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5	Attorneys for Plaintiff		
6	Center for Advanced Public Awareness, Inc. (	CAPA )	
7	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
8			
9	COUNTY OF SANTA CLARA		
10	CENTER FOR ADVANCED PUBLIC	No. <u>17CV311166</u>	
11	AWARENESS, INC., a California nonprofit corporation,	[STIPULATED] CONSENT JUDGMENT	
12	Plaintiff,	(Health & Safety Code § 25249.6 et seq.)	
13	VS.		
14	COASTAL AMERICARE, INC., doing		
15	business as ELEMENTAL WELLNESS, a California corporation; and DOES 1-25,		
16	inclusive,		
17	Defendant.		
18	1. INTRODUCTION		
19	1.1 On May 31, 2017, Plaintiff CENTER FOR ADVANCED PUBLIC AWARENESS,		
20	INC. ("CAPA"), a non-profit corporation, in the public interest as a private enforcer, commenced this		
21	action by filing a Complaint for Permanent Injunction, Civil Penalties and Other Relief (the		
22	"Complaint") pursuant to the provisions of California Health and Safety Code, section 25249.5 et		
23	seq. ("Proposition 65"), against COASTAL AMERICARE, INC., doing business as ELEMENTAL		
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26	and/or distributed for sale in the State of California marijuana intended for smoking, the consumption		
27	and use of which results in the generation of marijuana smoke, without first providing the clear and		

CASE NO. 17CV311166

reasonable exposure warning required by Proposition 65. Marijuana smoke is listed pursuant to Proposition 65 as a chemical that is known to the State of California to cause cancer. These products, including flowers, leaves, stems, and other organic parts of marijuana plants (referred to hereinafter individually as a "Subject Product" or collectively as "Subject Products") are cannabis or marijuana intended for combustion via smoking and then inhalation. The intended and foreseeable consumption and use (inhalation) of the Subject Products that are produced, processed, marketed, distributed, offered for sale and/or sold by Defendant in California allegedly results in exposures to marijuana smoke. Plaintiff alleges such exposures require a clear and reasonable Proposition 65 warning, but no such warning was given.

- 1.2 CAPA and Defendant are hereinafter referred to individually as a "Party" or collectively as the "Parties."
- 1.3 CAPA is a California non-profit corporation that, among other purposes and causes it is dedicated to, provides information about the hazards of toxins in consumer products, protects the public health by preventing pollution and toxics from being discharged, released or emitted into the environment, and enforces state and federal laws in protection of consumers and the environment.
- 1.4 At all times mentioned in the Complaint, Defendant was a California non-profit corporation that, among other purposes and causes it is dedicated to, provided medical cannabis to ill Californians and cannabis for recreational use pursuant to the laws of the State of California and the current laws of the City of San Jose. At all times mentioned in the Complaint, Defendant was a collective and only provides products to its registered patient members.
- 1.5 For purposes of this Consent Judgment, the Parties agree that Defendant is a business entity that has employed ten or more persons for all of the alleged violation period, and qualifies as a "person in the course of doing business" within the meaning of Proposition 65.
- 1.6 The Complaint is based on allegations contained in CAPA's Notice of Violation dated January 20, 2017, that was served on the California Attorney General, other public enforcers, and Defendant ("Notice of Violation" or "NOV"). More than 60 days, plus five (5) days for mailing, have passed since the NOV was mailed and uploaded to the Attorney General's website, and no designated

governmental entity has diligently prosecuted this matter, as exemplified by the filing of the Complaint against Defendant with regard to the Subject Products or the alleged violations.

- 1.7 CAPA's NOV and Complaint allege that use of the Subject Products exposes persons in California to marijuana smoke without first providing clear and reasonable warnings in violation of California Health and Safety Code, section 25249.6. Defendant denies all material allegations contained in the Notice and Complaint.
- 1.8 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, or its subsidiaries or divisions. 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 of law, at any time, for any purpose.
- 1.9 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties have in any other or future legal proceeding unrelated to these proceedings.
- 1.10 The "Effective Date" of this Consent Judgment is the date on which this Court approves and the Judgment becomes final.

# JURISDICTION AND VENUE

2.1 The Parties stipulate and agree that the Superior Court of California, County of Santa Clara has subject matter jurisdiction over the matters alleged in this action and personal jurisdiction over the Parties to this Final Judgment. The Parties further stipulate that venue is proper in Santa Clara County, and that this Court has jurisdiction and authority to enter a full and final resolution of all claims, which were or could have been brought in this action based on the allegations contained in the NOV and/or Complaint.

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# 3. INJUNCTIVE RELIEF AND WARNINGS TO BE PROVIDED

3.1 Commencing on the Effective Date, pursuant to the provisions of California Health & Safety Code, section 25249.7, subdivision (a), Defendant is enjoined and prohibited from violating or threatening to violate 24249.6 *et seq.*, and its implementing regulations, California Code of Regulations, title 27, sections 25601 *et seq.* 

Nothing in this Consent Judgment shall be interpreted to prohibit Defendant from modifying the warning text to also reference reproductive harm in compliance with California Code of Regulations, title 27, sections 25601 *et seq.*, as may be amended. At its sole discretion, Defendant may use additional Proposition 65 warning text, consistent with California Code of Regulations, title 27, section 25601 *et seq.*, as may be amended, regarding reproductive harm should Defendant supply, manufacture, distribute, offer for sale or sell such products requiring a reproductive harm warning. If Defendant is required to provide a warning for reproductive harm, Defendant may use the bracketed language, below in Section 3.2.1, without further approval by the Court.

# 3.2 Clear and Reasonable Warnings

Commencing on or before the Effective Date, and for a period of three (3) years thereafter, Defendant shall be enjoined to provide a Clear and Reasonable Warning as set forth herein.

3.2.1 In-Store or Product Label Warnings. Defendant shall either 1) post in-store warning signs ("In-Store Warnings") or 2) affix a warning label to the packaging, labeling, or directly on each Subject Product ("Product Label Warning") sold in retail store(s) or through a delivery service, if any, in California.

In-Store Warnings shall be provided at two or more of the following locations: a) at or near each cash register in the store; b) at or near each display case in the store; or c) at or near the entrance to the store. The warnings shall be at least 8 inches by 10 inches, and posted at a height and location that will make it conspicuous and easy to read for the average person. The text of the warning shall be printed in black ink, in a font that is easy to read and legible, but in no case less than a size 34 font.

The text of Product Label Warnings shall be printed in black ink, in a font that is easy to read and legible. The warning text shall be in a type size no smaller than the largest type size used for other consumer information on the product and, in no case, shall the warning appear in a type size smaller than 6-point type. The warning shall be securely affixed to (via a label) or printed upon the container, label, or labeling of each Subject Product. Employees may not write over the text of the warning for any reason.

The warning must be substantially similar to the following and may also include a warning concerning birth defects or other reproductive harm (bracketed [] language below may be added at the sole discretion of Defendant):

WARNING:

This product contains a chemical (Marijuana Smoke) known to the State of California to cause cancer [and other chemicals that may cause birth defects or other reproductive harm].

or

**⚠** WARNING:

Smoking [or consuming] marijuana products can expose you to chemicals including marijuana smoke, which is known to the State of California to cause cancer[, and \_\_\_\_\_, which is known to the State of California to cause birth defects or other reproductive harm]. For more information go to www.P65Warnings.ca.gov.

or

# MARNING: Cancer [and Reproductive Harm]- www.P65Warnings.ca.gov.

In no circumstance shall Defendant be required to change the Proposition 65 Warning provided by a third party manufacturer of a product on said manufacturer's product.

If, as set forth above, a Product Label Warning label is utilized, then no other warnings are required.

If a Product Label Warning label is not utilized and only an In-Store Warning is utilized, then Defendant must also provide <u>one</u> of the following warnings as set forth in Sections 3.2.2 and 3.2.3:

3.2.2 Internet Website Warning. If Defendant maintains a website, then, for all Subject Products that are advertised on a website as offered for sale at Defendant's dispensary or available for delivery directly to Defendant's dispensary members, a warning that complies with the content requirements of Section 25603(a) and Section 3.2.1 above must also be provided by including either the warning or a clearly marked hyperlink using the word "WARNING" on the Subject Product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. If an on-product warning is provided as set forth above, the warning provided on the website may use the same content as the on-product warning. No statements, whether intended or reasonably likely to have the effect of diminishing the meaning or impact of, or decreasing the clarity or conspicuousness of, shall accompany the warning such that it may affect how the warning is understood by a lay consumer/patient.

3.2.3 Membership Warning. Defendant shall provide a warning in its Membership Agreement which states "WARNING: Certain products, dispensed at our dispensary, can expose you to chemicals including Marijuana Smoke, which is known to the state of California to cause cancer[, and \_\_\_\_\_, which is known to the State of California to cause birth defects or other reproductive harm]. For more information, go to <a href="https://www.P65Warnings.ca.gov.">www.P65Warnings.ca.gov.</a>." This Warning shall be printed in black ink, in a font that is no smaller than the type on the rest of the page, and separated from its surrounding text.

# 4. SETTLEMENT PAYMENT

**4.1** In full satisfaction of all potential civil penalties, additional settlement payments, attorney's fees, and costs, Defendant shall pay \$75,000.00 ("Total Settlement Amount"). Total Settlement Amount (\$75,000.00) shall be paid within twenty-one (21) days of the Effective Date. The Total Settlement Amount shall be apportioned as follows:

**4.2 Penalty Amount:** \$12,500.00 shall be considered a civil penalty pursuant to California Health and Safety Code section 25249.7, subdivision (B)(1). CAPA shall remit 75% of the civil penalty, or \$9,375.00, to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with

California Health and Safety Code, section 25249.12, subdivision (c). CAPA will retain the remaining 25%, or \$3,125.00, of the civil penalty.

- **4.3 Costs:** \$12,577.70 shall be distributed to CAPA as reimbursement for reasonable costs incurred in bringing this action.
- 4.4 Attorneys Fees Amount: \$49,922.30 shall be distributed to Aqua Terra Aeris Law Group ("ATA") for legal fees and costs incurred as a result of this matter, including investigating, bringing this matter to Defendant's attention, litigating, and negotiating a settlement in the public interest. Defendant shall make the payment by wire transfer to ATA's escrow account, for which ATA will give Defendant the necessary account information, or other reasonable commercial method within twenty-one (21) days of the Court's approval and entry of this Consent Judgment.
- 4.5 In the event that Defendant fails to remit the Total Settlement Payment owed under Section 4 of this Consent Judgment within twenty-one (21) days of the Effective Date, Defendant shall be deemed to be in material breach of its obligations under this Consent Judgment. CAPA shall provide written notice of the delinquency to Defendant's counsel via electronic mail. If Defendant fails to deliver the Total Settlement Payment within five (5) after 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, Defendant agrees to pay ATA's reasonable attorney fees and costs for any efforts to collect the payment due under this Consent Judgment.
- **4.6** Defendant shall provide CAPA's counsel with separate 1099 forms for each of its payments under this Consent Judgment to:
  - (a) "Office of Environmental Health Hazard Assessment," P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) for civil penalties paid;
  - (b) "Center for Advanced Public Awareness, Inc.," whose address and tax identification number shall be furnished after this Consent Judgment has been fully executed by the Parties, for its 25% portion of penalties and reasonable costs incurred in bringing this action, pursuant to Sections 4.2 and 4.3, respectively.

(c) "Aqua Terra Aeris Law Group," for attorneys' fees and costs reimbursed pursuant to Section 4.4.

For any payment that is returned for insufficient funds, payment must be made by a cashier's check within ten (10) calendar days of notification of insufficient funds.

# 5. CLAIMS COVERED AND RELEASED

5.1 Plaintiff's Public Binding Release of Proposition 65 Claims. This Consent Judgment is a full, final, and binding resolution between CAPA, acting on behalf of itself and in the public interest, and Defendant, and its parents, subsidiaries, directors, members, officers, employees, attorneys, and for those affiliated entities under common ownership (collectively, "Releasees") related to any violation of Proposition 65 that was or could have been asserted by CAPA, on behalf of itself, against Releasees for unwarned exposures to marijuana smoke from the Subject Products produced, processed, marketed, offered for sale, sold or distributed for sale in California by Defendant prior to the Effective Date. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with respect to exposures to marijuana smoke from the Products sold by or through Defendant after the Effective Date.

5.2 CAPA's Individual Release of Claims. CAPA, on its own behalf, also provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of CAPA of any nature, character or kind, whether known or unknown, suspected or unsuspected, arising out of alleged or actual exposures to marijuana smoke in the Subject Products grown, cultivated, processed or sold or distributed for sale by Defendant in California before the Effective Date.

5.3 Defendant's Release of CAPA. Defendant, on its own behalf and on behalf of its past and current agents, members, representatives, attorneys, successors, and assignees, hereby waives any and all claims that it may have against CAPA, its attorneys, Monica Zhang and other representatives, for any and all actions taken or statements made (or those that could have been taken

or made) by CAPA, its attorneys, Monica Zhang and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter.

5.4 California Civil Code, Section 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Subject Products will develop or be discovered. CAPA on its behalf only, on one hand, and Defendant, on the other hand, acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through the Effective Date, including all rights of action therefor. CAPA and Defendant acknowledge that the claims released in Sections 5.2 and 5.3 above may include unknown claims, and nevertheless waive California Civil Code, section 1542 as to any such unknown claims. California Civil Code, section 1542 reads as follows:

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

CAPA and Defendant each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code, section 1542.

### 6. COURT APPROVAL

This Consent Judgment has no force or effect until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved and entered by the Court within one year after it has been fully executed by all Parties.

#### 7. SEVERABILITY

If, subsequent to the execution of this Consent Judgment, any provision of this Consent Judgment is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

# 8. GOVERNING LAW AND CONTINUING JURISDICTION

The terms of this Consent Judgment shall be governed by the laws of the state of California and apply within the state of California. Pursuant to Code of Civil Procedure section 664.6, the Court retains jurisdiction over this matter and terms of the Judgment contained herein. In the event

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the Subject Products, then Defendant may provide written notice to CAPA of any asserted change in the law, and have no further obligations pursuant to this Consent Judgment, with respect to, and to the extent that, the Subject Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve Defendant from any obligation to comply with any pertinent state laws concerning labeling, warning or toxics in consumer products. If OEHHA or other governmental body with authority promulgates regulations setting forth warning text and/or methods of transmission required or permitted to be used under Proposition 65 for exposures to marijuana smoke in the Subject Products as defined herein, then at its sole discretion Defendant may use such other warning text and/or method of transmission, without being deemed in breach of this Consent Judgment, provided that Defendant sends written notice of this decision and includes the content and means of transmission of the warning to CAPA sixty (60) days in advance of implementing any such changes. CAPA shall have an opportunity to provide comments and to meet and confer regarding the proposed changes before they are fully implemented.

#### 9. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and sent by: (i) personal delivery; (ii) first-class mail, registered or certified, with return receipt requested; or (iii) a recognized overnight courier on any party by the other party at the following addresses:

#### For Defendant:

Coastal Americare, Inc. dba Elemental Wellness Center ATTN: Joseph LoMonaco, CEO 985 Timothy Drive San Jose, CA 95133

With a copy to: Roberts & Elliott, A Law Corporation c/o James Roberts 150 Almaden Blvd. Suite 950 San Jose, CA 95113

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CASE NO. 17CV311162

### For CAPA:

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Executive Director Center for Advanced Public Awareness, Inc. 180 Promenade Cir. Sacramento, CA 95834

With a copy to: Aqua Terra Aeris Law Group c/o Matthew Maclear 490 43<sup>rd</sup> Street, Suite 108 Oakland, CA 94609

Any Party may change its notice name and address by informing the other party in writing, but no change is effective until proof of receipt is confirmed. All notices and other communications required or permitted under this Final Judgment that are properly addressed as provided in this paragraph are effective upon delivery if delivered personally or by overnight mail, or are effective five (5) days following deposit in the United States mail, postage prepaid, if delivered by First Class mail.

# 10. COUNTERPARTS; FACSIMILE SIGNATURES

This Consent Judgment may be executed in counterparts, and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

# 11. POST EXECUTION ACTIVITIES

CAPA agrees to comply with the reporting form requirements referenced in Health & Safety Code, section 25249.7, subdivision (f). The Parties further acknowledge that, pursuant to Health & Safety Code, section 25249.7, subdivision (f), a noticed motion is required to obtain judicial approval of the settlement. In furtherance of obtaining such approval, CAPA and Defendant agree to mutually employ their best efforts, and that of their counsel, to support the entry of this agreement as a Consent Judgment, and to obtain judicial approval of the settlement in a timely manner. If the Attorney General objects to any term in this Consent Judgment, the Parties shall use their best individual and collective efforts to resolve the concern in a timely manner, and if possible in advance of the hearing

on the motion to approve settlement. If the Court does not approve of the Stipulated Consent Judgment, it shall be void or voided and have no force or effect.

### 12. MODIFICATION

This Consent Judgment may be modified only by: (i) a written agreement of the Parties and upon entry of a modified consent judgment by the Court thereon; or (ii) upon successful motion or application of any Party and the entry of a modified consent judgment by the Court.

# 13. AUTHORIZATION

The undersigned are authorized to executed this Consent Judgment on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Consent Judgment.

### 14. DRAFTING

It shall be conclusively presumed that the Parties participated equally in the drafting of this Consent Judgment. The Parties discussed each and everyterm and provision, and the meaning thereof, in advance of executing this stipulation. Each Party has had an opportunity to fully discuss the terms and conditions with legal counsel.

# 15. ENFORCEMENT

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, in writing or via telephone to attempt to resolve the dispute in an amicable and amenable fashion. No action or motion may be filed unless such a good faith attempt to resolve the dispute occurs before such a filing.

CAPA may, by motion or order to show cause before this Court, seek to enforce the terms and conditions contained in this Consent Judgment. CAPA may seek whatever penalties/fines, costs, fees or other remedies are provided for in the Consent Judgment or allowed by law for failure to comply with the Consent Judgment. To the extent that the alleged failure to comply with the Consent Judgment constitutes a violation of Proposition 65 or other laws, CAPA shall not be limited to enforcement of this Consent Judgment and may seek, in a separately filed action, whatever

CASE NO. 17CV311162

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enalties/fines, costs, fees or other remedies as provided for by law for failure to comply with roposition 65 or other law(s).

# **ENTIRE AGREEMENT**

This Consent Judgment contains the sole and entire agreement and understanding of the arties with regard to this matter, including any and all prior discussions, negotiations, commitments understanding related thereto. No representations, oral, written or otherwise, express or implied, aless specifically referred to herein shall be deemed to exist or to bind any Party as it relates to the legations made in this action.

# STIPULATED REQUEST FOR FINDINGS, APPROVAL OF SETTLEMENT AND ENTRY OF CONSENT JUDGMENT

This Consent Judgment has come before the Court upon request of the Parties for the Court fully review its terms and to be fully informed regarding the matters which are the subject of this tion, and to:

- (1) Find the terms and provisions of this Consent Judgment represent a fair and equitable settlement of all matters raised by the allegations of the Complaint, that the matter has been diligently prosecuted and that the public interest is served by such settlement; and
- (2) Make the statutory findings required pursuant to Health and Safety Code section 25249.7, subdivision (f)(4), approve the settlement and approve this Consent Judgment.

IT IS SO STIPULATED.

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CENTER FOR ADVANCED PUBLIC

AWARENESS, INC.

Clifford Brechner Executive Director

CASE NO. 17CV311162

COASTAL AMERICARE, INC., d.b. ELEMENTAL WELLNESS.  BY:  Joseph LoMonaco Chief Executive Officer	a.	
APPROVED AS TO FORM:		
AQUA TERRA AERIS LAW GROUP, LLP		
DATED: 10/3/2018  BY: Matthew Maclear Attorneys for Plaintiff Center for		
Advanced Public Awareness, Inc.		
ROBERTS & ELLIOTT, A Law Corporation		
DATED: 10118 BY:		
Jam <b>gs</b> /Roberts		
Gastal Americare, Inc., d.b.	a.	
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is approved and stagment is nereby entered according to its terms.		
IT IS SO ORDERED, ADJUDGED AND DECREED.		
Date:		
- 14 - CASE NO. 17CV31110  CAPA v. COASTAL AMERICARE, INC., DOING BUSINESS AS ELEMENTAL WELLNESS	<u>52</u>	
	BY:    AQUA TERRA AERIS LAW GROUP, LLP   DATED: 10/3/2018   BY:   Matthew Maclear Attorneys for Plaintiff Center for Advanced Public Awareness, Inc.     ROBERTS & ELLIOTT, A Law Corporation     BY:   Jam Roberts Attorneys for Defendant Posstal Americare, Inc., d.b.     Elemental Wellness   Date:   List of the Superior Court	