

1 2 3 SEP 1 9 2019 4 CLERK OF THE SUPERIOR COURT 5 6 7 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 FOR THE COUNTY OF ALAMEDA 10 11 CENTER FOR ENVIRONMENTAL HEALTH,) Case No. RG 17-881940 12 Plaintiff, (PROPOSED) CONSENT JUDGMENT AS TO NUGGET 13 ٧. MARKET, INC. 14 THINK FOOD GROUP LLC, et al., 15 Defendants. 16 17 18 1. **DEFINITIONS** 19 The "Complaint" means the operative complaint in the above-captioned matter. 1.1 20 "Covered Products" means fried or baked potato or sweet potato based snack food 1.2 21 products, including Sliced Chips and Extruded Products (as defined below), sold by Patatas Fritas 22 Torres S.L. 23 "Sliced Chips" means sliced potato chips. 1.3 24 "Extruded Products" means all Covered Products other than Sliced Chips. It is the 1.4 25 Parties' intent that the Extruded Products referenced in this Consent Judgment are the kind of 26 products falling within Type 4 in the "extruded, pellet, and baked products" category in the 27 DOCUMENT PREPARED

CONSENT JUDGMENT - NUGGET MARKET, INC. - CASE NO. RG 17-881940

ON RECYCLED PAPER

Consent Judgment as to Defendant Snak King Corporation, entered August 31, 2011, in *People v. Snyder's of Hanover, et al.*, Alameda County Superior Court Case No. RG 09-455286.¹

1.5 "Effective Date" means the date on which notice of entry of this Consent Judgment by the Court is served upon Settling Defendant.

2. INTRODUCTION

- 2.1 The Parties to this Consent Judgment are the Center for Environmental Health, a California non-profit corporation ("CEH"), on the one hand, and Nugget Market, Inc. ("Settling Defendant"), on the other hand. 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 the Complaint.
- 2.2 On or about February 8, 2017, CEH provided a 60-day Notice of Violation of Proposition 65 (the "Notice") to the California Attorney General, the District Attorneys of every county in California, 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 in California to acrylamide contained in Covered Products 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 at times relevant to the Complaint.
- 2.4 On November 9, 2017, CEH filed the initial Complaint in the above-captioned matter, naming Settling Defendant as an original defendant.
- 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

¹ These products are referred to as "Group C, Type 4" products in Exhibit A to the Snak King Consent Judgment, which is attached hereto as Exhibit 1 and is available on the Attorney General's website at https://oag.ca.gov/prop65/litigation.

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 and in the Notice with respect to Covered Products manufactured, distributed, and/or sold by Settling Defendant.

2.6 The Settling Defendant denies the material, factual and legal allegations contained in the Notice and Complaint and maintains that, to the best of its knowledge, all products that it has imported, sold and/or distributed for sale in California, including the Covered Products, have been and are in compliance with all laws. Nothing in this Consent Judgment is or shall be construed as an admission against interest 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 against interest by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall 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 **Reformulation of Covered Products.** Upon the Effective Date, Settling Defendant shall not purchase, manufacture, ship, sell, or offer for sale Covered Products that will be sold or offered for sale in California that exceed the following acrylamide concentration 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 For Sliced Chips:

3.1.1.1 The average acrylamide concentration shall not exceed 281 parts per billion ("ppb") by weight (the "Sliced Chips Average Level"). The Sliced Chips Average Level is determined by randomly selecting and testing at least 1 sample each from 5

different lots of a particular type of Covered Product that is a Sliced Chip (or the maximum number of lots available for testing if less than 5) during a testing period of at least 60 days.

3.1.1.2 The acrylamide concentration of any individual unit of Sliced Chips shall not exceed 350 ppb by weight, based on a representative composite sample taken from the individual unit being tested (the "Sliced Chips Unit Level").

3.1.2 For Extruded Products:

3.1.2.1 The average acrylamide concentration shall not exceed 350 ppb by weight (the "Extruded Products Average Level"). The Extruded Products Average Level is determined by randomly selecting and testing at least 1 sample each from 5 different lots of a particular type of Covered Product that is an Extruded Product (or the maximum number of lots available for testing if less than 5) during a testing period of at least 60 days.

3.1.2.2 The acrylamide concentration of any individual unit of Extruded Products shall not exceed 490 ppb by weight, based on a representative composite sample taken from the individual unit being tested (the "Extruded Products Unit Level").

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.

4.2.1 <u>Notice of Violation</u>. In the event that CEH purchases a Covered Product in California that was sold or offered for sale by Settling Defendant with a best-by or sell-by (or equivalent) date more than six (6) months after the Effective Date, and for which CEH has laboratory test results showing that the Covered Product exceeds the applicable Unit Level, CEH may issue a Notice of Violation pursuant to this Section.

4.2.2 Service of Notice of Violation and Supporting Documentation.

4.2.2.1 The Notice of Violation shall be sent to the person(s) identified in 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) the location at which the Covered Product was purchased; (c) 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 pictures of the product packaging from all sides, which identifies the product lot; and (d) 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 thirty (30) 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 thirty (30) days of effectuation of service of a Notice of Violation shall be deemed an election to contest the Notice of Violation. Upon notice to CEH, Settling Defendant may have up to an additional sixty (60) days to elect if, notwithstanding Settling Defendant's good faith efforts, Settling Defendant is unable to verify the test data provided by CEH before expiration of the initial thirty (30) day period.

4.2.3.1 If a Notice of Violation is contested, the Notice of Election shall include all documents upon which Settling Defendant is relying to contest the alleged violation,

including all available test data. If Settling Defendant or CEH later acquires additional test or other data regarding the alleged violation during the meet and confer period described in Section 4.2.4, it shall notify the other Party and promptly provide all such data or information to the Party unless either the Notice of Violation or Notice of Election has been withdrawn.

- A.2.4 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 \$500 in addition to any other 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 an alleged failure to comply with the Consent Judgment.
- 4.2.5 <u>Non-Contested Notices</u>. If Settling Defendant elects to not contest the allegations in a Notice of Violation, it shall undertake corrective action(s) and make payments, if any, as set forth below.
- 4.2.5.1 Settling Defendant shall include in its Notice of Election a detailed 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 in California or offered for sale to California customers by Settling Defendant. Settling Defendant shall keep for a period of one year and make available to CEH upon reasonable notice (which shall not exceed more than one request per

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year) for inspection and copying records of any correspondence regarding the foregoing. 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, 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 \$15,000 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 \$25,000 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 gave Notice of Violation; (ii) was conducted on the same type of Covered Product; and (iii) demonstrates acrylamide levels below the applicable 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 \$100,000 for all Notices of Violation not successfully contested or withdrawn in any calendar year irrespective of the total number of Notices of Violation issued.

- 4.2.6 Payments. 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 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.
- 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,

Sacramento, CA 95812-4010

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For Non-United States Postal Service Delivery:

Attn: Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 1001 I Street, MS #19B Sacramento, CA 95814

The CEH portion of the civil penalty payment for \$957.50 shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.2.2 \$2,870 as an Additional Settlement Payment ("ASP") to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH intends to restrict use of the ASPs received from this Consent Judgment 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. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.2.3 \$23,300 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$19,865 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$3,435 payable to the Center for Environmental

Health and associated with taxpayer identification number 94-3251981. These payments shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

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 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 Provided that Settling Defendant complies in full with its obligations under Section 5 hereof, 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, marketplace hosts, franchisees, licensors, and licensees ("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. Nothing in this Consent Judgment shall be deemed to resolve or release claims against any entities that distributed, supplied and/or sold Covered Products to Settling Defendant.
- 7.2 Provided that Settling Defendant complies in full with its obligations under Section 5 hereof, 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

Mary Muller Director of Human Resources Nugget Market, Inc. 168 Court Street Woodland, CA 95695

With Copy to:

Ann G. Grimaldi Grimaldi Law Offices 535 Mission Street, 14th Floor San Francisco, CA 94105 ann.grimaldi@grimaldilawoffices.com

Any Party may modify the person and/or address to whom the notice is to be sent by sending the other Party notice by first class and electronic mail.

9. COURT APPROVAL

- 9.1 This Consent Judgment shall become effective upon the Effective Date. CEH shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant shall reasonably support entry of this Consent Judgment by the Court.
- 9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or effect and shall not be introduced into evidence or otherwise used in any proceeding for any purpose other than to allow the Court to determine if there was a material breach of Section 9.1.

10. GOVERNING LAW AND CONSTRUCTION

10.1 The terms of this Consent Judgment shall be governed by the laws of the State of California.

11. ATTORNEYS' FEES

- 11.1 A Party who unsuccessfully brings or contests an action, motion, or application arising out of this Consent 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 against any other entity on terms that are different from those contained in this Consent Judgment. Settling Defendant may move to modify this Consent Judgment pursuant to Section 6 to substitute higher Reformulation Levels that CEH agrees to in a future consent judgment applicable to products identical to the Covered Products, and CEH agrees not to oppose any such motion except for good cause shown.

1	16. EXECUTION IN C	COUNTERPARTS						
2	16.1 The stipulations to this Consent Judgment may be executed in counterparts and by							
3	means of facsimile or portable document format (pdf), which taken together shall be deemed to							
4	constitute one document.							
5								
6	IT IS SO ORDERED, ADJUDGED, AND DECREED.							
7								
8	Dated:							
9	TO TO GO COUDIN ATTEN.	Judge of the Superior Court						
10	IT IS SO STIPULATED:							
11	Dated: $3/4$, 2019	CENTER FOR ENVIRONMENTAL HEALTH						
12								
13		Signature						
14								
15		Michael Green Printed Name						
16		Printed Name						
17	*	CEO						
18		Title						
19	Dated:, 2019	NUGGET MARKET, INC.						
20								
21		Signature						
22		S.B.Marie						
23		21. 127						
24	,	Printed Name						
25								
26		Title						
27 28								
20		1.4						

1	16. EXECUTION IN COUNTERPARTS								
2	16.1 The stipulations to this Consent Judgment may be executed in counterparts and by								
3	means	means of facsimile or portable document format (pdf), which taken together shall be deemed to							
4	consti	constitute one document.							
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6	IT IS SO ORDERED, ADJUDGED, AND DECREED.								
7		1 1							
8	Dated	: 9/19/9	May of the Salarian Court						
9	Judge of the Superior Court IT IS SO STIPULATED:								
10	11 15	SO STIPULATED:							
11	Dated	:, 2019	CENTER FOR ENVIRONMENTAL HEALTH						
12									
13			Signature						
14			2-8-14-41						
15									
16			Printed Name						
17	in .	8							
18			Title						
19	Dated:	: March 12, 2019	NUGGET MARKET, INC.						
20									
21 22			Signature Mullin						
			•						
23			Mary Muller Printed Name						
25									
26			Director of Human Resources						
27			THE						
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			14						

Exhibit 1

Exhibit A

COVERED PRODUCTS

CORN, GRAIN, AND LEGUME CHIPS AND STICKS

Group A. All corn, grain, and legume-based chips and sticks manufactured by Settling Defendant, including El Sabroso Guacachips, El Sabroso Jalapenitos, Private Label Tortilla Chips, Private Label Organic Blue Tortilla Chips, Private Label Organic Fiesta Tortilla Chips, Private Label Organic White Tortilla Chips, Whole Earth Really Seedy Tortilla Chips, El Sabroso Reduced Fat Tortilla Chips, Private Label Reduced Fat Tortilla Chips, Granny Goose Restaurant Style Tortilla Chips, Private Label Organic Yellow Rounds Tortilla Chips, El Sabroso Salsitas, El Sabroso Yellow Rounds Tortilla Chips, Granny Goose White Corn Tortilla Strips, Private Label White Corn Tortilla Strips, El Sabroso Chile Y Limon Churritos, El Sabroso Chile Y Limon Corn Chips, Granny Goose Corn Chips

Type 1: Triangle-shaped chips

Type 2: Round, rolled, and other non-triangle or non-strip-shaped chips

Type 3: Strip-shaped chips

Type 4: Corn chips and corn sticks (e.g., churritos)

POPCORN

Group B. All popcorn products, including Snak King Popcorn (Cheddar Cheese and Butter), Granny Goose Butter Popcorn, Kettle Corn, Whole Earth Lightly Salted Popcorn, Private Label Organic Popcorn (White Cheddar and Light Salt), Granny Goose Caramel Popcorn

Type 1: Popcorn (plain, flavored and kettle)

Type 2: Caramel and candy corn (with or without nuts)

EXTRUDED, PELLET, AND BAKED PRODUCTS

Group C. All extruded, pellet, and baked products (excluding baked products in Group A), including Private Label Lavash Chips, Private Label Salted Pita Chips, Whole Earth Salted Pita Chips, Private Label Hot Fries, Snak King Hot Fries, Private Label Puffed Rice or Corn, Snak King Cheese Puffs, Private Label Cheese Puffs, Private Label Rice Balls, Private Label Multigrain Chips, Private

Label Baked Cheese Curls, Granny Goose Cheese Blazin Curls, Snak King Baked Cheese Curls, Snak King Fried Cheese Curls, Snak King Hot Cheese Curls, Jensen Orchards Veggie Chips, Private Label Veggie Sticks, Private Label Mini Veggie Chips, El Sabroso Duros, Private Label Popped Chips

Type 1: Pita and lavash chips (all flavors)

Type 2: Puffs, fries, baked curls, and multigrain chips (all flavors)

Type 3: Fried curls (all flavors)

Type 4: Potato, vegetable, and other grain-based pellet chips and sticks (all flavors)

Type 5: Duros (all flavors)

PRETZELS

Group D. All pretzels

Type 1: Twists and sticks

OTHER

Group E. All pork rinds and "cracklins," including El Sabroso Regular Pork Rinds, El Sabroso Regular Pork Rinds with Salsa, El Sabroso Hot & Spicy Pork Rinds, El Sabroso Regular Cracklins, and El Sabroso Hot & Spicy Cracklins.

Type 1: Pork rinds and "cracklins"