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10	Attorney for Defendant				
11	KAY'S PROCESSING, LLC				
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13	SUPERIOR COURT OF THE STATE OF CALIFORNIA				
14	COUNTY OF ALAMEDA				
15	ENVIRONMENTAL RESEARCH CENTER,	CASE NO. RG17871414			
16	INC., a non-profit California corporation,	STIPULATED CONSENT			
17	Plaintiff,	JUDGMENT			
18	VS.	Health & Safety Code § 25249.5 et seq.			
19	KAY'S PROCESSING LLC, a Minnesota limited liability company,	Action Filed: August 14, 2017			
20		Trial Date: None set			
21	Defendant.				
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23	1. INTRODUCTION				
24	On August 14, 2017, Plaintiff Environmental Research Center, Inc. ("ERC"), a non-profit				
25	corporation, as a private enforcer and in the public interest, initiated this action by filing a				
26	Complaint for Injunctive Relief and Civil Penalties (the "Complaint") pursuant to the provisions				
27	of California Health and Safety Code section 25249.5 et seq. ("Proposition 65"), against KAY'S				
28	PROCESSING, LLC ("KAY'S PROCESSING"). In this action, ERC alleges that a number of				
	Page 1 of 14				

STIPULATED CONSENT JUDGMENT

Case No. RG17871414

this	action, and qualifies as a "person in the course of bu	usiness"	within the meaning of	of Proposition
65.	KAY'S PROCESSING manufactures, distributes, a	nd/or sel	lls the Covered Produ	acts.

- 1.4 The Complaint is based on allegations contained in ERC's Notice of Violation dated March 24, 2017 that was served on the California Attorney General, other public enforcers, and KAY'S PROCESSING ("Notice"). A true and correct copy of the 60-Day Notice dated March 24, 2017 is attached hereto as **Exhibit A** and is incorporated herein by reference. More than 60 days have passed since the Notice was served on the Attorney General, public enforcers, and KAY'S PROCESSING and no designated governmental entity has filed a complaint against KAY'S PROCESSING with regard to the Covered Products or the alleged violations.
- 1.5 ERC's Notice and Complaint allege that use of the Covered Products exposes persons in California to lead without first providing clear and reasonable warnings in violation of California Health and Safety Code section 25249.6. KAY'S PROCESSING denies all material allegations contained in the Notice and Complaint.
- 1.6 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 nor compliance with this Consent Judgment shall constitute or be construed as an admission by any of the Parties or by any of their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, issue of law, or violation of law.
- 1.7 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any current or future legal proceeding unrelated to these proceedings.
- **1.8** The Effective Date of this Consent Judgment is the date on which notice is given that it has been entered as a Judgment by this Court.

2. JURISDICTION AND VENUE

For purposes of this Consent Judgment and any further court action that may become

necessary to enforce this Consent Judgment, the Parties stipulate that this Court has subject matter jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over KAY'S PROCESSING as to the acts alleged in the Complaint, that venue is proper in Alameda County, and that this Court has jurisdiction to enter this Consent Judgment as a full and final resolution of all claims up through and including the Effective Date which were or could have been asserted in this action based on the facts alleged in the Notice and Complaint.

3. INJUNCTIVE RELIEF, REFORMULATION, AND WARNINGS

- **3.1** Beginning on the Effective Date, KAY'S PROCESSING shall be permanently enjoined from manufacturing for sale in the State of California, "Distributing into the State of California", or directly selling in the State of California, any Covered Products which expose a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day unless it meets the warning requirements under Section 3.2.
- **3.1.1** As used in this Consent Judgment, the term "Distributing into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that KAY'S PROCESSING knows or has reason to know will sell the Covered Product in California.
- 3.1.2 For purposes of this Consent Judgment, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day. If no recommended daily serving size is provided on the label, then the daily serving size shall equal one.

3.2 Clear and Reasonable Warnings

If KAY'S PROCESSING is required to provide a warning pursuant to Section 3.1, the following warning must be utilized ("Warning"):

WARNING: Consuming this product can expose you to chemicals including lead which is

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[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.

or a safe harbor warning that may be set forth in a successor to Cal. Code of Regs., tit. 27, section 25607.2 KAY'S PROCESSING shall use the phrase "cancer and" in the Warning if KAY'S PROCESSING has reason to believe that the "Daily Lead Exposure Level" is greater than 15 micrograms of lead or if KAY'S PROCESSING has reason to believe that another Proposition 65 chemical is present which may require a cancer warning.

The Warning shall be securely affixed to or printed upon the container or label of each Covered Product. In addition, for any Covered Product sold over the internet by KAY's PROCESSING, the Warning shall appear on the checkout page, in a pop-up window, or on the product detail page when a California delivery address is indicated for any purchase of any Covered Product. An asterisk or other identifying method must be utilized to identify which products being purchased are subject to the Warning.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on its website or on the label or container of KAY'S PROCESSING's product packaging and the word "WARNING" shall be in all capital letters and in bold print. The Warning will not contain statements indicating that the chemicals in the Covered Products are naturally occurring.

KAY'S PROCESSING must display the above Warning with such conspicuousness, as compared with other words, statements, design of the label, container, or on its website, as applicable, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product.

3.3 **Reformulated Covered Products**

A Reformulated Covered Product is one for which the "Daily Lead Exposure Level" is no greater than 0.5 micrograms of lead per day.

4. SETTLEMENT PAYMENT

4.1 In full satisfaction of all potential civil penalties, additional settlement payments, attorney's fees, and costs, KAY'S PROCESSING shall make a total payment of \$50,000.00

the following list of activities ERC engages in to protect California consumers through
Proposition 65 citizen enforcement, along with a breakdown of how ASP funds will be utilized to facilitate those activities: (1) ENFORCEMENT (65-80%): obtaining, shipping, analyzing, and

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ERC shall be fully accountable in that it will maintain adequate records to document and will be able to demonstrate how the ASP funds will be spent and can assure that the funds are being spent only for the proper, designated purposes described in this Consent Judgment. ERC shall provide the Attorney General, within thirty days of any request, copies of documentation demonstrating how such funds have been spent.

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- **4.5** \$15,075.00 shall be distributed to the Law Office of Richard M. Franco as reimbursement of ERC's attorney's fees, while \$13,876.87 shall be distributed to ERC for its in-house legal fees. Except as explicitly provided herein, each Party shall bear its own fees and costs.
- 4.6 In the event that KAY'S PROCESSING fails to remit a payment owed under Section 4 of this Consent Judgment on or before the relevant Due Dates, KAY'S PROCESSING shall be deemed to be in material breach of its obligations under this Consent

Judgment. ERC shall provide written notice of the delinquency to KAY'S PROCESSING via electronic mail. If KAY'S PROCESSING fails to deliver the delinquent payment within five (5) days from the written notice, the Total Settlement Amount shall be immediately due and owing and shall accrue interest at the statutory judgment interest rate provided in the California Code of Civil Procedure section 685.010. Additionally, KAY'S PROCESSING agrees to pay ERC's reasonable attorney's fees and costs for any efforts to collect the payment due under this Consent Judgment.

5. MODIFICATION OF CONSENT JUDGMENT

- **5.1** This Consent Judgment may be modified only as to injunctive terms (i) by written stipulation of the Parties and upon entry by the Court of a modified consent judgment or (ii) by motion of either Party pursuant to Section 5.3 or 5.4 and upon entry by the Court of a modified consent judgment.
- 5.2 If either party seeks to modify this Consent Judgment under Section 5.1, then that party must provide written notice to the other party of its intent ("Notice of Intent") and seek to meet and confer regarding the proposed modification. The Parties shall meet in person or via telephone within thirty (30) days of the Notice of Intent. Should it become necessary, the Parties may agree in writing to different deadlines for the meet-and-confer period.
- **5.3** In the event that a party initiates or otherwise requests a modification under Section 5.1, and the meet and confer process leads to a joint motion or application of the Consent Judgment, the party requesting the modification shall prepare, file, and argue the motion or application.
- **5.4** Where the meet-and-confer process does not lead to a joint motion or application in support of a modification of the Consent Judgment, then either Party may seek judicial relief on its own.

6. RETENTION OF JURISDICTION, ENFORCEMENT OF CONSENT JUDGMENT

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

6.2 If ERC alleges, based on its test data, that any Covered Product fails to qualify as a Reformulated Covered Product (for which ERC alleges that no Warning has been provided), then ERC shall inform KAY'S PROCESSING in a reasonably prompt manner of its test results, including information sufficient to permit KAY'S PROCESSING to identify the Covered Products at issue. KAY'S PROCESSING shall, within thirty (30) days following such notice, provide ERC with any relevant testing and other information demonstrating KAY'S PROCESSING's compliance with the Consent Judgment, if warranted. The Parties shall first attempt to resolve the matter prior to ERC taking any further legal action.

7. APPLICATION OF CONSENT JUDGMENT

This Consent Judgment may apply to, be binding upon, and benefit the Parties and their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, franchisees, licensees, customers (excluding private labelers), distributors, wholesalers, retailers, predecessors, successors, and assigns. This Consent Judgment shall have no application to any Covered Product which is distributed or sold exclusively outside the State of California and which is not used by California consumers.

8. BINDING EFFECT, CLAIMS COVERED AND RELEASED

8.1 This Consent Judgment is a full, final, and binding resolution between ERC, on behalf of itself and in the public interest, and KAY'S PROCESSING and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, suppliers, franchisees, licensees, customers (not including private label customers of KAY'S PROCESSING), distributors, wholesalers, retailers, and all other upstream and downstream entities in the distribution chain of any Covered Product, including but not limited to Kay's Naturals, Inc. and the predecessors, successors, and assigns of any of them (collectively, "Released Parties"). ERC, on behalf of itself and in the public interest, hereby fully releases and discharges the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs, and expenses asserted, or that could have been asserted from the handling, use, or consumption of the Covered Products, as to any alleged violation of Proposition 65 or its implementing regulations arising from the failure to

environmental exposures arising under Proposition 65, nor shall it apply to any of KAY'S

PROCESSING's products other than the Covered Products.

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9.	SEVERABILITY OF UNENFORCEABLE PROVISIONS						
	In the event that any of the provisions of this Consent Judgment are held by a court to be						
unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected							
10. GOVERNING LAW							
	The terms and conditions of this Consent Judgment shall be governed by and construed in						
accordance with the laws of the State of California.							
11. PROVISION OF NOTICE							
	All notices required to be given to either Party to this Consent Judgment by the other shall						
be in writing and sent to the following agents listed below via first-class mail. Courtesy copies via							
email may also be sent.							
FOR ENVIRONMENTAL RESEARCH CENTER, INC.:							
Chris Heptinstall, Executive Director, Environmental Research Center 3111 Camino Del Rio North, Suite 400 San Diego, CA 92108 Tel: (619) 500-3090 Email: chris_erc501c3@yahoo.com							
				With a copy to: RICHARD M. FRANCO LAW OFFICE OF RICHARD M. FRANCO 6500 Estates Drive Oakland, CA 94611 Ph: 510-684-1022			
KAY'	S PROCESSING, LLC						
Massoud Kazemzadeh, Manager							
100 1st Ave., SE Clara City, MN 56222 Email: massoud@ kaysprocess.com							
				With a copy to: AMY P. LALLY SIDLEY AUSTIN LLP			
555 West Fifth Street, Suite 4000							
Los Angeles. California 90013-1010 Telephone: (213) 896-6000							
Facsimile: (213) 896-6600							
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12. COURT APPROVAL

- 12.1 Upon execution of this Consent Judgment by the Parties, ERC shall notice a Motion for Court Approval. The Parties shall use their best efforts to support entry of this Consent Judgment.
- 12.2 If the California Attorney General objects to any term in this Consent Judgment, the Parties shall use their best efforts to resolve the concern in a timely manner, and if possible prior to the hearing on the motion.
- **12.3** If this Stipulated Consent Judgment is not approved by the Court, it shall be void and have no force or effect.

13. EXECUTION AND COUNTERPARTS

This Consent Judgment may be executed in counterparts, which taken together shall be deemed to constitute one document. A facsimile or .pdf signature shall be construed to be as valid as the original signature.

14. DRAFTING

The terms of this Consent Judgment have been reviewed by the respective counsel for each Party prior to its signing, and each Party has had an opportunity to fully discuss the terms and conditions with legal counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment, no inference, assumption, or presumption shall be drawn, and no provision of this Consent Judgment shall be construed against any Party, based on the fact that one of the Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the Consent Judgment. It is conclusively presumed that all of the Parties participated equally in the preparation and drafting of this Consent Judgment.

15. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

If a dispute arises with respect to either Party's compliance with the terms of this Consent Judgment entered by the Court, the Parties shall meet and confer in person, by telephone, and/or in writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed in the absence of such a good faith attempt to resolve the dispute beforehand.

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16. ENFORCEMENT

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

17. ENTIRE AGREEMENT, AUTHORIZATION

- 17.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter herein, and any and all prior discussions, negotiations, commitments, and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party. No other agreements, oral or otherwise, unless specifically referred to herein, shall be deemed to exist or to bind any Party.
- 17.2 Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Consent Judgment.

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

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

- (1) Find that 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 findings pursuant to California Health and Safety Code section 25249.7(f)(4), approve the Settlement, and approve this Consent Judgment.

IT IS SO STIP	ULATED:	
Dated: 3/	28/, 2017	ENVIRONMENTAL RESEARCH CENTER INCL
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		huis registration Executor Purector
Dated: 8-2	.5, 2017	KAY'S PROCESSING, LLC By Massoud Kazemzadeh, Manager
APPROVED A		
Dated:	2017	LAW OFFICE OF RICHARD M. FRANCE
		Richard M. Franco
		Attorney for Plaintiff Environmental
		Research Center, Inc.
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Dared;	teoreorescos ercens creunas con a constanción 2017	SIDLEY AUSTIN LLP
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		By: Amy P. Lally
		Attorney for Defendant Kay's Processing
		LLC
ORDER AND JUDGMENT		
Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is		
approved and Judgment is hereby entered according to its terms.		
IT IS SO ORDERED, ADJUDGED AND DECREED.		
Dated:	, 2017	
XI SAN AND THE VICTOR OF THE SAN AND THE S	manundakkenga anuncuqinnan yushtibikurunnasa (fi	Judge of the Superior Court
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4	By	Heptinstall, Executive Director			
5	5	riepunstan, executive Director			
6	In . 6				
7	7 Dated: 8-25- 2017 KAY	S PROCESSING, LLC			
8	8 By:	$\mathcal{O}(1)/(1_{\infty})$			
9	9 Masse	oud Kazemzadeh, Manager			
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11	- 11	2 2			
12	Dated: 9 LAW	OFFICE OF RICHARD M. FRANÇO			
13	Dy	Man			
14		chard M. Franco torney for Plaintiff Environmental			
15	5 Re	search Center, Inc.			
16	11 0 1				
17	7 Dated: 9-1, 2017 SIDLE	Y AUSTIN LLP			
18	By:	aux P. Lelly			
19		y P. Lally orney for Defendant Kay's Processing,			
20	LLC	2			
21	T TOTAL TOTA				
22	ORDER AND JUDGMENT				
23	3 Based upon the Parties' Stipulation, and good caus	Based upon the Parties' Stipulation, and good cause appearing, this Consent Judgment is			
24	approved and Judgment is hereby entered according to its terms.				
25	IT IS SO ORDERED, ADJUDGED AND DECREED.				
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27					
28	Judge of the	Superior Court			
	Page 14 of 14				
- 1	STIPULATED CONSENT HIDCMEN	T C. N. D. CHORLES			