1 2 3	LOZEAU DRURY LLP 410 12 th Street, Suite 250 Oakland, CA 94607	
5 4 5	Ph: 510-836-4200 Fax: 510-836-4205 Email: michael@lozeaudrury.com Email: richard@lozeaudrury.com	
6	Attorneys for Plaintiff ENVIRONMENTAL RESEARCH CENTER	
7 8 9 10	JUDITH PRAITIS (SBN 151303) AMY P. LALLY (SBN 198555) SIDLEY AUSTIN LLP 555 West Fifth Street, Suite 4000 Los Angeles, California 90013-1010 Telephone: (213)896-6000 Facsimile: (213) 896-6600 Email: jpraitis@sidley.com	
12	Email: alally@sidley.com Attorneys for Defendant	
13	SGN ACQUISTION COMPANY, LLC	
14		
15	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
16	COUNTY OF	ALAMEDA
17	ENVIRONMENTAL RESEARCH CENTER, a California non-profit	CASE NO. RG14742593
18	corporation,	STIPULATED CONSENT JUDGMENT; [PROPOSED] ORDER
19	Plaintiff,	Health & Safety Code § 25249.5 et seq.
20	v.	
21	SGN ACQUISITION COMPANY, LLC	Action Filed: September 30, 2014 Trial Date: None set
22	Defendant.	
23		
24		
25	1. INTRODUCTION	
26	1.1 On September 30, 2014, Plaintiff Environmental Research Center ("ERC"), a	
27	non-profit corporation, as a private enforcer, and in the public interest, initiated this action by	
28	filing a Complaint for Injunctive and Declarato	ry relief and Civil Penalties (the "Complaint")

pursuant to the provisions of California Health and Safety Code section 25249.5 et seq. ("Proposition 65"), against SGN Acquisition Company, LLC ("SGN"). In this action, ERC alleges that certain products manufactured, distributed or sold by SGN, as more fully described below, contain lead, a chemical listed under Proposition 65 as a carcinogen and reproductive toxin, and that use of such products exposes consumers at a level requiring a Proposition 65 warning. These products are: (1) SGN Nutrition X Balance Total Nutrition Drink Mix For Kids; (2) SGN Nutrition Emerald Balance Total Nutrition Drink Mix; (3) SGN Nutrition Emerald Balance Nutritional Support Amazon Tropical Berry; and (4) SGN Nutrition Emerald Balance Nutritional Support Plus Chocolate (individually, each a "Covered Product" and, collectively, the "Covered Products"). ERC and SGN are referred to individually as a "Party" or collectively as the "Parties."

- 1.2 ERC is a California non-profit corporation dedicated to, among other causes, helping safeguard the public from health hazards by reducing the use and misuse of hazardous and toxic chemicals, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility.
- 1.3 SGN is a business entity that employs ten or more persons. SGN conducts or arranges for the manufacture, distribution and/or sale of the Covered Products.
- 1.4 The Complaint is based on allegations contained in ERC's Notice of Violation, dated April 4, 2014, that was served on the California Attorney General, other public enforcers, and SGN ("Notice"). A true and correct copy of the Notice is attached as Exhibit A and is hereby incorporated by reference. More than 60 days have passed since the Notice was mailed and uploaded onto the Attorney General's website, and no designated governmental entity has filed a complaint against SGN with regard to the Covered Products or the alleged violations.
- 1.5 ERC's Notice and Complaint allege that use of the Covered Products exposes persons in California to lead without first providing clear and reasonable warnings in violation of California Health and Safety Code section 25249.6. SGN denies all material allegations contained in the Notice and Complaint.
 - 1.6 The Parties have entered into this Consent Judgment in order to settle,

compromise and resolve disputed claims and thus avoid prolonged and costly litigation. Nothing in this Consent Judgment shall constitute or be construed as an admission by either Party, or by any of its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchises, licensees, customers, suppliers, distributors, wholesalers, or retailers. Nothing in this Consent Judgment shall be construed as an admission by any Party of any fact, issue of law, or violation of law, nor shall compliance with this Consent Judgment be construed as an admission by any Party of any fact, issue of law, or violation of law, except that the foregoing shall not impair enforcement of the Consent Judgment.

- 1.7 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense any Party may have in any other or future legal proceeding unrelated to this action.
- 1.8 The Effective Date of this Consent Judgment is the date on which it is entered as a Judgment by this Court.

2. JURISDICTION AND VENUE

For purposes of this Consent Judgment and for any further court action that may become necessary to enforce this Consent Judgment, the Parties stipulate that this Court has subject matter jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over SGN as to the acts alleged in the Complaint, that venue is proper in Alameda County, and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims up through and including the Effective Date which were or could have been asserted in this action based on the facts alleged in the Notice and Complaint.

3. INJUNCTIVE RELIEF, REFORMULATION, TESTING AND WARNINGS

3.1 SGN shall not manufacture for sale in the State of California, distribute for sale into the State of California, or directly sell in the State of California, any Covered Products which expose a person to a daily dose of lead more than 0.5 micrograms per day, as determined under Sections 3.3 and 3.4, when the maximum recommended dose is taken as directed on the Covered Product's label, unless it meets the warning requirements under Section 3.2. A

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warning shall not be required if SGN elects to reformulate a Covered Product resulting in a Reformulated Covered Product as defined in Section 3.3 below. SGN shall bring the Covered Products into compliance with this Section no later than six (6) months after the Effective Date (the "Compliance Date"). For all Covered Products, if the product has been manufactured and packaged into final form for consumer sale and use prior to the Compliance Date, then such Covered Products may be sold and/or distributed into the State of California at any time. One (1) month after the Compliance Date, SGN shall provide ERC with the last lot number and expiration date for the Covered Products which have been manufactured and placed in final form for consumer distribution as of the Compliance Date.

As used in this Consent Judgment, the term "distribute for sale into the State of California" shall mean to directly ship a Covered Product into California for sale to California consumers or to sell a Covered Product to a distributor that SGN knows will sell the Covered Product to California consumers.

3.2 Clear and Reasonable Warnings

After the Compliance Date in Section 3.1, excepting such Covered Products as have been manufactured and packaged into final form for consumer sale and use prior to the Compliance Date, for any Covered Product that does not qualify as a Reformulated Covered Product under Section 3.3, the following warning shall be provided:

[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 is optional in SGN's sole discretion except that SGN shall use the phrase "cancer and" in the warning only if the maximum daily dose recommended on the label contains more than 15 micrograms of lead as determined pursuant to the provisions of Sections 3.3 and 3.4.

SGN shall provide the warning on the label or on the exterior of a container or packaging (other than on the underside or bottom of the container or packaging) of each individual unit of a Covered Product. The warning shall be at least the same size as the largest of any other health or safety warnings correspondingly appearing on the label, container, or packaging, and the word

STIPULATED CONSENT JUDGMENT; [PROPOSED] ORDER

"WARNING" shall be in all capital letters and in bold print. No other statements about Proposition 65 or lead may accompany the warning on the product label, container or packaging. SGN must display the warning with such conspicuousness, as compared with other words, statements, or designs on the label, container or packaging, to render the warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product.

3.3 Calculation of Lead Levels; 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 as determined by the quality control methodology described in Section 3.4. As used in this Consent Judgment, "no more than 0.5 micrograms of lead per day" means that the samples of the testing performed by SGN under Section 3.4 yield a daily exposure of no more than 0.5 micrograms of lead (with daily exposure calculated pursuant to Section 3.4 of this Consent Judgment). For Covered Products that cause exposures in excess of 0.5 micrograms of lead per day even after reformulation, SGN shall provide the warning set forth in Section 3.2. For all_purposes of determining which warning, if any, is required pursuant to Section 3.2, the second highest lead detection result of the four (4) randomly selected samples of the Covered Products (as specified in the sample selection process set forth in Section 3.4.6) will be controlling.

3.4 Testing and Quality Control Methodology

- 3.4.1 For all 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 Covered Product (using the largest serving size recommended on the Covered Product's label), multiplied by servings of the Covered Product per day (using the largest number of servings recommended for one day on the Covered Product's label), which equals micrograms of lead exposure per day.
- 3.4.2 Calculation of "Naturally Occurring" Lead Content. SGN shall not be required to warn respecting exposures to lead deemed "naturally occurring" under this

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Consent Judgment. Such "naturally occurring" lead amounts shall be deducted from the exposure levels calculated under Section 3.4.1. For the purposes of Section 3 of this Consent Judgment, the amount of lead deemed "naturally occurring" in the Covered Products is the sum of the amounts of "naturally occurring" lead supplied by the ingredients listed in the table below that are present in the maximum daily dose recommended on the label of the Covered Product. For each ingredient, the amount of "naturally occurring" lead is listed in the table in micrograms ("mcg") of "naturally occurring" lead per gram of the ingredient contained in the maximum daily dose recommended on the label of the Covered Product. If the amount of elemental calcium contained in the maximum daily dose recommended on the label of a Covered Product exceeds 1500 milligrams, then the amount of "naturally occurring" lead supplied by each ingredient listed in the table is limited to that amount of lead supplied by the quantity of the ingredient that would be contained in that fraction of the maximum daily dose of the Covered Product that would supply only 1500 milligrams of elemental calcium.

INGREDIENT	NATURALLY OCCURING AMOUNT OF LEAD
Elemental Calcium	0.8 micrograms/gram
Ferrous Fumarate	0.4 micrograms/gram
Zinc Oxide	8.0 micrograms/gram
Magnesium Oxide	0.4 micrograms/gram
Magnesium Carbonate	0.332 micrograms/gram
Magnesium Hydroxide	0.4 micrograms/gram
Zinc Gluconate	0.8 micrograms/gram
Potassium Chloride	1.1 micrograms/gram
Cocoa-powder	1.0 micrograms/gram

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3.4.3 Reporting of "Naturally Occurring" Allowances. SGN has provided ERC with calculations of the naturally occurring allowances listed in Section 3.4.2 for the Covered Products prior to the execution of this Consent Judgment. For up to two (2) years after the Effective Date ERC may request in writing updated calculations of the naturally

occurring allowances for lead in a Covered Product, and SGN shall provide such calculations within twenty (20) business days of receipt of the request, or confirm the calculation remains unchanged for any given Covered Product. ERC shall not request such calculations more than once a year, absent good cause therefor. ERC shall designate such calculations as confidential, and not share them with any third party. ERC and SGN may, however, discuss such calculations during any meet and confer process pursuant to Section 15.

- 3.4.4 All testing pursuant to this Consent Judgment shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection, qualification, accuracy, and precision that meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method subsequently agreed upon in writing by the Parties.
- 3.4.5 All testing pursuant to this Consent Judgment shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program for the analysis of heavy metals or by an independent third-party laboratory that is registered with the United States Food & Drug Administration. Nothing in this Consent Judgment shall limit SGN's ability to conduct, or require that others conduct, additional testing of the Covered Products, including the raw materials used in their manufacture.
- 3.4.6 SGN shall arrange, for at least three (3) consecutive years, and by each anniversary of the Effective Date, for the lead testing of four (4) randomly selected samples of each Covered Product in the form intended for sale to the consumer. ERC may request that SGN provide the results of this testing conducted for purposes of this Consent Judgment after each anniversary date and SGN shall provide such test results within twenty (20) business days of receipt of written request therefor. ERC shall designate such test results as confidential, and not share them with any third party. ERC and SGN may, however, discuss such test results during any meet and confer process pursuant to Section 15. If the meet and confer process fails and ERC moves to enforce this Consent Judgment, then ERC may refer to the test results SGN

After three (3) years from the Effective Date, SGN is not required to test Covered Products under this Consent Judgment, but may elect to do so. Nothing in this Section 3.4.6 shall relieve SGN of its obligations to provide warnings for Covered Products which are not Reformulated Products and for which warnings are required under the terms of Sections 3.3 and 3.4. The testing requirements in Section 3.4 are not applicable to any Covered Product for which SGN has provided the warning as specified in Section 3.2. SGN shall retain all test results and documentation for a period of at least three (3) years from the date of each test.

4. SETTLEMENT PAYMENT

- **4.1** In full satisfaction of all potential civil penalties, payment in lieu of civil penalties, attorney's fees, and costs, SGN shall make a total payment of \$90,000.00 (the Total Settlement Amount) to ERC according to the following schedule:
 - a. \$30,000.00 within 5 days of the Effective Date.
 - b. \$30,000.00 within 35 days of the Effective Date.
 - c. \$30,000.00 within 60 days of the Effective Date.

SGN shall make these payments by wire transfer to ERC's escrow account, for which ERC will give SGN the necessary account information. Said payment shall be for the following:

- 4.2 As a portion of the Total Settlement Amount, \$26,466.00 shall be considered a civil penalty pursuant to California Health and Safety Code §25249.7(b)(1). ERC shall remit 75% (\$19,850.00) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code §25249.12(c). ERC will retain the remaining 25% (\$6,616.00) of the civil penalty.
- 4.3 \$435.98 shall be distributed to Environmental Research Center 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; and \$19,964.31 shall be distributed to Environmental Research Center in lieu of further civil penalties, for the day-to-day business

activities such as (1) continued enforcement of Proposition 65, which includes work, analyzing, researching and testing 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 in compliance with Proposition 65; and (3) giving a donation of \$998.00 to the Center For Environmental Health to address reducing toxic chemical exposures in California.

4.4 \$27,000.00 shall be distributed to Lozeau | Drury LLP as reimbursement of ERC's attorney's fees and \$16,133.71 shall be distributed to ERC as reimbursement for its inhouse legal fees.

5. MODIFICATION OF CONSENT JUDGMENT

- 5.1 This Consent Judgment may be modified only (i) by written stipulation of the Parties or pursuant to Section 5.3 and (ii) upon entry by the Court of a modified consent judgment. The Attorney General shall be served with any such stipulations or motions to modify this Consent Judgment.
- 5.2 If any Party seeks to modify this Consent Judgment, then that Party must provide written notice of its intent ("Notice of Intent"). The Parties shall meet and confer in good faith regarding the proposed modification in the Notice of Intent within thirty (30) days. Should it become necessary, the Parties may agree in writing to different deadlines for the meet-and-confer period.
- 5.3 In the event that SGN initiates or otherwise requests a modification under Section 5.1, and the meet and confer process leads to a joint motion or application of this Consent Judgment, SGN shall reimburse ERC its costs and reasonable attorney's fees for the time spent in the meet-and-confer process and filing and arguing the motion or application.
- 5.4 Where the meet-and-confer process does not lead to a joint motion or an uncontested application in support of a modification of this Consent Judgment, the prevailing party may seek to recover costs and reasonable attorney's fees. As used in the preceding sentence, the term "prevailing party" means a party who is successful in obtaining relief more

favorable to it than the relief that the other party was amenable to providing during the Parties' good faith attempt to resolve the dispute that is the subject of the modification.

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** Only after it complies with Section 15 below may any Party, by motion or application for an order to show cause filed with this Court, enforce the terms and conditions contained in this Consent Judgment.
- 6.3 If ERC alleges that any Covered Product fails to qualify as a Reformulated Covered Product (for which ERC alleges that no warning has been provided), then ERC shall inform SGN in a reasonably prompt manner of its test results, including information sufficient to permit SGN to identify the Covered Products at issue.__SGN shall, within thirty days following such notice, provide ERC with testing information, from an independent third-party laboratory meeting the requirements of Sections 3.4.4 and 3.4.5, demonstrating Defendant's compliance with the Consent Judgment, if warranted. The Parties shall first attempt to resolve the matter pursuant to Section 15 of this Consent Judgment prior to ERC taking any further legal action.

7. APPLICATION OF CONSENT JUDGMENT

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

8. BINDING EFFECT, CLAIMS COVERED AND RELEASED

8.1 This Consent Judgment is a full, final, and binding resolution between ERC, on behalf of itself and in the public interest, and SGN, of any alleged violation of Proposition 65 or

its implementing regulations for failure to provide Proposition 65 warnings of exposure to lead from the handling, use, or consumption of the Covered Products and fully resolves all claims that have been or could have been asserted in the Notice and Complaint up to and including the Effective Date for failure to provide Proposition 65 warnings for the Covered Products. ERC, on behalf of itself and in the public interest, hereby discharges and releases SGN and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, suppliers, franchisees, licensees, customers (not including private label customers of SGN), 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 any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs and expenses asserted, or that could have been asserted, as to any alleged violation of Proposition 65 arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead.

- 8.2 The Parties further waive and release any and all claims they may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice or Complaint up through and including the Effective Date, provided, however, that nothing in Section 8 shall affect or limit any Party's right to seek to enforce the terms of this Consent Judgment.
- 8.3 It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice or the Complaint and relating to the Covered Products will develop or be discovered. The Parties acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through the Effective Date, including all rights of action therefore. The Parties acknowledge that the claims released in Sections 8.1 and 8.2 above may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

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

The Parties acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

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

SEVERABILITY OF UNENFORCEABLE PROVISIONS

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

GOVERNING LAW

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

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, or certified mail; (b) overnight courier; or (c) personal delivery. The Parties shall endeavor to send courtesy copies via email, but the date of receipt upon delivery by one of the methods (a)-(c) shall be the applicable date for purposes of this Consent Judgment.

FOR ENVIRONMENTAL RESEARCH CENTER:

- 22 Chris Heptinstall,
- Executive Director, Environmental Research Center 23
- 24 3111 Camino Del Rio North, Suite 400
- San Diego, CA 92108 25

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- 27 With a copy to:
- Michael R. Lozeau 28

1	Richard Drury			
2	LOZEAU DRURY LLP			
3	410 12 th Street, Suite 250			
4	Oakland, CA 94607			
5	Ph: 510-836-4200			
6	Fax: 510-836-4205			
7				
8	FOR SGN ACQUISITION COMPANY, LLC			
9	Anthony Misner			
10	SGN Nutrition			
11	Chief Executive Officer			
12	2777 Loker Ave West. Ste. C			
13	Carlsbad, Ca. 92010			
14	Ph: 760-804-2874			
15	anthony.misner@sgnnutrition.com			
6				
7	With a copy to:			
18	Judith Praitis			
19	Amy P. Lally			
20	SIDLEY AUSTIN LLP			
21	555 West Fifth Street, Suite 4000 Los Angeles, California 90013-1010 Telephone: (213) 896-6000			
22				
23				
24	Facsimile: (213) 896-6600			
25	12. COURT APPROVAL			
26	12.1 If this Stipulated Consent Judgment is not approved by the Court, it shall be void			
27	and have no force or effect.			
50				

 12.2 Following Court Approval of the Consent Judgment, ERC shall comply with California Health and Safety Code section 25249.7(f) and with Title II of the California Code Regulations, Section 3003.

13. EXECUTION AND COUNTERPARTS

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

14. DRAFTING

The terms of this Consent Judgment have been reviewed by the respective counsel for each Party prior to its signing, and each Party has had an opportunity to fully discuss the terms with counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment entered thereon, the terms and provisions shall not be construed against any Party.

15. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

If a dispute arises with respect to either Party's compliance with the terms of this Consent Judgment entered by the Court, the Parties shall meet in person or by telephone and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed in the absence of such a good faith attempt to resolve the dispute beforehand. In the event an action or motion is filed, however, the prevailing party may seek to recover costs and reasonable attorney's fees. As used in the preceding sentence, the term "prevailing party" means a party who is successful in obtaining relief more favorable to it than the relief that the other party was amenable to providing during the Parties' good faith attempt to resolve the dispute that is the subject of such enforcement action.

16. ENTIRE AGREEMENT, AUTHORIZATION

16.1 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

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1	exist or to bind any Party.		
2	16.2 Each signatory to this	Consent Judgment certifies that he or she is fully	
3	authorized by the Party he or she represents to stipulate to this Consent Judgment. Except as		
4	explicitly provided herein, each Party sh	nall bear its own fees and costs.	
5	IT IS SO STIPULATED:		
6	Dated: 11/21/ , 2014	ENVIRONMENTAL RESEARCH CENTER () 0 0 10 11	
7		Marin State ()	
8		By: Aris Heplinstall, Executive Director	
9	Dated: 11/21 ,2014	SGN ACQUISITION COMPANY, LLC	
10		fall hard	
11		By: SANHong Might, OEO	
12	APPROVED AS TO FORM:	115.	
13	Dated: Nov. 25, 2014	LOZEAU DRURY LP	
14		By: All	
15		Michael R. Lozeau Richard Drury	
16		Attorneys for Environmental Research Center	
17	Dated: 2014	SIDLEY AUSTIN LLP	
18		By:	
19	,	Judith Praitis	
20		Amy P. Lally Attorneys for SGN Acquisition Company, LLC	
21		Company, Ede	
22		JUDGMENT	
23	Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is		
24	approved and Judgment is hereby entered	according to its terms.	
25			
26	Dated:, 2014	Judge of the Superior Court	
27			
28			
	STIPLILATED CONSENT HIDGMENT (PROPO	SEDI ORDER CASE NO RC14742593	

!		
1	exist or to bind any Party.	
2	16.2 Each signatory to this C	Consent Judgment certifies that he or she is fully
3	authorized by the Party he or she repres	ents to stipulate to this Consent Judgment. Except as
4	explicitly provided herein, each Party sha	li bear its own fees and costs.
5	IT IS SO STIPULATED:	
6	Daied: 11/21/2014	ENVIRONMENTAL RESEARCH CENTER 66 / DOUBLE
7		Man Manual Company
8		Chris Helpingiall, Accenive Director
9	Dated: 11, 224	SON ACQUISITION COMPANY, ELC
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:		By: Lower Admin Cent
2	APPROVED AS TO FORM:	
3	Dated: Nov. 25 1014	LOZEAU DRURY LIP
+		By: Michael R. Lezeau
5		Richard Drury Automeys for Environmental Research
Ü		Center
7	Dated: 11/25 2014	SIDILEY AUSTIN LET
8		Ву:
9		Judith Pratis Amy P Lally
Ü	i	Attorneys for SGN Acquisition Company, LLC
:		
2 !		HUDGMENT
3		n, and good cause appearing, this Consent Judgment is
+	approved and Judgment is hereby entered a	ecording to its terms.
5	Dated: . 2014	
6	Pared.	Nadge of the Superior Court
!7 		
8		
	STIPULATED CONSENT JUDG PENT: PROPOSI	ED] CRDER CASE NO. RG14742593 15

EXHIBIT A



T 510.836.4200 F 510.836.4205 410 12th Street, Suite 250 Oakland, Ca 94607 www.lozeaudrury.com richard@lozeaudrury.com

VIA CERTIFIED MAIL

Current CEO or President SGN Acquisition Company, LLC dba SGN Nutrition 2777 Loker Avenue W, Suite C Carlsbad, CA 92010

Current CEO or President SGN Acquisition Company, LLC dba SGN Nutrition 265 Harrison Avenue Kearny, NJ 07032

George Joseph (SGN Acquisition Company, LLC dba SGN Nutrition's Registered Agent for Service of Process) 2929 E White Star Avenue Anaheim, CA 92806

VIA ONLINE SUBMISSION

Office of the California Attorney General

Re: Notice of Violations of California Health & Safety Code Section 25249.5 et seq.

Dear Addressees:

I represent the Environmental Research Center ("ERC") in connection with this Notice of Violations of California's Safe Drinking Water and Toxic Enforcement Act of 1986, which is codified at California Health & Safety Code Section 25249.5 *et seq.* and also referred to as Proposition 65.

ERC is a California non-profit corporation dedicated to, among other causes, helping safeguard the public from health hazards by bringing about a reduction in the use and misuse of

VIA PRIORITY MAIL

District Attorneys of All California Counties and Select City Attorneys (See Attached Certificate of Service) Notice of Violations of California Health & Safety Code §25249.5 *et seq.* April 4, 2014 Page 2

hazardous and toxic chemicals, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility.

The name of the Company covered by this notice that violated Proposition 65 (hereinafter the "Violator") is:

SGN Acquisition Company, LLC dba SGN Nutrition

The products that are the subject of this notice and the chemicals in those products identified as exceeding allowable levels are:

- Sgnnutrition X Balance Total Nutrition Drink Mix For Kids Lead
- Sgnnutrition Emerald Balance Total Nutrition Drink Mix Lead
- Sgnnutrition Emerald Balance Nutritional Support Amazon Tropical Berry -Lead
- Sgnnutrition Emerald Balance Nutritional Support Plus Chocolate Lead

On February 27, 1987, the State of California officially listed lead as a chemical known to cause developmental toxicity, and male and female reproductive toxicity. On October 1, 1992, the State of California officially listed lead and lead compounds as chemicals known to cause cancer.

This letter is a notice to the Violator and the appropriate governmental authorities of the Proposition 65 violations concerning the listed products. This notice covers all violations of Proposition 65 involving the Violator currently known to ERC from the information now available. ERC may continue to investigate other products that may reveal further violations. A summary of Proposition 65, prepared by the Office of Environmental Health Hazard Assessment, is enclosed with the copy of this letter to the Violator.

The Violator has manufactured, marketed, distributed, and/or sold the listed products, which have exposed and continue to expose numerous individuals within California to the identified chemical, lead. The consumer exposures that are the subject of this notice result from the purchase, acquisition, handling and/or recommended use of these products by consumers. The primary route of exposure to lead has been through ingestion, but may have also occurred through inhalation and/or dermal contact. Proposition 65 requires that a clear and reasonable warning be provided prior to exposure to lead. The method of warning should be a warning that appears on the product's label. The Violator violated Proposition 65 because it failed to provide an appropriate warning to persons using and/or handling these products that they are being exposed to lead. Each of these ongoing violations has occurred on every day since April 4, 2011, as well as every day since the products were introduced in the California marketplace, and will continue every day until clear and reasonable warnings are provided to product purchasers and users.

Pursuant to Section 25249.7(d) of the statute, ERC intends to file a citizen enforcement action sixty days after effective service of this notice unless the Violator agrees in an enforceable

Notice of Violations of California Health & Safety Code §25249.5 et seq. April 4, 2014 Page 3

written instrument to: (1) reformulate the listed products so as to eliminate further exposures to the identified chemicals; and (2) pay an appropriate civil penalty. Consistent with the public interest goals of Proposition 65 and my client's objectives in pursuing this notice, ERC is interested in seeking a constructive resolution to this matter. Such resolution will avoid both further unwarned consumer exposures to the identified chemicals and expensive and time consuming litigation.

ERC's Executive Director is Chris Heptinstall, and is located at 3111 Camino Del Rio North, Suite 400, San Diego, CA 92108; Tel. 619-500-3090. ERC has retained me in connection with this matter. We suggest that communications regarding this Notice of Violations should be directed to my attention at the above listed law office address and telephone number.

Sincerely,

Richard Drury

Attachments

Certificate of Merit Certificate of Service

OEHHA Summary (to SGN Acquisition Company, LLC dba SGN Nutrition and its Registered Agent for Service of Process only)

Additional Supporting Information for Certificate of Merit (to AG only)

CERTIFICATE OF MERIT

Re: Environmental Research Center's Notice of Proposition 65 Violations by SGN Acquisition Company, LLC dba SGN Nutrition

I, Richard Drury, declare:

- 1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged the party identified in the notice violated California Health & Safety Code Section 25249.6 by failing to provide clear and reasonable warnings.
- 2. I am an attorney for the noticing party.
- 3. I have consulted with one or more persons with relevant and appropriate experience or expertise who have reviewed facts, studies, or other data regarding the exposure to the listed chemical that is the subject of the notice.
- 4. Based on the information obtained through those consultants, and on other information in my possession, I believe there is a reasonable and meritorious case for the private action. I understand that "reasonable and meritorious case for the private action" means that the information provides a credible basis that all elements of the plaintiff's case can be established and that the information did not prove that the alleged Violator will be able to establish any of the affirmative defenses set forth in the statute.
- 5. Along with the copy of this Certificate of Merit served on the Attorney General is attached additional factual information sufficient to establish the basis for this certificate, including the information identified in California Health & Safety Code §25249.7(h)(2), i.e., (1) the identity of the persons consulted with and relied on by the certifier, and (2) the facts, studies, or other data reviewed by those persons.

Dated: April 4, 2014

Richard Drury

Notice of Violations of California Health & Safety Code §25249.5 *et seq.* April 4, 2014 Page 5

CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury under the laws of the State of California that the following is true and correct:

I am a citizen of the United States, over the age of 18 years of age, and am not a party to the within entitled action. My business address is 306 Joy Street, Fort Oglethorpe, Georgia 30742. I am a resident or employed in the county where the mailing occurred. The envelope or package was placed in the mail at Fort Oglethorpe, Georgia.

On April 4, 2014, I served the following documents: **NOTICE OF VIOLATIONS OF CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ.*; **CERTIFICATE OF MERIT**; "THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (PROPOSITION 65): A SUMMARY" on the following parties by placing a true and correct copy thereof in a sealed envelope, addressed to the party listed below and depositing it in a U.S. Postal Service Office with the postage fully prepaid for delivery by Certified Mail:

Current CEO or President SGN Acquisition Company, LLC dba SGN Nutrition 2777 Loker Avenue W, Suite C Carlsbad, CA 92010 George Joseph (SGN Acquisition Company, LLC dba SGN Nutrition's Registered Agent for Service of Process) 2929 E White Star Avenue Anaheim, CA 92806

Current CEO or President SGN Acquisition Company, LLC dba SGN Nutrition 265 Harrison Avenue Kearny, NJ 07032

On April 4, 2014, I electronically served the following documents: **NOTICE OF VIOLATIONS, CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ.*; **CERTIFICATE OF MERIT; ADDITIONAL SUPPORTING INFORMATION FOR CERTIFICATE OF MERIT AS REQUIRED BY CALIFORNIA HEALTH & SAFETY CODE §25249.7(d)(1)** on the following party by uploading a true and correct copy thereof on the California Attorney General's website, which can be accessed at https://oag.ca.gov/prop65/add-60-day-notice:

Office of the California Attorney General Prop 65 Enforcement Reporting 1515 Clay Street, Suite 2000 Oakland, CA 94612-0550

On April 4, 2014, I served the following documents: **NOTICE OF VIOLATIONS, CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ.*; **CERTIFICATE OF MERIT** on each of the parties on the Service List attached hereto by placing a true and correct copy thereof in a sealed envelope, addressed to each of the parties **on the Service List attached hereto**, and depositing it with the U.S. Postal Service with the postage fully prepaid for delivery by Priority Mail.

Executed on April 4, 2014, in Fort Oglethorpe, Georgia.

Tiffany Capehart

Notice of Violations of California Health & Safety Code §25249.5 et seq. April 4, 2014

Page 6

Service List

District Attorney, Alameda County
1225 Fallon Street, Suite 900
Oakland, CA 94612

District Attorney, Alpine County P.O. Box 248 Markleeville, CA 96120

District Attorney, Amador County 708 Court Street Jackson, CA 95642

District Attorney, Butte County 25 County Center Drive, Suite 245 Oroville, CA 95965

District Attorney, Calaveras County 891 Mountain Ranch Road San Andreas, CA 95249

District Attorney, Colusa County 346 Fifth Street Suite 101 Colusa, CA 95932

District Attorney, Contra Costa County 900 Ward Street Martinez, CA 94553

District Attorney, Del Norte County 450 H Street, Room 171 Crescent City, CA 95531

District Attorney, El Dorado County 515 Main Street Placerville, CA 95667

District Attorney, Fresno County 2220 Tulare Street, Suite 1000 Fresno, CA 93721

District Attorney, Glenn County Post Office Box 430 Willows, CA 95988

District Attorney, Humboldt County 825 5th Street 4th Floor Eureka, CA 95501

District Attorney, Imperial County 940 West Main Street, Ste 102 El Centro, CA 92243

District Attorney, Inyo County 230 W. Line Street Bishop, CA 93514

District Attorney, Kern County 1215 Truxtun Avenue Bakersfield, CA 93301

District Attorney, Kings County 1400 West Lacey Boulevard Hanford, CA 93230

District Attorney, Lake County 255 N. Forbes Street Lakeport, CA 95453

District Attorney, Lassen County 220 South Lassen Street, Ste. 8 Susanville, CA 96130 District Attorney, Los Angeles County 210 West Temple Street, Suite 18000 Los Angeles, CA 90012

District Attorney, Madera County 209 West Yosemite Avenue Madera, CA 93637

District Attorney, Marin County 3501 Civic Center Drive, Room 130 San Rafael, CA 94903

District Attorney, Mariposa County Post Office Box 730 Mariposa, CA 95338

District Attorney, Mendocino County Post Office Box 1000 Ukiah, CA 95482

District Attorney, Merced County 550 W. Main Street Merced, CA 95340

District Attorney, Modoc County 204 S Court Street, Room 202 Alturas, CA 96101-4020

District Attorney, Mono County Post Office Box 617 Bridgeport, CA 93517

District Attorney, Monterey County Post Office Box 1131 Salinas, CA 93902

District Attorney, Napa County 931 Parkway Mall Napa, CA 94559

District Attorney, Nevada County 201 Commercial Street Nevada City, CA 95959

District Attorney, Orange County 401 West Civic Center Drive Santa Ana, CA 92701

District Attorney, Placer County 10810 Justice Center Drive, Ste 240 Roseville, CA 95678

District Attorney, Plumas County 520 Main Street, Room 404 Quincy, CA 95971

District Attorney, Riverside County 3960 Orange Street Riverside, CA 92501

District Attorney, Sacramento County 901 "G" Street Sacramento, CA 95814

District Attorney, San Benito County 419 Fourth Street, 2nd Floor Hollister, CA 95023

District Attorney, San Bernardino County 316 N. Mountain View Avenue San Bernardino, CA 92415-0004 District Attorney, San Diego County 330 West Broadway, Suite 1300 San Diego, CA 92101

District Attorney, San Francisco County 850 Bryant Street, Suite 322 San Francsico, CA 94103

District Attorney, San Joaquin County 222 E. Weber Ave. Rm. 202 Stockton, CA 95202

District Attorney, San Luis Obispo County 1035 Palm St, Room 450 San Luis Obispo, CA 93408

District Attorney, San Mateo County 400 County Ctr., 3rd Floor Redwood City, CA 94063

District Attorney, Santa Barbara County 1112 Santa Barbara Street Santa Barbara, CA 93101

District Attorney, Santa Clara County 70 West Hedding Street San Jose, CA 95110

District Attorney, Santa Cruz County 701 Ocean Street, Room 200 Santa Cruz, CA 95060

District Attorney, Shasta County 1355 West Street Redding, CA 96001

District Attorney, Sierra County PO Box 457 Downieville, CA 95936

District Attorney, Siskiyou County Post Office Box 986 Yreka, CA 96097

District Attorney, Solano County 675 Texas Street, Ste 4500 Fairfield, CA 94533

District Attorney, Sonoma County 600 Administration Drive, Room 212J Santa Rosa, CA 95403

District Attorney, Stanislaus County 832 12th Street, Ste 300 Modesto, CA 95354

District Attorney, Sutter County 446 Second Street Yuba City, CA 95991

District Attorney, Tehama County Post Office Box 519 Red Bluff, CA 96080

District Attorney, Trinity County Post Office Box 310 Weaverville, CA 96093

District Attorney, Tulare County 221 S. Mooney Blvd., Room 224 Visalia, CA 93291 District Attorney, Tuolumne County 423 N. Washington Street Sonora, CA 95370

District Attorney, Ventura County 800 South Victoria Ave, Suite 314 Ventura, CA 93009

District Attorney, Yolo County 301 2nd Street Woodland, CA 95695

District Attorney, Yuba County 215 Fifth Street, Suite 152 Marysville, CA 95901

Los Angeles City Attorney's Office City Hall East 200 N. Main Street, Suite 800 Los Angeles, CA 90012

San Diego City Attorney's Office 1200 3rd Avenue, Ste 1620 San Diego, CA 92101

San Francisco, City Attorney City Hall, Room 234 1 Dr Carlton B Goodlett PL San Francisco, CA 94102

San Jose City Attorney's Office 200 East Santa Clara Street, 16th Floor San Jose, CA 95113