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5	Attorneys for Plaintiff,	
6	THE CHEMICAL TOXIN WORKING GROUP, IN	NC.
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8	SUPERIOR COURT OF THE	STATE OF CALIFORNIA
9	COUNTY OF	ALAMEDA
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11	THE CHEMICAL TOWN WORKING	Case No.: RG18901453
12	THE CHEMICAL TOXIN WORKING GROUP, INC., a California non-profit	(Assigned for all purposes to:
13		Hon. Brad Seligman, Dept. 23)
14	Plaintiff,	[PROPOSED] STIPULATED CONSENT JUDGMENT;
15	SUN HING FOODS INC a California	[PROPOSED] ORDER
16	corporation, and 2020 1 25, merasive,	[California Health & Safety Code, sections 25249.5 et seg.]
17		Complaint Filed: April 23, 2018
18		Trial Date: October 05, 2020
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20	1. INTRODUCTION	
21	1.1 <u>The Parties.</u> This stipulated cons	ent judgment ("Consent Judgment") is entered
22	into by and between Plaintiff THE CHEMICAL T	OXIN WORKING GROUP, INC. ("CTWG" or
23	"Plaintiff") and Defendant SUN HING FOODS, I	NC. ("Sun Hing" or "Defendant"); CTWG and
24	Sun Hing collectively referred to as the "Parties" a	and each of them as a "Party."
25	1.1.1 Plaintiff CTWG is a Californ	rnia non-profit corporation dedicated to, among
26	other causes, providing information to consumer	s regarding the hazards of toxins in products,
27	protecting public health and enforcing state and federal environmental laws and regulations through	
28	citizen suits.	

 1.1.2 Defendant Sun Hing is alleged to be a person in the course of doing business for purposes of Proposition 65, Cal. Health & Safety Code ("HSC"), sections 25249.6 *et seq.*, and at all times relevant for purposes of this Consent Judgment employs ten or more persons.

#### 1.2 Notices of Violation.

- 1.2.1 On or about December 18, 2017, CTWG served Sun Hing and Island Pacific Supermarkets, Inc. ("Island Pacific"), and various public enforcement agencies with documents entitled "Notice of Violation of California Health & Safety Code, Section 25249.5 et seq. (Proposition 65)" pursuant to HSC § 25249.7(d) (the "2017 Notice"), that provided the recipients with notice of alleged violations of HSC § 25249.6 for allegedly failing to warn individuals in California of exposures to lead and cadmium (the "Listed Chemicals") contained in a seafood product called "Flower Brand Whole Baby Clams 20 oz." sold by Sun Hing and Island Pacific in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the 2017 Notice.
- 1.2.2 On or about February 12, 2018, CTWG served Sun Hing, and various public enforcement agencies with documents entitled "Notice of Violation of California Health & Safety Code, Section 25249.5 et seq. (Proposition 65)" pursuant to HSC § 25249.7(d) (the "2018 Notice", and together with the 2017 Notice, collectively referred to as the "Notices"), that provided the recipients with notice of alleged violations of HSC § 25249.6 for allegedly failing to warn individuals in California of exposures to lead contained in a seafood product called "Flower Brand Baby Clams in Brine" sold by Sun Hing in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the 2018 Notice.
- 1.2.3 Thereafter, Sun Hing caused Proposition 65 warnings to be placed on the products described in the Notices.
- 1.3 Action. On April 23, 2018, CTWG filed a Complaint against Sun Hing for civil penalties and injunctive relief (the "Complaint") in Alameda County Superior Court, pending as Case No. RG18901453 (the "Action").
- 1.4 Allegations and Representations. CTWG brought the Action pursuant to "Proposition 65" (codified by HSC §§ 25249.6 et seq.), seeking injunctive relief, penalties, and

reimbursement of its reasonable attorney's fees and costs. CTWG contends in the Complaint that Defendant Sun Hing knowingly and intentionally exposed California consumers to lead and cadmium, substances known to cause cancer and reproductive toxicity, through the sale of the "Covered Products" (as defined below). In the Complaint, Plaintiff contends that Defendant did not provide clear and reasonable warnings required by Proposition 65, thereby causing consumers of the Covered Products to be involuntarily, unknowingly, and unwittingly exposed to substances known to the State of California to cause cancer and reproductive toxicity.

- 1.5 <u>Consent to Jurisdiction</u>. For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Sun Hing as to the allegations contained in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to approve, enter, and oversee the enforcement of this Consent Judgment as a full and final binding resolution of all claims which were or could have been raised in the Complaint based on the facts alleged therein and/or in the Notices.
- 1.6 **No Admission.** Sun Hing denies the material allegations contained in the Notices and the Complaint and specifically denies that the Covered Products require a Proposition 65 warning or otherwise harm any person. Sun Hing maintains that it has not violated Proposition 65 and in particular asserts that the Covered Products do not unlawfully expose California consumers to lead and cadmium. Nothing in this Consent Judgment shall be construed as an admission by Sun Hing of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by Sun Hing of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Sun Hing. This section, however, shall not diminish or otherwise affect the obligations, responsibilities, and duties of Sun Hing under this Consent Judgment.
- 1.7 No Effect on Future Proceedings. 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 other or future legal proceedings which do not arise out of the Action.

#### 2. CERTAIN DEFINITIONS

- 2.1 <u>Covered Products.</u> The term "Covered Products" (and each a Covered Product) means the certain products: (i) Flower Brand Whole Baby Clams; and (ii) Flower Brand Clams in Brine. The Covered Products were and/or are manufactured, distributed and/or offered for sale in California by Sun Hing.
- 2.2 **Effective Date.** The term "Effective Date" means the date that notice of entry of this Consent Judgment is served on Sun Hing.

### 3. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

- Threshold for Warnings. After the Effective Date, Sun Hing shall not sell, offer for sale, distribute, nor manufacture for sale, in the State of California, any Covered Product which exposes a person to more than 0.50 micrograms of lead, or more than 4.10 micrograms of cadmium, per day based on the recommended serving size on the Covered Product's label, unless each such unit of the Covered Product bears a warning meeting the warning requirements under Section 3.3 below. For the purposes of this Consent Judgment, the amount of lead or cadmium a person is exposed to from the Covered Product shall be calculated using the following formula: micrograms of lead or cadmium 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 label).
- Product for which the average daily exposure level does not exceed 0.5 micrograms of lead per day and/or no more than 4.1 micrograms of cadmium per day as determined by the formula, testing and quality control methodology described in Section 3.4. As used in this Consent Judgment, "no more than 0.5 micrograms of lead per day" and "no more than 4.1 micrograms of cadmium per day" mean that the samples of the testing under Section 3.4 yield an average daily exposure of no more than 0.5 micrograms of lead and 4.1 micrograms of cadmium (with average daily exposure calculated pursuant to Section 3.4 of this Consent Judgment), respectively. For purposes of

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reproductive harm. For more information, go to www.P65Warnings.ca.gov/food.

#### 3.3.3 Option 3.

# WARNING: Cancer and Reproductive Harm - www.P65Warnings.ca.gov.

- 3.3.4 Option 4. Any warning authorized by any Proposition 65 law or regulation effective on or after the Effective Date, including, without limitation 27 Cal. Code Regs. § 25607.2.
- 3.3.5 <u>Pictograms Format</u>. The pictograms depicted in <u>Sections 3.3.1, 3.3.2</u> and <u>3.3.3</u> shall be in yellow with a black exclamation mark; *provided however*, the pictogram may be in white instead of yellow if the Covered Product label does not contain the color yellow.
- 3.3.6 <u>Text Format.</u> Respecting the warnings defined in <u>Sections 3.3.1, 3.3.2</u>, and <u>3.3.3</u>, the warning must be in a type size no smaller than the largest type size used for other consumer information on the product. In no case shall the warning appear in a type size smaller than 6-point type. If the warning is printed on the label, the warning shall be set off from other surrounding information in the label and enclosed in a box.
- 3.3.7 <u>Internet Sales.</u> If Sun Hing sells Covered Products via an internet website to customers located in California, the warning requirements of this section shall be satisfied if the foregoing warning appears either: (a) on the same web page on which a Covered Product is displayed and/or described; (b) on the same page as the price for the Covered Product; or (c) on one or more web pages displayed to a purchaser prior to purchase during the checkout process. Alternatively, a symbol consisting of a black exclamation point in a yellow or white equilateral triangle may appear adjacent to or immediately following the display, description, price, or checkout listing of the Covered Product, if the warning statement appears elsewhere on the same web page in a manner that clearly associates it with the product(s) to which the warning applies.
- 3.3.8 <u>Compliance</u>. Notwithstanding anything to the contrary herein, Plaintiff CTWG hereby acknowledges and agrees that the warnings Sun Hing caused to be placed on the Covered Products comply with the requirements of this Section and with Proposition 65.

#### 3.4 Formula, Testing and Quality Control Methodology.

- 3.4.1 For purposes of this Consent Judgment, average daily exposure levels shall be measured in micrograms per day, and shall be calculated using the following formula: the average concentration of lead or cadmium in the product in micrograms per gram, multiplied by grams of product per serving of the product (using the serving size appearing on the product label), multiplied by the frequency of consumption of once every fourteen (14) days.
- 3.4.2 All testing performed pursuant to this Consent Judgment shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection, limit of quantification, accuracy, and precision and meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method subsequently agreed upon in writing by the Parties.
- 3.4.3 All testing performed pursuant to this Consent Judgment shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program for the analysis of heavy metals or a laboratory that is approved by, accredited by, or registered with the United States Food & Drug Administration.

#### 4. MONETARY TERMS

- 4.1 <u>Total Amount of Settlement.</u> In full satisfaction of all potential civil penalties, payment in lieu of civil penalties, CTWG's attorney's fees, expert fees and all other costs and expenses incurred, including, without limitation, pursuant to California Code of Civil Procedure § 1021.5, with respect to the Action and the Covered Products, Sun Hing shall pay the total settlement amount of fifty thousand dollars (\$50,000.00), apportioned as follows:
  - 4.1.1 <u>Civil Penalty.</u> Of the settlement amount, Sun Hing shall pay five thousand dollars (\$5,000.00) as a civil penalty pursuant to HSC § 25249.7(b), to be apportioned in accordance with HSC § 25192, with 75% of these funds (\$3,750.00) payable to the California Office of Environmental Health Hazard Assessment ("OEHHA") (EIN: 68-0284486) and the remaining 25% of these funds (\$1,250.00) payable to Khansari Law Corp., APC Trust Account in trust for CTWG, as provided by HSC § 25249.12(d).

4.1.2 Attorneys' Fees and Costs, Of the settlement amount, Sun Hing shall page
forty-five thousand dollars (\$45,000.00) as reimbursement of CTWG's attorney's fees and
costs incurred in the Action and with respect to the Notices payable to Khansari Lav
Corporation.

- 4.2 **Delivery of Settlement Payments.** The Settlement payments called for in Section 4.1 shall be made within fifteen (15) business days of the later of the (a) Effective Date and (b) Sun Hing's counsel's receipt of a W-9 for Khansari Law Corporation, as follows:
  - 4.2.1 Sun Hing's payment (Memo Line "Prop 65 Penalties") of the civil penalty to OEHHA shall be delivered by United States Mail directly to OEHHA, with an electronic copy emailed to andre@khansarilaw.com, at the following address:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

4.2.2 Sun Hing's payments of the civil penalty to CTWG and for CTWG's attorney's fees and costs shall be delivered to the following address:

Andre A. Khansari, Esq. KHANSARI LAW CORPORATION 11845 Olympic Blvd., Suite 1000 Los Angeles, CA 90064

#### 5. RELEASE OF ALL CLAIMS

5.1 This Consent Judgment is a full, final, and binding resolution between Plaintiff acting on its own behalf, on behalf of its past, present and future parents, shareholders, members directors, officers, managers, employees, principals, representatives, agents, trustees, beneficiaries, attorneys, divisions, subdivisions, subsidiaries, partners, sister companies, affiliates, insurers, insureds, and their predecessors, successors and assigns, and on behalf of the public interest, and Sun Hing, and its past, present and future parents, shareholders, members, directors, officers, managers, employees, principals, representatives, agents, trustees, beneficiaries, attorneys, divisions, subdivisions, subsidiaries, partners, sister companies, affiliates, insurers, insureds, and their predecessors, successors and assigns ("Defendant Releasees"), and all entities from whom Defendant Releasees obtain, or in the past have obtained, and to whom they directly or indirectly

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distribute or sell, or in the past have directly or indirectly distributed or sold, Covered Products, including but not limited to manufacturers, suppliers, distributors, wholesalers, customers, licensors, licensees retailers, franchisees, and cooperative members, including but not limited to Island Pacific, and each of their respective past, present and future parents, shareholders, members, directors, officers, managers, employees, principals, representatives, agents, trustees, beneficiaries, attorneys, divisions, subdivisions, subsidiaries, partners, sister companies, affiliates, insurers, insureds, and their predecessors, successors and assigns ("Downstream Releasees") of all claims, demands, obligations, actions, causes of action, suits, rights, damages, obligations, debts, contracts, agreements, promises, liabilities, charges, losses, costs, expenses, attorney's fees, penalties, and compensation of any nature whatsoever, whether based in statute, tort, contract or any other legal or equitable theory of recovery, known or unknown, fixed or contingent, now or in the future, which in any way arise out of or relate to the claims made in the Notices and in the Action, including, without limitation, for alleged violations of Proposition 65 based on exposure to lead and cadmium in the Covered Products ("Released Claims"). This Consent Judgment shall have preclusive effect such that no other person or entity, whether purporting to act in his, her, or its interests or the public interest shall be permitted to pursue and/or take any action with respect to any violation of Proposition 65 that was alleged in the Complaint or that could have been brought pursuant to the Notices. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 with regard to the Covered Products.

5.2 In addition to the foregoing, CTWG, on its own behalf, its past and current agents, representatives, attorneys, and successors and/or assignees, and <u>not</u> in its representative capacity, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action against Sun Hing, Defendant Releasees and Downstream Releases, and further completely and forever releases and discharges Sun Hing, Defendant Releasees, and Downstream Releasees from any and all Released Claims, and CTWG shall, within ten (10) business days of Sun Hing's payment of the settlement amount, dismiss with prejudice its suit currently pending in Alameda County Superior Court Case Number RG18903049 against Island Pacific. With respect to the foregoing waivers and releases in this paragraph, CTWG, acknowledging and understanding the

significance and consequences of such waiver, hereby specifically waives any and all rights and benefits which it now has, or in the future may have, conferred by virtue of the provisions of section 1542 of the California Civil Code, which provides as follows:

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

5.3 Sun Hing waives any and all claims against Plaintiff, its attorneys and representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Plaintiff and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 arising out of or related to the Notices and/or the Action.

#### 6. <u>INTEGRATION</u>

6.1 This Consent Judgment contains the sole and entire agreement of the Parties and any and all prior oral and/or written negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

# 7. GOVERNING LAW

7.1 The terms of this Consent Judgment 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 or is otherwise rendered inapplicable by reason of law generally, or as to Covered Products, then Sun Hing shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, Covered Products are so affected.

#### 1 8. **NOTICES** 2 Unless otherwise specified herein, all notices required to be given to either Party to 8.1 3 this Consent Judgment by the other shall be in writing and sent to the following agents listed below 4 by email and by either (a) first-class, registered, or certified mail; (b) overnight courier; or 5 (c) personal delivery. 6 For Sun Hing: 7 Sun Hing Foods, Inc. Attention: Virginia Teng 8 271 Harbor Way South San Francisco, CA 94080 9 With a copy to: 10 11 Jeffrey H. Lowenthal Steyer Lowenthal Boodrookas Alvarez & Smith LLP 12 235 Pine Street, Fifteenth Floor San Francisco, CA 94104 13 ilowenthal@steyerlaw.com 14 For CTWG: 15 David Steinman 16 The Chemical Toxin Working Group, Inc. 1801 Chart Trail 17 Topanga, CA 90290 18 With a copy to: 19 Andre A. Khansari, Esq. Khansari Law Corporation 20 11845 Olympic Blvd., Suite 1000 Los Angeles, CA 90064 21 Email: andre@khansarilaw.com 22 Any party, from time to time, may specify in writing to the other party a change of address to 23 which all notices and other communications shall be sent. 24 25 9. COUNTERPARTS; FACSIMILE SIGNATURES 26 This Consent Judgment may be executed in counterparts, which taken together shall 9.1 27 be deemed to constitute one document. A facsimile or .pdf signature shall be construed as valid as

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the original signature.

# 10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)/COURT APPROVAL

- 10.1 Plaintiff agrees to comply with the requirements set forth in HSC § 25249.7(f) and to promptly bring a Motion for Approval of this Consent Judgment. Sun Hing agrees it shall not oppose such Motion.
- 10.2 This Consent Judgment shall not be effective until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved by the Court. In such case, the Parties agree to meet and confer on how to proceed and if such agreement is not reached within thirty (30) days, the case shall proceed on its normal course.
- 10.3 If the Court approves this Consent Judgment and is reversed or vacated by an appellate court, the Parties shall meet and confer as to whether to modify the terms of this Consent Judgment. If the Parties do not jointly agree on a course of action to take, the case shall proceed on its normal course on the trial court's calendar.
- 11. <u>DRAFTING</u>. The terms of this Consent Judgment have been reviewed by the respective counsel for each Party to this settlement prior to its signing, and each Party has had an opportunity to fully discuss the terms with counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment entered thereon, the terms and provisions shall not be construed against any Party.

#### 12. MODIFICATION

12.1 This Consent Judgment may be modified only by further written stipulation of the Parties and the approval of the Court or upon the granting of a motion brought to the Court by either Party.

## 13. <u>ATTORNEY'S FEES</u>

13.1 Except as explicitly provided herein each Party is to bear its own fees and costs with respect to the Action. However, A Party who unsuccessfully brings or contests an action or

proceeding arising out of this Consent Judgment shall be required to pay the prevailing party's reasonable attorney's fees and costs.

13.2 Nothing in this Section 13 shall preclude a Party from seeking an award of sanctions pursuant to law.

### 14. RETENTION OF JURISDICTION; ENFORCEMENT OF CONSENT JUDGMENT

- 14.1 This Court shall retain jurisdiction of this matter to implement or modify the Consent Judgment.
- 14.2 Only after it complies with <u>Section 14.4</u> below may any Party, by motion or application for an order to show cause filed with this Court, enforce the terms and conditions contained in this Consent Judgment.
- 14.3 If Sun Hing distributes for sale in the State of California, or directly sells in the State of California any of the Covered Products without a Proposition 65 warning in the future, and subsequently Plaintiff alleges that any such product fails to qualify as a Reformulated Covered Product (for which Plaintiff alleges that no warning has been provided), then Plaintiff shall inform Sun Hing in a reasonably prompt manner of Plaintiff's test results. Sun Hing shall, within thirty (30) days following such notice, provide Plaintiff with testing information, from an independent third-party laboratory meeting the requirements of Sections 3.4.2 and 3.4.3, demonstrating Sun Hing's compliance with the Consent Judgment. The Parties shall first attempt to resolve the matter prior to any Plaintiff taking any further legal action with the Court.
- Party's compliance with the terms of this Consent Judgment entered by the Court, the Parties shall meet in person or by telephone 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. In the event an action or motion is filed, however, the prevailing party may seek to recover costs and reasonable attorneys' fees. As used in the preceding sentence, the term "prevailing party" means a party who is successful in obtaining relief more favorable to it than the

1	relief that the other party was amenable to providing during the parties' good faith attempt to	
2	resolve the dispute that is the subject of the Action.	
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4	15. <u>AUTHORIZATION</u>	
5	15.1 The undersigned are authorized to execute this Consent Judgment on behalf of the	
6	respective Parties and have read, understood and agree to all of the terms and conditions of th	
7	document and certify that he or she is fully authorized by the Party he or she represents to execu	
8	the Consent Judgment on behalf of the Party represented and legally bind that Party	
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0	IT IS SO STIPULATED:	
П	Dated 1 1-20 THE CHEMICAL TOXIN WORKING	
12	Dated / 1 7-20 THE CHEMICAL TOXIN WORKING GROUP, INC.	
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4	By David Shannan Director	
15	David Stringan, Pricelo	
16	Dated 4- Z- 2020 SUN HING FOODS, INC.	
17	Dated 7-2-2020 SUN HING FOODS, INC.	
8	By: they	
9	Name virtualia Tem	
20	Its: President	
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22	APPROVED AS TO FORM:	
23	Dated: 4/07/2.20 KHANSARI LAW CORPORATION	
4	Dated: 9/01/2.20 KHANSARI LAW CORPORATION	
25	By (	
6	Andre A. Klausari, Esq. Attorneys for Plaintiff,	
	The Chemical Toxin Working Group, Inc	

1	Dated: April 2, 2020 STEYER LOWENTHAL BOODROOKAS ALVAREZ & SMITH LLP
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3	By:
4	Attorneys for Defendant, Sun Hing Foods, Inc.
5	Sull Tillig Foods, file.
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8	ORDER AND JUDGMENT
9	and the state of t
10	approved, and Judgment is hereby entered according to its terms.
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13	Dated: Judge of the Superior Court
14	Judge of the outperfor court
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