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5	Attorneys for Plaintiff  ("CAPA")									
6	Center for Advanced Public Awareness, Inc. ("CAPA")									
7	SUPERIOR COURT OF THE STATE OF CALIFORNIA									
8	COUNTY OF ALAMEDA									
9										
10	CENTER FOR ADVANCED PUBLIC AWARENESS, INC., a California non-	CASE NO.: RG17862552								
11	profit corporation,	[STIPULATED] CONSENT JUDGMENT								
12	Plaintiff,	(Health & Safety Code § 25249.6 et seq.)								
13	v.									
14	MAG WELLNESS, INC.; EUREKA									
15	MANAGEMENT SERVICES, INC., doing business as MAGNOLIA									
16	WELLNESS; and <b>DOES 1-25</b> , inclusive,									
17	Defendants.									
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19	1. INTRODUCTION									
20	<b>1.1</b> On May 30, 2017, Plaintiff Center for Advanced Public Awareness, Inc. ("CAPA"),									
21	a non-profit corporation, in the public interest as a private enforcer, commenced this action by filing									
22	a Complaint for Permanent Injunction, Civil Penalties and Other Relief (the "Complaint") pursuant									
23	to the provisions of California Health and Safety Code, section 25249.5 et seq. ("Proposition 65")									
24	against Magnolia Wellness, an entity of unknown type, in Alameda County Superior Court, Case									
25	No. RG17862552 ("Action"). On July 24, 2017, Plaintiff filed a First Amended Complaint, adding									
26	Eureka Management Services, Inc., provider of management and consulting services for the									
27	business Magnolia Wellness ("Defendant") as a Party. On March 13, 2018, Plaintiff filed an									
28	CADA V EUDEVA M.	CASE NO. RG17862552 ANAGEMENT SERVICES, INC.								
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CONSENT JUDGMENT

entity that has employed ten or more person 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 February 1, 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, passed since the NOV was mailed and uploaded to the Attorney General's website and all relevant public enforcers were served, and no designated governmental entity 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** The Parties have agreed that Eureka Management Services, Inc., will be dismissed from the action.\$
- 1.10 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.
- **1.11** The "Effective Date" of this Consent Judgment is the date on which this Court approves and enters the Judgment.

#### 2. JURISDICTION AND VENUE

**2.1** The Parties stipulate and agree that the Superior Court of California, County of Alameda, 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 Alameda County, and that this Court has jurisdiction and authority to enter a full, final, and binding 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.

#### 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), and if Defendant engages in the production, processing, marketing, offering to sell, selling, and/or distributing for sale in the State of California marijuana intended for smoking, Defendant is enjoined and prohibited from violating or threatening to violate sections 24249.6 *et seq.*, and its implementing regulations, California Code of Regulations, title 27, sections 25601 *et seq.* with respect to alleged exposures to marijuana smoke from the Subject Products.

#### 3.2 Clear and Reasonable Warnings

3.2.1 In-Store or Product Label Warnings. If Defendant engages in the production, processing, marketing, offering to sell, selling, and/or distributing for sale in the State of California marijuana intended for smoking, 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 its dispensary 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 shall be smaller than 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, in the same type size or larger than the Subject Product's description text. 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. 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. If Defendant provides a warning for reproductive harm, Defendant may use the bracketed language set forth below, without further approval by the Court. 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:** 

These products contain chemicals, including Marijuana Smoke, known to the State of California to cause cancer, 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 the following short form warning as follows:

WARNING: Cancer [and Reproductive Harm]- <a href="www.P65Warnings.ca.gov">www.P65Warnings.ca.gov</a>.

**3.2.2** Internet Website Warning. If Defendant engages in the production, processing, marketing, offering to sell, selling, and/or distributing for sale in the State of California marijuana intended for smoking, for all Subject Products that are advertised on a website as offered for sale at Defendant's dispensary or available for delivery directly to consumers, a warning that complies with the content requirements of section 25603, subdivision (a) and Section 3.2.1 above must also be provided by including either the warning or a clearly marked hyperlink using the word

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"WARNING" on the Subject Product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. If a short-form warning is provided as set forth above, the warning provided on the website may use the same content as the on-product warning. Defendant may include supplemental information only as set forth in California Code of Regulations, title 27, Section 25601, subdivision (e).

**3.2.3 Membership Warning.** If Defendant engages in the production, processing, marketing, offering to sell, selling, and/or distributing for sale in the State of California marijuana intended for smoking, Defendant shall provide a warning in its Membership Agreement which includes a warning as specified in Section 3.2.1. 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 surrounding text.

**3.2.4 Warnings for Deliveries.** In the event Defendant engages in sales of the Subject Products that are purchased via orders placed remotely (i.e. via telephonic communications or the internet), to be delivered to the purchaser from Defendant's dispensary, Defendant shall provide the specified warnings shown below, on a sheet of paper that is at least three inches by five inches (3" x 5") and which is attached to or placed inside the product shopping bag:

WARNING: This product contains a chemical (Marijuana Smoke) known to the State of California to cause cancer.

**MARNING:** 

This product can expose you to chemicals including Marijuana Smoke, which is known to the state of California

to cause cancer. For more information, go to

www.P65Warnings.ca.gov.

In each case, the Warning shall be provided as shown above, with the Warning text printed in black ink, in a font that is easy to read and legible, in a font size of at least 12, and set off from all other text. Defendant must provide notice to any purchaser, consumer or patient prior to purchasing Subject Products through a delivery service associated or affiliated with Defendant.

#### 4. SETTLEMENT PAYMENT

**4.1** In full satisfaction of all potential civil penalties, additional settlement payments,

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4.7 ADDITIONAL SETTLEMENT PAYMENTS. \$12,500.00 shall be distributed to CAPA as an Additional Settlement Payment ("ASP"), pursuant to California Code of Regulations, title 27, sections 3203, subdivision (d), and 3204. CAPA will 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 support CAPA's overarching goal of reducing use, misuse, and exposure to hazardous and toxic chemicals, fostering and increasing the public awareness of chemicals inherent in consumer products, facilitating a safe environment for consumers and employees, and encouraging corporate responsibility. CAPA'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 of exposure to marijuana smoke and increase informed choices made by patients and consumers before exposure by providing clear and reasonable warnings to California consumers prior to exposure resulting from purchase of the products.

CAPA hereby provides the following list of activities CAPA 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 (70%-80%): investigating, obtaining, shipping, analyzing, and/or testing dispensaries or products that may contain carcinogenic chemicals contained in marijuana smoke and are sold to and expose California consumers to chemicals listed under Proposition 65; 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 chemicals of concern (which necessarily includes additional work, investigating, purchasing, processing, analyzing and/or testing consumer products; litigating matters that result in settlements, judgments, defaults, bankruptcies, or dismissals); (2) PUBLIC OUTREACH (5%-10%): public outreach programs including maintaining CAPA's blog, website, and social media accounts; (3) SPECIAL PROJECTS (up to 5%): projects including obtaining expert and legal opinions not specific to any one case that are necessary to the continued private enforcement of Proposition 65; and/or (4)

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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 the claims asserted in the NOV and exposures to marijuana

smoke from the Subject Products sold by or through Defendant after the Effective Date.

<b>5.2 CAPA's Individual Release of Claims.</b> 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, and claims
that were or could have been asserted based on the NOV and/or complaint relating to the Subject
Products grown, cultivated, processed, 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, representatives, attorneys, successors, and assignees, hereby waives any and all claims that it may have against CAPA and its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CAPA and its attorneys 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.

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#### 6. COURT APPROVAL

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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 Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to 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 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

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Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and sent by the following methods, with additional copy to counsel via electronic mail: (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:**

Mag Wellness, Inc. ATTN: Debby Goldsberry 161 Adeline Street Oakland, CA 94607

With a copy to: Rebecca Mendribil 250 D Street, Suite 205 Santa Rosa, CA 95404

#### For CAPA:

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 43rd Street, Suite 108 Oakland, CA 94609 mcm@atalawgroup.com

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.

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CASE NO. RG17862552

#### 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 execute 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 every term 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, pursuant to Code of Civil Procedure, section 664.6. 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 penalties/fines, costs, fees, or other remedies as provided for by law for failure to comply with Proposition 65 or other law(s).

#### 16. ENTIRE AGREEMENT

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

# 17. 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 to fully review its terms and to be fully informed regarding the matters which are the subject of this action, and to:

(1) Find the terms and provisions of this Consent Judgment represent a fair and equitable

## **EXHIBIT A**

CASE NO. RG17862552

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## Prop 65 Loan Shedule

Loan amount

## Annual interest rate Loan period in years

### **Enter values** \$ 67,500.00 10.00% 11/10/2018

## \$ 75,000.00 (7,500.00) \$ 67,500.00

Monthly payment Number of payments Total interest Total cost of loan

Start date of loan

\$ 5,934.32
12
\$ 3,711.87
\$ 71,211.87

	Payment	Beginning								Ending
No.	Date	Balance	Payment		Principal		Interest		Balance	
1	12/10/2018	\$ 67,500.00	\$	5,934.32	\$	5,371.82	\$	562.50	\$	62,128.18
2	1/10/2019	\$ 62,128.18	\$	5,934.32	\$	5,416.59	\$	517.73	\$	56,711.59
3	2/10/2019	\$ 56,711.59	\$	5,934.32	\$	5,461.73	\$	472.60	\$	51,249.86
4	3/10/2019	\$ 51,249.86	\$	5,934.32	\$	5,507.24	\$	427.08	\$	45,742.62
5	4/10/2019	\$ 45,742.62	\$	5,934.32	\$	5,553.13	\$	381.19	\$	40,189.49
6	5/10/2019	\$ 40,189.49	\$	5,934.32	\$	5,599.41	\$	334.91	\$	34,590.08
7	6/10/2019	\$ 34,590.08	\$	5,934.32	\$	5,646.07	\$	288.25	\$	28,944.01
8	7/10/2019	\$ 28,944.01	\$	5,934.32	\$	5,693.12	\$	241.20	\$	23,250.89
9	8/10/2019	\$ 23,250.89	\$	5,934.32	\$	5,740.57	\$	193.76	\$	17,510.32
10	9/10/2019	\$ 17,510.32	\$	5,934.32	\$	5,788.40	\$	145.92	\$	11,721.92
11	10/10/2019	\$ 11,721.92	\$	5,934.32	\$	5,836.64	\$	97.68	\$	5,885.28
12	11/10/2019	\$ 5,885.28	\$	5,934.32	\$	5,885.28	\$	49.04	\$	0.00