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8	SUPERIOR COURT OF THE	STATE OF CALIFORNIA
9	FOR THE COUNTY	OF ALAMEDA
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12	CENTER FOR ENVIRONMENTAL HEALTH,) Case No. RG 17-851469
13	Plaintiff,) [PROPOSED] CONSENT JUDGMENT) AS TO FGF BRANDS, INC.
14	V.	
15	FOODSHOULDTASTEGOOD, INC., et al.,))
16	Defendants.)
17))
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21	1. DEFINITIONS	
22	•	ve complaint in the above-captioned matter.
23		baked potato or sweet potato based snack
24	foods, but not including sliced potato chips, that ar	•
25	("Covered Products"). It is the Parties' intent that	
26	Judgment are the kind of products falling within T	-
27	products" category in the Consent Judgment as to	Defendant Snak King Corporation, entered
28 DOCUMENT PREPARED	1 CONSENT JUDGMENT – FGF BRAND	OS. INC. – CASE NO. RG 17-851469
ON RECYCLED PAPER	COMBINITY OF BRIDE	,

August 31, 2011, in People v. Snyder's of Hanover, Alameda County Superior Court Case No. RG09455286.¹ An initial list of the Covered Products is attached as Exhibit A.

1.3 "Effective Date" means the date on which notice of entry of this Consent Judgment is by the Court is served upon Settling Defendant.

2. INTRODUCTION

- 2.1 The Parties to this Consent Judgment are the Center For Environmental Health ("CEH"), a California non-profit corporation, and FGF Brands, Inc., a Canadian corporation ("Settling Defendant"). CEH and Settling Defendant (the "Parties") enter into this Consent Judgment to settle all claims asserted by CEH against Settling Defendant as set forth in the Complaint and all Claims described in Section 7 of this Consent Judgment.
- 2.2 On November 29, 2016, CEH provided a 60-day Notice of Violation of Proposition 65 (the "Notice") to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000 and to Settling Defendant, alleging that Settling Defendant violated Proposition 65 by exposing persons to acrylamide contained in fried or baked potato or sweet potato based snack foods without first providing a clear and reasonable Proposition 65 warning.
- 2.3 Settling Defendant is a corporation or other business entity that manufactures, distributes, sells or offers for sale Covered Products that are sold in the State of California or has done so in the past.
- 2.4 On March 2, 2017, CEH filed the Complaint in the above-captioned matter, naming Settling Defendant as a defendant.
- 2.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter and enforce this Consent

¹ These products are referred to as "Group C, Type 4" products in Exhibit A to the Snak King Consent Judgment, which is available on the Attorney General's website, at https://oag.ca.gov/prop65/litigation.

Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on the facts alleged therein with respect to Covered Products.

2.6 Nothing in this Consent Judgment is or shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument or defense the Parties may have in any other pending or future legal proceedings. This Consent Judgment is the product of negotiation and compromise and is accepted by the Parties solely for purposes of settling, compromising, and resolving issues disputed in this Action.

3. INJUNCTIVE RELIEF

- 3.1 **Reformulation of Covered Products.** Upon notice of entry of this Consent Judgment by the Court (the "Effective Date"), Settling Defendant shall not purchase, manufacture, ship, sell or offer for sale Covered Products that will be sold or offered for sale in California that exceed the following acrylamide concentration limits, such concentration to be determined by use of a test performed by an accredited laboratory using either GC/MS (Gas Chromatrograph/Mass Spectrometry), LC-MS/MS (Liquid Chromatograph-Mass Spectrometry) or any other testing method agreed upon by the Parties:
- 3.1.1 The average acrylamide concentration shall not exceed 350 parts per billion ("ppb") by weight (the "Average Level"). The Average Level is determined by randomly selecting at least 5 samples from 5 different lots of Covered Products (or the maximum number of lots available for testing if less than 5) during a testing period of at least 60 days.
- 3.1.2 The acrylamide concentration of any individual unit shall not exceed 490 ppb by weight (the "Unit Level").

For avoidance of doubt, Covered Products either manufactured, or distributed, or sold by Settling Defendant prior to the Effective Date are not subject to the Reformulation Levels, even if such products are sold in California or to California consumers after the Effective Date.

4. ENFORCEMENT

4.1 **General Enforcement Provisions.** CEH may, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Any action to enforce alleged violations of Section 3.1 by Settling Defendant shall be brought exclusively pursuant to this Section 4, and be subject to the meet and confer requirement of Section 4.2.4 if applicable.

4.2 Enforcement of Reformulation Commitment.

4.2.1 <u>Notice of Violation</u>. In the event that CEH purchases an Covered Product in California with a best-by or sell-by (or equivalent) date or other code that reflects that the Covered Product was manufactured on or after the Effective Date, for which CEH has laboratory test results showing that the Covered Product has an acrylamide level exceeding the Unit Level, CEH may issue a Notice of Violation pursuant to this Section.

4.2.2 <u>Service of Notice of Violation and Supporting Documentation.</u>

4.2.2.1 Subject to Section 4.2.2, the Notice of Violation shall be sent to the person(s) identified in Section 8.2 to receive notices for Settling Defendant, and must be served within sixty (60) days of the later of the date the Covered Product at issue was purchased or otherwise acquired by CEH or the date that CEH can reasonably determine that the Covered Product at issue was manufactured, shipped, sold, or offered for sale by Settling Defendant, provided, however, that CEH may have up to an additional sixty (60) days to send the Notice of Violation if, notwithstanding CEH's good faith efforts, the test data required by Section 4.2.2.2 below cannot be obtained by CEH from its laboratory before expiration of the initial sixty (60) day period.

4.2.2.2 The Notice of Violation shall, at a minimum, set forth: (a) the date the Covered Product was purchased; (b) a description of the Covered Product giving rise to the alleged violation, including the name and address of the retail entity from which the sample was obtained and if available information that identifies the product lot; and (c) all test data obtained by CEH regarding the Covered Product and supporting documentation sufficient for validation of

the test results, including any laboratory reports, quality assurance reports and quality control reports associated with testing of the Covered Products.

- 4.2.3 <u>Notice of Election of Response</u>. No more than sixty (60) days after effectuation of service of a Notice of Violation, Settling Defendant shall provide written notice to CEH whether it elects to contest the allegations contained in a Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election within sixty (60) days of effectuation of service of a Notice of Violation shall be deemed an election to contest the Notice of Violation. Upon notice to CEH, Settling Defendant may have up to an additional sixty (60) days to elect if, notwithstanding Settling Defendant's good faith efforts, Settling Defendant is unable to verify the test data provided by CEH before expiration of the initial sixty (60) day period.
- 4.2.3.1 If a Notice of Violation is contested, the Notice of Election shall include all documents upon which Settling Defendant is relying to contest the alleged violation, including all available test data. If Settling Defendant or CEH later acquires additional test or other data regarding the alleged violation during the meet and confer period described in Section 4.2.4, it shall notify the other party and promptly provide all such data or information to the other party unless either the Notice of Violation or Notice of Election has been withdrawn.
- 4.2.4 Meet and Confer. If a Notice of Violation is contested, CEH and Settling Defendant shall meet and confer to attempt to resolve their dispute. Within sixty (60) days of serving a Notice of Election contesting a Notice of Violation, Settling Defendant may withdraw the original Notice of Election contesting the violation and serve a new Notice of Election to not contest the violation, provided, however, that, in this circumstance, Settling Defendant shall pay \$2,500 in addition to any payment required under this Consent Judgment. At any time, CEH may withdraw a Notice of Violation, in which case for purposes of this Section 4.2 the result shall be as if CEH never issued any such Notice of Violation. If no informal resolution of a Notice of Violation results within thirty (30) days of a Notice of Election to contest, CEH may file an enforcement motion or application pursuant to Section 4.1 regarding any alleged violation of Section 3.1. In any such proceeding, CEH may seek whatever fines, costs, penalties, attorneys'

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fees or other remedies are provided by law for an alleged failure to comply with the Consent Judgment.

- 4.2.5 <u>Non-Contested Notices</u>. If Settling Defendant elects to not contest the allegations in a Notice of Violation, it shall undertake corrective action(s) and make payments, if any, as set forth below.
- 4251 Settling Defendant shall include in its Notice of Election a detailed description with supporting documentation of the corrective action(s) that it has undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that all Covered Products having the same lot number as that of the Covered Product identified in CEH's Notice of Violation (the "Noticed Covered Products") will not be thereafter sold or offered for sale to California consumers, that the Noticed Covered Products are removed from the California market, and that Setting Defendant has sent instructions to any retailers or customers that offer the Noticed Covered Products for sale to cease offering the Noticed Covered Products for sale to California consumers and to either return all such Noticed Covered Products to Settling Defendant for destruction, or to directly destroy such Noticed Covered Products. Settling Defendant shall keep and make available to CEH for inspection and copying records any correspondence regarding the market withdrawal and destruction of the Noticed Covered Products. If there is a dispute over the corrective action, Settling Defendant and CEH shall meet and confer before seeking any remedy in court. In no case shall CEH issue more than one Notice of Violation per manufacturing lot of a type of Covered Product.
- 4.2.5.2 If the Notice of Violation is the first, second, third or fourth Notice of Violation received by Settling Defendant under Section 4.2.1 that was not successfully contested or withdrawn, then Settling Defendant shall pay \$15,000 for each Notice of Violation. If Settling Defendant has received more than four (4) Notices of Violation under Section 4.2.2 that were not successfully contested or withdrawn, then Settling Defendant shall pay \$25,000 for each Notice of Violation. If Settling Defendant produces with its Notice of Election test data for the Covered

Product that: (i) was conducted prior to the date CEH gave Notice of Violation; (ii) was conducted on the same type of Covered Product; and (iii) demonstrates acrylamide levels below the Unit Level, then any payment under this Section shall be reduced by 100 percent (100%) for the first Notice of Violation, by seventy-five percent (75%) for the second Notice of Violation and by fifty percent (50%) for any subsequent Notice of Violation. In no case shall Settling Defendant be obligated to pay more than \$100,000 for uncontested Notices of Violation in any calendar year irrespective of the total number of Notices of Violation issued.

- 4.2.6 <u>Payments</u>. Any payments under Section 4.2 shall be made by check payable to the "Lexington Law Group" and shall be paid within thirty (30) days of service of a Notice of Election triggering a payment and shall be used as reimbursement for costs for investigating, preparing, sending and prosecuting Notices of Violation, and to reimburse attorneys' fees and costs incurred in connection with these activities.
- 4.3 **Repeat Violations.** If Settling Defendant has received four (4) or more Notices of Violation concerning the same type of Covered Product that were not successfully contested or withdrawn in any two (2) year period then, at CEH's option, CEH may seek whatever fines, costs, penalties, attorneys' fees or other remedies that are provided by law for failure to comply with the Consent Judgment. Prior to seeking such relief, CEH shall meet and confer with Settling Defendant for at least thirty (30) days to determine if Settling Defendant and CEH can agree on measures that Settling Defendant can undertake to prevent future alleged violations.

5. PAYMENTS

- 5.1 **Payments by Settling Defendant.** Within ten (10) calendar days of the Effective Date, Settling Defendant shall pay the total sum of \$75,000 as a settlement payment as further set forth in this Section.
- 5.2 **Allocation of Payments.** The total settlement amount for Settling Defendant shall be paid in five (5) separate checks in the amounts specified below and delivered as set forth below. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each

1	day the full payment is not received after the applicable payment due date set forth in Section 5.1.	
2	The late fees required under this Section shall be recoverable, together with reasonable attorneys'	
3	fees, in an enforcement proceeding brought pursuant to Section 4 of this Consent Judgment. The	
4	funds paid by Settling Defendant shall be allocated as set forth below between the following	
5	categories and made payable as follows:	
6	5.2.1 \$10,000 as a civil penalty pursuant to Health & Safety Code § 25249.7(b).	
7	The civil penalty payment shall be apportioned in accordance with Health & Safety Code §	
8	25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health	
9	Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty	
10	payment for \$7,500 shall be made payable to OEHHA and associated with taxpayer identification	
11	number 68-0284486. This payment shall be delivered as follows:	
12	For United States Postal Service Delivery:	
13	Attn: Mike Gyurics	
14	Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B	
15	Sacramento, CA 95812-4010	
16	For Non-United States Postal Service Delivery:	
17	Attn: Mike Gyurics	
18		
19	1001 I Street, MS #19B Sacramento, CA 95814	
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21	The CEH portion of the civil penalty payment for \$2,500 shall be made	
22	payable to the Center For Environmental Health and associated with taxpayer identification	
23	number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero	
24	Street, San Francisco, CA 94117.	
25	5.2.2 \$7,500 as an Additional Settlement Payment ("ASP") to CEH pursuant to	
26	Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH	
27	intends to restrict use of the ASPs received from the Consent Judgment before the Court to the	
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following purposes: the funds will be placed in CEH's Toxics in Food Fund and used to support CEH programs and activities that seek to educate the public about acrylamide and other toxic chemicals in food, to work with the food industry and agriculture interests to reduce exposure to acrylamide and other toxic chemicals in food, and to thereby reduce the public health impacts and risks of exposure to acrylamide and other toxic chemicals in food sold in California. CEH shall obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty (30) days of any request from the Attorney General. The payment pursuant to this Section shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 9411.

5.2.3 \$57,500 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$48,665 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$8,835 payable to the Center For Environmental Health and associated with taxpayer identification number 94-3251981. These payments shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

6. MODIFICATION AND DISPUTE RESOLUTION

- 6.1 **Modification.** This Consent Judgment may be modified from time to time by express written agreement of the Parties, with the approval of the Court and prior notice to the Attorney General's Office, or by an order of this Court upon motion and prior notice to the Attorney General's Office and in accordance with law.
- 6.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other party prior to filing a motion to modify the Consent Judgment.

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7. CLAIMS COVERED AND RELEASE

- Section 5 hereof, this Consent Judgment is a full, final and binding resolution between CEH, acting on behalf of itself, and in the public interest, and Settling Defendant and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, shareholders, successors, assigns, and attorneys ("Defendant Releasees"), and all entities to which Settling Defendant directly or indirectly distributes or sells Covered Products, including but not limited to distributors, wholesalers, customers, retailers (including but not limited to Save Mart Supermarkets), franchisees, licensors and licensees ("Downstream Defendant Releasees"), of any violation of Proposition 65 based on failure to warn about alleged exposure to acrylamide contained in Covered Products that were sold, distributed or offered for sale by Settling Defendant prior to the Effective Date. With respect to any claims regarding failure to warn about alleged exposure to acrylamide contained in Covered Products that were sold, distributed or offered for sale by Settling Defendant prior to the Effective Date, this release on behalf of CEH in the public interest is intended to be as broad as the law permits.
- 7.2 Provided that Settling Defendant complies in full with its obligations under Section 5 hereof, CEH, for itself, its agents, successors and assigns, releases, waives, and forever discharges any and all claims against Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees arising from any violation of Proposition 65 or any other statutory or common law claims that have been or could have been asserted by CEH individually or in the public interest regarding the failure to warn about exposure to acrylamide arising in connection with Covered Products manufactured, distributed or sold by Settling Defendant prior to the Effective Date.
- 7.3 Provided that Settling Defendant complies in full with its obligations under Section 5 hereof, compliance with the terms of this Consent Judgment shall constitute compliance with Proposition 65 by Settling Defendant, Defendant Releasees and Downstream Defendant Releasees, with respect to any alleged exposure to or failure to warn about acrylamide in Covered

1	Products that are manufactured, distributed or sold by Settling Defendant after the Effective Date.	
2	7.4 Provided that Settling Defendant complies in full with its obligations under	
3	Section 5 hereof, entry of this Consent Judgment will resolve all claims alleged against FGF and	
4	Save Mart in the Complaint related to the Covered Products. In the event CEH and Save Mart	
5	have not resolved Plaintiff's allegations against Save Mart in the Complaint with respect to non-	
6	Covered Products, CEH will make clear on the record that CEH is no longer pursuing claims	
7	against Save Mart regarding Covered Products. For the sake of clarity, no obligations in this	
8	8 Consent Judgment shall apply to Save Mart.	
9	8. PROVISION OF NOTICE	
10	8.1 When CEH is entitled to receive any notice under this Consent Judgment, the	
11	notice shall be sent by first class and electronic mail to:	
12	Howard Hirsch	
13	Lexington Law Group 503 Divisadero Street	
14	San Francisco, CA 94117 hhirsch@lexlawgroup.com	
15	8.2 When Settling Defendant is entitled to receive any notice under this Consent	
16	Judgment, the notice shall be sent by first class and electronic mail to:	
17	Diana Torres	
18	Kirkland & Ellis LLP 333 South Hope Street	
19	Los Angeles, CA 90071 Diana.torres@kirkland.com	
20	Any Party may modify the person and/or address to whom the notice is to be sent	
21	by sending the other Party notice by first class and electronic mail.	
22	9. COURT APPROVAL	
23	9.1 This Consent Judgment shall become effective upon the date signed by CEH and	
24	Settling Defendant, whichever is later, provided however, that CEH shall prepare and file a	
25	Motion for Approval of this Consent Judgment and Settling Defendant shall support entry of this	
26	Consent Judgment by the Court.	
27	9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or	
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CONSENT JUDGMENT – FGF BRANDS, INC. – CASE NO. RG 17-851469

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effect and shall not be introduced into evidence or otherwise used in any proceeding for any purpose.

10. GOVERNING LAW AND CONSTRUCTION

10.1 The terms of this Consent Judgment shall be governed by the laws of the State of California.

11. ATTORNEYS' FEES

- 11.1 A Party who unsuccessfully brings or contests an action arising out of this Consent Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs.
- 11.2 Nothing in this Section 11 shall preclude a party from seeking an award of sanctions pursuant to law.

12. ENTIRE AGREEMENT

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

13. RETENTION OF JURISDICTION

13.1 This Court shall retain jurisdiction of this matter to implement or modify the

1 Consent Judgment. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT 2 14. 3 Each signatory to this Consent Judgment certifies that he or she is fully authorized 4 by the Party he or she represents to stipulate to this Consent Judgment and to enter into and 5 execute the Consent Judgment on behalf of the Party represented and legally to bind that Party. 6 15. NO EFFECT ON OTHER SETTLEMENTS 7 15.1 Subject to the Releases set forth in Section 7 above, nothing in this Consent 8 Judgment shall preclude CEH from resolving any claim against any other entity on terms that are 9 different than those contained in this Consent Judgment. 10 16. REPRESENTATION BY COUNSEL 11 16.1 Each Party acknowledged that it was represented and advised by counsel in this 12 matter and has been provided an adequate opportunity to review this Consent Judgment before 13 signing it. Each Party understands that the facts with respect to which this Consent Judgment are 14 agreed to may hereafter prove to be different from the facts now known or believed by it, and each Party hereby accepts and assumes the risk thereof and agrees that this Consent Judgment 15 16 shall be and shall remain, in all respects, effective and not subject to termination or rescission by 17 reason of any such difference in facts. 18 17. **EXECUTION IN COUNTERPARTS** 19 17 1 The stipulations to this Consent Judgment may be executed in counterparts and by 20 means of facsimile or portable document format (pdf), which taken together shall be deemed to 21 constitute one document. 22 23 IT IS SO ORDERED, ADJUDGED, 24 AND DECREED 25 Dated: 26 Judge of the Superior Court 27 13

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IT IS SO STIPULATED: Dated: 1 Tuy, 2017 CENTER FOR ENVIRONMENTAL HEALTH Signature Printed Name Title Dated: _____, 2017 FGF BRANDS, INC. Signature Printed Name Title DOCUMENT PREPARED on Recycled Paper CONSENT JUDGMENT - FGF BRANDS, INC. - CASE NO. RG 17-851469

IT IS SO STIPULATED: Dated: _____, 2017 CENTER FOR ENVIRONMENTAL HEALTH Signature Printed Name Title Dated: July 25, 2017 EGF BRANDS, INC. TEJUS AJMERA Printed Name Co-CEO Title DOCUMENT PREPARED ON RECYCLED PAPER CONSENT JUDGMENT - FGF BRANDS, INC. - CASE NO. RG 17-851469

1	EXHIBIT A
2	COVERED PRODUCTS
3	Naan Crisps Original Flavor
4	Naan Crisps Tandoori Spice Flavor
5	Naan Crisps Garlic Parmesan Flavor
6	Naan Crisps Everything Flavor
7	Tradit Chiops Dverytimig Flavor
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