

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

FIRST WORLD TRADING CORPORATION

Consumer Advocacy Group, Inc. (“CAG”) and First World Trading Corporation (hereto referred to as “First World”), (CAG and First World collectively referred to as, the “Parties”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that First World violated Proposition 65. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the “Effective Date”).

**1.0 Introduction**

1.1 CAG is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 First World previously sold and or distributed, at various times, Turmeric Powder and Canned Seafood, including but not limited to (1) “First World Brand Turmeric Powder, Bot Nghe, (Net Weight: 4.2 OZ/ 120g). Imported by: First World Trading Corp. City of Industry, CA 91746, U.S.A. Product of Vietnam. UPC: 7 37483 76762 4” and (2) “ASUKA® Brand, Crabmeat with Legmeat. Net. Wt. 6 ½ OZ (185g), DR.WT. 3 ½ OZ (112g). Distributed By: First World Trading Corp., UPC: 7 37483 20028 2”; (referred to throughout as the “Covered Product(s)”). The Covered Products are limited to those purchased and sold/distributed by First World.

1.3 CAG alleges that Covered Products contain Lead and Lead Compounds (“LEAD”), and that First World did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code* § 25249.5, *et seq.* (“Proposition 65”)).

1.4 On February 27, 1987, the Governor of California added Lead to the list of chemicals known to the State to cause reproductive toxicity (*Cal. Code Regs. tit. 27, § 27001(c)*). Lead is known to the State to cause developmental, female, and male reproductive toxicity. On October 1, 1992, the Governor of California added Lead and Lead compounds to the list of chemicals known to the State to cause cancer (*Cal. Code Regs. tit. 27, § 27001(b)*). These additions took place more than twenty (20) months before CAG served its several “Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which are further described below.

1.5 LEAD is referred to hereafter as the “Listed Chemical”.

1.6 On or about May 27, 2015 CAG served Pacific Eastern Trading Corp.; Pacific Eastern Trading Corp. DBA Vinh Sanh Trading Corp.; First World Asian Trading Corp.; Green Farm Market; and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemical.

1.7 On or about November 10, 2015 CAG served Vinh Sanh Trading Corporation; First World Asian Trading Corporation; Hoa Binh Pomona Supermarket; Pacific Eastern Trading Corp.; and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemical.

1.8 On or about December 3, 2015 CAG served Pacific Eastern Trading Corp.; Pacific Eastern Trading Corp. DBA Vinh Sanh Trading Corp.; First World Asian Trading Corp.; Green Farm Market; and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemical.

1.9 The Sixty-Day Notices (referred to as “Notice”) alleged that First World and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

1.10 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”).

1.11 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by First World, its officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or First World may have against one another in any other pending legal proceeding as to allegations unrelated to the Dispute or claims released herein.

## 2.0 Release

This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, on the one hand, and (a) First World and its owners, parents, subsidiaries, affiliates, suppliers, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute, buy from or sell the Covered Products, including but not limited to Hoa Binh Pomona Supermarket, distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively referred to as "Downstream Releasees"), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Covered Products are limited to those purchased and sold/distributed by First World.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products all rights to institute or participate in, directly or indirectly, any form of legal action, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted in respect of any Covered Products sold up to the Effective Date, to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of

persons to the Listed Chemical contained in the Covered Products or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

CAG acknowledges that it is familiar with Section 1542 of Civil Code, which provides 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.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. The release in this section shall have no force or effect until the full amount of payments set forth in Section 4.0 below are paid in full.

### **3.0 First World's Duties**

3.1 First World agrees, promises, and represents that commencing 90 days after the Effective Date, and continuing thereafter, First World will manufacture, distribute, sell, or offer for sale in California only (a) Covered Products that are Reformulated Products pursuant to Section 4.2, or (b) Covered Products that are labeled with a clear and reasonable warning pursuant to Section 4.3. Covered Products subject to such requirement shall include Covered Products in First World's inventory as of the Effective Date.

3.2 Reformulation Standard. Reformulated Products are those Covered Products for which the level of Listed Chemicals do not exceed 50 parts per billion ("Default Reformulation Standard"). However, in the event that the California

Attorney General determines a different reformulation level to be in the public interest, and sets forth guidelines specifying a maximum level for the Listed Chemicals, the Default Reformulation Standard will be superseded by that standard set by the Attorney General's office ("Attorney General Standard"), and the Attorney General Standard will thereafter become the standard for Reformulated Products.

3.3 Clear and Reasonable Warnings. First World shall provide clear and reasonable warnings on any Covered Products that it manufactures, distributes, sells, or offers for sale in California and that are not Reformulated Products. The warnings shall be provided in such a conspicuously and prominent manner that will ensure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling stating that: "WARNING: This product contains chemicals known to the State of California to cause cancer, and birth defects or other reproductive harm." shall constitute compliance with Proposition 65 with respect to the Listed Chemicals in the Covered Products.

#### **4.0 Payments**

4.1 First World agrees, to pay a total of seventy-five thousand dollars (\$75,000) by separate checks apportioned as follows:

4.2 Payment to CAG: Fifteen thousand dollars (\$15,000) shall be paid to Consumer Advocacy Group, Inc.

The check shall be delivered to: Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California

90212. By the Effective Date, CAG shall provide First World with CAG's Employer Identification Number.

4.3 Attorneys' Fees and Costs: Fifty-nine thousand dollars (\$59,000) of such payment shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred

as a result of investigating and bringing this matter to First World's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide First World with its Employer Identification Number.

4.4 Penalty: First World shall issue two separate checks for a total amount of one thousand dollars (\$1,000) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of seven hundred and fifty dollars (\$750), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of two hundred and fifty dollars (\$250), representing 25% of the total penalty. Both checks shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. Additionally, two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95812 (EIN: 68-0284486) in the amount of \$750. The second 1099 shall be issued in the amount of \$250 to CAG and delivered to: Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

**5.0 Authority to Enter Into Settlement Agreement**

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 First World represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind First World and its related entities to this Settlement Agreement.

**6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California**

6.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

**7.0 Execution in Counterparts and Facsimile**

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original.

**8.0 Entire Agreement**

8.1 This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

**9.0 Modification of Settlement Agreement**

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

**10.0 Application of Settlement Agreement**

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Releasees and Downstream Releasees identified in Section 2 above.

**11.0 Enforcement of Settlement Agreement**

11.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained



in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

11.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against First World by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below. Any notice to First World must contain (a) description of the Covered Product, (b) the specific date(s) upon which the Covered Product was discovered to be available for sale after the Effective Date in California without reformulation, (c) the store or other place at which the product was found to remain available for sale to consumers, and (d) other evidence or other support for the allegations in the notice.

11.3 Within 30 days of receiving the notice described in Section 11.2, First World shall either (1) send all stores and other places at which the Covered Product was available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to First World for full credit, including shipping costs, or (2) refute the information provided under Section 11.2 to CAG's satisfaction. Should the parties be unable to resolve the dispute, any party may seek relief under Section 11.1.

**12.0 Notification Requirements**

12.1 Any notice required or permitted hereunder shall be effective only if given in writing and delivered in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi, Esq.  
YEROUSHALMI & YEROUSHALMI  
9100 Wilshire Boulevard, Suite 240W  
Beverly Hills, CA 90212

For First World:

Garth N. Ward  
701 B Street, Suite 1900  
San Diego, CA 92101

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

**13.0 SEVERABILITY**

13.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

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**14.0 GOVERNING LAW**

14.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Products, then First World shall provide written

notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Settlement

Agreement with respect to, and to the extent that, the Covered Products are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated:

09/30/16

By:

Michael Marcus

Printed Name:

Michael Marcus

Title:

Director

FIRST WORLD TRADING CORPORATION

Dated:

9/30/16

By:

Kon Chen

Printed Name:

Kon Chen

Title:

President