1 ENDORSED FILED 2 ALAMEDA COUNTY 3 DEC 0 3 2019 CLERK OF THE SUPERIOR COURT 4 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 17-852777 12 Plaintiff, ASSIGNED FOR ALL PURPOSED TO: 13 Judge Michael M. Markman, Dept. 16 ٧. 14 [PROPOSED] CONSENT JUDGMENT MRS. GOOCH'S NATURAL FOOD AS TO SMUCKER NATURAL FOODS, 15 MARKETS, INC., et al., INC. 16 Defendants. 17 18 19 20 **DEFINITIONS** 21 1. 1.1 The "Complaint" means the operative First Amended Complaint in the above-22 captioned matter. 23 1.2 "Covered Products" means prune juice. An initial list of the Covered Products is 24 attached hereto as Exhibit A. 25 1.3 "Effective Date" means the date on which notice of entry of this Consent 26 Judgment by the Court is served upon Settling Defendants. 27 28

DOCUMENT PREPARED

- 2.1 The Parties to this Consent Judgment are the Center for Environmental Health, a California non-profit corporation ("CEH") and Smucker Natural Foods, Inc. ("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 the Complaint.
- 2.2 On or about October 11, 2017, CEH provided a 60-day Notice of Violation of Proposition 65 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 (the "Notice").
- 2.3 Settling Defendant is a corporation or other business entity that manufactures, distributes, sells, or offers for sale Covered Products in the State of California or has done so at times relevant to the Complaint.
- 2.4 On March 13, 2017, CEH filed the original complaint in the above-captioned matter. On April 30, 2018, CEH filed the Complaint, which named Settling Defendant as a 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 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 Nothing in this Consent Judgment is or shall be construed as an admission against interest by any of 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 any of 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 any of the Parties may have in any other pending or future legal proceeding. This Consent Judgment is the product of negotiation and compromise and is accepted by each of the Parties solely for purposes of settling, compromising, and resolving issues disputed in this action.

3. INJUNCTIVE RELIEF

- 3.1 **Reformulation of Covered Products.** Commencing on the Effective Date, Settling Defendant shall not manufacture, ship, sell, or offer for sale any Covered Product that will be sold or offered for sale to any consumer in California that contains a concentration of more than the following parts per billion ("ppb") levels of acrylamide as measured at the point at which the Covered Product is decanted into bottles or other containers that are offered for sale to California consumers (the "Reformulation Level"):
 - a. For 100% Single Strength Covered Products (Not Made from Concentrate): 250 ppb;
 - b. For Covered Products Made in Part from Single Strength and in Part from Concentrate:200 ppb; and
 - c. For Covered Products Made only from Concentrate: 150 ppb.

The acrylamide concentration shall 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.

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 or to enforce future alleged violations of Proposition 65 with respect to acrylamide exposures from Covered Products manufactured, distributed or sold 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.

4.2.1 <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 one year after the Effective Date, and for which CEH has laboratory test results showing that the Covered Product exceeds the Reformulation Level, CEH may issue a Notice of Violation pursuant to this Section. This Consent Judgment shall be CEH's exclusive means of enforcing Proposition 65 with respect to acrylamide exposures from any Covered Product manufactured, shipped, sold or offered for sale by Settling Defendant.

4.2.2 <u>Service of Notice of Violation and Supporting Documentation.</u>

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, including a copy of the receipt or other proof of purchase; (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 but not limited to any laboratory reports, quality assurance reports, and quality control reports associated with testing of the Covered Product.

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4.2.3 <u>Notice of Election of Response</u>. No more than thirty (30) days after service of a Notice of Violation on Settling Defendant in accordance with Section 8, 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 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.

4.2.4 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 Defendants 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 CEH \$2,500 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 agree to provide additional time to further meet and confer on the matter which is the subject of the Notice of Violation or it may file an enforcement motion or application pursuant to Section

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- 4.1. In any such proceeding, CEH may seek whatever fines, costs, penalties, attorneys' fees, or other remedies provided by law for an alleged failure to comply with a 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, and shall provide the information required by Sections 4.2.5.1 and 4.2.5.2 as appropriate.
- 4.2.5.1 Settling Defendant shall include in its Notice of Election not to contest test data reflective of the level of acrylamide measured in the Covered Product that is the subject of the Notice of Violation at the point at which it was decanted by Settling Defendant into bottles or other containers to be offered for sale to California consumers. If those data reflect testing of the Covered Product in the same calendar quarter that corresponds to the best-by or sell-by (or equivalent) date shown on the cap or label of the Covered Product which is the subject of the Notice of Violation and the results of that testing show that the Reformulation Level of the Covered Product has not been exceeded at the point of bottling, then any exceedance of the Reformulation Level shall be deemed to be attributable to acrylamide formation arising during shelf life (i.e., after the point of the final bottling and pasteurization of the Covered Product). If test data from the point of bottling shows that the Reformulation Level of the Covered Product was exceeded at the point of bottling, then Settling Defendants may alternatively establish through contemporaneous records that the exceedance resulted from additional holding, heating, and/or pasteurization of the applicable Covered Product due to equipment being taken off-line for unscheduled maintenance or a breakdown (an "Upset"). In order to avail itself of this provision, Settling Defendants must provide CEH with contemporaneous records that show: (a) when the Upset occurred and its causes; (b) that the facility was otherwise operating properly at the time of the Upset; and (c) that remedial measures were taken to prevent a recurrence of the Upset.
- 4.2.5.2 In the absence of making a showing under Section 4.2.5.1 above, Settling Defendant shall include in its Notice of Election not to contest a detailed description with supporting documentation of the corrective action(s) that they have undertaken or propose to

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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 unless Settling Defendant has sent instructions to any retailers or customers that offer the Noticed Covered Products to either (a) cease offering the Noticed Covered Products for sale to California consumers and to destroy or return all such Noticed Covered Products to Settling Defendants, or (b) to place a warning on each of the Noticed Covered Products to be sold in California consisting of the following statement: "WARNING: Consuming this product can expose you to acrylamide, which is known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov/food." The preceding warning must be set off from other surrounding information, enclosed in a box, and the word "WARNING" must be in all capital letters and bold print. The warning statement must be prominently displayed on each of the Noticed Covered Products with such conspicuousness, as compared with other words, statements or designs on the product, as to render the warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use. Settling Defendants 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 year) for inspection and copying records of any external, nonprivileged correspondence regarding the foregoing. If there is a dispute over the corrective action, Settling Defendants and CEH shall meet and confer before seeking any remedy in court.

4.2.5.3 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 year following the Effective Date.

4.2.5.4 If the Notice of Violation received by Settling Defendants under Section 4.2.1 is covered by Section 4.2.5.1, then Settling Defendants shall pay \$2,500 for that Notice of Violation. If the Notice of Violation is the first, second, third, or fourth Notice of Violation received by Settling Defendants under Section 4.2.1 that was not successfully

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contested, addressed by Section 4.2.5.1, or withdrawn, then Settling Defendants shall pay \$15,000 for the Notice of Violation. In no case shall Settling Defendants be obligated to pay more than \$75,000 for all Notices of Violation not successfully contested or withdrawn in any twelve month period, 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 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 Defendants have 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 a Consent Judgment. Prior to seeking such relief, CEH shall meet and confer with Settling Defendants for at least thirty (30) days to determine if Settling Defendants and CEH can agree on measures that Settling Defendants can undertake to prevent future alleged violations.

5. PAYMENTS

- 5.1 **Payments by Settling Defendant.** Within twenty (20) calendar days of the Effective Date, Settling Defendant shall pay the total sum of \$117,500 as a settlement payment as further set forth in this Section.
- 5.2 Allocation of Payments. The total settlement amount shall be paid in three (3) separate checks in the amounts specified below and delivered as set forth below. Any failure by Settling Defendants to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendants to CEH in the amount of \$100 for each day the full payment is not received after the payment due date set forth in Section 5.1. The late fees required under this Section shall be recoverable, together with reasonable attorneys' fees, in an enforcement proceeding brought pursuant to Section 4 of this Consent Judgment. The funds paid by Settling

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1	Defendants shall be allocated as set forth below between the following categories and made					
2	payable as follows:					
3	5.2.1 \$15,830 as a civil penalty pursuant to Health & Safety Code § 25249.7(b).					
4	The civil penalty payment shall be apportioned in accordance with Health & Safety Code §					
5	25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health					
6	Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty					
7	payment for \$11,872.50 shall be made payable to OEHHA and associated with taxpayer					
8	identification number 68-0284486. This payment shall be delivered as follows:					
9	For United States Postal Service Delivery:					
10	Attn: Mike Gyurics					
11	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment					
12	P.O. Box 4010, MS #19B Sacramento, CA 95812-4010					
13	For Non-United States Postal Service Delivery:					
14	Attn: Mike Gyurics					
15	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment					
16	1001 I Street, MS #19B Sacramento, CA 95814					
17						
18	The CEH portion of the civil penalty payment (\$3,957.50) shall be included in the check to be					
19	issued to CEH and delivered to CEH in accordance with the payment instructions set forth in					
20	Section 5.2.4.					
21	5.2.2 \$11,870 as an Additional Settlement Payment ("ASP") to CEH pursuant to					
22	Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH					
23	intends to restrict use of the ASPs received from this Consent Judgment to the following					
24	purposes: the funds will be placed in CEH's Toxics in Food Fund and used to support CEH					
25	programs and activities that seek to educate the public about acrylamide and other toxic					
26	chemicals in food, to work with the food industry and agriculture interests to reduce exposure to					
27	acrylamide and other toxic chemicals in food, and to thereby reduce the public health impacts and					
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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 included in the check to be issued to CEH and delivered to CEH in accordance with the payment instructions set forth in Section 5.2.4.

5.2.3 \$89,800 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The reimbursement of attorneys' fees and cost reimbursement shall be divided in separate amounts payable to CEH and its outside counsel as follows: (a) \$79,250 in a check payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$10,550 to be included in the check to be issued to CEH and delivered to CEH in accordance with the payment instructions set forth in Section 5.2.4. The check issued to the Lexington Law Group shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

5.2.4 The payments under Sections 5.2.1, 5.2.2 and 5.2.3 of this Consent Judgment due to the Center for Environmental Health shall be made in a single check in the amount of \$26,377.50 made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This check 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, or by an order of this Court upon motion 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.
 - 6.3 **Other Settlements.** In the event that CEH enters into agreements with other

entities that manufacture, distribute and/or sell prune juice products that Settling Defendant determine contain Reformulation Levels that are less stringent than those set forth in Section 3.1, after meeting and conferring with CEH pursuant to Section 6.2 above, Settling Defendant may move for a modification of this Consent Judgment to substitute those less stringent Reformulation Levels, and CEH agrees not to oppose any such motion except for good cause shown.

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 ("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 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, offered for sale, or sold by Settling Defendant after the Effective Date.

1 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 Defendants are entitled to receive any notice under this Consent 8 Judgment, the notice shall be sent by first class and electronic mail to: 9 The J.M. Smucker Company 10 ATTN: General Counsel, Legal 1 Strawberry Lane 11 Orrville, OH 44667 jackie.welch@jmsmucker.com 12 With a contemporaneous copy sent to: 13 Matthew Kaplan 14 Tucker Ellis LLP 515 South Flower Street, Forty-Second Floor 15 Los Angeles, CA 90071 matthew.kaplan@tuckerellis.com 16 Notice to Settling Defendant shall not be effective until it is sent to both addresses set forth 17 above. 18 8.3 Any Party may modify the person and/or address to whom the notice is to be sent 19 by sending the other Party notice by first class and electronic mail. 20 9. **COURT APPROVAL** 21 9.1 This Consent Judgment shall become effective upon the date signed by CEH and 22 Settling Defendant, whichever is later, provided however, that CEH shall prepare and file a 23 Motion for Approval of this Consent Judgment and Settling Defendant shall support entry of this 24 Consent Judgment by the Court. 25 9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or 26 effect and shall not be introduced into evidence or otherwise used in any proceeding for any 27 12 DOCUMENT PREPARED ON RECYCLED PAPER

CONSENT JUDGMENT - SMUCKER - CASE NO. RG 17-852777

purpose other than to allow the Court to determine if there was a material breach of this 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 Except as set forth below and in Section 5 of this Consent Judgment, the parties shall bear their own costs, fees and expenses.
- 11.2 A Party who, after the Effective Date, 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.
- 11.3 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

CONSENT JUDGMENT - SMUCKER - CASE NO. RG 17-852777

1 2	IT IS SO STIP	PULATED:	
3 4	Dated:	, 2019	CENTER FOR ENVIRONMENTAL HEALTH
5 6 7			Signature
8			Printed Name
10 11			Title
12	Dated: May 8	3, 2019	SMUCKER NATURAL FOODS, INC.
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14			<u>Jackie Bryk Welch</u> Sjgnature
15			V
16 17			_Jackie Bryk Welch Printed Name
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19			<u>Vice President - Litigation</u> Title
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CONSENT JUDGMENT – SMUCKER – CASE NO. RG 17-852777

EXHIBIT A

SKU	Description
7468251047	RWK 32 FL OZ ORG JUST PRUNE 6CT
7468210712	RWK 32 FL OZ ORG PRUNE
7468251046	RWK 946 ML ORG JUST PRUNE 6CT
7468212312	RWK 12/946 ML ORGANIC PRUNE