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| 8 | ENVIRONMENTAL RESEARCH CENTER, IN | NC. | | |
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| 12 | Attorney for Defendants | | | |
| 13 | ARIIX LLC dba ARIIX ARIIX Holdings, LLC dba ARIIX | | | |
| 14 | SUPERIOR COURT OF THE STATE OF CALIFORNIA | | | |
| 15 | | | | |
| 16 | COUNTY OF | ALAMEDA | | |
| 17 | ENVIRONMENTAL RESEARCH | CASE NO. RG16818149 | | |
| 18 | CENTER, INC. a non-profit California corporation, | STIPULATED CONSENT | | |
| 19 | Plaintiff, | JUDGMENT | | |
| 20 | v. | Health & Safety Code § 25249.5 et seq. | | |
| 21 | | Action Filed: June 3, 2016 Trial Date: None set | | |
| 22 | ARIIX, LLC, a Utah limited liability company, dba ARIIX; ARIIX HOLDINGS, LLC, a Utah | That Date. None set | | |
| 23 | limited liability company, dba ARIIX, | | | |
| 24 | Defendants. | | | |
| 25 | | | | |
| 26 | 1. INTRODUCTION | | | |
| 27 | 1.1 On June 3, 2016, Plaintiff Enviro | nmental Research Center, Inc. ("ERC"), a non- | | |
| 28 | profit corporation, as a private enforcer, and in the public interest, initiated this action by filing | | | |
| | STIPULATED CONSENT JUDGMENT | CASE NO. RG16818149 | | |
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a Complaint for Injunctive Relief and Civil Penalties (the "Complaint") pursuant to the 1 2 provisions of California Health and Safety Code section 25249.5 et seq. ("Proposition 65"), 3 against ARIIX LLC dba ARIIX and ARIIX Holdings, LLC dba ARIIX (collectively "ARIIX"). 4 Subsequently, on a later date, an Amended Complaint (the "Amended Complaint") was filed. 5 In this action, ERC alleges that a number of products manufactured, distributed or sold by 6 ARIIX contain lead, a chemical listed under Proposition 65 as a carcinogen and reproductive 7 toxin, and expose consumers to this chemical at a level requiring a Proposition 65 warning. These products (referred to hereinafter individually as a "Covered Product" or collectively as 8 9 "Covered Products") are: (1) ARIIX Slenderiiz PureNourish Natural Flavor, (2) ARIIX Nutrifii 10 Restoriix, (3) TrueStar Health Inc. Be True TrueDetox and Cleanse, (4) TrueStar Health (U.S.) Holdings Inc. Be True TrueBasics for Women, (5) TrueStar Health (U.S.) Holdings Inc. Be True 12 TrueSleep, (6) TrueStar Health (U.S.) Holdings Inc. Be True TrueCraving Control, (7) TrueStar 13 Health (U.S.) Holdings Inc. Be True TrueBasics for Athletes, (8) TrueStar Health (U.S.) Holdings 14 Inc. Be True TrueBasics with Lean Extreme, (9) TrueStar Health (U.S.) Holdings Inc. Be True 15 TrueBasics for Men, (10) TrueStar Health (U.S.) Holdings Inc. Be True TrueEndurance, and (11) 16 TrueStar Health (U.S.) Holdings Inc. Be True TrueKids. (12) Ariix Slenderiiz Power Boost Cocoa 17 Flavor

1.2 ERC and ARIIX are hereinafter referred to individually as a "Party" or collectively as the "Parties."

1.3 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.

1.4 For purposes of this Consent Judgment, the Parties agree that each defendant is a business entity each of which has employed ten or more persons at all times relevant to this action, and qualifies as a "person in the course of business" within the meaning of Proposition 65. ARIIX manufactures, distributes and sells the Covered Products.

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1.5 The Amended Complaint is based on allegations contained in ERC's Notices of Violation dated November 5, 2015 and April 29, 2016, July 29, 2016 that were served on the
California Attorney General, other public enforcers, and ARIIX ("Notices"). True and correct
copies of the Notices are attached as Exhibit A and are hereby incorporated by reference. More
than 60 days have passed since the Notices were mailed and uploaded to the Attorney
General's website, and no designated governmental entity has filed a complaint against ARIIX
with regard to the Covered Products or the alleged violations.

1.6 ERC's Notices and Amended 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. ARIIX denies all material allegations contained in the Notices and Amended Complaint.

1.7 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 any of the Parties, or by any of their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers. Except for the representations made above, nothing in this Consent Judgment shall be construed as an admission by the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Consent Judgment be construed as an admission by the Parties of any fact, issue of law, or violation by the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Consent Judgment be construed as an admission by the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Consent Judgment be construed as an admission by the Parties of any fact, issue of law, or violation of law, at any time, for any purpose.

1.8 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any other or future legal proceeding unrelated to these proceedings.

1.9 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 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 Amended Complaint, personal jurisdiction over ARIIX as to the acts alleged in the Amended 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 Compliance Date which were or could have been asserted in this action based on the facts alleged in the Notices and Amended Complaint.

3.

INJUNCTIVE RELIEF, REFORMULATION, TESTING AND WARNINGS

3.1 Beginning three (3) months from the Effective Date, (the "Compliance Date"), ARIIX shall be permanently enjoined from manufacturing for sale in the State of California, "Distributing into the State of California", or directly selling in the State of California, any Covered Product which exposes a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms per day of lead when the maximum suggested dose is taken as directed on the Covered Product's label, unless it meets the warning requirements under Section 3.2.

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

3.1.2 For purposes of this Consent Judgment, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product excluding any amount of lead deemed "naturally occurring" for purposes of this Consent Judgment only as defined in Table 3 below, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day.

Table 3

| INGREDIENT | NATURALLY OCCURRING AMOUNT OF LEAD (µg/g) |
|--------------|--|
| Cocoa Powder | 1.0 |

If at any time after the Compliance Date, ERC tests a Covered Product and the test results indicate that the Daily Lead Exposure Level is greater than 0.5 micrograms per day, ARIIX agrees to confidentially supply to ERC, within 30 days of a request from ERC, a list of ingredients, including the percentage of each ingredient of that particular covered product so that ERC may be able to calculate the daily exposure based on allowances contained in the above table.

3.2 Clear and Reasonable Warnings

If ARIIX is required to provide a warning pursuant to Section 3.1, the following warning must be utilized:

WARNING: This product can expose you to chemicals including lead which is known to the State of California to cause [cancer and] birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

ARIIX 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 quality control methodology set forth in Section 3.4.

The warning shall be securely affixed to or printed upon the container or label of each Covered Product. In addition, for Covered Products sold over ARIIX's website, the warning shall appear on ARIIX's checkout page on its website for California consumers identifying any Covered Product, or also appear prior to completing checkout on ARIIX's website when a California delivery address is indicated for any purchase of any Covered Product.

The warning shall be at least the same size as the largest of any other health or safety warnings also appearing on its website or on the label or container of ARIIX's product packaging and the word "WARNING" shall be in all capital letters and in bold print. No other statements about Proposition 65 or lead may directly precede or follow the warning.

ARIIX must display the above warnings with such conspicuousness, as compared with

other words, statements, design of the label, container, or on its website, as applicable, 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 Reformulated Covered Products

A Reformulated Covered Product is one for which the Daily Lead Exposure Level when the maximum suggested dose is taken as directed on the Reformulated Covered Product's label, contains no more than 0.5 micrograms of lead per day as determined by the quality control methodology described in Section 3.4.

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3.4 Testing and Quality Control Methodology

3.4.1 Beginning within one year of the Compliance Date, ARIIX shall arrange for lead testing of the Covered Products at least once a year for a minimum of three consecutive years by arranging for testing of three randomly selected samples of each of the Covered Products, in the form intended for sale to the end-user, which ARIIX intends to sell or is manufacturing for sale in California, directly selling to a consumer in California or "Distributing into California." The testing requirement does not apply to any of the Covered Products for which ARIIX has provided the warning specified in Section 3.2. If tests conducted pursuant to this Section demonstrate that no warning is required for a Covered Product during each of three consecutive years, then the testing requirements of this Section will no longer be required as to that Covered Product. However, if during or after the three-year testing period, ARIIX changes ingredient suppliers for any of the Covered Product annually for at least three (3) consecutive years after such change is made.

3.4.2 For purposes of measuring the "Daily Lead Exposure Level", the highest
lead detection result of the three (3) randomly selected samples of the Covered Products will be
controlling.

3.4.3 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 to in writing by the Parties.

3.4.4 All testing pursuant to this Consent Judgment shall be performed by an independent third party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration.

3.4.5 Nothing in this Consent Judgment shall limit ARIIX'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 Beginning on the Compliance Date and continuing for a period of three 12 years, ARIIX shall retain all test results and documentation from the date of each test.

4. SETTLEMENT PAYMENT

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4.1 In full satisfaction of all potential civil penalties, payment in lieu of civil penalties, attorney's fees, and costs, ARIIX shall make a total payment of \$230,000.00 ("Total Settlement Amount") which shall be made in three (3) payments according to the following schedule:

\$76,666.67 within 5 days of the Effective Date a.

\$76,666.67 within 35 days of the Effective Date b.

c. \$76,666.66 within 65 days of the Effective Date.

ARIIX shall make this payment by wire transfer to ERC's escrow account, for which ERC will give ARIIX the necessary account information. The Total Settlement Amount shall be apportioned as follows:

24 4.2 \$75,139.88 shall be considered a civil penalty pursuant to California Health and 25 Safety Code §25249.7(b)(1). ERC shall remit 75% (\$56,354.91) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe 26 27 Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety 28 Code §25249.12(c). ERC will retain the remaining 25% (\$18,784.97) of the civil penalty.

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4.3 \$12,086.65 shall be distributed to ERC as reimbursement to ERC for reasonable costs incurred in bringing this action.

4.4 \$56,354.82 shall be distributed to ERC as an Additional Settlement Payment ("ASP"), pursuant to California Code of Regulations, title 27, sections 3203, subdivision (d) and 3204. ERC agrees to utilize the ASP for activities that address the same public harm as allegedly caused by Defendant in this matter. These activities are detailed below and ERC contends that these activities support ERC's overarching goal of reducing and/or eliminating hazardous and toxic chemicals in dietary supplement products in California. ERC contends that ERC's activities have had, and will continue to have, a direct and primary effect within the State of California because California consumers will be benefitted by the reduction and/or elimination of exposure to lead in dietary supplements and/or by providing clear and reasonable warnings to California consumers prior to ingestion of the products.

Based on a review of past years' actual budgets, ERC is providing the following list of activities ERC engages in to protect California consumers through Proposition 65 citizen enforcement, along with a breakdown of how ASP funds will be utilized to facilitate those activities: (1) ENFORCEMENT (55-70%): obtaining, shipping, analyzing, and testing dietary supplement products that may contain lead and are sold to California consumers; continued monitoring and enforcement of past consent judgments and settlements to ensure companies are in compliance with their obligations thereunder, with a specific focus on those judgments and settlements concerning lead (which necessarily includes additional work purchasing, processing, analyzing and testing consumer products; litigating matters that result in defaults, bankruptcies, or dismissals; (2) VOLUNTARY COMPLIANCE PROGRAM (10-20%): maintaining ERC's Voluntary Compliance Program by acquiring products from companies, developing and maintaining a case file, testing products from these companies, providing the test results and supporting documentation to the companies, and offering guidance in implementing a self-testing program for lead in dietary supplement products; (3) "GOT LEAD" PROGRAM (up to 5%): maintaining ERC's "Got Lead?" Program which reduces the numbers of contaminated products 28 that reach California consumers by providing access to free testing for lead in dietary supplement

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products (Products submitted to the program are screened for ingredients which are suspected to be contaminated, and then may be purchased by ERC, catalogued, sent to a qualified laboratory for testing, and the results shared with the consumer that submitted the product); (4) DONATION: from this settlement, a donation of \$2992.00 to As You Sow_will be provided to address reducing toxic chemical exposures in California and following up with the recipient to ensure the funds are utilized in a manner that is consistent with ERC's mission and stated purpose of the Donation; (5) PUBLIC OUTREACH (up to 5%): public outreach programs including maintaining ERC's blog, website, and social media accounts; (6) SPECIAL PROJECTS (10-20%): projects including obtaining expert and legal opinions not specific to any one case that are necessary to the continued private enforcement of Proposition 65 (7) SCHOLARSHIPS (up to 5%): scholarships for college students in California who have been or are currently diagnosed with cancer or who are pursuing an environmental health science major; and (8) PRODUCT DATABASE (up to 5%): maintaining a database with all products sold to California consumers that ERC has tested for lead, cadmium, or arsenic.

ERC will maintain adequate records to document that the funds paid as an ASP are spent on the activities described herein. ERC shall provide the Attorney General, within thirty days of any request, copies of documentation demonstrating how such funds have been spent.

4.5 \$35,902.00 shall be distributed to Lozeau Drury LLP as reimbursement of ERC's attorney's fees, while \$50,516.65 shall be distributed to ERC for its in-house legal fees.

4.6 In the event that ARIIX fails to remit the Total Settlement Payment owed under Section 4 of this Consent Judgment on or before the Due Date, ARIIX shall be deemed to be in material breach of its obligations under this Consent Judgment. ERC shall provide written notice of the delinquency to ARIIX via electronic mail. If ARIIX fails to deliver the outstanding settlement payment within five (5) business days from the written notice, the Total Settlement Payment shall become immediately due and payable and shall accrue interest at the statutory judgment interest rate provided in the Code of Civil Procedure section 685.010. Additionally, ARIIX agrees to pay ERC's reasonable attorney's fees and costs for any efforts to collect the payment due under this Consent Judgment.

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 5.4 and (ii) upon entry by the Court of a modified consent judgment.

5.2 If ARIIX seeks to modify this Consent Judgment under Section 5.1, then ARIIX must provide written notice to ERC of its intent ("Notice of Intent"). If ERC seeks to meet and confer regarding the proposed modification in the Notice of Intent, then ERC must provide written notice to ARIIX within thirty days of receiving the Notice of Intent. If ERC notifies ARIIX in a timely manner of ERC's intent to meet and confer, then the Parties shall meet and confer in good faith as required in this Section. The Parties shall meet in person or via telephone within thirty (30) days of ERC's notification of its intent to meet and confer. Within thirty days of such meeting, if ERC disputes the proposed modification, ERC shall provide to ARIIX a written basis for its position. The Parties shall continue to meet and confer for an additional thirty (30) days in an effort to resolve any remaining disputes. 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 ARIIX initiates or otherwise requests a modification under Section 5.1, and the meet and confer process leads to a joint motion or application of the Consent Judgment, ARIIX 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 application in support of a modification of the Consent Judgment, then either Party may seek judicial relief on its own.

6. RETENTION OF JURISDICTION, ENFORCEMENT OF CONSENT JUDGMENT

26 6.1 This Court shall retain jurisdiction of this matter to enforce, modify or terminate
27 this Consent Judgment.

6.2 If ERC alleges that any Covered Product fails to qualify as a Reformulated

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Covered Product (for which ERC alleges that no warning has been provided), then ERC shall inform ARIIX in a reasonably prompt manner of its test results, including information sufficient to permit ARIIX to identify the Covered Products at issue. ARIIX shall, within thirty (30) days following such notice, provide ERC with testing information, from an independent third-party laboratory meeting the requirements of Sections 3.4.3 and 3.4.4, demonstrating ARIIX's compliance with the Consent Judgment, if warranted. The Parties shall first attempt in good faith to resolve the matter 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 labelers), 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. BI

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 ARIIX and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, suppliers, franchisees, licensees, customers (not including private label customers of ARIIX), 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"). ERC on behalf of itself and the public interest hereby fully releases and discharges the 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 from the handling, use, or consumption of the Covered Products, as to any alleged violation of Proposition 65 or its implementing regulations arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Compliance Date.

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8.2 ERC on its own behalf only, on one hand, and ARIIX on its own behalf only, on the other, 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 Notices or Amended Complaint up through and including the Compliance 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.

7 8.3 It is possible that other claims not known to the Parties arising out of the facts alleged in the Notices or the Amended Complaint and relating to the Covered Products will 8 9 develop or be discovered. ERC on behalf of itself only, on one hand, and ARIIX, on the other 10 hand, acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through the Compliance Date, including all rights of action therefore. ERC and ARIIX acknowledge that the claims released in Sections 8.1 and 8.2 above may include 12 13 unknown claims, and nevertheless waive California Civil Code section 1542 as to any such 14 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.

ERC on behalf of itself only, on the one hand, and ARIIX, on the other hand, acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

21 8.4 Compliance with the terms of this Consent Judgment shall be deemed to 22 constitute compliance with Proposition 65 by any releasee regarding alleged exposures to lead 23 in the Covered Products as set forth in the Notices and the Amended Complaint.

24 8.5 Nothing in this Consent Judgment is intended to apply to any occupational or 25 environmental exposures arising under Proposition 65, nor shall it apply to any of ARIIX's 26 products other than the Covered Products.

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SEVERABILITY OF UNENFORCEABLE PROVISIONS

In the event that any of the provisions of this Consent Judgment are held by a court to be

| 1 | unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected. | | | |
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| 2 | 10. | GOVERNING LAW | | |
| 3 | | The terms and conditions of this Consent Judgment shall be governed by and construed in | | |
| 4 | accord | lance with the laws of the State of California. | | |
| 5 | 11. | PROVISION OF NOTICE | | |
| 6 | | All notices required to be given to either Party to this Consent Judgment by the other shall | | |
| 7 | be in v | writing and sent to the following agents listed below via first-class mail. Courtesy copies via | | |
| 8 | email may also be sent. | | | |
| 9 | FOR ENVIRONMENTAL RESEARCH CENTER, INC.: | | | |
| 10 | 1 | Heptinstall, Executive Director | | |
| 11 | Environmental Research Center 3111 Camino Del Rio North, Suite 400 | | | |
| 12 | San Diego, CA 92108 Tel: (619) 500-3090 | | | |
| 13 | Email: chris_erc501c3@yahoo.com | | | |
| 14 | 1 | a copy to: ARD T. DRURY | | |
| 15 | REBECCA L. DAVIS LOZEAU DRURY LLP 410 12th Street, Suite 250 | | | |
| 16 | | | | |
| 17 | Oakland, CA 94607 Ph: 510-836-4200 Fax: 510-836-4205 | | | |
| 18 | Fax: 510-836-4205 Email: richard@lozeaudrury.com rebecca@lozeaudrury.com | | | |
| 19 | | | | |
| 20 | | X LLC dba ARIIX X Holdings, LLC dba ARIIX | | |
| 21 | Tyler. | JonesARIIX. LLC | | |
| 22 | | Vest 500 South, Suite 300 iful, UT 84010 | | |
| 23 | | | | |
| 24 | MELI | a copy to: SSA A. JONES | | |
| 25 | | L RIVES LLP apitol Mall, Suite 1600 | | |
| 26 | Sacrai | mento, CA 95814 sa.jones@stoel.com | | |
| 27 | 1 | hone: (916) 447-0700 | | |
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| | STIPU | LATED CONSENT JUDGMENT CASE NO. RG16818149 | | |

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12. COURT APPROVAL

12.1 Upon execution of this Consent Judgment by the Parties, ERC shall notice a Motion for Court Approval. The Parties shall use their best efforts to support entry of this Consent Judgment.

12.2 If the California Attorney General objects to any term in this Consent Judgment, the Parties shall use their best efforts to resolve the concern in a timely manner, and if possible prior to the hearing on the motion.

12.3 If this Stipulated Consent Judgment is not approved by the Court, it shall be void and have no force or effect.

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 and conditions with legal counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment, no inference, assumption, or presumption shall be drawn, and no provision of this Consent Judgment shall be construed against any Party, based on the fact that one of the Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the Consent Judgment. It is conclusively presumed that all of the Parties participated equally in the preparation and drafting of this Consent Judgment.

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 and confer in person, by telephone, and/or in writing 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.

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16. **ENFORCEMENT**

ERC may, by motion or order to show cause before the Superior Court of Alameda County, enforce the terms and conditions contained in this Consent Judgment. In any action brought by ERC to enforce this Consent Judgment, ERC may seek whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with the Consent Judgment. To the extent the failure to comply with the Consent Judgment constitutes a violation of Proposition 65 or other laws, ERC shall not be limited to enforcement of this Consent Judgment, but may seek in another action whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with Proposition 65 or other laws.

17. **ENTIRE AGREEMENT, AUTHORIZATION**

17.1 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 exist or to bind any Party.

Each signatory to this Consent Judgment certifies that he or she is fully 17.2 authorized by the Party he or she represents to stipulate to this Consent Judgment. Except as explicitly provided herein, each Party shall bear its own fees and costs.

18. REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF **CONSENT JUDGMENT**

This Consent Judgment has come before the Court upon the request of the Parties. The Parties request the Court to fully review this Consent Judgment and, being fully informed regarding the matters which are the subject of this action, to:

Find that the terms and provisions of this Consent Judgment represent a fair and (1)equitable settlement of all matters raised by the allegations of the Amended Complaint, that the matter has been diligently prosecuted, and that the public interest is served by such settlement; and

- (2)Make the findings pursuant to California Health and Safety Code section

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1 25249.7(f)(4), approve the Settlement, and approve this Consent Judgment.

2 IT IS SO STIPULATED: ENVIRONMENTAL RESEARCH Dated: ______, 2016 3 CENTER, IN 4 5 Director 6 7 Dated: _____, 2016 ARIIX LLC dba ARIIX 8 9 By: JOFF MINT 10 Its: LFO 11 12 13 Dated: 11/22, 2016 ARIIX HOLDINGS, LLC dba ARIIX 14 ZV 15 By: Jege 41505 16 Its: UPO 17 **APPROVED AS TO FORM:** 18 Dated: _____, 2016 LOZEAU | DRURY LLP 19 20 By: Richard T. Drury 21 Rebecca L. Davis Attorneys for Plaintiff Environmental 22 Research Center, Inc. 23 24 25 26 27 28 STIPULATED CONSENT JUDGMENT CASE NO. RG16818149 16

1 25249.7(f)(4), approve the Settlement, and approve this Consent Judgment.

IT IS SO STIPULATED: 2 ENVIRONMENTAL RESEARCH 3 Dated: _____, 2016 CENTER, INC 4 5 Director 6 7 Dated: _____, 2016 8 ARIIX LLC dba ARIIX 9 By: 10 Its: 11 12 13 Dated: _____, 2016 ARIIX HOLDINGS, LLC dba ARIIX 14 15 By: 16 Its: 17 **APPROVED AS TO FORM:** 18 Dated: ____, 2016 LOZEAU | DRURY LLP 19 20 By: Richard T. Drury 21 Rebecca L. Davis Attorneys for Plaintiff Environmental 22 Research Center, Inc. 23 24 25 26 27 28 STIPULATED CONSENT JUDGMENT CASE NO. RG16818149 16

| 1 2 3 4 5 6 7 | Dated: November 22_, 2016 STOEL RIVES LLP Mulis Jones By:Melissa A. Jones | | | |
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| 5 6 | IVIOIISSU I X. JOINOS | | | |
| 6 | Attorney for Defendants ARIIX LLC dba | | | |
| | ARIIX and ARIIX Holdings, LLC dba ARIIX | | | |
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| 8 | ORDER AND JUDGMENT | | | |
| 9 | Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is | | | |
| 10 | approved and Judgment is hereby entered according to its terms. | | | |
| 11 | IT IS SO ORDERED, ADJUDGED AND DECREED. | | | |
| 12 | Dated: , 2016 | | | |
| 13 | Dated:, 2016 Judge of the Superior Court | | | |
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| | STIPULATED CONSENT JUDGMENT CASE NO. RG16818149 17 | | | |

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 ARIIX LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

VIA CERTIFIED MAIL

ARIIX LLC (ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

VIA ONLINE SUBMISSION

Office of the California Attorney General

VIA ELECTRONIC MAIL

Yolo County District Attorney 301 2nd Street Woodland, CA 95695 <u>cfepd@yolocounty.org</u>

VIA PRIORITY MAIL

District Attorneys of Select California Counties and Select City Attorneys (See Attached Certificate of Service)

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

Dear Addressees:

I represent Environmental Research Center, Inc. ("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 hazardous and toxic chemicals, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility.

The names of the Companies covered by this notice that violated Proposition 65 (hereinafter the "Violators") are:

ARIIX LLC dba ARIIX ARIIX Holdings, LLC dba ARIIX

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

ARIIX Slenderiiz PureNourish Natural Flavor – Lead ARIIX Nutrifii Restoriix - 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 Violators and the appropriate governmental authorities of the Proposition 65 violations concerning the listed products. This notice covers all violations of Proposition 65 involving the Violators 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 Violators.

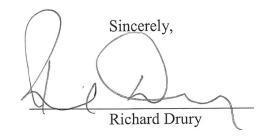
The Violators have manufactured, marketed, distributed, and/or sold the listed products, which have exposed and continue to expose numerous individuals within California to the identified chemical, lead. The consumer exposures that are the subject of this notice result from the purchase, acquisition, 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

Notice of Violations of California Health & Safety Code §25249.5 *et seq.* November 5, 2015 Page 3

warning be provided prior to exposure to lead. The method of warning should be a warning that appears on the product's label. The Violators violated Proposition 65 because they 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 November 5, 2012, 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 Violators agree in an enforceable written instrument to: (1) reformulate the listed products so as to eliminate further exposures to the identified chemical; (2) pay an appropriate civil penalty; and (3) provide clear and reasonable warnings compliant with Proposition 65 to all persons located in California who purchased the above products in the last three years. 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 chemical 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.



Attachments

Certificate of Merit Certificate of Service OEHHA Summary (to ARIIX LLC dba ARIIX, ARIIX Holdings, LLC dba ARIIX, and their Registered Agents for Service of Process only) Additional Supporting Information for Certificate of Merit (to AG only)

CERTIFICATE OF MERIT

Re: Environmental Research Center, Inc.'s Notice of Proposition 65 Violations by ARIIX LLC dba ARIIX and ARIIX Holdings, LLC dba ARIIX

I, Richard Drury, declare:

- 1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged the parties 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 Violators 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: November 5, 2015

Richard Drury

Notice of Violations of California Health & Safety Code §25249.5 *et seq.* November 5, 2015 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 November 5, 2015, 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 | ARIIX LLC |
|---|--|
| ARIIX LLC dba ARIIX | (ARIIX's Registered Agent for Service of Process) |
| 563 West 500 South, Suite 300 | 563 West 500 South, Suite 340 |
| Bountiful, UT 84010 | Bountiful, UT 84010 |
| Current CEO or President | Current CEO or President |
| ARIIX LLC dba ARIIX | ARIIX LLC dba ARIIX |
| 563 West 500 South, Suite 340 | 2620 Decker Lake Boulevard, Suite 500 |
| Bountiful, UT 84010 | Salt Lake City, UT 84119 |
| Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010 | Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119 |

Bountiful, UT 84010 Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340

ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300

Current CEO or President

Bountiful, UT 84010

Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

On November 5, 2015, I verified 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) were served on the following party Notice of Violations of California Health & Safety Code §25249.5 *et seq.* November 5, 2015 Page 6

when a true and correct copy thereof was uploaded 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 November 5, 2015, I verified the following documents **NOTICE OF VIOLATIONS**, **CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ.*; **CERTIFICATE OF MERIT** were served on the following party when a true and correct copy thereof was sent via electronic mail to the party listed below:

Yolo County District Attorney 301 2nd Street Woodland, CA 95695 <u>cfepd@yolocounty.org</u>

On November 5, 2015, 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 November 5, 2015, in Fort Oglethorpe, Georgia.

hyllis Annal

Phyllis Dunwoody

Notice of Violations of California Health & Safety Code §25249.5 et seq.November 5, 2015Page 7Service 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, 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

27 CCR Appendix A

Appendix A

OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (PROPOSITION 65): A SUMMARY

The following summary has been prepared by the California Office of Environmental Health Hazard Assessment (OEHHA), the lead agency for the implementation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65"). A copy of this summary must be included as an attachment to any notice of violation served upon an alleged violator of the Act. The summary provides basic information about the provisions of the law, and is intended to serve only as a convenient source of general information. It is not intended to provide authoritative guidance on the meaning or application of the law. Please refer to the statute and OEHHA's implementing regulations (see citations below) for further information.

FOR INFORMATION CONCERNING THE BASIS FOR THE ALLEGATIONS IN THE NOTICE RELATED TO YOUR BUSINESS, CONTACT THE PERSON IDENTIFIED ON THE NOTICE.

The text of Proposition 65 (Health and Safety Code Sections 25249.5 through 25249.13) is available online at: http://oehha.ca.gov/prop65/law/P65law72003.html. Regulations that provide more specific guidance on compliance, and that specify procedures to be followed by the State in carrying out certain aspects of the law, are found in Title 27 of the California Code of Regulations, sections 25102 through 27001.¹ These implementing regulations are available online at: http://oehha.ca.gov/prop65/law/P65Regs.html.

WHAT DOES PROPOSITION 65 REQUIRE?

The "Proposition 65 List." Under Proposition 65, the lead agency (OEHHA) publishes a list of chemicals that are known to the State of California to cause cancer and/or reproductive toxicity. Chemicals are placed on the Proposition 65 list if they are known to cause cancer and/or birth defects or other reproductive harm, such as damage to female or male reproductive systems or to the developing fetus. This list must be updated at least once a year. The current Proposition 65 list of chemicals is available on the OEHHA website at: http://www.oehha.ca.gov/prop65/prop65_list/Newlist.html.

Only those chemicals that are on the list are regulated under Proposition 65. Businesses that produce, use, release or otherwise engage in activities involving listed chemicals must comply with the following:

Clear and reasonable warnings. A business is required to warn a person before "knowingly and intentionally" exposing that person to a listed chemical unless an exemption applies. The warning given must be "clear and

reasonable." This means that the warning must: (1) clearly say that the chemical involved is known to cause cancer, or birth defects or other reproductive harm; and (2) be given in such a way that it will effectively reach the person before he or she is exposed to that chemical. Some exposures are exempt from the warning requirement under certain circumstances discussed below.

Prohibition from discharges into drinking water. A business must not knowingly discharge or release a listed chemical into water or onto land where it passes or probably will pass into a source of drinking water. Some discharges are exempt from this requirement under certain circumstances discussed below.

DOES PROPOSITION 65 PROVIDE ANY EXEMPTIONS?

Yes. You should consult the current version of the statute and regulations

(http://www.oehha.ca.gov/prop65/law/index.html) to determine all applicable exemptions, the most common of which are the following:

Grace Periods. Proposition 65 warning requirements do not apply until 12 months after the chemical has been listed. The Proposition 65 discharge prohibition does not apply to a discharge or release of a chemical that takes place less than 20 months after the listing of the chemical.

Governmental agencies and public water utilities. All agencies of the federal, state or local government, as well as entities operating public water systems, are exempt.

Businesses with nine or fewer employees. Neither the warning requirement nor the discharge prohibition applies to a business that employs a total of nine or fewer employees. This includes all employees, not just those present in California.

Exposures that pose no significant risk of cancer. For chemicals that are listed under Proposition 65 as known to the State to cause cancer, a warning is not required if the business causing the exposure can demonstrate that the exposure occurs at a level that poses "no significant risk." This means that the exposure is calculated to result in not more than one excess case of cancer in 100,000 individuals exposed over a 70-year lifetime. The Proposition 65 regulations identify specific "No Significant Risk Levels" (NSRLs) for many listed carcinogens. Exposures below these levels are exempt from the warning requirement. See OEHHA's website at:

http://www.oehha.ca.gov/prop65/getNSRLs.html for a list of NSRLs, and Section 25701 *et seq*. of the regulations for information concerning how these levels are calculated.

Exposures that will produce no observable reproductive effect at 1,000 times the level in question. For chemicals known to the State to cause reproductive toxicity, a warning is not required if the business causing the exposure can demonstrate that the exposure will produce no observable effect, even at 1,000 times the level in question. In other words, the level of exposure must be below the "no observable effect level" divided by 1,000. This number is known as the Maximum Allowable Dose Level (MADL). See OEHHA's website at:

http://www.oehha.ca.gov/prop65/getNSRLs.html for a list of MADLs, and Section 25801 *et seq*. of the regulations for information concerning how these levels are calculated.

Exposures to Naturally Occurring Chemicals in Food. Certain exposures to chemicals that naturally occur in foods (i.e., that do not result from any known human activity, including activity by someone other than the person causing the exposure) are exempt from the warning requirements of the law. If the chemical is a contaminant² it must be reduced to the lowest level feasible. Regulations explaining this exemption can be found in Section 25501. *Discharges that do not result in a "significant amount" of the listed chemical entering any source of drinking water.* The prohibition from discharges into drinking water does not apply if the discharger is able to demonstrate that a "significant amount" of the listed chemical laws, regulations, permits, requirements, or orders. A "significant amount" means any detectable amount, except an amount that would meet the "no significant risk" level for chemicals that cause cancer or that is 1,000 times below the "no observable effect" level for chemicals that cause reproductive toxicity, if an individual were exposed to that amount in drinking water.

HOW IS PROPOSITION 65 ENFORCED?

Enforcement is carried out through civil lawsuits. These lawsuits may be brought by the Attorney General, any district attorney, or certain city attorneys. Lawsuits may also be brought by private parties acting in the public interest, but only after providing notice of the alleged violation to the Attorney General, the appropriate district attorney and city attorney, and the business accused of the violation. The notice must provide adequate information to allow the recipient to assess the nature of the alleged violation. The notice must comply with the information and procedural requirements specified in Section 25903 of Title 27 and sections 3100-3103 of Title 11. A private party may not pursue an independent enforcement action under Proposition 65 if one of the governmental officials noted above initiates an enforcement action within sixty days of the notice.

A business found to be in violation of Proposition 65 is subject to civil penalties of up to \$2,500 per day for each violation. In addition, the business may be ordered by a court to stop committing the violation.

A private party may not file an enforcement action based on certain exposures if the alleged violator meets specific conditions. For the following types of exposures, the Act provides an opportunity for the business to correct the alleged violation:

• An exposure to alcoholic beverages that are consumed on the alleged violator's premises to the extent onsite consumption is permitted by law;

• An exposure to a Proposition 65 listed chemical in a food or beverage prepared and sold on the alleged violator's premises that is primarily intended for immediate consumption on- or off- premises. This only applies if the chemical was not intentionally added to the food, and was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination;

• An exposure to environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises;

• An exposure to listed chemicals in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking non-commercial vehicles.

If a private party alleges that a violation occurred based on one of the exposures described above, the private party must first provide the alleged violator a notice of special compliance procedure and proof of compliance form. A private party may not file an action against the alleged violator for these exposures, or recover in a settlement any payment in lieu of penalties any reimbursement for costs and attorney's fees, if the notice was served on or after October 5, 2013, and the alleged violator has done *all* of the following within 14 days of being served notice: • Corrected the alleged violation;

• Agreed to pay a civil penalty of \$5B500 (subject to change as noted below) to the private party within 30 days; and

• Notified the private party serving the notice in writing that the violation has been corrected.

The written notification to the private-party must include a notice of special compliance procedure and proof of compliance form completed by the alleged violator as directed in the notice. On April 1, 2019, and every five years thereafter, the dollar amount of the civil penalty will be adjusted by the Judicial Council based on the change in the annual California Consumer Price Index. The Judicial Council will publish the dollar amount of the adjusted civil penalty at each five-year interval, together with the date of the next scheduled adjustment.

An alleged violator may satisfy these conditions only one time for a violation arising from the same exposure in the same facility or on the same premises. The satisfaction of these conditions does not prevent the Attorney General, a district attorney, a city attorney of a city of greater than 750,000 population, or any full-time city prosecutor with the consent of the district attorney, from filing an enforcement action against an alleged violator. The amount of any civil penalty for a violation shall be reduced to reflect any payment made by the alleged violator for the same alleged violation to a private-party.

A copy of the notice of special compliance procedure and proof of compliance form is included with this notice and can be downloaded from OEHHA's website at: <u>http://oehha.ca.gov/prop65/law/p65law72003.html</u>. The notice is reproduced here:

Page 1

Date: November 5, 2015 Name of Noticing Party or attorney for Noticing Party: Environmental Research Center, Inc. Address: 3111 Camino Del Rio North, Suite 400, San Diego, CA 92108 Phone number: 619-500-3090

SPECIAL COMPLIANCE PROCEDURE

PROOF OF COMPLIANCE

You are receiving this form because the Noticing Party listed above has alleged that you are violating California Health and Safety Code §25249.6 (Prop. 65).

The Noticing Party may not bring any legal proceedings against you for the alleged violation checked below if:

1. You have actually taken the corrective steps that you have certified in this form

2. The Noticing Party has received this form at the address shown above, accurately completed by you, postmarked within 14 days of your receiving this notice

3. The Noticing Party receives the required \$500 penalty payment from you at the address shown above postmarked within 30 days of your receiving this notice.

4. This is the first time you have submitted a Proof of Compliance for a violation arising from the same exposure in the same facility on the same premises.

PART 1: TO BE COMPLETED BY THE NOTICING PARTY OR ATTORNEY FOR THE NOTICING PARTY

The alleged violation is for an exposure to: (check one)

____Alcoholic beverages that are consumed on the alleged violator's premises to the extent on-site consumption is permitted by law.

____A chemical known to the state to cause cancer or reproductive toxicity in a food or beverage prepared and sold on the alleged violator's premises for immediate consumption on or off premises to the extent: (1) the chemical was not intentionally added; and (2) the chemical was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination.

____Environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises.

____Chemicals known to the State to cause cancer or reproductive toxicity in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking noncommercial vehicles.

IMPORTANT NOTES:

1. You have no potential liability under California Health and Safety Code §25249.6 if your business has nine (9) or fewer employees.

2. Using this form will NOT prevent the Attorney General, a district attorney, a city attorney, or a prosecutor in whose jurisdiction the violation is alleged to have occurred from filing an action over the same alleged violations, and that in any such action, the amount of civil penalty shall be reduced to reflect any payment made at this time.

Page 2 Date: November 5, 2015

Name of Noticing Party or attorney for Noticing Party: Environmental Research Center, Inc. Address: 3111 Camino Del Rio North, Suite 400, San Diego, CA 92108 Phone number: 619-500-3090

PART 2: TO BE COMPLETED BY THE ALLEGED VIOLATOR OR AUTHORIZED REPRESENTATIVE

Certification of Compliance

Accurate completion of this form will demonstrate that you are now in compliance with California Health and Safety Code §25249.6 for the alleged violation listed above. You must complete and submit the form below to the Noticing Party at the address shown above, postmarked within 14 days of you receiving this notice. I hereby agree to pay, within 30 days of completion of this notice, a civil penalty of \$500 to the Noticing Party only and certify that I have complied with Health and Safety Code §25249.6 by (check only one of the following): Posting a warning or warnings about the alleged exposure that complies with the law, and attaching a copy of that warning and a photograph accurately showing its placement on my premises;

□ Posting the warning or warnings demanded in writing by the Noticing Party, and attaching a copy of that warning and a photograph accurately its placement on my premises; OR

□ Eliminating the alleged exposure, and attaching a statement accurately describing how the alleged exposure has been eliminated.

Certification

My statements on this form, and on any attachments to it, are true, complete, and correct to the best of my knowledge and belief and are made in good faith. I have carefully read the instructions to complete this form. I understand that if I make a false statement on this form, I may be subject to additional penalties under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65).

Signature of alleged violator or authorized representative Date

Name and title of signatory

FOR FURTHER INFORMATION ABOUT THE LAW OR REGULATIONS...

Contact the Office of Environmental Health Hazard Assessment's Proposition 65 Implementation Office at (916) 445-6900 or via e-mail at P65Public.Comments@oehha.ca.gov.

Revised: May 2014

¹ All further regulatory references are to sections of Title 27 of the California Code of Regulations unless otherwise indicated. The statute, regulations and relevant case law are available on the OEHHA website at: http://www.oehha.ca.gov/prop65/law/index.html.

² See Section 25501(a)(4).

Note: Authority cited: Section 25249.12, Health and Safety Code. Reference: Sections 25249.5, 25249.6, 25249.7, 25249.9, 25249.10 and 25249.11, Health and Safety Code.

HISTORY

1. New Appendix A filed 4-22-97; operative 4-22-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 17).

2. Amendment filed 1-7-2003; operative 2-6-2003 (Register 2003, No. 2).

3. Change without regulatory effect renumbering title 22, section 12903 and Appendix A to title 27, section 25903 and Appendix A, including amendment of appendix, filed 6-18-2008 pursuant to section 100, title 1, California Code of Regulations (Register 2008, No. 25).

4. Amendment filed 11-19-2012; operative 12-19-2012 (Register 2012, No. 47).

5. Amendment of appendix and Note filed 11-19-2014; operative 1-1-2015 (Register 2014, No. 47).

This database is current through 9/18/15 Register 2015, No. 38

27 CCR Appendix A, 27 CA ADC Appendix 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 ARIIX LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

VIA CERTIFIED MAIL

ARIIX LLC (ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

VIA ELECTRONIC MAIL

Gary Lieberstein, District Attorney Napa County 931 Parkway Mall Napa, CA 94559 CEPD@countyofnapa.org

Paul E. Zellerbach, District Attorney Riverside County 3072 Orange Street Riverside, CA 92501 Prop65@rivcoda.org

Anne Marie Schubert, District Attorney Sacramento County 901 G Street Sacramento, CA 95814 Prop65@sacda.org Notice of Violations of California Health & Safety Code §25249.5 *et seq.* April 29, 2016 Page 2

VIA ELECTRONIC MAIL

Stacey Grassini, Deputy District Attorney Contra Costa County 900 Ward Street Martinez, CA 94553 sgrassini@contracostada.org

Michelle Latimer, Program Coordinator Lassen County 220 S. Lassen Street Susanville, CA 96130 mlatimer@co.lassen.ca.us

Dije Ndreu, Deputy District Attorney Monterey County 1200 Aguajito Road Monterey, CA 93940 Prop65DA@co.monterey.ca.us

Yen Dang, Supervising Deputy District Attorney Santa Clara County 70 W Hedding St San Jose, CA 95110 EPU@da.sccgov.org

Stephan R. Passalacqua, District Attorney Sonoma County 600 Administration Dr Sonoma, CA 95403 jbarnes@sonoma-county.org

Phillip J. Cline, District Attorney Tulare County 221 S Mooney Blvd Visalia, CA 95370 Prop65@co.tulare.ca.us

VIA ELECTRONIC MAIL

Gregory Alker, Assistant District Attorney San Francisco County 732 Brannan Street San Francisco, CA 94103 gregory.alker@sfgov.org

Eric J. Dobroth, Deputy District Attorney San Luis Obispo County County Government Center Annex, 4th Floor San Luis Obispo, CA 93408 edobroth@co.slo.ca.us

Gregory D. Totten, District Attorney Ventura County 800 S Victoria Ave Ventura, CA 93009 daspecialops@ventura.org

Jeff W. Reisig, District Attorney Yolo County 301 Second Street Woodland, CA 95695 cfepd@yolocounty.org

VIA ONLINE SUBMISSION

Office of the California Attorney General

VIA PRIORITY MAIL

District Attorneys of Select California Counties and Select City Attorneys (See Attached Certificate of Service)

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

Dear Addressees:

Notice of Violations of California Health & Safety Code §25249.5 *et seq.* April 29, 2016 Page 3

I represent Environmental Research Center, Inc. ("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 hazardous and toxic chemicals, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility.

The names of the Companies covered by this notice that violated Proposition 65 (hereinafter the "Violators") are:

ARIIX LLC dba ARIIX ARIIX Holdings, LLC dba ARIIX

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

- 1. TrueStar Health Inc. Be True TrueDetox and Cleanse Lead
- 2. TrueStar Health (U.S.) Holdings Inc. Be True TrueBasics for Women Lead
- 3. TrueStar Health (U.S.) Holdings Inc. Be True TrueSleep Lead
- 4. TrueStar Health (U.S.) Holdings Inc. Be True TrueCraving Control Lead
- 5. TrueStar Health (U.S.) Holdings Inc. Be True TrueBasics for Athletes Lead
- 6. TrueStar Health (U.S.) Holdings Inc. Be True TrueBasics with Lean Extreme Lead
- 7. TrueStar Health (U.S.) Holdings Inc. Be True TrueBasics for Men Lead
- 8. TrueStar Health (U.S.) Holdings Inc. Be True TrueEndurance Lead
- 9. TrueStar Health (U.S.) Holdings Inc. Be True TrueKids 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 Violators and the appropriate governmental authorities of the Proposition 65 violations concerning the listed products. This notice covers all violations of Proposition 65 involving the Violators 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 Violators.

The Violators have 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 Violators violated Proposition 65 because they 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 29, 2013, 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 Violators agree in an enforceable written instrument to: (1) reformulate the listed products so as to eliminate further exposures to the identified chemical; (2) pay an appropriate civil penalty; and (3) provide clear and reasonable warnings compliant with Proposition 65 to all persons located in California who purchased the above products in the last three years. 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 chemical 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,

Rebecca Davis

Attachments

Certificate of Merit

Certificate of Service

OEHHA Summary (to ARIIX LLC dba ARIIX, ARIIX Holdings, LLC dba ARIIX, and their Registered Agents for Service of Process only)

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

CERTIFICATE OF MERIT

Re: Environmental Research Center, Inc.'s Notice of Proposition 65 Violations by ARIIX LLC dba ARIIX and ARIIX Holdings, LLC dba ARIIX

I, Rebecca Davis, declare:

- 1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged the parties 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 Violators 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 29, 2016

Rebecca Davis

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 29, 2016, 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 ARIIX LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010 | Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010 |
|---|--|
| Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010 | Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010 |
| Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010 | ARIIX LLC (ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010 |
| Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010 | Current CEO or President ARIIX LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119 |
| | Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119 |

On April 29, 2016, I verified 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) were served on the following party when a true and correct copy thereof was uploaded 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 29, 2016, I verified the following documents **NOTICE OF VIOLATIONS**, **CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ*.; **CERTIFICATE OF MERIT** were served on the following parties when a true and correct copy thereof was sent via electronic mail to the party listed below:

Stacey Grassini, Deputy District Attorney Contra Costa County 900 Ward Street Martinez, CA 94553 sgrassini@contracostada.org

Michelle Latimer, Program Coordinator Lassen County 220 S. Lassen Street Susanville, CA 96130 mlatimer@co.lassen.ca.us

Dije Ndreu, Deputy District Attorney Monterey County 1200 Aguajito Road Monterey, CA 93940 Prop65DA@co.monterey.ca.us

Gary Lieberstein, District Attorney Napa County 931 Parkway Mall Napa, CA 94559 CEPD@countyofnapa.org

Paul E. Zellerbach, District Attorney Riverside County 3072 Orange Street Riverside, CA 92501 Prop65@rivcoda.org

Anne Marie Schubert, District Attorney Sacramento County 901 G Street Sacramento, CA 95814 Prop65@sacda.org Gregory Alker, Assistant District Attorney San Francisco County 732 Brannan Street San Francisco, CA 94103 gregory.alker@sfgov.org

Eric J. Dobroth, Deputy District Attorney San Luis Obispo County County Government Center Annex, 4th Floor San Luis Obispo, CA 93408 edobroth@co.slo.ca.us

Yen Dang, Supervising Deputy District Attorney Santa Clara County 70 W Hedding St San Jose, CA 95110 EPU@da.sccgov.org

Stephan R. Passalacqua, District Attorney Sonoma County 600 Administration Dr Sonoma, CA 95403 jbarnes@sonoma-county.org

Phillip J. Cline, District Attorney Tulare County 221 S Mooney Blvd Visalia, CA 95370 Prop65@co.tulare.ca.us

Gregory D. Totten, District Attorney Ventura County 800 S Victoria Ave Ventura, CA 93009 daspecialops@ventura.org

Jeff W. Reisig, District Attorney Yolo County 301 Second Street Woodland, CA 95695 cfepd@yolocounty.org

On April 29, 2016, 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 29, 2016, in Fort Oglethorpe, Georgia.

Phyllis Unnor

Phyllis Dunwoody

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

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 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, 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, Tuolumne County 423 N. Washington Street Sonora, CA 95370

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

27 CCR Appendix A

Appendix A

OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (PROPOSITION 65): A SUMMARY

The following summary has been prepared by the California Office of Environmental Health Hazard Assessment (OEHHA), the lead agency for the implementation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65"). A copy of this summary must be included as an attachment to any notice of violation served upon an alleged violator of the Act. The summary provides basic information about the provisions of the law, and is intended to serve only as a convenient source of general information. It is not intended to provide authoritative guidance on the meaning or application of the law. Please refer to the statute and OEHHA's implementing regulations (see citations below) for further information.

FOR INFORMATION CONCERNING THE BASIS FOR THE ALLEGATIONS IN THE NOTICE RELATED TO YOUR BUSINESS, CONTACT THE PERSON IDENTIFIED ON THE NOTICE.

The text of Proposition 65 (Health and Safety Code Sections 25249.5 through 25249.13) is available online at: http://oehha.ca.gov/prop65/law/P65law72003.html. Regulations that provide more specific guidance on compliance, and that specify procedures to be followed by the State in carrying out certain aspects of the law, are found in Title 27 of the California Code of Regulations, sections 25102 through 27001.¹ These implementing regulations are available online at: http://oehha.ca.gov/prop65/law/P65Regs.html.

WHAT DOES PROPOSITION 65 REQUIRE?

The "Proposition 65 List." Under Proposition 65, the lead agency (OEHHA) publishes a list of chemicals that are known to the State of California to cause cancer and/or reproductive toxicity. Chemicals are placed on the Proposition 65 list if they are known to cause cancer and/or birth defects or other reproductive harm, such as damage to female or male reproductive systems or to the developing fetus. This list must be updated at least once a year. The current Proposition 65 list of chemicals is available on the OEHHA website at: http://www.oehha.ca.gov/prop65/prop65_list/Newlist.html.

Only those chemicals that are on the list are regulated under Proposition 65. Businesses that produce, use, release or otherwise engage in activities involving listed chemicals must comply with the following:

Clear and reasonable warnings. A business is required to warn a person before "knowingly and intentionally" exposing that person to a listed chemical unless an exemption applies. The warning given must be "clear and

reasonable." This means that the warning must: (1) clearly say that the chemical involved is known to cause cancer, or birth defects or other reproductive harm; and (2) be given in such a way that it will effectively reach the person before he or she is exposed to that chemical. Some exposures are exempt from the warning requirement under certain circumstances discussed below.

Prohibition from discharges into drinking water. A business must not knowingly discharge or release a listed chemical into water or onto land where it passes or probably will pass into a source of drinking water. Some discharges are exempt from this requirement under certain circumstances discussed below.

DOES PROPOSITION 65 PROVIDE ANY EXEMPTIONS?

Yes. You should consult the current version of the statute and regulations

(http://www.oehha.ca.gov/prop65/law/index.html) to determine all applicable exemptions, the most common of which are the following:

Grace Periods. Proposition 65 warning requirements do not apply until 12 months after the chemical has been listed. The Proposition 65 discharge prohibition does not apply to a discharge or release of a chemical that takes place less than 20 months after the listing of the chemical.

Governmental agencies and public water utilities. All agencies of the federal, state or local government, as well as entities operating public water systems, are exempt.

Businesses with nine or fewer employees. Neither the warning requirement nor the discharge prohibition applies to a business that employs a total of nine or fewer employees. This includes all employees, not just those present in California.

Exposures that pose no significant risk of cancer. For chemicals that are listed under Proposition 65 as known to the State to cause cancer, a warning is not required if the business causing the exposure can demonstrate that the exposure occurs at a level that poses "no significant risk." This means that the exposure is calculated to result in not more than one excess case of cancer in 100,000 individuals exposed over a 70-year lifetime. The Proposition 65 regulations identify specific "No Significant Risk Levels" (NSRLs) for many listed carcinogens. Exposures below these levels are exempt from the warning requirement. See OEHHA's website at:

http://www.oehha.ca.gov/prop65/getNSRLs.html for a list of NSRLs, and Section 25701 *et seq*. of the regulations for information concerning how these levels are calculated.

Exposures that will produce no observable reproductive effect at 1,000 times the level in question. For chemicals known to the State to cause reproductive toxicity, a warning is not required if the business causing the exposure can demonstrate that the exposure will produce no observable effect, even at 1,000 times the level in question. In other words, the level of exposure must be below the "no observable effect level" divided by 1,000. This number is known as the Maximum Allowable Dose Level (MADL). See OEHHA's website at:

http://www.oehha.ca.gov/prop65/getNSRLs.html for a list of MADLs, and Section 25801 *et seq*. of the regulations for information concerning how these levels are calculated.

Exposures to Naturally Occurring Chemicals in Food. Certain exposures to chemicals that naturally occur in foods (i.e., that do not result from any known human activity, including activity by someone other than the person causing the exposure) are exempt from the warning requirements of the law. If the chemical is a contaminant² it must be reduced to the lowest level feasible. Regulations explaining this exemption can be found in Section 25501. *Discharges that do not result in a "significant amount" of the listed chemical entering any source of drinking water.* The prohibition from discharges into drinking water does not apply if the discharger is able to demonstrate that a "significant amount" of the listed chemical laws, regulations, permits, requirements, or orders. A "significant amount" means any detectable amount, except an amount that would meet the "no significant risk" level for chemicals that cause cancer or that is 1,000 times below the "no observable effect" level for chemicals that cause reproductive toxicity, if an individual were exposed to that amount in drinking water.

HOW IS PROPOSITION 65 ENFORCED?

Enforcement is carried out through civil lawsuits. These lawsuits may be brought by the Attorney General, any district attorney, or certain city attorneys. Lawsuits may also be brought by private parties acting in the public interest, but only after providing notice of the alleged violation to the Attorney General, the appropriate district attorney and city attorney, and the business accused of the violation. The notice must provide adequate information to allow the recipient to assess the nature of the alleged violation. The notice must comply with the information and procedural requirements specified in Section 25903 of Title 27 and sections 3100-3103 of Title 11. A private party may not pursue an independent enforcement action under Proposition 65 if one of the governmental officials noted above initiates an enforcement action within sixty days of the notice.

A business found to be in violation of Proposition 65 is subject to civil penalties of up to \$2,500 per day for each violation. In addition, the business may be ordered by a court to stop committing the violation.

A private party may not file an enforcement action based on certain exposures if the alleged violator meets specific conditions. For the following types of exposures, the Act provides an opportunity for the business to correct the alleged violation:

• An exposure to alcoholic beverages that are consumed on the alleged violator's premises to the extent onsite consumption is permitted by law;

• An exposure to a Proposition 65 listed chemical in a food or beverage prepared and sold on the alleged violator's premises that is primarily intended for immediate consumption on- or off- premises. This only applies if the chemical was not intentionally added to the food, and was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination;

• An exposure to environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises;

• An exposure to listed chemicals in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking non-commercial vehicles.

If a private party alleges that a violation occurred based on one of the exposures described above, the private party must first provide the alleged violator a notice of special compliance procedure and proof of compliance form. A private party may not file an action against the alleged violator for these exposures, or recover in a settlement any payment in lieu of penalties any reimbursement for costs and attorney's fees, if the notice was served on or after October 5, 2013, and the alleged violator has done *all* of the following within 14 days of being served notice: • Corrected the alleged violation;

• Agreed to pay a civil penalty of \$5B500 (subject to change as noted below) to the private party within 30 days; and

• Notified the private party serving the notice in writing that the violation has been corrected.

The written notification to the private-party must include a notice of special compliance procedure and proof of compliance form completed by the alleged violator as directed in the notice. On April 1, 2019, and every five years thereafter, the dollar amount of the civil penalty will be adjusted by the Judicial Council based on the change in the annual California Consumer Price Index. The Judicial Council will publish the dollar amount of the adjusted civil penalty at each five-year interval, together with the date of the next scheduled adjustment.

An alleged violator may satisfy these conditions only one time for a violation arising from the same exposure in the same facility or on the same premises. The satisfaction of these conditions does not prevent the Attorney General, a district attorney, a city attorney of a city of greater than 750,000 population, or any full-time city prosecutor with the consent of the district attorney, from filing an enforcement action against an alleged violator. The amount of any civil penalty for a violation shall be reduced to reflect any payment made by the alleged violator for the same alleged violation to a private-party.

A copy of the notice of special compliance procedure and proof of compliance form is included with this notice and can be downloaded from OEHHA's website at: <u>http://oehha.ca.gov/prop65/law/p65law72003.html</u>. The notice is reproduced here:

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Date: April 29, 2016 Name of Noticing Party or attorney for Noticing Party: Environmental Research Center, Inc. Address: 3111 Camino Del Rio North, Suite 400, San Diego, CA 92108 Phone number: 619-500-3090

SPECIAL COMPLIANCE PROCEDURE

PROOF OF COMPLIANCE

You are receiving this form because the Noticing Party listed above has alleged that you are violating California Health and Safety Code §25249.6 (Prop. 65).

The Noticing Party may not bring any legal proceedings against you for the alleged violation checked below if:

1. You have actually taken the corrective steps that you have certified in this form

2. The Noticing Party has received this form at the address shown above, accurately completed by you, postmarked within 14 days of your receiving this notice

3. The Noticing Party receives the required \$500 penalty payment from you at the address shown above postmarked within 30 days of your receiving this notice.

4. This is the first time you have submitted a Proof of Compliance for a violation arising from the same exposure in the same facility on the same premises.

PART 1: TO BE COMPLETED BY THE NOTICING PARTY OR ATTORNEY FOR THE NOTICING PARTY

The alleged violation is for an exposure to: (check one)

____Alcoholic beverages that are consumed on the alleged violator's premises to the extent on-site consumption is permitted by law.

____A chemical known to the state to cause cancer or reproductive toxicity in a food or beverage prepared and sold on the alleged violator's premises for immediate consumption on or off premises to the extent: (1) the chemical was not intentionally added; and (2) the chemical was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination.

____Environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises.

____Chemicals known to the State to cause cancer or reproductive toxicity in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking noncommercial vehicles.

IMPORTANT NOTES:

1. You have no potential liability under California Health and Safety Code §25249.6 if your business has nine (9) or fewer employees.

2. Using this form will NOT prevent the Attorney General, a district attorney, a city attorney, or a prosecutor in whose jurisdiction the violation is alleged to have occurred from filing an action over the same alleged violations, and that in any such action, the amount of civil penalty shall be reduced to reflect any payment made at this time.

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Date: April 29, 2016

Name of Noticing Party or attorney for Noticing Party: Environmental Research Center, Inc. Address: 3111 Camino Del Rio North, Suite 400, San Diego, CA 92108 Phone number: 619-500-3090

PART 2: TO BE COMPLETED BY THE ALLEGED VIOLATOR OR AUTHORIZED REPRESENTATIVE

Certification of Compliance

Accurate completion of this form will demonstrate that you are now in compliance with California Health and Safety Code §25249.6 for the alleged violation listed above. You must complete and submit the form below to the Noticing Party at the address shown above, postmarked within 14 days of you receiving this notice. I hereby agree to pay, within 30 days of completion of this notice, a civil penalty of \$500 to the Noticing Party only and certify that I have complied with Health and Safety Code §25249.6 by (check only one of the following): Posting a warning or warnings about the alleged exposure that complies with the law, and attaching a copy of that warning and a photograph accurately showing its placement on my premises;

□ Posting the warning or warnings demanded in writing by the Noticing Party, and attaching a copy of that warning and a photograph accurately its placement on my premises; OR

□ Eliminating the alleged exposure, and attaching a statement accurately describing how the alleged exposure has been eliminated.

Certification

My statements on this form, and on any attachments to it, are true, complete, and correct to the best of my knowledge and belief and are made in good faith. I have carefully read the instructions to complete this form. I understand that if I make a false statement on this form, I may be subject to additional penalties under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65).

Signature of alleged violator or authorized representative Date

Name and title of signatory

FOR FURTHER INFORMATION ABOUT THE LAW OR REGULATIONS. . .

Contact the Office of Environmental Health Hazard Assessment's Proposition 65 Implementation Office at (916) 445-6900 or via e-mail at P65Public.Comments@oehha.ca.gov.

Revised: May 2014

¹ All further regulatory references are to sections of Title 27 of the California Code of Regulations unless otherwise indicated. The statute, regulations and relevant case law are available on the OEHHA website at: http://www.oehha.ca.gov/prop65/law/index.html.

² See Section 25501(a)(4).

Note: Authority cited: Section 25249.12, Health and Safety Code. Reference: Sections 25249.5, 25249.6, 25249.7, 25249.9, 25249.10 and 25249.11, Health and Safety Code.

HISTORY

1. New Appendix A filed 4-22-97; operative 4-22-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 17).

2. Amendment filed 1-7-2003; operative 2-6-2003 (Register 2003, No. 2).

3. Change without regulatory effect renumbering title 22, section 12903 and Appendix A to title 27, section 25903 and Appendix A, including amendment of appendix, filed 6-18-2008 pursuant to section 100, title 1, California Code of Regulations (Register 2008, No. 25).

4. Amendment filed 11-19-2012; operative 12-19-2012 (Register 2012, No. 47).

5. Amendment of appendix and Note filed 11-19-2014; operative 1-1-2015 (Register 2014, No. 47).

This database is current through 9/18/15 Register 2015, No. 38

27 CCR Appendix A, 27 CA ADC Appendix A



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

VIA CERTIFIED MAIL

Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 300 Bountiful, UT 84010

VIA CERTIFIED MAIL

ARIIX LLC (ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

VIA ELECTRONIC MAIL

Stacey Grassini, Deputy District Attorney Contra Costa County 900 Ward Street Martinez, CA 94553 sgrassini@contracostada.org

Michelle Latimer, Program Coordinator Lassen County 220 S. Lassen Street Susanville, CA 96130 mlatimer@co.lassen.ca.us

VIA ELECTRONIC MAIL

Dije Ndreu, Deputy District Attorney Monterey County 1200 Aguajito Road Monterey, CA 93940 Prop65DA@co.monterey.ca.us

Gary Lieberstein, District Attorney Napa County 931 Parkway Mall Napa, CA 94559 CEPD@countyofnapa.org

Paul E. Zellerbach, District Attorney Riverside County 3072 Orange Street Riverside, CA 92501 Prop65@rivcoda.org

Anne Marie Schubert, District Attorney Sacramento County 901 G Street Sacramento, CA 95814 Prop65@sacda.org

Gregory Alker, Assistant District Attorney San Francisco County 732 Brannan Street San Francisco, CA 94103 gregory.alker@sfgov.org

Tori Verber Salazar, District Attorney San Joaquin County 222 E. Weber Avenue, Room 202 Stockton, CA 95202 DAConsumer.Environmental@sjcda.org

Eric J. Dobroth, Deputy District Attorney San Luis Obispo County County Government Center Annex, 4th Floor San Luis Obispo, CA 93408 edobroth@co.slo.ca.us

VIA ELECTRONIC MAIL

Yen Dang, Supervising Deputy District Attorney Santa Clara County 70 W Hedding St San Jose, CA 95110 EPU@da.sccgov.org

Stephan R. Passalacqua, District Attorney Sonoma County 600 Administration Dr Sonoma, CA 95403 jbarnes@sonoma-county.org

Phillip J. Cline, District Attorney Tulare County 221 S Mooney Blvd Visalia, CA 95370 Prop65@co.tulare.ca.us

Gregory D. Totten, District Attorney Ventura County 800 S Victoria Ave Ventura, CA 93009 daspecialops@ventura.org

Jeff W. Reisig, District Attorney Yolo County 301 Second Street Woodland, CA 95695 cfepd@yolocounty.org

VIA ONLINE SUBMISSION

Office of the California Attorney General

VIA PRIORITY MAIL

District Attorneys of Select California Counties and Select City Attorneys (See Attached Certificate of Service)

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

Dear Addressees:

I represent Environmental Research Center, Inc. ("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 hazardous and toxic chemicals, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility.

The names of the Companies covered by this notice that violated Proposition 65 (hereinafter the "Violators") are:

ARIIX LLC dba ARIIX ARIIX Holdings, LLC dba ARIIX

The product that is the subject of this notice and the chemical in that product identified as exceeding allowable levels are:

Ariix Slenderiiz Power Boost Cocoa Flavor - 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 each of the Violators and the appropriate governmental authorities of the Proposition 65 violations concerning the listed product. This notice covers all violations of Proposition 65 involving the Violators 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 each of the Violators.

Each of the Violators has manufactured, marketed, distributed, and/or sold the listed product, which has exposed and continues 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 this product 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. Each of the Violators violated Proposition 65 because they failed to provide an appropriate warning to persons using and/or handling this product that they are being exposed to lead. Each of these ongoing violations has occurred on every day since July 29, 2013, as well as every day since the

product was 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 Violators agree in an enforceable written instrument to: (1) reformulate the listed product so as to eliminate further exposures to the identified chemical; (2) pay an appropriate civil penalty; and (3) provide clear and reasonable warnings compliant with Proposition 65 to all persons located in California who purchased the above product in the last three years. 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 chemical 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,

Rebecca Davis

Attachments

Certificate of Merit Certificate of Service OEHHA Summary (to ARIIX LLC dba ARIIX, ARIIX Holdings, LLC dba ARIIX, and their Registered Agents for Service of Process only) Additional Supporting Information for Certificate of Merit (to AG only)

CERTIFICATE OF MERIT

Environmental Research Center, Inc.'s Notice of Proposition 65 Violations Re: by ARIIX LLC dba ARIIX and ARIIX Holdings, LLC dba ARIIX

I, Rebecca Davis, declare:

- 1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged the parties 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 Violators 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: July 29, 2016

Rebecca Davis

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 July 29, 2016, 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 ARIIX LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010

Jeffrey Yates (ARIIX LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 300 Bountiful, UT 84010

Current CEO or President ARIIX Holdings, LLC dba ARIIX 563 West 500 South, Suite 340 Bountiful, UT 84010 Jeffrey A. Yates (ARIIX Holdings, LLC dba ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 300 Bountiful, UT 84010

ARIIX LLC (ARIIX's Registered Agent for Service of Process) 563 West 500 South, Suite 340 Bountiful, UT 84010

Current CEO or President ARIIX LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

Current CEO or President ARIIX Holdings, LLC dba ARIIX 2620 Decker Lake Boulevard, Suite 500 Salt Lake City, UT 84119

On July 29, 2016, I verified 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) were served on the following party when a true and correct copy thereof was uploaded 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 July 29, 2016, I verified the following documents **NOTICE OF VIOLATIONS**, **CALIFORNIA HEALTH & SAFETY CODE §25249.5** *ET SEQ*.; **CERTIFICATE OF MERIT** were served on the following parties when a true and correct copy thereof was sent via electronic mail to each of the parties listed below:

Stacey Grassini, Deputy District Attorney Contra Costa County 900 Ward Street Martinez, CA 94553 sgrassini@contracostada.org

Michelle Latimer, Program Coordinator Lassen County 220 S. Lassen Street Susanville, CA 96130 mlatimer@co.lassen.ca.us

Dije Ndreu, Deputy District Attorney Monterey County 1200 Aguajito Road Monterey, CA 93940 Prop65DA@co.monterey.ca.us

Gary Lieberstein, District Attorney Napa County 931 Parkway Mall Napa, CA 94559 CEPD@countyofnapa.org

Paul E. Zellerbach, District Attorney Riverside County 3072 Orange Street Riverside, CA 92501 Prop65@rivcoda.org

Anne Marie Schubert, District Attorney Sacramento County 901 G Street Sacramento, CA 95814 Prop65@sacda.org

Gregory Alker, Assistant District Attorney San Francisco County 732 Brannan Street San Francisco, CA 94103 gregory.alker@sfgov.org Tori Verber Salazar, District Attorney San Joaquin County 222 E. Weber Avenue, Room 202 Stockton, CA 95202 DAConsumer.Environmental@sjcda.org

Eric J. Dobroth, Deputy District Attorney San Luis Obispo County County Government Center Annex, 4th Floor San Luis Obispo, CA 93408 edobroth@co.slo.ca.us

Yen Dang, Supervising Deputy District Attorney Santa Clara County 70 W Hedding St San Jose, CA 95110 EPU@da.sccgov.org

Stephan R. Passalacqua, District Attorney Sonoma County 600 Administration Dr Sonoma, CA 95403 jbarnes@sonoma-county.org

Phillip J. Cline, District Attorney Tulare County 221 S Mooney Blvd Visalia, CA 95370 Prop65@co.tulare.ca.us

Gregory D. Totten, District Attorney Ventura County 800 S Victoria Ave Ventura, CA 93009 daspecialops@ventura.org

Jeff W. Reisig, District Attorney Yolo County 301 Second Street Woodland, CA 95695 cfepd@yolocounty.org

On July 29, 2016, 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 July 29, 2016, in Fort Oglethorpe, Georgia.

Phyllis Unnor

Phyllis Dunwoody

Notice of Violations of California Health & Safety Code §25249.5 *et seq.* July 29, 2016 Page 9 <u>Service List</u>

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, Suite 202 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, 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, 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, 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, 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 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 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, 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, Tuolumne County 423 N. Washington Street Sonora, CA 95370

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