

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
AJISHIMA FOODS CO., LTD.

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

1.0 Introduction

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

1.2 The products covered by this Settlement Agreement are rice seasoning manufactured, produced, distributed and/or sold by Ajishima, including but not limited to “Rice Seasoning/Wakame Chazuke”, Net wt. 50g; 1.7oz produced by Ajishima Foods Co., Ltd. 788, Hui Cheng Road, Shanghai, China 201399; distributed by JFC International, Inc.; 7101 East Slauson Ave.; UPC

011152158075. (referred to throughout as the “Covered Products”). The Covered Products are limited to those sold by Ajishima only.

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

1.3 On February 27, 1987, the Governor of California added Lead to the list of chemicals known to the State to cause developmental and reproductive toxicity, and on October 1, 1992, the Governor added Lead and Lead Compounds to the list of chemicals known to the State to cause cancer. These additions took place more than twenty (20) months before CAG served its “Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which is further described below.

1.4 Lead and Lead Compounds are referred to hereafter as the “Listed Chemical.”

1.5 On or about December 20, 2016, CAG served, Ajishima Foods Co., Ltd.; JFC International Inc., Tawa Supermarket Inc. dba 99 Ranch Market and dba 168 Market; and Walong Marketing, Inc., and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“Notice”) regarding Covered Products containing the Listed Chemical.

1.6 Ajishima denies the allegations of the Notice that the Covered Products were not in compliance with Proposition 65 and all other applicable laws at all

times relevant to CAG's claims and that it is subject to the personal jurisdiction of the court in California.

1.7 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties concerning the allegations of the Notice and the Covered Products' compliance with Proposition 65 (the "Dispute") as set forth below.

1.8 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, jurisdiction, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall constitute, be considered or be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law, fault, wrongdoing, liability, or jurisdiction, including without limitation, any admission concerning any alleged violation of Proposition 65, nor shall this Settlement Agreement or compliance with its terms be offered, or admitted as evidence of an admission or evidence, including but not limited to, of fault, wrongdoing, or liability or a consent to personal jurisdiction by Ajishima, its officers, directors, employees, parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum, except with respect to an action seeking to enforce the terms of the this Settlement Agreement. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Ajishima may have against one

another, including but not limited to rights regarding whether a party is subject to the personal jurisdiction, in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

2.1 This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, its past and current agents, representatives, attorneys, successors, and/or assignees, on the one hand, and, on the other hand, (a) Ajishima, and each entity to whom Ajishima has directly or indirectly provided, distributed, or sold the Covered Products, including but not limited to JFC International Inc., Tawa Supermarket Inc. dba 99 Ranch Market and dba 168 Market ; and Walong Marketing, Inc.; (b) all distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees who are downstream in the chain of distribution of the Covered Products of the entities identified in (a) above; and (c) all past and current owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, agents, attorneys, predecessors, successors, and assigns of Ajishima and the other entities and individuals identified in (a), and (b) above (the released entities and individuals identified in (a), (b) and (c) above, are collectively referred to as “Releasees”) of any violation(s) or alleged violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees regarding any exposures to the Listed Chemical and/or the failure to warn about exposure to the Listed Chemical arising in connection with the Covered Products manufactured,

shipped, sold and/or otherwise distributed prior to the Effective Date, even if sold by Releasees after the Effective Date.

CAG, on behalf of itself and its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products all claims and rights to institute or participate in, directly or indirectly, any form of legal action, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), against Releasees that arise under Proposition 65 or any other statutory or common law claims that were or could have been asserted with respect to any Covered Products manufactured, shipped, sold and/or otherwise distributed by Ajishima prior to the Effective Date, even if sold by Releasees after the Effective Date, to the extent that such claims relate to Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Products and/or any failure by Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

2.2 CAG acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

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

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

3.0 Ajishima's Duties

3.1 Ajishima agrees, promises, and represents that after the Effective Date Ajishima shall either (a) ensure that it reformulates any Covered Products manufactured after the Effective Date and offered for sale in California to a point where the level of Lead in the Covered Products does not exceed 75 parts per billion ("Reformulation Standard"), or (b) if the Covered Products offered for sale in California do not meet the Reformulation Standard, Ajishima shall provide warnings on such Covered Products that comply with Proposition 65. The warnings shall be provided in such a conspicuous and prominent manner that will assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling stating that "WARNING: This product contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm," "WARNING: This product contains lead and lead

compounds, which are known to the State of California to cause cancer, birth defects or other reproductive harm. California law requires this warning to be given to customers in the State of California,” or “**WARNING:** Consuming this product can expose you to chemicals including lead and lead compounds, which are 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/food” shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products. Compliance with any existing or future regulations, which set forth the conditions of a complaint warning shall constitute compliance with the term of this Settlement Agreement. CAG and Ajishima agree that compliance with the terms of this Settlement Agreement by Ajishima shall constitute compliance with Proposition 65 with respect to any exposure to the Listed Chemical in the Covered Products.

3.2 Ajishima agrees, promises, and represents that, within sixty (60) days of the Effective Date, to the extent it ships or sells any Covered Products in existing inventory to California that do not meet the Reformulation Standard, it will provide warnings on such Covered Products that comply with Proposition 65 as set forth in Section 3.1.

4.0 Payments

4.1 Ajishima agrees, to pay a total of forty-six thousand dollars (\$46,000), within ten (10) days of the Effective Date, by three (3) separate checks apportioned as follows:

4.1.1 Penalty: Ajishima shall issue two separate checks for a total

amount of fourteen thousand dollars (\$14,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of ten thousand five-hundred dollars (\$10,500.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of three thousand five-hundred dollars (\$3,500.00), representing 25% of the total penalty. OEHHA's check shall be delivered to the Office of Environmental Health Hazard Assessment, Attn: Mike Gyurics, P.O. Box 4010, Sacramento, California 95812-4010. CAG's check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. Additionally, two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95812 (EIN: 68-0284486) in the amount of \$10,500.00. The second 1099 shall be issued in the amount of \$3,500.00 to CAG and delivered to: Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212..

4.1.2 Attorneys' Fees and Costs: Thirty-two thousand dollars (\$32,000.00) of such payment shall be paid to Yeroushalmi & Yeroushalmi, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Ajishima's attention. The check

shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi,
9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

By the Effective Date, Yeroushalmi & Yeroushalmi shall provide
Ajishima with its Employer Identification Number.

5.0 Authority to Enter Into Settlement Agreement

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

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

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

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

7.0 Execution in Counterparts and Facsimile

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

8.0 Entire Agreement

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

9.0 Modification of Settlement Agreement

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

10.0 Application of Settlement Agreement

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

11.0 Enforcement of Settlement Agreement

11.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in Sections 11.2 and 11.3 of this Settlement Agreement, solely for the purposes of enforcing the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

11.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Ajishima by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the Parties fail to resolve the Dispute after complying with the requirements set forth in Section 11.3 below. Any notice to Ajishima must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without reformulation or a warning, (c)

the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

11.3 Within 30 days of receiving the notice described in Section 11.2, the Parties shall meet and confer either in person or by telephone to attempt to resolve the Dispute. Ajishima may, at its sole option, resolve the Dispute by either (1) sending its distributor, or the store or other place at which the product was available for sale to the public, a letter directing that the offending product be immediately removed from inventory and returned to Ajishima in accordance with the terms of the applicable distribution agreement, or (2) refute the information provided under Section 11.2. Should the parties be unable to resolve the Dispute, any Party may seek relief under Section 11.1.

12.0 Notification Requirements

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

For CAG:

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

For Ajishima Foods Co., Ltd.:

Ajishima Foods Co., Ltd.
788 Hui Cheng Road
Nan Hui Industrial Park
Pudong New Area
ShangHai, China 201399
China

Peter Duchesneau
MANATT, PHELPS & PHILLIPS, LLP
11355 W. Olympic Blvd.
Los Angeles, CA 90064

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

13.0 SEVERABILITY

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


14.0 GOVERNING LAW

14.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Products, then Ajishima shall provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this

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

CONSUMER ADVOCACY GROUP, INC.

Dated: 10-23-17

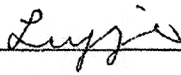
By: 

Printed Name: Michel Sasson

Title: Executive Director

AJISHIMA FOODS CO., LTD.:

Dated: 2017.10.24

By: 

Printed Name: Pi Yen Lu

Title: Manager

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