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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ALAMEDA

CENTER FOR ENVIRONMENTAL HEALTH,)	Case No. RG-13-693015
)	
Plaintiff,)	[PROPOSED] CONSENT JUDGMENT
)	AS TO PENGUIN NATURAL FOODS,
v.)	INC.
)	
GENERAL MILLS, INC., <i>et al.</i> ;)	
)	
Defendants.)	
)	
)	

1. INTRODUCTION

1.1 The Parties to this Consent Judgment are the Center For Environmental Health, a California non-profit corporation (“CEH”), and Penguin Natural Foods, Inc. (“Settling Defendant”). The Parties enter into this Consent Judgment to settle certain claims asserted by CEH against Settling Defendant as set forth in the operative complaint (“Complaint”) in the above-captioned matter. This Consent Judgment covers baking mix products that contain molasses, ginger, or both molasses and ginger sold or otherwise placed into the stream of commerce by Settling Defendant, including but not limited to products sold under private labels, that have been or will be sold or offered for sale to California consumers (“Covered Products”).

1 1.2 On March 7, 2014, CEH provided a 60-day Notice of Violation of Proposition 65
2 to the California Attorney General, the District Attorneys of every county in California, the City
3 Attorneys of every California city with a population greater than 750,000, and to Settling
4 Defendant, alleging that Settling Defendant violated Proposition 65 by exposing persons to lead
5 and lead compounds (“Lead”) contained in Covered Products without first providing a clear and
6 reasonable Proposition 65 warning.

7 1.3 Settling Defendant is a corporation that manufactures, distributes, sells or offers for
8 sale Covered Products that are sold or offered for sale or has done so in the past.

9 1.4 On August 23, 2013, CEH filed the Complaint in the above-captioned matter. On
10 June 27, 2014, Settling Defendant was added to the case as a named defendant.

11 1.5 For purposes of this Consent Judgment only, CEH and Settling Defendant (the
12 “Parties”) stipulate that this Court has jurisdiction over the allegations of violations contained in
13 the Complaint and personal jurisdiction over Settling Defendant as to the acts alleged in the
14 Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to
15 enter this Consent Judgment as a full and final resolution of all claims which were or could have
16 been raised in the Complaint based on the facts alleged therein with respect to Covered Products
17 manufactured, distributed, offered for sale or sold by Settling Defendant.

18 1.6 Nothing in this Consent Judgment is or shall be construed as an admission by the
19 Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with
20 the Consent Judgment constitute or be construed as an admission by the Parties of any fact,
21 conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall
22 prejudice, waive or impair any right, remedy, argument or defense the Parties may have in any
23 other pending or future legal proceedings. This Consent Judgment is the product of negotiation
24 and compromise and is accepted by the Parties solely for purposes of settling, compromising, and
25 resolving issues disputed in this Action.
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1 **2. INJUNCTIVE RELIEF**

2 **2.1 Specification Compliance Date.** To the extent it has not already done so, no more
3 than thirty (30) days after the date of entry of this Consent Judgment, if Settling Defendant
4 purchases any Covered Products from a third party that is not under common ownership (a
5 “Covered Product Supplier”), Settling Defendant shall provide the Reformulation Level set forth
6 in Section 2.2 to each Covered Product Supplier and shall instruct each such Covered Product
7 Supplier to provide it with Covered Products that comply with the Reformulation Level set forth
8 in Section 2.2. If in the future Settling Defendant purchases Covered Products from a Covered
9 Product Supplier that it has not previously provided with instructions regarding the Reformulation
10 Level set forth in Section 2.2, Settling Defendant shall provide the Reformulation Level set forth
11 in Section 2.2 to such Covered Product Supplier prior to placing an initial order for Covered
12 Products and instruct the Covered Product Supplier to provide it with Covered Products that
13 comply with the Reformulation Level set forth in Section 2.2. Settling Defendant shall retain and
14 make available to CEH upon reasonable written request records of communications sent to and
15 received from Covered Product Suppliers that are related to the requirement of this Section 2.1 for
16 a period of five (5) years from the date of entry of this Consent Judgment (the “Effective Date”).

17 **2.2 Reformulation of Covered Products.** Settling Defendant shall not purchase,
18 manufacture, have manufactured, ship, sell or offer for sale Covered Products that will be sold or
19 offered for sale to California consumers after the Effective Date that contain a concentration of
20 more than thirty (30) parts per billion (“ppb”) Lead by weight (the “Reformulation Level”), such
21 concentration to be determined by use of a test performed by an accredited laboratory using
22 inductively coupled plasma mass spectrometry (ICP-MS) equipment with a level of detection of at
23 least ten (10) ppb.

24 **2.3 Testing.** Except as provided in Section 2.5, to ensure compliance with Section 2.2,
25 Settling Defendant shall conduct random testing of Covered Products and take the follow-up
26 actions described in this section (“Validation Testing”).
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1 2.3.1 Covered Products To Be Tested. For purposes of this Consent Judgment a
2 “type” of a Covered Product is either an individual Covered Product as identified by SKU or other
3 product identifier or one which CEH and Settling Defendant have agreed has materially the same
4 characteristics based on the type, supplier and amount of ginger and/or molasses used in its recipe
5 or formula. Validation Testing shall be performed on a quarterly basis for each “type” of Covered
6 Product that will be offered for sale in California. Such Validation Testing shall be performed on
7 samples drawn randomly from single production lots of each “type” of Covered Product
8 manufactured during that quarter.

9 2.3.2 Methods of Testing. Prior to Settling Defendant’s first sale
10 or distribution of a Covered Product that will be sold or offered for sale to California consumers
11 after the Effective Date, Settling Defendant shall conduct Validation Testing pursuant to one of
12 the following methods: (1) the FDA sample preparation protocol discussed in the method entitled
13 “Elemental Analysis Manual: Section 4.4 Inductively Coupled Plasma-Atomic Emission
14 Spectrometric Determination of Elements in Food Using Microwave Assisted Digestion”¹ or (2) a
15 microwave- or heat-assisted acid digestion method employing high-purity reagents, provided that
16 the laboratory digests at least 0.5 grams of each sample taken from a properly homogenized
17 complete package of Covered Product, analyzes each sample undiluted by ICP-MS, and uses an
18 instrument quantitation limit corresponding to less than three (3) micrograms of Lead in the
19 finished product.

20 2.3.3 Laboratories Conducting Validation Testing. Any
21 Validation Testing shall be performed by a laboratory meeting at least one of the following
22 standards: Environmental Laboratory Certification from the State of California, Department of
23 Health Services, Environmental Laboratory Accreditation Program; NSF International; American
24 Association for Laboratory Accreditation for Chemical Testing; International Standards
25 Organization/IEC via ANSI-ASQ; or an in-house laboratory or other facility experienced in testing

26 _____
27 ¹ The referenced FDA test protocol may be found at
28 <http://www.fda.gov/Food/FoodScienceResearch/LaboratoryMethods/ucm204245.htm>.

1 for lead levels in foods that complies with the Production and Process Control System;
2 Requirements for Laboratory Operations set forth in 21 C.F.R. Part 111, Subpart J, including but
3 not limited to the requirements for written procedures, requirements for laboratory control
4 processes, requirements for laboratory methods and examination, record retention policies, and
5 other laboratory requirements. Laboratories deemed to meet these requirements are listed on
6 Exhibit B.

7 2.3.4 Duration of Testing. In the event that the Validation Testing
8 demonstrates two (2) years of continuous compliance with the Reformulation Level by Settling
9 Defendant for a Covered Product, Settling Defendant may send written notice to CEH and
10 thereafter may cease Validation Testing for that type of Covered Product; provided however, if
11 there is a material change in the type or level of ginger or molasses used in a Covered Product that
12 is reasonably likely to affect the Lead levels in the product, then Settling Defendant shall arrange
13 for testing for a minimum of two (2) consecutive years after that change.

14 2.3.5 Covered Products That Exceed Reformulation Level. If a
15 Validation Testing result indicates that a type of a Covered Product exceeds the Reformulation
16 Level, Settling Defendant shall ensure that all Covered Products from the same production lot as
17 those from which the sample of the Covered Product(s) that exceeded the Reformulation Level
18 were drawn as well as other lots of the same type of Covered Product produced in the same
19 calendar quarter that were not individually subject to Validation Testing (the “Non-Compliant
20 Products”) will not be sold or offered for sale to California consumers. Notwithstanding the
21 foregoing, if the results of Validation Testing of a sample of a type of Covered Product exceeds
22 the Reformulation Level, Settling Defendant may collect up to three (3) more samples of the type
23 of Covered Product from the same production lot and have those samples tested in accordance
24 with Section 2.3. If the results of Validation Testing of all of the samples of a type of Covered
25 Product collectively yield an arithmetic mean of no more than thirty (30) ppb Lead by weight,
26 Settling Defendant may treat that type of Covered Product as meeting the Reformulation Level for
27 that Validation Testing cycle as long as no result for a sample exceeds fifty (50) ppb Lead, subject
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1 to the following confirmatory process. If a sample exceeds fifty (50) ppb Lead, Settling
2 Defendant may collect three (3) more samples of the type of Covered Product from the same
3 production lot and have those samples tested in accordance with Section 2.3. Provided that none
4 of those additional test results exceed forty (40) ppb, those additional test results shall then be used
5 in place of the sample that exceeded fifty (50) ppb in determining whether the arithmetic mean of
6 Validation Test results for the Covered Product exceeded the Reformulation Level.

7 2.3.6 Records. The testing reports and results of the Validation
8 Testing performed pursuant to this Consent Judgment shall be retained by Settling Defendant for
9 four (4) years and made available to CEH upon reasonable request.

10 2.4 **Good Faith Commitment to Pursue Further Lead Reduction.** Except as
11 provided in Section 2.5, Settling Defendant shall continue to take, or cause to be taken, good faith
12 and commercially reasonable efforts to further reduce the Lead content of its Covered Products
13 with a goal of Covered Products having a consistent Lead content of seventeen (17) ppb or less.
14 These efforts shall include, at a minimum, efforts to further adjust recipes and formulas that will
15 reduce Lead content in Covered Products and attempts to secure Covered Product ingredients such
16 as molasses and ginger with lower Lead content. Within fifteen (15) days of the Effective Date,
17 and annually thereafter for two more years, Settling Defendant shall submit to CEH a written
18 report of the activities it has undertaken to effectuate its good faith commitment under this
19 paragraph. If Settling Defendant has test results demonstrating that all of its Covered Products
20 have a consistent Lead content of seventeen (17) ppb or less and it provides such documentation to
21 CEH, or if CEH and Settling Defendant otherwise agree in writing, then Settling Defendant need
22 not submit any subsequent annual report to CEH pursuant to this paragraph.

23 2.5 **Products Not Subject to Testing.** The requirements of Section 2.3 and 2.4 shall
24 not apply to any Covered Product for which CEH and Settling Defendant agree in writing that
25 such sections shall not apply to a particular Covered Product provided that Settling Defendant has
26 no test results demonstrating lead levels above thirty (30) ppb on such Covered Product in its
27 possession.

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1 **3. ENFORCEMENT**

2 **3.1 General Enforcement Provisions.** CEH may, by motion or application for an
3 order to show cause before this Court, enforce the terms and conditions contained in this Consent
4 Judgment. Any action to enforce alleged violations of Section 2.2 by Settling Defendant shall be
5 brought exclusively pursuant to this Section 3, and as applicable be subject to the meet and confer
6 requirement of Section 3.2.4.

7 **3.2 Enforcement of Reformulation Commitment.**

8 **3.2.1 Notice of Violation.** In the event that CEH identifies a
9 Covered Product that was sold or offered for sale to California consumers at any time following
10 the Effective Date for which CEH has laboratory test results showing that the Covered Product has
11 a Lead level exceeding the Reformulation Level, CEH may issue a Notice of Violation pursuant to
12 this Section. Such Notice of Violation shall be based upon a test result sufficient to establish an
13 exceedance of the Reformulation Level as it is to be evaluated under Section 2.3; the results
14 employed shall also meet the sampling, testing, and laboratory criteria specified under Section 2.3.

15 **3.2.2 Service of Notice of Violation and Supporting**
16 **Documentation.**

17 **3.2.2.1** Subject to Section 3.2.1, the Notice of Violation shall
18 be sent to the person(s) identified in Exhibit A to receive notices for Settling Defendant, and must
19 be served within forty-five (45) days of the date the Covered Products at issue were purchased or
20 otherwise acquired by CEH, provided, however, that CEH may have up to an additional forty-five
21 (45) days to send the Notice of Violation if, notwithstanding CEH’s good faith efforts, the test
22 data required by Section 3.2.2.2 below cannot be obtained by CEH from its laboratory before
23 expiration of the initial forty-five (45) day period.

24 **3.2.2.2.** The Notice of Violation shall, at a minimum, set
25 forth: (a) the date the alleged violation was observed; (b) the location at which the Covered
26 Products were offered for sale; (c) a description of the Covered Products giving rise to the alleged
27 violation, including the name and address of the retail entity from which the sample was obtained

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1 and if available information that identifies the product lot, such as the “best by” or “sell by” date;
2 and (d) all test data obtained by CEH regarding the Covered Products and supporting
3 documentation sufficient for validation of the test results, including any laboratory reports, quality
4 assurance reports and quality control reports associated with testing of the Covered Products.

5 3.2.3 Notice of Election of Response. No more than thirty (30)
6 days after effectuation of service of a Notice of Violation, Settling Defendant shall provide written
7 notice to CEH whether it elects to contest the allegations contained in a Notice of Violation
8 (“Notice of Election”). Failure to provide a Notice of Election within thirty (30) days of
9 effectuation of service of a Notice of Violation shall be deemed an election to contest the Notice
10 of Violation.

11 3.2.3.1 If a Notice of Violation is contested, the Notice of
12 Election shall include all then-available documentary evidence regarding the alleged violation,
13 including all test data, if any. If Settling Defendant or CEH later acquires additional test or other
14 data regarding the alleged violation, it shall notify the other party and promptly provide all such
15 data or information to the party. Any test data used to contest a Notice of Violation shall meet the
16 criteria of Section 2.3.

17 3.2.4 Meet and Confer. If a Notice of Violation is contested, CEH
18 and Settling Defendant shall meet and confer to attempt to resolve their dispute. Within thirty (30)
19 days of serving a Notice of Election contesting a Notice of Violation, and if no enforcement action
20 or application has been filed by CEH pursuant to Section 3.1, Settling Defendant may withdraw
21 the original Notice of Election contesting the violation and serve a new Notice of Election
22 conceding the violation, provided, however, that, in this circumstance, Settling Defendant shall
23 pay \$2,500 in addition to any payment required under this Consent Judgment. At any time, CEH
24 may withdraw a Notice of Violation, in which case for purposes of this Section 3.2 the result shall
25 be as if CEH never issued any such Notice of Violation. If no informal resolution of a Notice of
26 Violation results within thirty (30) days of a Notice of Election to contest, CEH may file an
27 enforcement motion or application pursuant to Section 3.1. In any such proceeding, CEH may
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1 seek whatever fines, costs, penalties, attorneys' fees or other remedies are provided by law for
2 failure to comply with the Consent Judgment.

3 3.2.5 Non-Contested Matters. If Settling Defendant elects not to
4 contest the allegations in a Notice of Violation, it shall identify on a confidential basis to CEH (by
5 proper name, address of principal place of business and telephone number) the person or entity
6 that sold the Covered Products to Settling Defendant and the manufacturer and other entities in the
7 upstream chain of distribution of the Covered Product, provided that such information is
8 reasonably available. In addition, Settling Defendant shall undertake corrective action and make
9 payments, if any, as set forth below.

10 3.2.5.1 If the test data provided by CEH in support of the
11 Notice of Violation reports a Lead content in a Covered Product above the Reformulation Level
12 but less than sixty (60) ppb, then Settling Defendant shall take the following corrective action and
13 make the following payments, if any:

14 A. Settling Defendant shall include in its Notice of
15 Election a detailed description with supporting documentation of the corrective action that it has
16 undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at
17 a minimum, provide reasonable assurance that Settling Defendant has stopped all Covered
18 Products having the same lot number or lot identifier, such as "best by" or "sell by" date, as that of
19 the Covered Products identified in CEH's Notice of Violation from being sold or offered for sale
20 in California. Settling Defendant shall make available to CEH for inspection and/or copying
21 records and correspondence regarding the corrective action. If there is a dispute over the
22 corrective action, Settling Defendant and CEH shall meet and confer pursuant to Section 3.2.4
23 before seeking any remedy in court. In no case shall CEH issue more than one NOV per
24 manufacturing lot of a particular Covered Product.

25 B. If the Notice of Violation is the first Notice of
26 Violation received by Settling Defendant under Section 3.2.5.1 that was not successfully contested
27 or withdrawn, no payment shall be required by Settling Defendant. If the Notice of Violation is
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1 the second, third or fourth Notice of Violation received by Settling Defendant under Section
2 3.2.5.1 that was not successfully contested or withdrawn, Settling Defendant shall pay \$5,000 for
3 each Notice of Violation. If Settling Defendant has received more than four Notices of Violation
4 under Section 3.2.5.1 that were not successfully contested or withdrawn, Settling Defendant shall
5 pay \$10,000 for each subsequent Notice of Violation. If Settling Defendant produces with its
6 Notice of Election Test Data from the manufacturer or supplier of the Covered Product that: (i)
7 was conducted prior to the date CEH purchased the Covered Product that is the subject of the
8 Notice of Violation; (ii) was conducted on Covered Product that was from the same manufacturing
9 lot as the Covered Product that is the subject of the Notice of Violation; and (iii) consistently
10 demonstrates Lead levels below the Reformulation Level as evaluated under Section 2.3, then any
11 payment under this Section shall be decreased by fifty percent.

12 3.2.5.2 If the test data provided by CEH in support of the
13 Notice of Violation reports a Lead content in a Covered Product of more than sixty (60) ppb, then
14 Settling Defendant shall take the following corrective action and make the following payments:

15 A. Settling Defendant shall include in its Notice of
16 Election a detailed description with supporting documentation of the corrective action that it has
17 undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at
18 a minimum, provide reasonable assurance that all Covered Products having the same lot number
19 or lot identifier, such as “best by” or “sell by” date, as that of the Covered Product identified in
20 CEH’s Notice of Violation (the “Noticed Covered Products”) will not be thereafter sold or offered
21 for sale to California consumers, that the Noticed Covered Products are removed from the
22 California market and Settling Defendant has sent instructions to any of its stores and/or customers
23 that offer the Noticed Covered Products for sale to cease offering the Noticed Covered Products
24 for sale to California consumers and to either return all such Noticed Covered Products to Settling
25 Defendant for destruction, or to directly destroy such Noticed Covered Products. Settling
26 Defendant shall keep and make available to CEH for inspection and copying records and
27 correspondence regarding the market withdrawal and destruction of the Noticed Covered Products.

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1 If there is a dispute over the corrective action, Settling Defendant and CEH shall meet and confer
2 before seeking any remedy in court. In no case shall CEH issue more than one NOV per
3 manufacturing lot of Covered Product.

4 B. If the Notice of Violation is the first, second, third or
5 fourth Notice of Violation received by Settling Defendant under Section 3.2.5.2 that was not
6 successfully contested or withdrawn, Settling Defendant shall pay \$16,000 for each Notice of
7 Violation. If Settling Defendant has received more than four Notices of Violation under Section
8 3.2.5.2 that were not successfully contested or withdrawn, Settling Defendant shall pay \$24,000
9 for each Notice of Violation. If Settling Defendant produces with its Notice of Election test data
10 on the Covered Product that: (i) was conducted prior to the date CEH purchased the Covered
11 Product that is the subject of the Notice of Violation; (ii) was conducted on the same or same type
12 of Covered Product; and (iii) demonstrates Lead levels below the Reformulation Level as
13 evaluated under Section 2.3.4, then any payment under this Section shall be decreased by fifty
14 percent.

15 3.2.6 Payments. Any payments under Section 3.2 shall be made
16 by check payable to the “Lexington Law Group” and shall be paid within thirty (30) days of
17 service of a Notice of Election triggering a payment and which shall be used as reimbursement for
18 costs for investigating, preparing, sending and prosecuting Notices of Violation, and to reimburse
19 attorneys’ fees and costs incurred in connection with these activities.

20 3.3 **Repeat Violations.** If Settling Defendant has received four (4) or more Notices of
21 Violation that were not successfully contested or withdrawn in any twelve (12) month period then,
22 at CEH’s option, CEH may seek whatever fines, costs, penalties, attorneys’ fees or other remedies
23 that are provided by law for failure to comply with the Consent Judgment. Prior to seeking such
24 relief, CEH shall meet and confer with Settling Defendant for at least thirty (30) days to determine
25 if Settling Defendant and CEH can agree on measures that Settling Defendant can undertake to
26 prevent future violations.

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1 **4. PAYMENTS**

2 4.1 **Payments by Settling Defendant.** Settling Defendant shall pay a total of \$45,000
3 in three installments as set forth in Exhibit A.

4 4.2 **Allocation of Payments.** Each settlement payment shall be paid in four (4)
5 separate checks and delivered as set forth below. Any failure by Settling Defendant to comply
6 with the payment terms herein shall, at CEH’s discretion, be subject to a stipulated late fee in the
7 amount of \$100 for each day the full payment is not received after the payment deadlines set forth
8 in Exhibit A. The late fees required under this Section shall be recoverable, together with
9 reasonable attorneys’ fees, in an enforcement proceeding brought pursuant to Section 3 of this
10 Consent Judgment. The funds paid by Settling Defendant shall be allocated as set forth on Exhibit
11 A between the following categories and made payable as follows:

12 4.2.1 A civil penalty pursuant to Health & Safety Code §
13 25249.7(b). The civil penalty payment shall be apportioned in accordance with Health & Safety
14 Code § 25249.12 (25% to CEH and 75% to the State of California’s Office of Environmental
15 Health Hazard Assessment (“OEHHA”). Accordingly, the OEHHA portion of the civil penalty
16 payment shall be made payable to OEHHA and associated with taxpayer identification number 68-
17 0284486. This payment shall be delivered as follows:

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19 For United States Postal Service Delivery:
 Attn: Mike Gyurics
 Fiscal Operations Branch Chief
20 Office of Environmental Health Hazard Assessment
 P.O. Box 4010, MS #19B
21 Sacramento, CA 95812-4010

22 For Non-United States Postal Service Delivery:
 Attn: Mike Gyurics
 Fiscal Operations Branch Chief
23 Office of Environmental Health Hazard Assessment
 1001 I Street, MS #19B
24 Sacramento, CA 95814
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26 The CEH portion of the civil penalty payment shall be made payable to the Center For
27 Environmental Health and associated with taxpayer identification number 94-3251981. This

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1 payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA
2 94117.

3 4.2.2 A payment in lieu of civil penalty to CEH pursuant to Health
4 & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3203(b). CEH shall
5 use such funds to continue its work educating and protecting people from exposures to toxic
6 chemicals, including heavy metals. In addition, as part of its Community Environmental Action
7 and Justice Fund, CEH will use four (4) percent of such funds to award grants to grassroots
8 environmental justice groups working to educate and protect people from exposures to toxic
9 chemicals. The method of selection of such groups can be found at the CEH web site at
10 www.ceh.org/justicefund. The payment pursuant to this Section shall be made payable to the
11 Center For Environmental Health and associated with taxpayer identification number 94-3251981.
12 This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco,
13 CA 94117.

14 4.2.3 A reimbursement of a portion of CEH's reasonable
15 attorneys' fees and costs. The attorneys' fees and cost reimbursement check shall be made
16 payable to the Lexington Law Group and associated with taxpayer identification number 94-
17 3317175. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San
18 Francisco, CA 94117.

19 **5. MODIFICATION AND DISPUTE RESOLUTION**

20 5.1 **Modification.** This Consent Judgment may be modified from time to time by
21 express written agreement of the Parties, with the approval of the Court, or by an order of this
22 Court upon motion and in accordance with law.

23 5.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment
24 shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to
25 modify the Consent Judgment.
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1 **6. CLAIMS COVERED AND RELEASE**

2 6.1 This Consent Judgment is a full, final and binding resolution between CEH on
3 behalf of itself and the public interest and Settling Defendant and Settling Defendant’s parents,
4 subsidiaries, affiliated entities that are under common ownership, directors, officers, employees,
5 agents, shareholders, successors, assigns, and attorneys (“Defendant Releasees”), and all entities to
6 which Settling Defendant distributes or sells Covered Products, including but not limited to
7 distributors, wholesalers, customers, retailers, franchisees, licensors and licensees (“Downstream
8 Defendant Releasees”), of any violation of Proposition 65 based on failure to warn about alleged
9 exposure to Lead contained in Covered Products that were sold, distributed or offered for sale by
10 Settling Defendant prior to the Effective Date.

11 6.2 CEH, for itself, its agents, successors and assigns, releases, waives, and forever
12 discharges any and all claims against Settling Defendant, Defendant Releasees, and Downstream
13 Defendant Releasees arising from any violation of Proposition 65 or any other statutory or
14 common law claims that have been or could have been asserted by CEH individually or in the
15 public interest regarding the failure to warn about exposure to Lead arising in connection with
16 Covered Products manufactured, distributed or sold by Settling Defendant prior to the Effective
17 Date.

18 6.3 Compliance with the terms of this Consent Judgment by Settling Defendant shall
19 constitute compliance with Proposition 65 by Settling Defendant, its Defendant Releasees and its
20 Downstream Defendant Releasees with respect to any alleged failure to warn about Lead in
21 Covered Products manufactured, distributed or sold by Settling Defendant after the Effective Date.

22 **7. PROVISION OF NOTICE**

23 7.1 When CEH is entitled to receive any notice under this Consent Judgment, the
24 notice shall be sent by first class and electronic mail to:

25 Eric S. Somers
26 Lexington Law Group
27 503 Divisadero Street
 San Francisco, CA 94117
 esomers@lexlawgroup.com

1 7.2 When Settling Defendant is entitled to receive any notice under this Consent
2 Judgment, the notice shall be sent by first class and electronic mail to the person(s) identified in
3 Exhibit A.

4 7.3 Any Party may modify the person and address to whom the notice is to be sent by
5 sending the other Party notice by first class and electronic mail.

6 **8. COURT APPROVAL**

7 8.1 This Consent Judgment shall become effective as a contract upon the date signed
8 by CEH and Settling Defendant, whichever is later, provided however, that CEH shall also prepare
9 and file a Motion for Approval of this Consent Judgment and Settling Defendant shall support
10 approval of such Motion.

11 8.2 If this Consent Judgment is not entered by the Court, it shall be of no force or effect
12 and shall not be introduced into evidence or otherwise used in any proceeding for any purpose.

13 **9. GOVERNING LAW AND CONSTRUCTION**

14 9.1 The terms of this Consent Judgment shall be governed by the laws of the State of
15 California.

16 **10. ATTORNEYS' FEES**

17 10.1 A Party who unsuccessfully brings or contests an action arising out of this Consent
18 Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs
19 unless the unsuccessful Party has acted with substantial justification. For purposes of this Consent
20 Judgment, the term substantial justification shall carry the same meaning as used in the Civil
21 Discovery Act of 1986, Code of Civil Procedure §§2016.010, et seq.

22 10.2 Notwithstanding Section 10.1, a Party who prevails in a contested enforcement
23 action brought pursuant to Section 3 may seek an award of attorneys' fees pursuant to Code of
24 Civil Procedure §1021.5 against a Party that acted with substantial justification. The Party
25 seeking such an award shall bear the burden of meeting all of the elements of §1021.5, and this
26 provision shall not be construed as altering any procedural or substantive requirements for
27 obtaining such an award.

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1 10.3 Nothing in this Section 10 shall preclude a party from seeking an award of
2 sanctions pursuant to law.

3 **11. ENTIRE AGREEMENT**

4 11.1 This Consent Judgment contains the sole and entire agreement and understanding
5 of the Parties with respect to the entire subject matter hereof, and any and all prior discussions,
6 negotiations, commitments, or understandings related thereto, if any, are hereby merged herein
7 and therein. There are no warranties, representations, or other agreements between the Parties
8 except as expressly set forth herein. No representations, oral or otherwise, express or implied,
9 other than those specifically referred to in this Consent Judgment have been made by any Party
10 hereto. No other agreements not specifically contained or referenced herein, oral or otherwise,
11 shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically
12 contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the
13 Parties hereto only to the extent that they are expressly incorporated herein. No supplementation,
14 modification, waiver, or termination of this Consent Judgment shall be binding unless executed in
15 writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent
16 Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof
17 whether or not similar, nor shall such waiver constitute a continuing waiver.

18 **12. SUBMISSION OF REPORTS AND DATA TO CEH**

19 12.1 For any report or information that Settling Defendant submits to CEH pursuant to
20 this Consent Judgment, Settling Defendant may make such a submission subject to the terms of
21 the protective order previously entered in this action and the protective order's terms shall apply to
22 the report or information as if it were still in effect.

23 **13. RETENTION OF JURISDICTION**

24 13.1 This Court shall retain jurisdiction of this matter to implement or modify the
25 Consent Judgment.

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1 **14. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT**

2 14.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized
3 by the Party he or she represents to stipulate to this Consent Judgment and to enter into and
4 execute the Consent Judgment on behalf of the Party represented and legally to bind that Party.

5 **15. NO EFFECT ON OTHER SETTLEMENTS**

6 15.1 Nothing in this Consent Judgment shall preclude CEH from resolving any claim
7 against an entity that is not Settling Defendant on terms that are different than those contained in
8 this Consent Judgment.

9 **16. EXECUTION IN COUNTERPARTS**

10 16.1 The stipulations to this Consent Judgment may be executed in counterparts and by
11 means of facsimile or portable document format (pdf), which taken together shall be deemed to
12 constitute one document.

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15 **IT IS SO ORDERED:**

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18 Dated: _____, 2016

Judge of the Superior Court

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IT IS SO STIPULATED:

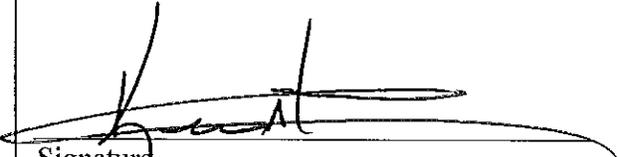
Dated: <u>25 March</u> , 2016	CENTER FOR ENVIRONMENTAL HEALTH  _____ Signature <u>CHARLIE PIZARRO</u> _____ Printed Name <u>Associate Director</u> _____ Title
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Dated: _____, 2016	PENGUIN NATURAL FOODS, INC. _____ Signature _____ Printed Name _____ Title
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IT IS SO STIPULATED:

Dated: _____, 2016	CENTER FOR ENVIRONMENTAL HEALTH _____ Signature _____ Printed Name _____ Title
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Dated: <u>B-24</u> _____, 2016	PENGUIN NATURAL FOODS, INC.  _____ Signature <u>Ken Naime</u> _____ Printed Name <u>President</u> _____ Title
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EXHIBIT A

Settling Defendant: Penguin Natural Foods, Inc.

Settling Defendant's Settlement Payments, Allocation and Dates:

Total Settlement Payment	\$ 45,000
Civil Penalty OEHHA Portion	\$ 4,425
Civil Penalty CEH Portion	\$ 1,475
Payment in Lieu of Civil Penalty	\$ 8,850
Attorneys' Fees and Costs	\$ 30,250

Payment 1 – Due April 1, 2016. This first payment shall be held in trust by Lexington Law Group until the Consent Judgment is approved by the Court:

Total Settlement Payment 1	\$ 15,000
Civil Penalty OEHHA Portion	\$ 1,475
Civil Penalty CEH Portion	\$ 492
Payment in Lieu of Civil Penalty	\$ 2,950
Attorneys' Fees and Costs	\$ 10,083

Payment 2 – Due May 1, 2016:

Total Settlement Payment 2	\$ 15,000
Civil Penalty OEHHA Portion	\$ 1,475
Civil Penalty CEH Portion	\$ 492
Payment in Lieu of Civil Penalty	\$ 2,950
Attorneys' Fees and Costs	\$ 10,083

Payment 3 – Due June 1, 2016:

Total Settlement Payment 3	\$ 15,000
Civil Penalty OEHHA Portion	\$ 1,475
Civil Penalty CEH Portion	\$ 491
Payment in Lieu of Civil Penalty	\$ 2,950
Attorneys' Fees and Costs	\$ 10,084

Person(s) to Receive Notices Pursuant to Section 7:

Anthony J. Cortez
Greenberg Traurig, LLP
1201 K Street, Suite 1100
Sacramento, CA 95814
cortezan@gtlaw.com

EXHIBIT B

Laboratories Deemed To Comply with the Requirements of Section 2.3.2

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Curtis & Tompkins Laboratories

Covance Laboratories

Exova, Inc.

K Prime, Inc.

National Food Laboratory, Inc.

Silliker, Inc.