1 2 3 4 5 6 7 8 9	WRAITH LAW 16485 Laguna Canyon Rd., Suite 250 Irvine, California 92618 Tel: (949) 251-9977 Fax: (949) 251-9978 Attorneys for Plaintiff Environmental Research Center MALCOLM C. WEISS (SBN 112476) DIANA F. BIASON (SBN 247274) HUNTON & WILLIAMS LLP 550 S. Hope Street, Suite 2000 Los Angeles, CA 90071 Tel: (213) 532-2130 Fax: (213) 532-2020	
11	Attorneys for Defendant Ayush Herbs, Inc.	
12	SUPERIOR COURT OF CALIFORNIA	
13	COUNTY OF ORANGE, CENTRAL JUSTICE CENTER	
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16	ENVIRONMENTAL RESEARCH CENTER, a California non-profit	Case No.: 30-2013-00635134-CU-MC-CJC
17	corporation,	Judge: Thierry Patrick Colaw
18	Plaintiffs,	[PROPOSED] STIPULATED CONSENT JUDGMENT; [PROPOSED] ORDER
19	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	[Health & Safety Code § 25249.5, et seq.]
20	AYUSH HERBS, INC., individually and olong business as R-U-VED. and DOES 1-) 25, Inclusive,	Action Filed: March 4, 2013
21	`	Trial Date: None Set
22	Defendants,	
23		•
24	1. INTRODUCTION	
25	1.1 This Action arises out of the a	alleged violations of California's Safe Drinking
26	Water and Toxic Enforcement Act of 1986, (California Health and Safety Code Section 25249.5
27	et seq. (also known as and herein after referred to as "Proposition 65") regarding, among other	
28	things, the following twenty-two products (hereinafter collectively the "Covered Products" or	
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[PROPOSED STIPULATED CONSENT JUDGMENT]

to California Health and Safety Code Section 25249.7.

- 1.3 Defendant Ayush Herbs, Inc. ("AYUSH") is a Washington Corporation. At all relevant times for purposes of this Consent Judgment, AYUSH is alleged to have employed ten or more persons and is alleged to be a "person in the course of doing business". AYUSH manufactures, distributes and/or sells the Covered Products.
- 1.4 ERC and AYUSH are hereinafter sometimes referred to individually as a "Party" or collectively as the "Parties."
- 1.5 On October 21, 2011, pursuant to California Health and Safety Code Section 25249.7(d)(1), ERC issued a Notice of Violations of Proposition 65 on the California Attorney General, other public enforcers, and AYUSH regarding the Covered Products numbers One (1) through Eleven (11), listed above in Section 1.1. A true and correct copy of the October 21, 2011 Notice of Violations is attached hereto as Exhibit A.
- 1.6 On June 19, 2012, pursuant to California Health and Safety Code Section 25249.7(d)(1), ERC issued a Notice of Violations of Proposition 65 on the California Attorney General, other public enforcers, and AYUSH regarding the Covered Products numbers Twelve (12) through Fourteen (14), listed above in Section 1.1. A true and correct copy of the June 19, 2012 Notice of Violations is attached hereto as Exhibit B.
- 1.7 On September 17, 2012, pursuant to California Health and Safety Code Section 25249.7(d)(1), ERC issued a Notice of Violations of Proposition 65 on the California Attorney General, other public enforcers, AYUSH and R-U-VED, Inc. (a brand currently being used by AYUSH) (regarding the Covered Products numbers Fifteen (15) through Twenty-Two (22), listed above in Section 1.1. A true and correct copy of the September 17, 2012 Notice of Violations is attached hereto as Exhibit C.
- 1.8 The Notices of Violations attached hereto as Exhibits A C are collectively referred to herein as "Notices of Violations."
- 1.9 After more than sixty (60) days passed since service of the Notices of Violations, and no designated governmental agency filed a complaint against AYUSH with regard to the Covered Products or the alleged violations, ERC filed the Complaint in this Action (the

"Complaint") for injunctive relief and civil penalties. The Complaint is based on the allegations in the Notices of Violations.

- 1.10 The Complaint and the Notices of Violations allege that AYUSH and R-U-VED, Inc. manufactured, distributed, and/or sold in California Covered Products, which contain lead, a chemical listed under Proposition 65 as a carcinogen and reproductive toxin, and expose consumers at a level requiring a Proposition 65 warning. They further 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. AYUSH denies all material allegations of the Notices of Violation and the Complaint, asserts numerous affirmative defenses, and specifically denies that the Covered Products require a Proposition 65 warning or otherwise cause harm to any person.
- 1.11 The Parties enter into this Consent Judgment in order to settle, compromise and resolve disputed claims and avoid prolonged and costly litigation. Nothing in this Consent Judgment, nor compliance with its terms, 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, suppliers, franchisees, licensees, distributors, wholesalers, or retailers, of any fact, conclusion of law, issue of law, violation of law, fault, wrongdoing, or liability, including without limitation, any admission concerning any alleged violation of Proposition 65. 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 in any other or future legal proceeding unrelated to these proceedings. However, nothing in this Section shall affect the enforceability of this Consent Judgment.
- 1.12 The "Effective Date" of this Consent Judgment shall be the date this Consent Judgment is entered by the Court.

2. JURISDICTION AND VENUE

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the subject matter of this Action and personal jurisdiction over the Parties, that venue is proper in this Court, and that this Court has jurisdiction to enter this Consent Judgment

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3. INJUNCTIVE RELIEF, REFORMULATION, TESTING, AND WARNINGS

3.1 Beginning on the Effective Date, AYUSH shall be permanently enjoined from manufacturing for sale in California, directly selling to a consumer in California or "Distributing into California" any of the Covered Products for which the maximum daily dose recommended on the label contains more than 0.5 micrograms of lead, unless such Covered Product complies with the warning requirements in Section 3.3 or qualifies a "Reformulated Covered Product" pursuant to Section 3.4. Covered Products, which are in the stream of commerce as of the Effective Date, however, do not violate this Consent Judgment. "Distributing into California" means to directly ship any of the Covered Products into California for sale or to sell any of the Covered Products in California.

3.2 Calculation of Lead Levels

As used in this Consent Judgment, lead levels are calculated pursuant to the testing protocol described in Section 3.5. For purposes of measuring the lead, the highest lead detection result of the 5 randomly selected samples of the Covered Products will be controlling.

3.3 Clear and Reasonable Warnings.

For those Covered Products that are subject to the warning requirement of Section 3.1, AYUSH shall provide the following warning:

[California Proposition 65] WARNING: This product contains [lead,] a chemical known to the State of California to cause [cancer and] birth defects or other reproductive harm.

The text in brackets in the warning above is optional, except that the term "cancer" must be included only if the maximum daily dose recommended on the label contains more than 15 micrograms of lead.

The warning shall be prominently affixed to or printed upon the label of the Covered Product so as to be clearly conspicuous, as compared with other statements or designs on the label as to render it likely to be read and understood by an ordinary purchaser or user of the product. If the warning is displayed on the product's label, it shall be at least the same size as the

largest of any other health or safety warnings on the product and the word "WARNING" shall be in all capital letters and in bold print and, if used, the words "California Proposition 65" shall be in bold print.

For any products sold via a website, the warning shall appear on AYUSH's checkout page on its website for California consumers relating to any of the Covered Products being sold. AYUSH shall not provide any additional information, statements, or comments regarding Proposition 65 on the Covered Product, its packaging, or accompanying documents in addition to the warning on the Covered Products. However, additional information, statements, or comments regarding Proposition 65 may be included on the website provided that the warning on the website is clearly conspicuous, as compared with other statements or language on the website.

3.4 Reformulated Covered Products.

A Reformulated Covered Product is one for which the maximum recommended daily serving on the label contains no more than 0.5 micrograms of lead per day.

3.5 Testing and Quality Control Methodology

The testing requirement, as set forth in this Section, does not apply to any of the Covered Products for which AYUSH has provided the warning specified in Section. 3.3.

- (a) Beginning within one year of the Effective Date, AYUSH shall test five (5) randomly selected samples of each of the Covered Products (in the form intended for sale to the end-user) for lead content. However, if a Covered Product has less than five (5) lots per year, AYUSH must only conduct the number of tests as lots it receives for that Covered Product.
- (b) Testing for lead shall be performed using Inductively Coupled Plasma-Mass Spectrometry ("ICP-MS") and closed-vessel, microwave-assisted digestion employing high-purity reagents or any other testing method subsequently agreed to in writing by the Parties.
- (c) All testing pursuant to this Consent Judgment shall be performed by a Californiacertified laboratory or a laboratory that is registered with the United States Food & Drug Administration for the analysis of heavy metals.
 - (d) AYUSH shall retain all test results and documentation for a period of four (4)

years from the date of the test. If requested in writing by Plaintiff, then AYUSH shall provide copies of the test results to ERC within 10 business days of AYUSH's receipt of Plaintiff's request or, in the event AYUSH has not yet received the test results at the time of Plaintiff's request, within 10 business days of AYUSH'S receipt of the test results.

- (e) AYUSH shall test each of the Covered Products at least once a year for a minimum of three (3) consecutive years by testing five (5) randomly selected samples of each Covered Product which AYUSH intends to sell or is manufacturing for sale in California, directly selling to a consumer in California, or Distributing into California. If tests conducted pursuant to this Section demonstrate that no warning is required for a particular product during each of the three (3) consecutive years, then the testing requirements of this Section will no longer be required as to that product.
- (f) For purposes of this Consent Judgment, daily lead exposure levels shall be measured in micrograms, and shall be calculated using the following formula: Micrograms of lead per gram of product, multiplied by grams 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 the recommended dosage appearing on the product label).

4. SETTLEMENT PAYMENT

- 4.1 AYUSH shall make a total payment of \$65,000.00, which shall be in full and final satisfaction of all potential civil penalties, payment in lieu of civil penalties, and attorney's fees and costs. The total payment will be sent to counsel for ERC, William F. Wraith, Wraith Law, 16485 Laguna Canyon Road, Suite 250, Irvine, California, 92618 in six equal increments. The first payment will be made within 10 business days of the Effective Date. Each successive payment will be made within 30 days of the prior payment. Each payment will be made by check payable to "ERC and its attorney Wraith Law." The total payment shall be apportioned as follows:
- 4.2 \$8,420.00 as civil penalties pursuant to California Health and Safety Code Section 25249.7(b)(1). Of this amount, \$6,315.00 shall be payable to the Office of Environmental Health Hazard Assessment ("OEHHA"), and \$2,105.00 shall be payable to ERC. (Cal. Health & Safety

 Code § 25249.12(c)(1) & (d)). ERC's counsel will forward the civil penalty to OEHHA.

- 4.3 \$15,500.00 payable to ERC as reimbursement to ERC for reasonable costs associated with the enforcement of Proposition 65 and other costs incurred as a result of work in bringing this Action.
- 4.4 \$25,260.00 payable to ERC in lieu of further civil penalties, for the day-to-day business activities such as (1) continued enforcement of Proposition 65, which includes work, analysis, and testing of consumer products that may contain Proposition 65 chemicals, focusing on the same or similar type of ingestible products that are the subject matter of the current action; (2) the continued monitoring of past consent judgments and settlements to ensure companies are complying with Proposition 65; and (3) giving a donation of \$1,263.00 to the Environmental Health Condition to address reducing toxic chemical exposures in California.
- 4.5 \$15,820.00 payable to William F. Wraith as reimbursement of ERC's attorney's fees and attorney's costs.

5. MODIFICATION OF CONSENT JUDGMENT

This Consent Judgment may be modified only by: (i) Written agreement and stipulation of the Parties or (ii) Upon entry of a modified Consent Judgment by the Court.

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.
- 6.2 Any Party may, by motion or application for an order to show cause filed with this Court, enforce the terms and conditions contained in this Consent Judgment.

7. 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 AYUSH, of any alleged violation of Proposition 65 or its implementing regulations for failure to provide Proposition 65 warnings of exposure to lead from the Covered Products and fully resolves all claims that have been or could have been asserted in this action up to and including the date of entry of Judgment for failure to provide Proposition 65 warnings for the Covered Products. ERC, on behalf of itself and in the public

 interest, hereby releases and discharges AYUSH and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, suppliers, franchisees, licensees, customers (not including private label customers of AYUSH), 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"), from all claims for violations of Proposition 65 up through the Effective Date, including claims for Covered Products, which are in the stream of commerce as of the Effective Date, based on exposure to lead from the Covered Products as set forth in the Notices of Violations and the Complaint.

- 8.2 ERC, on behalf of itself only, hereby releases and discharges the Released Parties from all known and unknown claims for alleged violations of Proposition 65, or for any other statutory or common law claims arising from or relating to alleged exposures to lead in the Covered Products as set forth in the Notices of Violations and the Complaint.
- 8.3 Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance by any Released Party with Proposition 65 regarding alleged exposures to lead in the Covered Products.

8.4 Unknown Claims

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notices of Violations or the Complaint and relating to lead in the Covered Products that were manufactured before the Effective Date will develop or be discovered. ERC, on behalf of itself only, acknowledges that this Consent Judgment states that the claims released herein may include unknown claims, and nevertheless waives 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."

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ERC, on behalf of itself only, acknowledges and understands the significance and consequences of this specific waiver of California Civil Code Section 1542.

8.5 ERC, on the one hand, and AYUSH, on the other hand, each release and waive all claims they may have against each other for any statements or actions made or undertaken by them in connection with the Notices of Violations or the Complaint. However, this shall not affect or limit any Party's right to seek to enforce the terms of this Consent Judgment.

9. CONSTRUCTION AND SEVERABILITY

- 9.1 The terms and conditions of this Consent Judgment have been reviewed by the respective counsel for the Parties prior to its signing, and each Party has had an opportunity to fully discuss the terms and conditions with its counsel. In any subsequent interpretation or construction of this Consent Judgment, the terms and conditions shall not be construed against any Party.
- 9.2 In the event that any of the provisions of this Consent Judgment is held by a court to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.
- 9.3 The terms and conditions of this Consent Judgment shall be governed by and construed in accordance with the laws of the State of California.

10. PROVISION OF NOTICE

All notices required to be given to either Party to this Consent Judgment by the other shall be in writing and sent to the following agents listed below by: (a) first-class, registered, (b) certified mail, (b) overnight courier, or (c) personal delivery to the following

For Environmental Research Center

Chris Heptinstall, Executive Director Environmental Research Center 3111 Camino Del Rio North, Suite 400 San Diego, CA 92108

William F. Wraith, Esq.
Wraith Law
16485 Laguna Canyon Road, Suite 250
Irvine, CA 92618

Karen Evans, Esq. Environmental Research Center 4218 Biona Place San Diego, CA 92116

For Ayush Herbs, Inc.

Dr. Shailinder Sodhi Gunny Sodhi 2239 152nd Ave NE Redmond, WA 98052

With a copy to:

Malcolm C. Weiss
Diana F. Biason
Hunton & Williams LLP
550 S. Hope Street, Suite 2000
Los Angeles, CA 90071

11. COURT APPROVAL

- 11.1 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.
- 11.2 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.
- 11.3 If this Stipulated Consent Judgment is not approved by the Court despite the Parties best efforts, it shall be null and void and have no force or effect.

12. EXECUTION AND COUNTERPARTS

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

13. ENTIRE AGREEMENT, AUTHORIZATION

13.1 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

1	exist or to bind any Party.		
2	13.2 Each signatory to this Consent Judgment certifies that he or she is fully authorized		
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5	14. REQUEST FOR FINDINGS AND FOR APPROVAL		
6	14.1 This Consent Judgment has come before the Court upon the request of the Parties.		
7	The Parties request the Court to fully review this Consent Judgment and, being fully informed		
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9	(a) Find that the terms and provisions of this Consent Judgment represent a good		
10	faith settlement of all matters raised by the allegations of the Complaint, that the matter has been		
11	diligently prosecuted, and that the public interest is served by such settlement; and		
12	(b) Make the findings pursuant to California Health and Safety Code Section		
13	25249.7(f)(4), and approve the Settlement, and this Consent Judgment.		
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15	IT IS SO STIPULATED:		
16	<u>:</u>		
17	ENVIRONMENTAL RESEARCH CENTER		
18	AND MAD		
19	Christ Harrison Dated: 4/26/2013		
20_	Chris Heptinsiall, Executive Director		
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23	AYUSH HERBS, INC.		
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25	Dated: 4/26/13		
26	Gunny Soethi, Vice President		
27	APPROVÉD AS TO FORM:		
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1	WRAITH LAW		
2			
3 4	William F. Wraith Counsel for Environmental Research Center		
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6	HUNTON & WILLIAMS LLP		
7	Dated: 4/26/13		
8	Malcolm C. Weiss		
9	Diana F. Biason Counsel for Ayush Herbs, Inc.		
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11	ORDER AND JUDGMENT		
12	Based upon the Parties' Stipulation, and good cause appearing therefor, this Consent		
13	Judgment is approved and judgment is hereby entered according to its terms.		
14	IT IS SO ORDERED, ADJUDGED AND DECREED.		
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17	Dated:		
18	Judge, Superior Court of the State of California		
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	[PROPOSED STIPULATED CONSENT JUDGMENT]		

1	WRAITH LAW.	
2	Main Dated: 4/26/2013	
3	William F. Wraith	
4	Counsel for Environmental Research Center	
5		
6	HUNTON & WILLIAMS LLP	
7	Dated: 4/26/13	
8	Malcolm C. Weiss Diana F. Biason	
9	Counsel for Ayush Herbs, Inc.	
10		
11	ORDER AND JUDGMENT	
12	Based upon the Parties' Stipulation, and good cause appearing therefor, this Consent	
13	Judgment is approved and judgment is hereby entered according to its terms.	
14	IT IS SO ORDERED, ADJUDGED AND DECREED.	
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17	Dated:	
18	Judge, Superior Court of the State of Cantiornia	
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[PROPOSED STIPULATED CONSENT JUDGMENT]