CONFORMED COPY OF ORIGINAL FILED ENVIRONMENTAL LAW FOUNDATION Los Angeles Superior Court JAMES R. WHEATON (State Bar No. 115230) 1736 Franklin Street AUG 2 6 2005 9th Floor John A. Clarke, Executive Officer/Clerk 3 Oakland, California 94612 (510) 208-4555 Deputy (510) 208-4562 Fax S. Gabb ROSE, KLEIN & MARIAS LLP DAVID A, ROSEN (State Bar No. 101287) CHRISTOPHER P. RIDOUT (State Bar No. 143931) TRACY K. SMITH (State Bar No. 185474) 801 S. Grand Avenue Eleventh Floor Los Angeles, California 90017-4645 8 (213) 626-0571 (213) 623-7755 Fax LAW OFFICE OF GIDEON KRACOV GIDEON KRACOV (State Bar No. 179815) 801 S. Grand Avenue 11 Eleventh Floor Los Angeles, California 90017-4645 12 (213) 629-2071 (213) 623-7755 Fax 13 Attorneys for Plaintiff ENVIRONMENTAL LAW FOUNDATION 14 15 SUPERIOR COURT OF THE STATE OF CALIFORNIA 16 FOR THE COUNTY OF LOS ANGELES 17 18 19 BC338898 CASE NO. ENVIRONMENTAL LAW 20 FOUNDATION, COMPLAINT FOR CIVIL PENALTIES, Individually and on Behalf of the General STATUTORY, EQUITABLE AND 21 Public, INJUNCTIVE RELIEF BASED UPON: 22 Plaintiff, Violation of Cal. Health & Safety Code §25249.6 et seg. 23 VS. KETTLE FOODS, INC., and DOES 1-50, Defendants. 25 26 27 28

COMPLAINT FOR CIVIL PENALTIES, STATUTORY, EQUITABLE AND INJUNCTIVE RELIEF

on information and belief, except those allegations which pertain to the named Plaintiff or its attorneys (which are alleged personal knowledge), and hereby alleges as follows:

Plaintiff, by its attorneys, brings this action on its own behalf and in the public interest

Introduction (The Hazards of Acrylamide)

- 1. This action seeks, among other remedies, restitution, civil penalties and injunctive relief to redress the actions of Defendants now resulting in widespread exposure of men and women, to acrylamide, a known carcinogen, threatening their health and well being. Specifically, Plaintiff challenges Defendants' manufacture, distribution, promotion and sale of potato chips that contain acrylamide, resulting in human exposure to acrylamide without prior warning, presenting a risk of developing cancer. Defendants' actions, including, but not limited to, their failure to provide prior warnings as required by law, violate California Health & Safety Code §25249.6, et seq.
- 2. On January 1, 1990, acrylamide was listed as a known carcinogen pursuant to Proposition 65. Proposition 65 requires that consumers must be warned before they are exposed to chemicals that cause birth defects and/or reproductive harm. (The Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.6, et seq., also known as "Proposition 65").
- 3. Research has shown that acrylamide levels in potato chips can be reduced in a number of ways including, but not limited to: (1) choosing different varieties of potatos; (2) avoiding sugar dips/coatings in partially cooked products; (3) increasing product moisture; (4) lowering pH; (5) storing products at higher temperatures; (6) changing temperature/cooking regimes; (7) cooking products at lower temperatures; (8) adding asparaginase; (9) replacing ammonium; and (10) changing cooking oils.
- 4. By exposing consumers to acrylamide without any warning, Defendants have violated and will continue to violate Proposition 65. Plaintiff is also entitled to injunctive relief to compel Defendants to:

(a) Comply with the requirements of Proposition 65 in the sale and distribution of their potato chips, including the requirement that the ultimate consumers of Defendants' potato chips be provided with a clear and reasonable warning that the ingestion of Defendants' products results in exposure to acrylamide, a known carcinogen; and,

(b) Undertake an immediate and comprehensive public information program to alert all consumers (past, present, or future) of Defendant's potato chips at issue herein of the inherent risk of acrylamide exposure in these products.

Plaintiff is therefore entitled to civil penalties.

Parties

- 5. Plaintiff ENVIRONMENTAL LAW FOUNDATION ("ELF") is a California nonprofit organization founded on Earth Day in 1991. ELF has a longstanding interest in reducing health hazards to the public posed by acrylamide, and particularly to protect those with the least choice and greatest vulnerability to toxic risks; children, inner city dwellers, and workers. ELF is dedicated to the preservation and enhancement of human health and the environment. ELF brings this action on its own behalf, and pursuant to Health and Safety Code § 25249.7(d).
- 6. Kettle Foods, Inc. ("Kettle") is an Oregon corporation with its principal place of business located at 3125 Kettle Ct. SE. Salem, OR 97301. Kettle sells, manufactures, and/or distributes potato chips including, but not limited to, Kettle Chips Lightly Salted and Kettle Chips Honey Dijon.
- 7. Each of the Defendants herein has employed ten (10) or more persons at all times relevant to this action.
- 8. The true names and capacities of Defendants sued herein under California Code of Civil Procedure § 474 as DOES 1 through 50, inclusive, are presently unknown to Plaintiff, who therefore sues these Defendants by such fictitious names. Plaintiff will seek to amend this Complaint and include these Doe Defendants' true names and capacities when they are ascertained. Each of the fictitiously named Defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the general public.

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is incorporated by reference, each and every Defendant was an agent or employee of each and every other Defendant. In doing the things alleged in the cause of action into which this paragraph is incorporated by reference, each and every Defendant was acting within the course and scope of this agency or employment, and was acting with the consent, permission, and authorization of each of the remaining Defendants. All actions of each Defendant alleged in the causes of action into which this paragraph is incorporated by reference were ratified and approved by every other Defendant or their officers or managing agents, and by agreeing to actively conceal the true facts as alleged herein. Alternatively, Defendants aided, conspired with and/or facilitated wrongful conduct of other Defendants.

At all times herein mentioned in the causes of action into which this paragraph

JURISDICTION AND VENUE

- 10. This Court has jurisdiction over all causes of action asserted herein pursuant to the California Constitution, Article XI, Section 10, because this case is a cause not given by statute to other trial courts.
- 11. This Court has jurisdiction over Defendants named herein because Defendants either are located in this State or are foreign corporations authorized to do business in California and registered with the California Secretary of State, or who do sufficient business in California, have sufficient minimum contacts with California, or otherwise intentionally avail themselves of the markets within California through the promotion, sale, marketing, and distribution of their products in California to render the exercise of jurisdiction by the California courts permissible under traditional notions of fair play and substantial justice.
- 12. Venue is proper in this Court because the products at issue are advertised, promoted, sold and used in this County, a substantial portion of the transactions complained of herein occurred here, contracts relating to the purchase of this product were entered into. made and were to be performed in this County, and Defendants have received substantial compensation from the sale of the product at issue in this County by doing business here and making numerous misrepresentations which have had an effect in this County.

- 13. With respect to violations of Health and Safety Code §25249.6, et seq., on June 16, 2005, pursuant to Health and Safety Code §25249.7, Plaintiff mailed/served appropriate notices of the violations of §25249.6 of Proposition 65 by Kettle, as alleged herein. The "Notices of Violation of Proposition 65" were mailed to each of these Defendants, as well as to the California Attorney General, the District Attorney of every county in California, and the City Attorneys of any cities with populations according to the most recent decennial census of over 750,000 in whose jurisdiction some of the violations of Proposition 65 occurred. Each notice included a certificate of merit executed by Plaintiff's attorneys stating that the person executing the certificate had consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed the facts, studies, or other data regarding exposure to acrylamide, and that, based on that information, the person executing the certificate believes there is a reasonable and meritorious case for this private action. The factual information sufficient to establish the basis of the certificate of merit has been attached to the certificate of merit served on the California Attorney General.
- 14. None of these public prosecutors has commenced or is diligently prosecuting an action against the violations at issue herein, although the notice period provided in §25249.7 has elapsed since such notice was provided.
- 15. ELF is a non-profit organization acting as a private attorney general as authorized by Health and Safety Code §25249.7. In this capacity, ELF does not have Article III standing as ELF has not suffered any distinct and/or palpable injury. The statutory right to act as a private attorney general does not confer injury on ELF to satisfy Article III standing. As You Sow v. The Sherwin-Williams Company (1993 ND Cal.) Lexis 18310, 6.

STATUTORY AND REGULATORY BACKGROUND

- 16. The Safe Drinking Water and Toxic Enforcement Act of 1986 is an initiative statute passed as Proposition 65 by a vote of the People in 1986.
- 17. Proposition 65 provides the circumstances under which persons must be warned before they are exposed to chemicals/metals that cause cancer, birth defects, or other reproductive harm. Health and Safety Code §25249.6 states the warning requirement:

No person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual, except as provided in section 25249.10.

- 18. Proposition 65 establishes a procedure by which the Governor lists chemicals know to the state to cause cancer. Health and Safety Code §25249.8. Pursuant to this authority, on January 1, 1990, acrylamide was listed as a known carcinogen. The state of California has established the no significant risk level for acrylamide at .2 micrograms/day. Cal.Code Regs., tit.22 §12705.
- 19. The warning requirement under Proposition 65 for a given chemical goes into effect one year after the Governor places that chemical on the list. Health and Safety Code § 25249.10(b). Therefore, acrylamide became subject to a Proposition 65 warning on January 1, 1991.

FACTS

- 20. Potato chips are a food item consumed regularly by a significant portion of the population. They are a common side item served with a wide variety meals or caten alone as a snack.
- 21. Defendants manufacture, sell, and/or distribute a variety of potato chips labeled, marketed, and intended for human consumption, including, but not limited to those listed in paragraph 6, *supra*. These potato chips are manufactured, distributed, and/or sold in the State of California for the purpose of distribution and retail in California.
- 22. On or about April 24, 2002, researchers at the Swedish National Food Administration and Stockholm University reported that acrylamide was contained in a variety of fried and/or baked foods including, but not limited to, potato chips and/or crisps.
- 23. On or about 2002, the United States Food and Drug Administration (the "FDA") began conducting public meetings regarding the presence of elevated levels of acrylamide in various foods including, but not limited to potato chips. Also during this period, the FDA released certain information regarding the fact that acrylamide was contained in a variety of foods including, but not limited to, potato chips and, more specifically, contained in brands

of Lay's potato chips and/or crisps, Kettle potato chips, and Pringles potato chips and/or crisps.

- 24. Based upon such information and belief, plaintiffs allege that at all relevant time periods, Defendants and each of them possessed information including, but not limited to, the information referenced in paragraphs 22 and 23, *supra*, which confirmed that acrylamide was contained in a variety of foods including potato chips and, more specifically, contained in brands of Lay's potato chips, Kettle potato chips, and Pringles potato chips.
- 25. Based upon such information and belief, plaintiff alleges that at all relevant time periods, Defendants and each of them, knew that acrylamide has been, and continues to be, identified by the State of California as a known carcinogen subject to Proposition 65.
- 26. The potato chips at issue in this Complaint contain acrylamide which results in human exposure to acrylamide upon its consumption and/or ingestion without prior warning.
- 27. Plaintiff is informed and believes and thereon alleges that the Defendants knew that the foreseeable use of their potato chips results in exposure to acrylamide, and that the levels of acrylamide exposed exceed the acrylamide exposure levels(*i.e.*, .2 micrograms per day) which trigger Proposition 65's warning requirements.
- 28. Nevertheless, and in violation of California Health and Safety Code §25249.6, et seq., the Defendants have not labeled, marked or used signs, shelf warnings, or any indicia whatsoever that warns or informs the public that their potato chips contain and expose consumers to acrylamide, a chemical known to the State of California to be a carcinogen. Defendants have in the course of doing business, knowingly and intentionally, exposed individuals to a chemical known to the State of California to be a carcinogen without first providing a clear and reasonable warning as required by California Health and Safety Code §§25249.6 and 25249.11(f). Defendants have also promoted and marketed its potato chips for sale without any warning regarding the levels of acrylamide exposure. As a direct result of Defendants' act and omissions, the general public in California is being regularly, unlawfully, and involuntarily exposed to acrylamide, a known carcinogen.

FIRST CAUSE OF ACTION

(California Health and Safety Code §§25249.6 et seq.) (Against All Defendants and DOES 1-50)

- 29. Plaintiff incorporates by reference paragraphs 1 through 28 as if fully set forth herein.
- 30. The people of the State of California have declared in Proposition 65 their right "[t]o be informed about exposure to chemicals that cause cancer, birth defects or other reproductive harm." Proposition 65, §1(b).
- 31. To carry out those statutory purposes, Proposition 65 requires that a clear and reasonable warning be given by persons who, in the course of doing business, knowingly and intentionally expose any individual to a chemical known to the State of California to be a carcinogen.
- 32. On January 1, 1990, acrylamide was listed as a chemical known to the State of California to be a carcinogen. No warning need be given concerning a chemical so listed until one year after the chemical first appears on the list. §25249.10(b). Acrylamide, therefore, one year later became subject to the warning requirements of Proposition 65.
- 33. Proposition 65 provides that any person "that violates or threatens to violate" the statute may be enjoined in any court of competent jurisdiction. § 25249.7. In addition, violators are liable for civil penalties of up to \$2,500.00 per day per violation, recoverable in a civil action. §25249.7(b).
- 34. Defendants have engaged and continue to engage in conduct which violates Health and Safety Code §25249.6. This conduct includes the manufacturing, packaging, marketing, distributing and selling of potato chips the foresecable use of which results in exposing the public to acrylamide, known to the State of California to be a carcinogen, without first providing a clear and reasonable warning pursuant to Health and Safety Code §§25249.6 and 25249.11(f). Defendants have, therefore, in the course of doing business, knowingly and intentionally exposed individuals to a chemical known to the State of California to carcinogen without first providing a clear and reasonable warning. This exposure is intentional because

it is the result of deliberate acts of Defendants in arranging the sale of their products to consumers.

- 35. By the above described acts, Defendants are liable, pursuant to Health and Safety Code §25249.7(b), for a civil penalty of up to \$2,500.00 per day per individual exposure to acrylamide through Defendants potato chips listed in paragraph 6, *supra*.
- 36. By committing the acts alleged herein, the Defendants have caused irreparable harm for which there is no plain, speedy, or adequate remedy at law. In the absence of equitable relief, the general public will continue to be involuntarily exposed to acrylamide which is contained in Defendants' potato chips listed in paragraph 6, *supra*, creating substantial risk of irreparable harm.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

- A. A temporary restraining order, preliminary and permanent injunction enjoining the Defendants, their agents, employees, assigns, and all persons acting in concert or participating with them from:
- (1) Selling and distributing their potato chips which contain acrylamide in California, without first providing, to the ultimate consumers and users, a clear and reasonable warning that the foreseeable consumption of such potato chips results in exposure to acrylamide, a chemical known to the State of California to be a carcinogen;
- (2) Failing to undertake a court-approved public information campaign to warn and inform the general public that consumption of Defendants' potato chips which contain acrylamide results in exposure to acrylamide, a chemical known to the State of California to be a carcinogen and identifying steps that may be taken to reduce such exposure;
- B. An award of statutory penalties of \$2500.00 for each violation of Proposition 65 throughout the State of California;
 - C. Reasonable attorneys' fees and costs; and,

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2	D.	Such other and	further relief as this Court may deem necessary and pro-	per <u>.</u>
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4	DATED:	August 25, 2005	ROSE, KLEIN & MARIAS LLP	
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7			By: CHRISTOPHER P. RIDOLT	UTW/
8			Attorneys for Plaintiff	
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DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on each and every cause of action.

DATED: August 25, 2005

ROSE, KLEIN & MARIAS LLP

By: \sum_{C}

CHRISTOPHIR P. RII Attorneys for Plaintiff