1				
2		ENDORSED		
3		FILED ALAMEDA COUNTY		
4		JUL 1 2 2017		
5		CLERK OF THE SUPERIOR COURT		
6		BY CHANDAESTRAD Eputy		
7				
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
9	FOR THE COUNTY	OF ALAMEDA		
10				
11	CENTER FOR ENVIRONMENTAL HEALTH,) Case No. RG 17-851466		
12	Plaintiff,)		
13	,) [PROPOSED] CONSENT JUDGMENT) AS TO KF WHOLESALE LLC		
14	v. RESER'S FINE FOODS, INC., et al.,			
15	Defendants.			
16	Defendants.			
17		}		
18				
19				
20	1 DEFENITE ONC			
21	1. DEFINITIONS	we complaint in the choice continued matter		
22	1.1 The "Complaint" means the operative complaint in the above-captioned matter.			
23	1.2 "Covered Products" means hash brown potato products, including but not limited to hash browns, hash brown patties, tater tots, and tater puffs ("Covered Products"). An initial			
24	list of the Covered Products is attached as Exhibit			
25				
26 27	1.3 "Effective Date" means the date on which notice of entry of this Consent			
28	Judgment is by the Court is served upon Settling Defendant.			
28 DOCUMENT PREPARED ON RECYCLED PAPER	- 1 -			
	CONSENT JUDGMENT – KF WHOLESALE ILC – CASE NO. 17-851466			

2. INTRODUCTION

- 2.1 The Parties to this Consent Judgment are the Center For Environmental Health ("CEH"), a California non-profit corporation, and KF Wholesale LLC ("Settling Defendant"). CEH and Settling Defendant (the "Parties") enter into this Consent Judgment to settle certain claims asserted by CEH against Settling Defendant as set forth in Complaint.
- 2.2 On November 29, 2016, CEH provided a 60-day Notice of Violation of Proposition 65 to the California Attorney General, to the District Attorneys of every county in California, to the City Attorneys of every California city with a population greater than 750,000, and to Settling Defendant, alleging that Settling Defendant violated Proposition 65 by exposing persons to acrylamide when using Covered Products under the provided directions for use, without first providing a clear and reasonable Proposition 65 warning.
- 2.3 Settling Defendant is a corporation or other business entity that manufactures, distributes, sells, or offers for sale Covered Products that are sold in the State of California or has done so in the past.
- 2.4 On March 2, 2017, CEH filed the Complaint, naming Settling Defendant as a defendant in the action.
- 2.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter and enforce this Consent Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on the facts alleged therein with respect to Covered Products manufactured, distributed, and/or sold by Settling Defendant.
- 2.6 Nothing in this Consent Judgment is or shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall

DOCHMENT PREPARED

prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any other pending or future legal proceedings. This Consent Judgment is the product of negotiation and compromise and is accepted by the Parties solely for purposes of settling, compromising, and resolving issues disputed in this Action.

3. INJUNCTIVE RELIEF

- 3.1 Compliance Measures. As of five months from the date this Consent Judgment is entered by the Court (the "Effective Date"), Settling Defendant shall not purchase, manufacture, ship, sell, or offer for sale any Covered Product that will be sold or offered for sale in California that exceed the following acrylamide concentration limits (the "Reformulation Levels"), such concentration to be determined by use of a test performed by an accredited laboratory using either GC/MS (Gas Chromatograph/Mass Spectrometry), LC-MS/MS (Liquid Chromatograph-Mass Spectrometry) or any other testing method agreed upon by the Parties:
- 3.1.1 The average acrylamide concentration of Covered Products as used per cooking instructions, shall not exceed, on average, 250 parts per billion ("ppb") by weight (the "Average Level"). The Average Level is determined by randomly selecting at least 5 samples from 5 different lots of Covered Products (or the maximum number of lots available for testing if less than 5) during a testing period of at least 60 days.
- 3.1.2 The acrylamide concentration of any individual unit, as used per cooking instructions, shall not exceed 300 ppb by weight (the "Unit Level").
- 3.2 Compliance Testing. Compliance with the Unit Level shall be determined after cooking each Covered Product as if prepared for consumption in accordance with the instructions on the packaging label of that Covered Product.
- 3.3 **Technology Licensing.** The requirements in this Consent Judgment are not contingent upon the use of any particular method to achieve the Reformulation Levels, but Settling Defendant shall license any patented technology used to meet the Reformulation Levels, whether existing or in the future, to others for use in other food products, at a commercially reasonable price, and using other commercially reasonable terms.

l

8

6

11 12

13 14

15 16

17

18

19 20

21

22

23 24

25

26 27

28

4. **ENFORCEMENT**

4.1 General Enforcement Provisions. CEH may, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Any action to enforce alleged violations of Section 3.1 by Settling Defendant shall be brought exclusively pursuant to this Section 4, and be subject to the meet and confer requirement of Section 4.2.4, if applicable.

4.2 **Enforcement of Reformulation Commitment.**

Notice of Violation. In the event that CEH identifies a Covered Product 4.2.1 that was sold or offered for sale to California consumers with a best-by or sell-by (or equivalent) date or other code that reflects that the Covered Product was manufactured on or after the Effective Date, and for which CEH has laboratory test results showing that the Covered Product, as prepared for consumption in accordance with the instructions on the packaging label of that Covered Product, has an acrylamide level each exceeding the Unit Level, CEH shall inform Defendant and give informal notice to cure within 90 days. If Defendant does not cure, then CEH may issue a Notice of Violation pursuant to this Section.

4.2.2 Service of Notice of Violation and Supporting Documentation.

The Notice of Violation shall be sent to the person(s) identified in 4.2.2.1 Section 8.2 to receive notices for Settling Defendant, and must be served within sixty (60) days of the later of the date the Covered Product at issue was purchased or otherwise acquired by CEH or the date that CEH can reasonably determine that the Covered Product at issue was manufactured, shipped, sold, or offered for sale by Settling Defendant, provided, however, that CEH may have up to an additional sixty (60) days to send the Notice of Violation if, notwithstanding CEH's good faith efforts, the test data required by Section 4.2.2.2 below cannot be obtained by CEH from its laboratory before expiration of the initial sixty (60) day period.

4.2.2.2 The Notice of Violation shall, at a minimum, set forth: (a) the date the Covered Product was purchased; (b) a description of the Covered Product giving rise to the alleged violation, including the name and address of the retail entity from which the sample was

obtained and if available information that identifies the product lot; and (c) all test data obtained by CEH regarding the Covered Product and supporting documentation sufficient for validation of the test results, including any laboratory reports, quality assurance reports, and quality control reports associated with testing of the Covered Product.

- 4.2.3 <u>Notice of Election of Response</u>. No more than forty-five (45) days after effectuation of service of a Notice of Violation, Settling Defendant shall provide written notice to CEH whether it elects to contest the allegations contained in a Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election within forty-five (45) days of effectuation of service of a Notice of Violation shall be deemed an election to contest the Notice of Violation.
- 4.2.3.1 If a Notice of Violation is contested, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including all available test data. If Settling Defendant or CEH later acquires additional test or other data regarding the alleged violation, it shall notify the other party and promptly provide all such data or information to the party.
- Meet and Confer. If a Notice of Violation is contested, CEH and Settling Defendant shall meet and confer to attempt to resolve their dispute. Within thirty (30) days of serving a Notice of Election contesting a Notice of Violation, Settling Defendant may withdraw the original Notice of Election contesting the violation and serve a new Notice of Election to not contest the violation, provided, however, that, in this circumstance, Settling Defendant shall pay \$2,500 in addition to any payment required under this Consent Judgment. At any time, CEH may withdraw a Notice of Violation, in which case for purposes of this Section 4.2 the result shall be as if CEH never issued any such Notice of Violation. If no informal resolution of a Notice of Violation results within thirty (30) days of a Notice of Election to contest, CEH may file an enforcement motion or application pursuant to Section 4.1. In any such proceeding, CEH may seek whatever fines, costs, penalties, attorneys' fees, or other remedies are provided by law for failure to comply with the Consent Judgment.

- description with supporting documentation of the corrective action(s) that it has undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that all Covered Products having the same lot number as that of the Covered Product identified in CEH's Notice of Violation (the "Noticed Covered Products") will not be thereafter sold or offered for sale to California consumers. Settling Defendant shall make available to CEH for inspection and copying records any correspondence regarding the market withdrawal and destruction of the Noticed Covered Products to the extent it has such documents on file. If there is a dispute over the corrective action, Settling Defendant and CEH shall meet and confer before seeking any remedy in court. In no case shall CEH issue more than one Notice of Violation per manufacturing lot of a type of Covered Product. In no case shall CEH issue more than one Notice of Violation per manufacturing lot of a type of Covered Product, nor shall CEH issue more than two Notices of Violation in the first calendar year following the Effective Date.
- 4.2.5.2 If the Notice of Violation is the first, second, third, or fourth Notice of Violation received by Settling Defendant under Section 4.2.1 that was not successfully contested or withdrawn, then Settling Defendant shall pay \$5,000 for each Notice of Violation. If Settling Defendant has received more than four (4) Notices of Violation under Section 4.2.1 that were not successfully contested or withdrawn, then Settling Defendant shall pay \$10,000 for each Notice of Violation. If Settling Defendant produces with its Notice of Election test data for the Covered Product that: (i) was conducted prior to the date CEH purchased the Covered Product that is the subject of the Notice of Violation; (ii) was conducted on the same type of Covered Product; and (iii) demonstrates acrylamide levels below the Unit Level, then any payment under this Section shall be reduced by 100 percent (100%) for the first Notice of Violation, by seventy-

five percent (75%) for the second Notice of Violation, and by fifty percent (50%) for any subsequent Notice of Violation. In no case shall Settling Defendant be obligated to pay more than \$50,000 for uncontested Notices of Violation in any calendar year irrespective of the total number of Notices of Violation issued.

- 4.2.6 <u>Payments</u>. Any payments under Section 4.2 shall be made by check payable to the "Lexington Law Group" and shall be paid within thirty (30) days of service of a Notice of Election triggering a payment and which shall be used as reimbursement for costs for investigating, preparing, sending, and prosecuting Notices of Violation, and to reimburse attorneys' fees and costs incurred in connection with these activities, and shall be the extent of all monetary remedies available to CEH under this Consent Judgment for a non-contested Notice of Violation.
- 4.3 **Repeat Violations.** If Settling Defendant has received four (4) or more Notices of Violation concerning the same type of Covered Product that were not successfully contested or withdrawn in any two (2) year period then, at CEH's option, CEH may seek whatever fines, costs, penalties, attorneys' fees, or other remedies that are provided by law for failure to comply with the Consent Judgment. Prior to seeking such relief, CEH shall meet and confer with Settling Defendant for at least thirty (30) days to determine if Settling Defendant and CEH can agree on measures that Settling Defendant can undertake to prevent future violations.

5. PAYMENTS

- Payments by Settling Defendant. Settling Defendant shall pay the total sum of \$40,000 as a settlement payment as further set forth in this Section according to the following schedule: (a) on or before July 14, 2017: \$20,000; and (b) on or before September 1, 2017: \$20,000.
- 5.2 Allocation of Payments. The total settlement amount for Settling Defendant shall be paid in the amounts specified below and delivered as set forth below. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each day the full payment is not received

1	after the applicable payment due date set forth in Section 5.1. The late fees required under this
2	Section shall be recoverable, together with reasonable attorneys' fees, in an enforcement
3	proceeding brought pursuant to Section 4.1 of this Consent Judgment. The funds paid by Settling
4	Defendant shall be allocated as set forth below between the following categories and made
5	payable as follows:
6	5.2.1 \$5,200 as a civil penalty pursuant to Health & Safety Code § 25249.7(b).
7	The civil penalty payment shall be apportioned in accordance with Health & Safety Code §
8	25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health
9	Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty
10	payment for \$3,900 shall be made payable to OEHHA and associated with taxpayer identification
11	number 68-0284486. This total amount shall be made in two payments of \$1,950 each payable
12	on or before July 14, 2017 and on or before September 1, 2017 and delivered as follows:
13	For United States Postal Service Delivery:
14	Attn: Mike Gyurics Fiscal Operations Branch Chief
15	Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B
16	Sacramento, CA 95812-4010
17	For Non-United States Postal Service Delivery: Attn: Mike Gyurics
18	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment
19	1001 I Street, MS #19B Sacramento, CA 95814
20	
21	The CEH portion of the civil penalty payment for \$1,300 shall be made payable to
22	the Center For Environmental Health and associated with taxpayer identification number 94-
23	3251981. This total amount shall be made in two payments of \$650 each payable on or before
24	July 14, 2017 and on or before September 1, 2017 and delivered to Lexington Law Group, 503
25	Divisadero Street, San Francisco, CA 94117.
26	5.2.2 \$3,900 as an Additional Settlement Payment ("ASP") to CEH pursuant to
27	Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH
28	

intends to restrict use of the ASPs received from the Consent Judgment before the Court to the following purposes: the funds will be placed in CEH's Toxics in Food Fund and used to support CEH programs and activities that seek to educate the public about acrylamide and other toxic chemicals in food, to work with the food industry and agriculture interests to reduce exposure to acrylamide and other toxic chemicals in food, and to thereby reduce the public health impacts and risks of exposure to acrylamide and other toxic chemicals in food sold in California. CEH shall obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty (30) days of any request from the Attorney General. The payment pursuant to this Section shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. The total amount under this section shall be made in two payments of \$1,950 each payable on or before July 14, 2017 and on or before September 1, 2017 and delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.2.3 \$30,900 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be allocated as follows: (a) \$26,265 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$4,635 payable to the Center For Environmental Health and associated with taxpayer identification number 94-3251981. The total amounts due under this section shall be made in four payments delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117 as follows: (a) \$13,132.50 payable to the Lexington Law Group on or before July 14, 2017; (b) \$2,317.50 payable to the Center For Environmental Health on or before July 14, 2017; (c) \$13,132.50 payable to the Lexington Law Group on or before September 1, 2017; and (d) \$2,317.50 payable to the Center For Environmental Health on or before September 1, 2017.

6. MODIFICATION AND DISPUTE RESOLUTION

6.1 **Modification.** This Consent Judgment may be modified from time to time by express written agreement of the Parties, with the approval of the Court and prior notice to the Attorney General's Office, or by an order of this Court upon motion and prior notice to the

2,5

2.8

Attorney General's Office and in accordance with law.

6.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASE

- 7.1 This Consent Judgment is a full, final, and binding resolution between CEH on behalf of itself and the public interest and Settling Defendant and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, shareholders, successors, assigns, and attorneys ("Defendant Releasees"), and all entities to which Settling Defendant directly or indirectly distributes or sells Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, licensors, and licensees, including but not limited to Wal-Mart Stores, Inc. and Walmart.com ("Downstream Defendant Releasees"), of any violation of Proposition 65 based on failure to warn about alleged exposure to acrylamide contained in Covered Products that were sold, distributed, or offered for sale by Settling Defendant prior to the Effective Date.
- 7.2 CEH, for itself, its agents, successors, and assigns, releases, waives, and forever discharges any and all claims against Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees arising from any violation of Proposition 65 or any other statutory or common law claims that have been or could have been asserted by CEH individually or in the public interest regarding the failure to warn about exposure to acrylamide arising in connection with Covered Products manufactured, distributed, or sold by Settling Defendant prior to the Effective Date.
- 7.3 Compliance with the terms of this Consent Judgment by Settling Defendant and Defendant Releasees shall constitute compliance with Proposition 65 by Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees with respect to any alleged failure to warn about acrylamide in Covered Products manufactured, distributed, or sold by Settling Defendant after the Effective Date.

l 8. PROVISION OF NOTICE 2 8.1 When CEH is entitled to receive any notice under this Consent Judgment, the 3 notice shall be sent by first class and electronic mail to: 4 Howard Hirsch Lexington Law Group 5 503 Divisadero Street San Francisco, CA 94117 6 hhirsch@lexlawgroup.com 7 8.2 When Settling Defendant is entitled to receive any notice under this Consent 8 Judgment, the notice shall be sent by first class and electronic mail to: 9 Abhishek K. Gurnani 10 Amin Talati Upedhye 100 S. Wacker Dr., Suite 2000 11 Chicago, IL 60606 abhishek@amintalati.com 12 Any Party may modify the person and/or address to whom the notice is to be sent 13 by sending the other Party notice by first class and electronic mail. 14 9. **COURT APPROVAL** 15 9.1 This Consent Judgment shall become effective upon the date signed by CEH and 16 Settling Defendant, whichever is later, provided, however, that CEH shall prepare and file a 17 Motion for Approval of this Consent Judgment and Settling Defendant shall support approval of 18 such Motion. 19 9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or 20 effect and shall not be introduced into evidence or otherwise used in any proceeding for any 21 purpose. 22 GOVERNING LAW AND CONSTRUCTION 10. 23 10.1 The terms of this Consent Judgment shall be governed by the laws of the State of 24 California. 25 11. **ATTORNEYS' FEES** 26 A Party who unsuccessfully brings or contests an action arising out of this Consent 11.1 27

28

Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs...

11.2 Nothing in this Section 11 shall preclude a party from seeking an award of sanctions pursuant to law.

12. ENTIRE AGREEMENT

12.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Consent Judgment have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto only to the extent that they are expressly incorporated herein. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver.

13. RETENTION OF JURISDICTION

13.1 This Court shall retain jurisdiction of this matter to implement or modify the Consent Judgment.

14. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT

14.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Consent Judgment and to enter into and execute the Consent Judgment on behalf of the Party represented and legally to bind that Party.

15. NO EFFECT ON OTHER SETTLEMENTS

15.1 Nothing in this Consent Judgment shall preclude CEH from resolving any claim

1	against any entity other than Settling Defendant on terms that are different than those contained				
2	in this Consent Judgment.				
3	16. EXECUTION IN COUNTERPARTS				
4	16.1 The stipulations to this Consent Judgment may be executed in counterparts and by				
5	means of facsimile or portable document format (pdf), which taken together shall be deemed to				
6	constitute one document.				
7	IT IS SO STIPULATED:				
8					
9	Dated: 24 APRIL, 2017	CENTER FOR ENVIRONMENTAL HEALTH			
10					
11		li			
12	•	Signature			
13		CHARLIZ PIZARE			
14		Printed Name			
15					
16		ASSOCIATE DINEWAL			
17		·			
18	Dated: , 2017				
19	Dated:, 2017	KF WHOLESALE LLC			
20					
21		Signature			
22		Signaturo			
23					
24	C CALCACATACATACATACATACATACATACATACATACAT	Printed Name			
25					
26		Title			
27					
28		_ 13 _			

28
DOCUMENT PREPARED ON RECYCLED PAPER

CONSENT JUDGMENT - KF WHOLESALE LLC - CASE NO. 17-851466

1	against any entity other than Settling Defendant on terms that are different than those contained	
2	in this Consent Judgment.	
3	16. EXECUTION IN COUNTERPARTS	
4	16.1 The stipulations to this Consent Judgment may be executed in counterparts and by	
5	means of facsimile or portable document format (pdf), which taken together shall be deemed to	
6	constitute one document.	
7	IT IS SO STIPULATED:	
8		
9	Dated:, 2017	CENTER FOR ENVIRONMENTAL HEALTH
10		
11		
12		Signature
13		
14		Printed Name
15		
16		
17		Title
18		
19	Dated:April 17_, 2017	KF WHOLESALE LLC
20		A
21		
22		Signature
23		Mathias A. Cohen
24		Printed Name
25		F
26		Founder & CEO Title
27		
28 DOCUMENT PREPARED ON RECYCLED PAPER		- 13 -

CONSENT JUDGMENT - KF WHOLESALE LLC - CASE NO. 17-851466

Dated: JUL 1 2 201	7 GEORGE C. HERNANDEZ, JR.
	Judge of the Superior Court
1	

1	EXHIBIT A
2	COVERED PRODUCTS
3	Totally Rockin' Tots - Russet Potato + Cauliflower
4	Totally Rockin' Tots - Yukon Gold + Yellow Squash
5	VALUE Totally Rockin' Tots - Russet Potato + Cauliflowe
6	VALUE Totally Rockin' Tots - Yukon Gold + Yellow Squa
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	·
20	
21	
22	
23	
24	
25	
26	
27	
28	1.5

DOCUMENT PREPARED ON RECYCLED PAPER