

1 MATTHEW C. MACLEAR (SBN 209228) ANTHONY M. BARNES (SBN 199048) 2 AQUA TERRA AERIS LAW GROUP 828 San Pablo Ave, Suite 115B 3 Albany, CA 94706 Ph: 415-568-5200 4 Email: mcm@atalawgroup.com 5 Attorneys for Plaintiff ENVIRONMENTAL RESEARCH CENTER, INC. 6 7 GREGORY P. O'HARA (SBN 131963) gohara@nixonpeabody.com 8 LAUREN M. MICHALS (SBN 184473) lmichals@nixonpeabody.com NIXON PEABODY LLP One Embarcadero Center 10 **Sutie 1800** 11 San Francisco, CA 94111 Ph: 415-984-8200 12 Attorney for Defendant 13 VITACOST.COM, INC. 14 15 SUPERIOR COURT OF THE STATE OF CALIFORNIA 16 COUNTY OF ALAMEDA 17 ENVIRONMENTAL RESEARCH CENTER, CASE NO. RG17867086 18 INC., a non-profit California corporation, [PROPOSED] STIPULATED 19 Plaintiff. CONSENT JUDGMENT 20 v. Health & Safety Code § 25249.5 et seq. 21 VITACOST.COM, INC., a Delaware Dept. 21 corporation, and DOES 1-25, Hon. Winifred Y. Smith 22 Defendants. 23 Action Filed: July 11, 2017 Trial Date: None set 24 1. INTRODUCTION 25 1.1 On July 11, 2017, Plaintiff Environmental Research Center, Inc. ("ERC"), a non-26 profit corporation, as a private enforcer and in the public interest, initiated this action by filing a 27 Complaint for Permanent Injunction, Civil Penalties, and Other Relief (the "Complaint") 28 Page 1 of 13

STIPULATED CONSENT JUDGMENT

Case No. RG17867086

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STIPULATED CONSENT JUDGMENT

Case No. RG17867086

April 28, 2017 is attached as **Exhibit A** and is hereby incorporated by reference. More than 60 days have passed since the Notice was served on the Attorney General, public enforcers, and VITACOST and no designated governmental entity has filed a complaint against VITACOST with regard to the Covered Products or the alleged violations.

- 1.6 ERC's Notice and Complaint allege that use of the Covered Products exposes persons in California to lead without first providing clear and reasonable warnings in violation of California Health and Safety Code section 25249.6. VITACOST denies all material allegations contained in the Notice and Complaint. Nothing in the Consent Judgment shall be construed as an admission by Vitacost of any fact, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by Vitacost of any fact, issue of law or violation of law, at any time, for any purpose.
- 1.7 The Parties have entered into this Consent Judgment in order to settle, compromise, and resolve disputed claims and thus avoid prolonged and costly litigation.

 Nothing in this Consent Judgment nor compliance with this Consent Judgment shall constitute or be construed as an admission by any of the Parties or by any of their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, issue of law, or violation of law.
- 1.8 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have, individually or jointly, in any current or future legal proceeding unrelated to these proceedings.
- 1.9 The Effective Date of this Consent Judgment is the date on which it is entered as a Judgment by this Court.

2. JURISDICTION AND VENUE

For purposes of this Consent Judgment and any further court action that may become necessary to enforce this Consent Judgment, the Parties stipulate that this Court has subject matter-jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over VITACOST as to the acts alleged in the Complaint, that venue is proper in Alameda County,

and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims up through and including the Effective Date which were or could have been asserted in this action based on the facts alleged in the Notice and Complaint.

3. INJUNCTIVE RELIEF, REFORMULATION, TESTING AND WARNINGS

- 3.1 Beginning 10 business days after the Effective Date, VITACOST shall be permanently enjoined from "Distributing into the State of California", or directly selling in the State of California, any Covered Products which expose a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day unless it meets the warning requirements under Section 3.2.
- 3.1.1 As used in this Consent Judgment, the term "Distributing into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that VITACOST knows or has reason to know will sell the Covered Product in California.
- 3.1.2 For purposes of this Consent Judgment, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day. If no recommended daily serving size is provided on the label, then the daily serving size shall equal one unit.

3.2 Clear and Reasonable Warnings

If VITACOST is required to provide a warning pursuant to Section 3.1, the following warning must be utilized ("Warning"):

WARNING: Consuming this product can expose you to chemicals including lead [and any additional chemicals], which is [are] known to the State of California to cause [cancer and] birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

VITACOST shall use the phrase "cancer and" in the Warning if VITACOST has reason to believe

that the "Daily Lead Exposure Level" is greater than 15 micrograms of lead or if VITACOST has reason to believe that another Proposition 65 chemical is present which may require a cancer warning.

The Warning shall appear on VITACOST's checkout page on its website for California consumers identifying any Covered Product, or a link to the Warning, using the word "WARNING" shall appear prior to completing checkout on VITACOST's website when a California delivery address is indicated for any purchase of any Covered Product. An asterisk or other identifying method, such as text accompanying the product, must be utilized to identify which product(s) on the checkout page are subject to the Warning. The Warning may be used in conjunction with a more general warning in the checkout procedures indicating that item(s) in the customer's order are subject to a California Proposition 65 warning.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on its website or on the label or container of the Covered Product's packaging and the word "WARNING" shall be in all capital letters and in bold print. No statements intended to or likely to have the effect of diminishing the impact of, or reducing the clarity of, the Warning on the average lay person shall accompany the Warning unless required by Proposition 65 implementing regulations. Further, no statements may accompany the Warning that state or imply that the source of the listed chemical has an impact on or results in a less harmful effect of the listed chemical.

VITACOST must display the above Warning with such conspicuousness, as compared with other words, statements, or design of the website, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product.

3.3 If subsequently enacted changes to Proposition 65 or its implementing regulations require the use of additional or different information on any warning, the Parties agree to meet and confer on good faith pursuant to the procedures set out in 5.2 below, to reach an agreement as to any revisions to the warning provisions set out here. Any changes agreed to will be subject to the procedures set out in section 5.1 for revisions to this agreement.

4. SETTLEMENT PAYMENT

- 4.1 In full satisfaction of all potential civil penalties, additional settlement payments, attorney's fees, and costs, VITACOST shall make or have made a total payment of \$33,000.00 ("Total Settlement Amount") to ERC, with an initial payment of \$3,664.00 to be paid within 10 business days of the Effective Date with each subsequent payment of \$3,667.00 due within 30 days after the prior payment ("Due Date"). VITACOST shall make or have made these payments by wire transfer to ERC's escrow account, for which ERC will give VITACOST the necessary account information. The Total Settlement Amount shall be apportioned as follows:
- 4.2 \$3,500.00 shall be considered a civil penalty pursuant to California Health and Safety Code section 25249.7(b)(1). ERC shall remit 75% (\$2,625.00) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code section 25249.12(c). ERC will retain the remaining 25% (\$875.00) of the civil penalty.
- **4.3** \$5,055.98 shall be distributed to ERC as reimbursement to ERC for reasonable costs incurred in bringing this action.
- 4.4 \$10,030.00 shall be distributed to Aqua Terra Aeris Law Group, while \$14,414.02 shall be distributed to ERC for its in-house legal fees. Except as explicitly provided herein, each Party shall bear its own fees and costs.
- 4.6 In the event that VITACOST fails to remit the Settlement Amount owed under Section 4 of this Consent Judgment on or before the Due Date, VITACOST shall be deemed to be in material breach of its obligations under this Consent Judgment. ERC shall provide written notice of the delinquency to VITACOST via electronic mail. If VITACOST fails to deliver the Settlement Amount within ten (10) business days from receipt of the written notice, the Settlement Amount shall become immediately due and owing and shall accrue interest at the statutory judgment interest rate provided in the California Code of Civil Procedure section 685.010. Additionally, VITACOST agrees to pay ERC's reasonable attorney's fees and costs for any efforts to collect the payment due under this Consent Judgment.

5. MODIFICATION OF CONSENT JUDGMENT

- 5.1 This Consent Judgment may be modified only (i) by written stipulation of the Parties and upon entry by the Court of a modified consent judgment or (ii) by motion of either Party pursuant to Section 5.3 or 5.4 and upon entry by the Court of a modified consent judgment.
- VITACOST must provide written notice to ERC of its intent ("Notice of Intent"). If ERC seeks to meet and confer regarding the proposed modification in the Notice of Intent, then ERC must provide written notice to VITACOST within thirty (30) days of receiving the Notice of Intent. If ERC notifies VITACOST in a timely manner of ERC's intent to meet and confer, then the Parties shall meet and confer in good faith as required in this Section. The Parties shall meet in person or via telephone within thirty (30) days of ERC's notification of its intent to meet and confer. Within thirty (30) days of such meeting, if ERC disputes the proposed modification, ERC shall provide to VITACOST a written basis for its position. The Parties shall continue to meet and confer for an additional thirty (30) days in an effort to resolve any remaining disputes. Should it become necessary, the Parties may agree in writing to different deadlines for the meet-and-confer period.
- 5.3 Where the meet-and-confer process does not lead to a joint motion or application in support of a modification of the Consent Judgment, then either Party may seek judicial relief on its own.
- 5.4 In the event that Proposition 65 is repealed or preempted, then VITACOST shall have no futher obligation pursuant to this Consent Judgment with respect to, and to the extent that the Covered Produts are so affected.
- 6. RETENTION OF JURISDICTION, ENFORCEMENT OF CONSENT JUDGMENT
- 6.1 This Court shall retain jurisdiction of this matter to enforce, modify, or terminate this Consent Judgment.

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7. APPLICATION OF CONSENT JUDGMENT

This Consent Judgment may apply to, be binding upon, and benefit the Parties and their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, affiliates, divisions, franchisees, licensees, customers (excluding private labelers), distributors, wholesalers, retailers, predecessors, successors, and assigns. This Consent Judgment shall have no application to any Covered Product which is distributed or sold exclusively outside the State of California and which is not used by California consumers.

8. BINDING EFFECT, CLAIMS COVERED AND RELEASED

- 8.1 This Consent Judgment is a full, final, and binding resolution between ERC, on behalf of itself and in the public interest, and VITACOST and its respective officers, directors, shareholders, owners, employees, agents, parents, subsidiaries, divisions, affiliated entities under common (full or partial) ownership, attorneys, suppliers, franchisees, licensees, customers (not including private label customers of VITACOST), distributors, wholesalers, retailers, and all other upstream and downstream entities in the distribution chain of any Covered Product, and the predecessors, successors, and assigns of any of them (collectively, "Released Parties"). ERC, on behalf of itself and in the public interest, hereby fully releases and discharges the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs, and expenses asserted, or that could have been asserted from the handling, use, or consumption of the Covered Products, as to any alleged violation of Proposition 65 or its implementing regulations arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Effective Date.
- 8.2 ERC on its own behalf only, and VITACOST on its own behalf only, further waive and release any and all claims they may have against each other and their respective officers, directors, shareholders, owners, employees, agents, parents, subsidiaries, divisions, affiliated entities under common (full or partial) ownership, and attorneys for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice and Complaint up through and including the Effective Date,

provided, however, that nothing in Section 8 shall affect or limit any Party's right to seek to enforce the terms of this Consent Judgment.

8.3 It is possible that other claims not known to the Parties, arising out of the facts alleged in the Notice and Complaint, and relating to the Covered Products, will develop or be discovered. ERC on behalf of itself only, and VITACOST on behalf of itself only, acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. ERC and VITACOST acknowledge that the claims released in Sections 8.1 and 8.2 above may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

ERC on behalf of itself only, and VITACOST on behalf of itself only, acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

- 8.4 Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance with Proposition 65 by any releasee regarding alleged exposures to lead in the Covered Products as set forth in the Notice and Complaint.
- 8.5 Nothing in this Consent Judgment is intended to apply to any occupational or environmental exposures arising under Proposition 65, nor shall it apply to any of VITACOST' products other than the Covered Products.

9. SEVERABILITY OF UNENFORCEABLE PROVISIONS

In the event that any of the provisions of this Consent Judgment are held by a court to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

10. GOVERNING LAW

The terms and conditions of this Consent Judgment shall be governed by and construed in accordance with the laws of the State of California.

| 1 | 11. PROVISION OF NOTICE | |
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| | All notices required to be given to either Party to this Consent Judgment by the other shall | |
| 3 | be in writing and sent to the following agents listed below via first-class mail. Courtesy copies via | |
| 4 | email may also be sent. | |
| 5 | FOR ENVIRONMENTAL RESEARCH CENTER, INC.: | |
| 6 | Chris Heptinstall, Executive Director, Environmental Research Center | |
| 7 | 3111 Camino Del Rio North, Suite 400 San Diego, CA 92108 | |
| 8 | Tel: (619) 500-3090 Email: chris_erc501c3@yahoo.com | |
| 9 | With a copy to: | |
| 10 | MATTHEW C. MACLEAR | |
| 11 | ANTHONY M. BARNES AQUA TERRA AERIS LAW GROUP | |
| 12 | 828 San Pablo Ave, Suite 115B Albany, CA 94706 | |
| 13 | Ph: 415-568-5200 | |
| 14 | Email: mcm@atalawgroup.com | |
| 15 | VITACOST.COM, INC. Steven J. Prough | |
| 16 | Vice President, Legal Services The Kroger Co. | |
| 17 | PO Box 54143 Los Angeles, CA 90054 | |
| 18 | 310-884-6016 steve.prough@ralphs.com | |
| 19 | | |
| 20 | | |
| 21 | With a copy to: | |
| 22 | Gregory P. O'Hara | |
| - 1 | Lauren M. Michals NIXON PEABODY LLP | |
| 23 | One Embarcadero Center | |
| 24 | Suite 1800 San Francisco, CA 94111 | |
| 25 | gohara@nixonpeabody.com | |
| 26 | lmichals@nixonpeabody.com Ph 415-984-8200 | + |
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12. COURT APPROVAL

- 12.1 Upon execution of this Consent Judgment by the Parties, ERC shall notice a Motion for Court Approval. The Parties shall use their best efforts to support entry of this Consent Judgment.
- 12.2 If the California Attorney General objects to any term in this Consent Judgment, the Parties shall use their best efforts to resolve the concern in a timely manner, and if possible prior to the hearing on the motion.
- 12.3 If this Stipulated Consent Judgment is not approved by the Court, it shall be void and have no force or effect.

13. EXECUTION AND COUNTERPARTS

This Consent Judgment may be executed in counterparts, which taken together shall be deemed to constitute one document. A facsimile or .pdf signature shall be construed to be as valid as the original signature.

14. DRAFTING

The terms of this Consent Judgment have been reviewed by the respective counsel for each Party prior to its signing, and each Party has had an opportunity to fully discuss the terms and conditions with legal counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment, no inference, assumption, or presumption shall be drawn, and no provision of this Consent Judgment shall be construed against any Party, based on the fact that one of the Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the Consent Judgment. It is conclusively presumed that all of the Parties participated equally in the preparation and drafting of this Consent Judgment.

15. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

If a dispute arises with respect to either Party's compliance with the terms of this Consent Judgment entered by the Court, the Parties shall meet and confer in person, by telephone, and/or in writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed in the absence of such a good faith attempt to resolve the dispute beforehand.

16. ENFORCEMENT

ERC may, by motion or order to show cause before the Superior Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. In any action brought by ERC to enforce this Consent Judgment, ERC may seek whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with the Consent Judgment. To the extent the failure to comply with the Consent Judgment constitutes a violation of Proposition 65 or other laws, ERC shall not be limited to enforcement of this Consent Judgment, but may seek in another action whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with Proposition 65 or other laws.

17. ENTIRE AGREEMENT, AUTHORIZATION

- 17.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter herein, and any and all prior discussions, negotiations, commitments, and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party. No other agreements, oral or otherwise, unless specifically referred to herein, shall be deemed to exist or to bind any Party.
- 17.2 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.

18. REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF CONSENT JUDGMENT

This Consent Judgment has come before the Court upon the request of the Parties. The Parties request the Court to fully review this Consent Judgment and, being fully informed regarding the matters which are the subject of this action, to:

- (1) Find that the terms and provisions of this Consent Judgment represent a fair and equitable settlement of all matters raised by the allegations of the Complaint that the matter has been diligently prosecuted, and that the public interest is served by such settlement; and
- (2) Make the findings pursuant to California Health and Safety Code section 25249.7(f)(4), approve the Settlement, and approve this Consent Judgment.

| 1 | IT IS SO STIPULATED: |
|----|---|
| 2 | Dated: 11/22/, 2017 ENVIRONMENT A RESEARCH |
| 3 | Dated: 1/001, 2017 ENVIRONMENTAL RESEARCH CENTER, INC. |
| 4 | 1 for the state of |
| 5 | Son Honing and proceeding Director |
| 6 | Dated: 12/4/ ,2017 VITACOST.COM, INC. |
| 7 | Dated: 77 7 , 2017 VIFACOST.COM, INC. |
| 8 | Du Ste a PSt |
| 9 | By: Steve Proush Its: Assistant Secretary |
| 10 | APPROVED AS TO FORM: |
| 11 | Dated: 11/22/, 2017 AQUA TERRA AERIS LAW GROUP |
| 12 | Chin duden |
| 13 | By: Matthew C. Maclear |
| | Anthony M. Barnes Attorneys for Plaintiff Environmental |
| 14 | Research Center, Inc. |
| 15 | Dated: 12/15/, 2017 NIXON PEABODY LLP |
| 16 | |
| 17 | Gregory P. O'Hara |
| 18 | Lauren M. Michals |
| 19 | Attorneys for Defendant Vitacost.com, Inc. |
| 20 | ODDAND TAND TAND OF THE |
| 21 | ORDER AND JUDGMENT |
| 22 | Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is |
| 23 | approved and Judgment is hereby entered according to its terms. |
| 24 | IT IS SO ORDERED, ADJUDGED AND DECREED. |
| 25 | Dated: _9/70 _, 201% Judge of the Superior Court |
| 26 | Robert D. McGuinger |
| 27 | |
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CLERK'S CERTIFICATE OF SERVICE BY MAIL CCP 1013a(3)

CASE NAME: Environmental Research Center, Inc. vs. Vistacost.Com,

Inc.

ACTION NO.: RG17867086

I certify that the following is true and correct: I am the clerk in Dept. 21 of the Superior Court of California, County of Alameda and not a party to this cause. I served the STIPULATED CONSENT JUDGMENT by placing copies in envelopes addressed as shown below and then by sealing and placing them for collection, stamping or metering with prepaid postage, and mailing on the date stated below, in the United States mail at Alameda County, California, following standard court practices.

Matthew C. MaClear Aqua Terra Aeris Law Group 828 San Pablo Ave., Suite 115B Albany, CA 94706 Dana P. Palmer
McGuireWoods LLP
1800 Century Park East, 8th Floor
Los Angeles, CA 90067

I declare under penalty of perjury that the following is true and correct Executed on April 20, 2018 at Oakland, California.

Chad Finke
Executive Officer/Clerk of the Superior Court

, July

Pilipino Tungohan Deputy Clerk