex. B at 3.) The board does not include any large or multinational businesses.
21 To the extent that CalRecycle imputed the membership of the industry group board members or
22 reserved seats for future board members, it did not do so with the other applicants. (*See, e.g.*, Compl.,
23 Ex. B at 3 [“Textile Renewal Alliance’s board is comprised primarily of large producers.”].)

24 Landbell USA’s governing board members also are not diverse in “type” or “covered
25 products.” (Pub. Resources Code, § 42984.4(a)(2).) All five of its producer board members market a
26 limited set of “apparel” products, particularly clothing. (Compl., Ex. A at 68-70.) One, Everywhere
27 Apparel, has a niche business that only produces cotton products. (*Id.* at 24.) Only one, Everlane
28

1 Apparel, produces any footwear. (*Id.* at 24, 68.) Based on its website, that catalogue is currently a
2 limited selection of women’s footwear. (Everlane Apparel, *Footwear*, [https://perma.cc/T9HT-
3 KYDM](https://perma.cc/T9HT-KYDM).) None of the producer board members make the broader set of “textile article” products, such
4 as blankets and linens. While these board members would be a qualified and valuable part of a diverse
5 board, Landbell USA’s board as constructed lacks diversity in size and product type. CalRecycle’s
6 staff analysis did not in any way assess product offering, instead focusing (and, as explained,
7 misstating the factual record) on business-size diversity among each applicant’s board members. To
8 the extent CalRecycle felt it could ignore or postpone the full diversity inquiry until after approving
9 a PRO, it was mistaken given clear statutory language. (Compl., Ex. B at 3 [“[T]he approved PRO
10 must review the structure of their board and ensure the board is representative of the diversity of sizes
11 and types of producers subject to the Act as well as the covered products placed in the market.”].)

12 Finally, the Act requires that the PRO “demonstrate[] that it has adequate financial
13 responsibility and financial controls in place, including fraud prevention measures and an audit
14 schedule, to ensure proper management of funds.” (Pub. Resources Code, § 42984.4(a)(2).)
15 Concerningly, Landbell USA appears to provide substantial benefit to its foreign for-profit affiliate.
16 In its application, Landbell USA represents that “Landbell USA is a part of the Landbell Group.”
17 (Compl., Ex. A at 17.) It does not elaborate on that relationship further. CalRecycle staff similarly
18 note that “Landbell USA is part of the Landbell Group,” and appear to use the entities and their
19 experiences interchangeably throughout the staff assessment. (Ex. B at 5 [“Landbell USA is part of
20 the Landbell Group, and its application detailed over 30 years of experience developing and
21 implementing extended producer responsibility programs[.]”].) Landbell Group, also known as
22 Landbell AG für Rückhol-Systeme,¹ is a for-profit business founded in Mainz, Germany in 1995.
23 (Compl., Ex. A at 17; Landbell Group, *Imprint*, <https://perma.cc/88GJ-J74C>.) Landbell Group
24 provides “[g]lobal EPR regulatory consulting to help companies identify and meet obligations
25 worldwide.” (Compl., Ex. A at 17.) Landbell Group sells consulting and software services. (Landbell

26 _____
27 ¹ “AG” stands for “Aktiengesellschaft,” which roughly translates to a stock corporation. (Hilmar
28 Raeschke-Kessler, *Objective Arbitrability of Corporate Disputes - the German Perspective*,
European Business Organization Law Review (2002) 3:553-567.)

1 Group, *Capabilities*, <https://perma.cc/TGY4-CLYH>.) But Landbell USA has not made clear that it
2 has controls in place to prevent impermissible private benefit or profit for its for-profit affiliate.
3 Landbell USA provides no description of controls in its application and thereby raises concerns
4 regarding a potential for self-dealing. In its application, Landbell USA boasts of its software including
5 “Sagis KDB.” (Compl., Ex. A at 30, 35, 122-28.) Sagis and KDB are products sold by Landbell
6 Group. (Landbell Group, *EPR Regulatory Information Services*, <https://perma.cc/XQ9K-LC53>.)
7 Landbell USA also plans to utilize H2 Compliance USA Inc., a “Landbell Group affiliate” for
8 “contract support.” (Compl., Ex. A at 136.) In addition, Landbell USA recently revealed that it is
9 using the “Circul8” software, which was created by Landbell Group. (Landbell USA, *Compliance*
10 *Assessment: California’s Responsible Textile Recovery Act (SB 701 [sic])*, [https://perma.cc/63SA-](https://perma.cc/63SA-GE37?type=image)
11 [GE37?type=image](https://perma.cc/63SA-GE37?type=image); Landbell Group, *Circul8 – Software for Circular Economy Efficiency*,
12 <https://perma.cc/6AHU-HPBB>.) Rather than embody arm’s length transactions that avoid the
13 appearance of improper benefit, these commitments have the appearance of a non-profit awarding
14 service contracts to its for-profit affiliate without a competitive process. Landbell Group could not
15 apply to operate the PRO because it is a for-profit business. Nonetheless, Landbell Group is positioned
16 to profit off Landbell USA’s decade-long monopoly as the PRO in California. Landbell USA presents
17 as a wolf in sheep’s clothing, and CalRecycle appears to be playing along. CalRecycle cannot ignore
18 its mandate to ensure the PRO actually operates as an independent non-profit with adequate financial
19 controls to ensure proper management of producers’ funds. This is particularly important at a time
20 when affordability is so critical. (Lamar Decl. ¶ 14.)

21 Thus, CalRecycle approved Landbell USA despite it failing to meet several clear and
22 unambiguous requirements for the approved PRO. CalRecycle therefore failed to discharge its
23 mandatory, ministerial duty under the Act to select a statutorily qualified PRO, and the Court may
24 correct that failure through mandamus. (*See, e.g., Galzinski v. Somers* (2016) 2 Cal.App.5th 1164,
25 1167 [petitioner was “entitled to a writ of mandate compelling defendants to perform their ministerial
26 duty to satisfy the obligations imposed by the department’s published procedure”]; *Pozar v. Dep’t of*
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1 *Transp.* (1983) 145 Cal.App.3d 269, 271 [agency’s “failure to follow its own rules” in bidding process
2 for public contract was failure to discharge ministerial duty].)

3 **2. CalRecycle Abused Its Discretion in Approving Landbell USA as the PRO Because**
4 **It Is Unqualified Under Express Statutory Requirements**

5 Even if the Court finds that selecting a PRO is a discretionary or quasi-legislative function,
6 CalRecycle abused its discretion in approving Landbell USA as PRO. “An abuse of discretion occurs
7 if an agency did not apply or properly interpret the governing law or consider all relevant factors, or
8 if there was no rational connection between the relevant factors, the choice made, and the purposes
9 of the enabling statute or regulation.” (*Manderson-Saleh v. Regents of Univ. of Cal.* (2021) 60
10 Cal.App.5th 674, 693.) Because CalRecycle failed to correctly apply the unambiguous statutory
11 criteria controlling its decision and failed to connect the choice it made to these criteria, as explained
12 in Section IV.A.1, it necessarily abused its discretion.

13 *California Public Records Research, Inc. v. County of Stanislaus* (2016) 246 Cal.App.4th
14 1432 is illustrative. At issue there was Government Code § 27366, which states that copying fees for
15 providing copies of official records “shall be set by the board of supervisors in an amount necessary
16 to recover the direct and indirect costs of providing the product or service.” Although the court
17 considered the fees ultimately set by a county board of supervisors a quasi-legislative administrative
18 decision, it held that the board abused its discretion because it set a per-page fee schedule not based
19 on evidence of actual costs per page, as the statute required—a writ of mandate directing the board to
20 reconsider the fee schedule was therefore appropriate. (*Id.* at 1449.)

21 Likewise, in *Citizens for Amending Proposition L v. City of Pomona* (2018) 28 Cal.App.5th
22 1159, the plaintiffs sought a writ of mandate against a city for passing an ordinance that purported to
23 amend the city’s development agreement with an advertising company by extending the agreement
24 for an additional 12 years, despite a ballot initiative that barred new billboards in the city. (*Id.* at
25 1165.) Even if passing the ordinance was a quasi-legislative or discretionary act, the court held that
26 the city’s “exercise of its discretion in such a way as to ignore [the ballot measure] constituted an
27 abuse of that discretion.” (*Id.* at 1187.)
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1 The instant case is similar. Even if the decision to choose the PRO charged with implementing
2 the Act was discretionary, CalRecycle had no discretion to disregard or fail to properly apply statutory
3 requirements that the PRO be formed by producers, Pub. Resources Code, § 42984.4(a)(1); be a
4 501(c)(3) organization, *id.* § 42984.3(t); have a fully diverse governing board, *id.* § 42984.4(a)(2);
5 and demonstrate adequate financial responsibility and financial controls in place to ensure proper
6 management of funds, *id.* § 42984.4(a)(2). Its choice to approve Landbell USA was an abuse of
7 discretion.

8 **3. AAFA Is a Beneficially Interested Party and Is Prejudiced by CalRecycle’s Action**

9 AAFA is a beneficially interested party and is prejudiced by CalRecycle’s unlawful conduct
10 because AAFA helped found the Textile Renewal Alliance, another PRO applicant. (*See Baldwin-*
11 *Lima-Hamilton Corp. v. Superior Ct. of S.F.* (1962) 208 Cal.App.2d 803, 825 [petitioner for writ of
12 mandate was beneficially interested party entitled to invoke writ because it was one of a few
13 competent bidders in an improper bidding process in which a municipality awarded the contract to a
14 competitor].) AAFA also has associational standing on behalf of its members in the textile articles,
15 apparel, and footwear industry. Its members have a clear interest in ensuring that the Act is
16 implemented consistently with its express language, which calls for a PRO formed by and responsive
17 to producers. (*Associated Builders & Contractors, Inc. v. S.F. Airports Com.* (1999) 21 Cal.4th 352,
18 362-63.)

19 **B. The Balance of Harms Favors AAFA**

20 The balance-of-the-harms factor requires the Court to weigh “the interim harm that the
21 plaintiff is likely to sustain if the injunction is denied as compared to the harm that the defendant is
22 likely to suffer if the court grants a preliminary injunction.” (*14859 Moorpark Homeowners’ Ass’n v.*
23 *VRT Corp.* (1998) 63 Cal.App.4th 1396, 1402.) Relevant to this inquiry is “the inadequacy of other
24 remedies, the degree of irreparable harm, and the necessity of preserving the status quo.” (*Abrams v.*
25 *St. John’s Hosp. & Health Center* (1994) 25 Cal.App.4th 628, 636.)

26 In the absence of interim relief, AAFA and its producer members will suffer irreparable harm.
27 The importance of a qualified PRO to the functioning of the Act cannot be overstated. All producers
28

1 of covered products are governed by the approved PRO. (Pub. Resources Code, § 42984.4(a)(3).)
2 Ultimately, “all administrative and operational costs of the program” will “be borne by participating
3 producers.” (*Id.* § 42984.13(b).) And the approved PRO has a monopoly on implementation for the
4 first decade of the program’s operations. Only after January 1, 2035 can CalRecycle even consider
5 the addition of a second PRO. (*Id.* § 42984.4(a)(4).) The whole premise of an EPR program is that
6 industry may most effectively and efficiently regulate itself by internalizing costs of waste
7 management and incentivizing sustainable design and manufacturing practices (Lamar Decl. ¶ 8.)
8 Harm from Landbell USA administering the Act will extend to the public, already dealing with an
9 affordability crisis, as higher prices can be expected to result from mismanaged funds and foregone
10 efficiency gains from a non-producer managing the PRO. (*Id.* ¶ 14.)

11 Despite the gravity of the PRO decision, CalRecycle and Landbell USA are presently
12 proceeding to implement the Act with an unlawfully approved PRO at its helm. Both Landbell USA
13 and CalRecycle are already taking substantial steps to implement the Act that may imminently
14 become irreversible. Statutory deadlines are quickly approaching, including a July 1, 2026 deadline
15 for 35,000 to 40,000 entities to join Landbell USA, each responsible for a \$1,000 flat fee—\$35 to \$40
16 million that Landbell USA will soon begin spending and that will be difficult, if not impossible, for
17 producers to recoup. (Compl., Ex. A at 6, 11; Lamar Decl. ¶ 13.)

18 This week, Landbell USA has begun asking entities to register to join the PRO. (CalRecycle,
19 *Responsible Textile Recovery Act: Needs Assessment Informational Workshop* at 24 (Apr. 7, 2026),
20 <https://perma.cc/56DQ-GURD>.) Landbell USA has also begun hiring contractors for the initial
21 statewide needs assessment required under the Act. (*Id.* at 20-21.) The compressed deadlines it has
22 set for the contractor application process may advantage entities that have had greater visibility and
23 a longer lead time to prepare—entities like the members of Landbell Group. The needs assessment is
24 a critical juncture for implementing the Act, setting forth all “necessary steps and investment needed
25 for covered products, to achieve the requirements of this chapter,” and is due by March 1, 2027. (Pub.
26 Resources Code, § 42984.6(a).)

1 In short, the train is leaving the station. Indeed, if a preliminary injunction is not granted soon,
2 CalRecycle and Landbell USA will undoubtedly claim down the line that implementation has already
3 proceeded too far, such that reversing course from Landbell USA as the approved PRO would be too
4 disruptive. AAFA and producers covered under the Act have a core interest in being regulated by a
5 PRO formed by producers who can leverage the real-world expertise of the textile articles, apparel,
6 and footwear industry toward building a more circular economy under the Act, as its drafters intended.
7 (Lamar Decl. ¶ 8; Senate Rules Committee, *supra*, at 7.) This interest is not compensable by any other
8 means available at law. In comparison, there will be little interim harm to CalRecycle or Landbell
9 USA from a preliminary injunction. Although statutory deadlines are approaching, it is not yet too
10 late to change course and approve a qualified PRO. Accordingly, the balance of harms weighs in
11 favor of granting a preliminary injunction directing CalRecycle and Landbell USA to immediately
12 cease taking any steps to implement the Act with Landbell USA as PRO.

13 **C. In the Alternative, a Stay Under Code Civ. Proc. § 1094.5(g) Is Warranted**

14 Alternatively, if the Court determines that this action should proceed under Code Civ. Proc.
15 § 1094.5, a stay is warranted under § 1094.5(g). A stay under that subsection “requires only that
16 before the issuance of a stay order ‘the court [be] satisfied that it is [not] against the public interest.’”
17 (*Bd. of Med. Quality Assurance v. Superior Ct.* (1980) 114 Cal.App.3d 272, 276 [quoting Code Civ.
18 Proc. § 1094.5(g)].) For the reasons explained in Section IV.B, a stay of CalRecycle’s approval of
19 Landbell USA as PRO would be in the public interest.

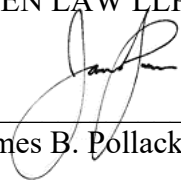
20 **V. CONCLUSION**

21 For the foregoing reasons, AAFA is likely to succeed on the merits of its petition for writ of
22 mandate under Code Civ. Proc., § 1085, and the balance of harms favors AAFA. The Court should
23 therefore grant a preliminary injunction enjoining CalRecycle and Landbell USA from taking any
24 further steps to implement the Act. Alternatively, a stay under Code Civ. Proc., § 1094.5(g) is
25 warranted for substantially the same reasons.

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1 Dated: April 10, 2026

MARTEN LAW LLP

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3 By: 
James B. Pollack (Pro Hac Vice forthcoming)

4 FARELLA BRAUN + MARTEL LLP

5
6 By: 
7 Linda Sobczynski Gilleran

8 Attorneys for Petitioner/Plaintiff
9 American Apparel & Footwear Association, Inc.

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