## FILED ALAMEDA COUNTY

MAR 2 3 2023

CLERK OF THE SUPERIOR COURT
By Deputy

# SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ALAMEDA

CENTER FOR ENVIRONMENTAL HEALTH, a non-profit corporation,

Plaintiff,

V.

MCCALL FARMS, INC.; DOLLAR TREE STORES, INC.; THE KROGER CO.; and DOES 1 through 100, inclusive,

Defendants.

Case No. RG 20-061569

Assigned for all purposes to the Honorable Eumi Lee, Dept. 512

[PROPOSED] CONSENT JUDGMENT AS TO MCCALL FARMS, INC.

#### 1. INTRODUCTION

- 1.1 The Parties to this Consent Judgment (the "Consent Judgment") are Plaintiff Center for Environmental Health ("CEH"), a California non-profit corporation, and Defendant McCall Farms, Inc. ("Settling Defendant"). CEH and Settling Defendant (collectively, the "Parties") enter into this Consent Judgment to settle claims asserted by CEH against Settling Defendant as set forth in the operative complaint ("Complaint") in the above-captioned matter. This Consent Judgment covers canned sweet potatoes, including canned yams, that are (a) manufactured, distributed, sold, and/or offered for sale by Settling Defendant, and (b) sold or offered for sale in California (the "Covered Products").
- 1.2 Settling Defendant is a corporation or other business entity that employs ten or more people and manufactures, distributes, sells, or offers for sale Covered Products that are sold in the State of California.
- 1.3 On January 23, 2020, 2020, CEH issued a 60-day Notice of Violation pursuant to Proposition 65 (Cal. Health & Safety Code § 25249.5 et seq.) 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, Defendant Dollar Tree Stores, Inc., and Defendant The Kroger Co. (collectively, "Noticed Parties"), alleging that Noticed Parties violated Proposition 65 by exposing persons to lead in canned sweet potatoes, including yams, without first providing a clear and reasonable Proposition 65 warning.
- 1.4 On May 19, 2020, CEH filed the Complaint in the above-captioned matter against McCall Farms Inc., Dollar Tree Stores, Inc., and The Kroger Co. On August 18, 2020, CEH amended the Complaint to add Moody Dunbar, Inc. as a Doe defendant in the action.
- 1.5 The Parties, in an effort to avoid protracted and costly litigation, elected to mediate this case before the Hon. James L. Warren (Ret.) in JAMS' San Francisco office. The Parties attended two mediation sessions with Judge Warren, the first of which was held at JAMS' office on May 23, 2022, and the second of which was held virtually on August 31, 2022. The Parties continued settlement discussions between the two mediation sessions. After hundreds of attorney

hours invested and the exchange of information between the Parties and Judge Warren, the Parties agreed to the terms and conditions of this proposed Consent Judgment, which is a direct result of the mediation process overseen by Judge Warren.

- 1.6 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 or sold by Settling Defendant.
- 1.7 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 prejudices, waives or impairs 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.

#### 2. ADDITIONAL DEFINITIONS

- 2.1 "Compliance Date" shall mean September 1, 2023.
- 2.2 "Effective Date" shall mean the day CEH serves the Notice of Entry of this Consent Judgment on Settling Defendant.
- 2.3 "Lead Level" shall mean a concentration of no more than 40 parts per billion ("ppb") of lead by weight. Compliance with the Lead Level shall be determined by use of a test performed by an accredited laboratory using ICP/MS (Inductively Coupled Plasma-Mass Spectrometry) or any other testing method agreed to by the Parties. Any samples of a Covered Product tested shall be homogenized before testing for lead content.

3.1 Compliance of Covered Products. As of the Compliance Date, Settling Defendant shall not manufacture Covered Products that will be sold or offered for sale in California that contain lead in concentrations exceeding the Lead Level, unless Settling Defendant provides a clear and reasonable warning as further specified in Section 3.2.

3.2 Warning Language. If Settling Defendant is required to provide a warning pursuant to Section 3.1, the following warning language shall be deemed to comply with Settling Defendant's warning obligation:



**WARNING:** Consuming this product can expose you to chemicals including lead which are known to the State of California to cause birth defects or other reproductive harm. For more information go to <a href="https://www.P65Warnings.ca.gov/food">www.P65Warnings.ca.gov/food</a>.

The word "WARNING" shall be displayed in all capital letters and bold print and shall be preceded by the yellow warning triangle symbol depicted above. The warning shall be securely affixed to or printed upon the label of any Covered Product, and it must be set off from other surrounding information and enclosed in a box. For internet sales or catalog sales by Settling Defendant, Settling Defendant shall display the warning in such a manner that it is likely to be read and understood by an ordinary individual prior to the authorization of or actual payment.

#### 4. ENFORCEMENT

4.1 Enforcement Procedure. The Parties to this Consent Judgment shall have the exclusive right to enforce this Consent Judgment. This Court shall have exclusive jurisdiction over all matters regarding enforcement of the Consent Judgment. Prior to bringing any motion or order to show cause to enforce the terms of this Consent Judgment, a Party seeking to enforce shall provide the alleged violating party sixty (60) days advance written notice of the alleged violation as set forth in Section 4.2 ("Meet and Confer Notice"), sent to the person(s) identified in Section 8 to receive notice for the respective Party. The Parties shall meet and confer during such sixty (60) day period in an effort to reach agreement on whether a violation occurred and/or an appropriate cure

for the alleged violation. After such sixty (60) day period, the Party seeking to enforce may, by motion or order to show cause before the Superior Court of the County of Alameda, seek to enforce the terms and conditions contained in this Consent Judgment.

#### 4.2 Enforcement of Lead Level.

- 4.2.1 <u>Meet and Confer Notice</u>. After the Compliance Date, CEH may issue Settling Defendant a Meet and Confer Notice, in compliance with Section 4.2.2, alleging that the Settling Defendant manufactured a Covered Product in violation of Section 3.
- 4.2.2 <u>Contents of Meet and Confer Notice for Alleged Lead level Exceedance.</u> A Meet and Confer Notice alleging that Settling Defendant manufactured a Covered Product in violation of Section 3 must include, at a minimum:
  - (i) the date the Covered Product was purchased,
  - (ii) a copy of CEH's receipt of purchase for the Covered Product;
  - (iii) if not visible on the receipt, the name and address of the retail entity from which the Covered Product was purchased, or for online purchases, the name of the website from which the Covered Product was purchased and the address to which the product was shipped;
  - (iv) photos of the Covered Product, including but not limited to, photos showing the production date code and best-by date;
  - (v) CEH's test report on the Covered Product sample, conducted using the test methodology set forth in the definition of Lead Level in Section 2.3.
- 4.2.3 Settling Defendant's Sampling. Upon receipt of a Meet and Confer Notice from CEH that alleges a violation of the Lead Level, Settling Defendant shall have forty-five (45) days to collect and sample a minimum of three samples of the Covered Product. Samples collected by Settling Defendant must have production date codes and/or best-by date dated within sixty (60) days of the corresponding production date code and/or best-by date of the sample identified in CEH's Meet and Confer Notice. Settling Defendant shall provide CEH with all test data for these samples, which shall be conducted using the test methodology set forth in the definition of Lead Level in Section 2.3.

4.2.4 <u>Assessment of Lead Levels</u>. The determination of compliance with the Lead Level will be established by averaging Settling Defendant's three or more test results and CEH's single test result.

#### 5. PAYMENTS

- 5.1 Payments by Settling Defendant. Settling Defendant shall pay the total sum of \$246,250 as a settlement payment, as further set forth in this section, within ten (10) calendar days of the Effective Date.
- 5.1.1 Allocation of Payments. The total settlement amount for Settling Defendant shall be paid in separate checks 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 after the applicable 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 Defendant shall be allocated as set forth below between the following categories and made payable as follows:
- 5.1.2 <u>Civil Penalties.</u> Settling Defendant shall pay \$52,710 as a civil penalty pursuant to Health & Safety Code § 25249.7(b), subject to Section 5.2. The civil penalty payment shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty payment for \$39,532.50 shall be made payable to OEHHA and associated with taxpayer identification number 68-0284486. This payment shall be delivered as follows:

For United States Postal Service Delivery:

Attn: Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B Sacramento, CA 95812-4010

5.2 Summary of Settlement Payments: To summarize, Settling Defendant shall deliver checks made out to the payees in the amounts set forth below:

Payee	Type	Amount	Deliver To	
ОЕННА	Penalty	\$39,532.50	OEHHA per Section 5.1.2	
Center for Environmental Health	Penalty	\$13,177.50	LLG	
Center for Environmental Health	ASP	\$39,525	LLG	
Center for Environmental Health	Fee and Cost	\$11,515	LLG	
Lexington Law Group ("LLG")	Fee and Cost	\$142,500	LLG	

## 6. MODIFICATION AND DISPUTE RESOLUTION

6.1 **Procedure for Modification.** This Consent Judgment may be modified from time to time by (1) express written agreement of the Parties and approval by the Court or (2) by motion or application to the Court. Any modification to the Consent Judgment requires the approval of the Court and prior notice to the Attorney General's Office. As applicable, any Party seeking to modify this Consent Judgment must notify the other Party in writing, and the Parties shall thereafter attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment. If the Parties are unable to resolve their dispute informally within sixty (60) days after the date of the written notification, the Party that issued the written notification to seek the modification may bring a motion or proceeding to seek judicial relief as to the requested modification.

## 7. CLAIMS COVERED AND RELEASES

7.1 Provided that Settling Defendant complies in full with its obligations under Section 5, this Consent Judgment is a full, final and binding resolution between CEH on behalf of itself and the public interest and Settling Defendant and Settling Defendant's parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, members, 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,

9.1 CEH shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant shall support approval of such Motion. This Section 9.1 shall become effective upon the date this Consent Judgment is signed by CEH and Settling Defendant, whichever is later.

9.2 If this Consent Judgment is not entered by the Court, it shall be of no further 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 Should CEH prevail on any motion, application for an order to show cause or other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its reasonable attorneys' fees and costs incurred as a result of such motion or application. Should Settling Defendant prevail on any motion application for an order to show cause or other proceeding, the Settling Defendant may be awarded its reasonable attorneys' fees and costs as a result of such motion or application upon a finding by the court that CEH's prosecution of the motion or application lacked substantial justification. For purposes of this Consent Judgment, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.
- 11.2 Except as otherwise provided in this Consent Judgment, each Party shall bear its own 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

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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 related or equivalent, nor shall such waiver constitute a continuing waiver.

#### **13**. SUCCESSORS AND ASSIGNS

13.1 This Consent Judgment shall apply to and be binding upon CEH and Settling Defendant, and their respective divisions, subdivisions and subsidiaries, and the successors or assigns of any of them.

#### 14. RETENTION OF JURISDICTION

14.1 This Court shall retain jurisdiction of this matter to implement, modify, or enforce the Consent Judgment. Nothwithstanding the provisions of Section 6, nothing in this Consent Judgment limits or affects the Court's authority to modify this Consent Judgment as provided by law.

#### 15. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT

15.1 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 bind that Party.

#### 16. NO EFFECT ON OTHER SETTLEMENTS

Nothing in this Consent Judgment shall preclude CEH from resolving any claim against any entity other than Settling Defendant on terms that are different from those contained in this Consent Judgment.

## 17. COMPLIANCE WITH REPORTING REQUIREMENTS 1 2 CEH agrees to comply with the reporting form requirements referenced in Health 17.1 and Safety Code section 25249.7(f). 3 **EXECUTION IN COUNTERPARTS** 4 18. 18.1 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 7 constitute one document. 8 IT IS SO STIPULATED: 9 Dated: \_\_\_\_\_, 2022 CENTER FOR ENVIRONMENTAL HEALTH 10 11 Signature 12 13 Printed Name 14 15 Title 16 17 Dated: $\frac{9/12}{2}$ , 2022 MCCALL FARMS, INC. 18 19 20 McCall Swink Printed Name Co-President Title 21 22 23 24 25 26 27 28

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17.	COMPLIANCE WITH REPORTING REQUIREMENTS					
	17.1	CEH agrees to comply with	the reporting form requirements referenced in Health			
and Safety Code section 25249.7(f).						
18.	EXECUTION IN COUNTERPARTS					
	18.1	The stipulations to this Cons	sent Judgment may be executed in counterparts and by			
means	of facs	simile or portable document fo	ormat (pdf), which taken together shall be deemed to			
consti	tute one	e document.				
IT IS	SO ST	TPULATED:				
Date	d: Sept	tember 14, 2022	CENTER FOR ENVIRONMENTAL HEALTH			
			Ruft			
			Signature			
			Regina Jackson			
			Printed Name			
			Interim CEO Title			
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Data	J.	2022	MCC. IV. D. D. C. D. C.			
Date	u	, 2022	MCCALL FARMS, INC.			
			Signature			
			Printed Name			
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	and Sand Sand Sand Sand Sand Sand Sand S	and Safety C  18. EXE  18.1  means of face constitute one  IT IS SO ST  Dated: Sep	<ul> <li>17.1 CEH agrees to comply with and Safety Code section 25249.7(f).</li> <li>18. EXECUTION IN COUNTERPAL</li> <li>18.1 The stipulations to this Const</li> </ul>			