1 2 3 4 5 6 7	Reuben Yeroushalmi (SBN 193981) Peter T. Sato (SBN 238486) YEROUSHALMI & YEROUSHALMI An Association of Independent Law Corporation 9100 Wilshire Boulevard, Suite 240W Beverly Hills, 90212 Telephone: (310) 623-1926 Facsimile: (310) 623-1930 Attorneys for Plaintiff, Consumer Advocacy Group, Inc.	ons	
8	SUPERIOR COURT OF TI	HE STATE OF CALIFORNIA	
9	COUNTY OF	LOS ANGELES	
10	CONSUMER ADVOCACY GROUP, INC.,	CASE NO. BC719890	
11	in the public interest,		
12	Plaintiff,	CONSENT JUDGMENT [PROPOSED]	
13		Health & Safety Code § 25249.5 et seq.	
14	V.	Dept.: 36	
15	NORTHGATE GONZALEZ MARKETS,	Judge: Hon. Judge Gregory Alarcon	
16	INC., a California Corporation; NORTHGATE GONZALEZ MARKETS,	Complaint filed: August 29, 2018	
17	INC., STORE #19, a California Corporation;	1	
18	NORTHGATE GONZALEZ, LLC, a California Limited Liability Company;		
19	NORTHGATE GONZALEZ EQUITY PARTNERS I, LLC, a California Limited		
	Liability Company; SONORA		
20	CORPORATION, a California Corporation; and DOES 1-20;		
21			
22	Defendants.		
23	1. INTRODUCTION		
24	1.1 This Consent Judgment is ent	tered into by and between plaintiff, Consumer	
25	Advocacy Group, Inc., (referred to as "CAG") acting on behalf of itself and in the interest of the		
26	public, and defendant SONORA CORPORATI	ON ("Defendant" or "SONORA"), each a "Party"	
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28		1	
	CONSENT JUDG	MENT [PROPOSED]	

and collectively referred to as "Parties." Further, Northgate Gonzalez Markets, Inc., Northgate Gonzalez Markets, Inc. Store #19, Northgate Gonzalez, LLC, and Northgate Gonzalez Equity Partners I, LLC (collectively, the "Northgate Defendants" and together with SONORA the "Defendants") are released as set forth in section 5, below. This Consent Judgment is intended to fully resolve all claims, demands, and allegations related to this action and the Notices.

1.2 **Defendant and Products**

- 1.2.1 CAG alleges that Defendant SONORA is a California Corporation that employs ten or more persons. For purposes of this Consent Judgment only, SONORA is deemed a person in the course of doing business in California and is subject to the provisions of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65").
- 1.2.2 Defendant has manufactured, caused to be manufactured, sold, and/or distributed Covered Products as defined in the Notices referred to herein.

1.3 **Listed Chemicals**

Di(2-ethylhexyl)phthalate, also known as Bis(2-ethylhexyl) phthalate ("DEHP") is known to the State of California to cause cancer and birth defects or other reproductive harm and Di-n-butyl Phthalate ("DBP") is listed under Proposition 65 as a chemical known to the State of California to cause male reproductive toxicity and female reproductive toxicity.

1.4 **Notices of Violation**.

1.4.1 On or about February 15, 2018, CAG served SONORA and various public enforcement agencies, with a document entitled "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("February 15, 2018 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of alleged exposures to DEHP from the Covered Products.

No public enforcer has commenced or diligently prosecuted the allegations set forth in the February 15, 2018 Notice.

1.4.2 On or about February 28, 2018, CAG served SONORA and various public enforcement agencies, with a document entitled "60-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("February 28, 2018 Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn individuals in California of alleged exposures to DEHP and DBP from the Covered Products. No public enforcer has commenced or diligently prosecuted the allegations set forth in the February 28, 2018 Notice.

1.5 Complaint

On August 29, 2018, CAG filed a Complaint for civil penalties and injunctive relief ("Complaint") in Superior Court of California County of Los Angeles, Case No. BC719890, against SONORA and the Northgate Defendants. The Complaint alleges, among other things, that Defendants violated Proposition 65 by failing to give clear and reasonable warnings of alleged exposure to DEHP and DBP from the Covered Products. SONORA and the Northgate Defendants deny the claims in Complaint and maintain there is no duty to warn for alleged exposures to DEHP and DBP in the Covered Products.

1.6 Consent to Jurisdiction

For purposes of this Consent Judgment, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Los Angeles, and that this Court has jurisdiction to enter this Consent Judgment as a full settlement and resolution of the allegations contained in the Complaint and of all claims which were, or could have been raised by, any person or entity based in whole or in part, directly or indirectly, on the facts alleged therein or arising therefrom or related thereto.

1.7 **No Admission**

This Consent Judgment resolves claims that are denied and disputed. The Parties enter into this Consent Judgment pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Nothing in this Consent Judgment shall be construed as an admission by the Parties of any material allegation in the Notices or the Complaint, or of any fact, conclusion of law, issue of law, or violation of law, including without limitation, any admission concerning any alleged violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Consent Judgment, nor compliance with its terms, shall constitute or be construed as an admission by the Parties, or give rise to any inference, of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by SONORA, its officers, directors, employees, or parent, subsidiary, or affiliated corporations, or be offered or admitted as evidence in any administrative or judicial proceeding or litigation in any court, agency, or forum. Furthermore, 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 proceeding, except as expressly provided in this Consent Judgment.

2. **DEFINITIONS**

- 2.1 "Covered Products" means:
- 2.1.1 Children's backpacks including but not limited to the following: "Viloe" pink clear plastic backpack, UPC: 850619007118.
- 2.1.2 Children's Backpacks, including but not limited to: "Viloe" clear backpack with light blue trim and straps, UPC 8 50619 00711 8.

The Covered Products are limited to those sold by or supplied by Defendant.

- 2.2 "Effective Date" means the date that the Court approves this Consent Judgment.
- 2.3 "DEHP" means Di(2-ethylhexyl)phthalate, also known as Bis(2-ethylhexyl) phthalate.

- 2.3 "DBP" means Di-n-butyl phthalate.
- 2.4 "Listed Chemicals" means DEHP and DBP.
- 2.5 "Notices" refers collectively to the February 15, 2018 Notice and February 28, 2018 Notice, as described in Sections 1.4.1 and 1.4.2.

3. INJUNCTIVE RELIEF

- 3.1 After the Effective Date, Defendant shall not sell in California, ship for sale in California, or distribute for sale in California any Covered Products unless they contain DEHP and DBP each in concentrations of less than 0.1% by weight (1,000 parts per million).
- 3.2 For any Covered Products still existing in Defendant's inventory as of the Effective Date that have not been reformulated to meet the concentration standards above in Section 3.1, Defendant shall comply with the warning requirements of Proposition 65. Any warning provided pursuant to this section shall be affixed to the packaging of, or directly on, the Covered Products, and be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. The pictogram shall be in yellow with a black exclamation mark; provided however, the pictogram may be in white instead of yellow if the Covered Products' label does not contain the color yellow. The following warning is deemed to be compliant with Proposition 65:
 - ▲ WARNING: This product can expose you to chemicals including Di(2-ethylhexyl)phthalate (DEHP) and Di-n-butyl phthalate (DBP), which are known to the State of California to cause birth defects or other reproductive harm and Di(2-ethylhexyl)phthalate (DEHP), which is known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov.

4. SETTLEMENT PAYMENT

4.1 **Payment**: Defendant shall pay a total of one hundred and thirty thousand dollars (\$130,000.00) within ten (10) business days of the Effective Date. Full and complete settlement of

any and all monetary claims by CAG related to the Notices in this action shall be divided as follows:

- 4.1.1 **Civil Penalty**: For each Payment, Defendant shall issue two separate checks totaling Forty-two thousand eight hundred and sixty dollars and zero cents (\$42,860.00) as penalties pursuant to Health & Safety Code § 25249.12:
- (a) Defendant will issue one check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of thirty-two thousand one hundred and forty-five dollars and zero cents (\$32,145.00) representing 75% of the total penalty and Defendant will issue a second check to CAG in the amount of ten thousand seven hundred and fifteen dollars and zero cents (10,715.00) representing 25% of the total penalty;
- (b) Separate 1099s shall be issued as follows: Defendant will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of thirty-two thousand one hundred and forty-five dollars and zero cents (\$32,145.00). Defendant will also issue a 1099 to CAG in the amount of ten thousand seven hundred and fifteen dollars and zero cents (\$10,715.00) and deliver it to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.
- 4.1.2 Additional Settlement Payments: Defendant shall pay thirty-two thousand one-hundred and forty dollars and zero cents (\$32,140.00) as additional settlement payment to "Consumer Advocacy Group, Inc." pursuant to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d). CAG will use this payment as follows, eighty five percent (85%) for fees of investigation, purchasing and testing for Proposition 65 Listed Chemicals in various products, and for expert fees for evaluating exposures through various mediums, including but not limited to consumer product, occupational, and environmental exposures to Proposition 65 Listed Chemicals, and the cost of hiring consulting and retaining experts who assist with the extensive scientific analysis necessary for those files in litigation and

to offset the costs of future litigation enforcing Proposition 65 but excluding attorney fees; fifteen percent (15%) for administrative costs incurred during investigation and litigation to reduce the public's exposure to Proposition 65 Listed Chemicals by notifying those persons and/or entities believed to be responsible for such exposures and attempting to persuade those persons and/or entities to reformulate their products or the source of exposure to completely eliminate or lower the level of Proposition 65 Listed Chemicals including but not limited to costs of documentation and tracking of products investigated, storage of products, website enhancement and maintenance, computer and software maintenance, investigative equipment, CAG's member's time for work done on investigations, office supplies, mailing supplies and postage. Within 30 days of a request from the Attorney General. CAG shall provide to the Attorney General copies of documentation demonstrating how the above funds have been spent. CAG shall be solely responsible for ensuring the proper expenditure of such additional settlement payment.

4.1.3 **Reimbursement of Attorney's Fees and Costs:** Defendant shall pay a total amount of fifty-five thousand dollars and zero cents (\$55,000.00) to "Yeroushalmi & Yeroushalmi" as reimbursement for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to Defendant' attention, litigating, and negotiating a settlement in the public interest.

4.2 **Delivery of Payments**:

- 4.2.1 All payments to OEHHA shall be delivered to: Office of Environmental Health Hazard Assessment, Attn: Mike Gyurics, 1001 I Street, Mail Stop 12-B, Sacramento, California 95812. Defendant shall provide written confirmation to CAG upon payment to OEHHA.
- 4.2.2 All payments to CAG and Yeroushalmi & Yeroushalmi, shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212.

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MATTERS COVERED BY THIS CONSENT JUDGMENT

- 5.1 This Consent Judgment is a full, final, and binding resolution between CAG, on behalf of itself and in the public interest, and Defendant and its officers, directors, attorneys, agents, insurers, employees, parents, shareholders, divisions, subdivisions, subsidiaries, partners, affiliates, sister companies, and their successors and assigns ("Defendant Releasees"), and all entities to which SONORA directly or indirectly has distributed or sold the Covered Products, including, but not limited to, downstream distributors, suppliers, wholesalers, customers, retailers (including but not limited to the Northgate Defendants), marketplace hosts, franchisors, franchisees, cooperative members, licensors, licensees, and the successors and assigns of any of them (collectively referred to as "Downstream Defendant Releasees") for all claims for violations of Proposition 65 for alleged exposures to DEHP and DBP from Covered Products manufactured, distributed, or sold on or before the Effective Date. Defendant's compliance with this Consent Judgment shall constitute compliance by any Released Parties with Proposition 65 with respect to DEHP and DBP in the Covered Products manufactured, distributed, or sold after the Effective Date. Nothing in this Section affects CAG's right to commence or prosecute an action under Proposition 65 against any person other than Defendant, Defendant Releasees or Downstream Defendant Releasees. Defendant, Defendant Releasees, and Downstream Defendant Releasees are collectively referred to as the "Released Parties."
- 5.2 CAG on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees (collectively, the "CAG Releasors"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against the Released Parties

arising from any violation of Proposition 65 or any other statutory or common law regarding alleged exposures to, or the failure to warn about alleged exposures to, DEHP and DBP from the Covered Products. It is possible that Claims not known to the Parties arising out of the facts alleged in the Notices or the Complaint and relating to the Covered Products will develop or be discovered. CAG, on behalf of itself and the CAG Releasors, acknowledges that this Consent Judgment is expressly intended to cover and include all such Claims. CAG has full knowledge of the contents of California Civil Code section 1542. CAG, on behalf of itself and the CAG Releasors, acknowledges that the Claims released in this Section 5 may include unknown Claims, and nevertheless waives California Civil Code §1542 as to any such unknown Claims. California Civil Code section 1542 reads 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.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542.

6. ENFORCEMENT OF JUDGMENT

6.1 The terms of this Consent Judgment shall be enforced exclusively by the Parties hereto. The Parties may, by noticed motion or order to show cause before the Superior Court of California, County of Los Angeles, giving the notice required by law, enforce the terms and conditions contained herein. A Party may enforce any of the terms and conditions of this Consent Judgment only after that Party first provides 30 days' notice to the Party allegedly failing to comply with the terms and conditions of this Consent Judgment and attempts to resolve such Party's failure to comply in an open and good faith manner.

- Notice of Violation. Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment, the Party alleging a violation shall provide written notice ("NOV") to the other Party. The NOV shall include information sufficient for the Party alleged to be in violation to be able to understand and correct the violation. With respect to NOVs from CAG relating to the Covered Products, for each of the Covered Products, any notice to Defendant must contain the following: (a) the name of the product, (b) specific dates when CAG purchased the product in California, (c) the store or other place at which the product was available for sale to consumers, and (d) a testing report for the sample(s) of the Covered Product at issue in the NOV that shows the lot number or other identifying information for the sample(s) tested.
- 6.2.1 **Non-Contested NOV.** For NOVs from CAG relating to the Covered Products, CAG shall take no further action regarding the alleged violation if, within 60 days of receiving such NOV, Defendant serves a Notice of Election ("NOE") that meets one of the following conditions:
- (a) The Covered Products were shipped by Defendant for sale in California on or before the Effective Date, or
- (b) Since receiving the NOV, Defendant has taken corrective action by either (i) taking all steps necessary to bring the sale of the product into compliance under the terms of this Consent Judgment, or (ii) requesting that its customers or stores in California, as applicable, remove the Covered Products identified in the NOV from sale in California and destroy or return the Covered Products to Defendant or vendor, as applicable, or (iii) refute the information provided in paragraph 6.2.
- 6.2.2 **Contested NOV.** For NOVs from CAG relating to the Covered Products, Defendant may serve a Notice of Election ("NOE") informing CAG of its election to contest the NOV within 60 days of receiving the NOV.

(a)	In its election, Defendant may request that the sample(s) of Covered
Products tested by CAG b	e subject to confirmatory testing at an EPA-accredited laboratory.

- (b) If the confirmatory testing establishes that the Covered Products do not contain the applicable Listed Chemicals in excess of the levels allowed in Section 3.1, above, CAG shall take no further action regarding the alleged violation. If the testing does not establish compliance with Section 3.1, above, Defendant may withdraw its NOE to contest the violation and may serve a new NOE pursuant to Section 6.2.1.
- (c) If Defendant does not withdraw a NOE to contest the NOV or take action under Section 6.2.1, above, the Parties shall meet and confer for a period of no less than 30 days before CAG may seek an order enforcing the terms of this Consent Judgment.
- 6.3 In any judicial proceeding brought by either Party to enforce this Consent Judgment, the prevailing Party shall be entitled to recover its reasonable attorney's fees and costs.
- 6.4 Notwithstanding the above, CAG may bring a motion or an action to enforce any breach of the Settlement Payment terms in Section 4, above, upon five (5) days written notice by CAG to Defendant of the alleged breach in accordance with the notification requirements set forth in Section 15 below.

7. ENTRY OF CONSENT JUDGMENT

- 7.1 CAG shall file a motion seeking approval of this Consent Judgment pursuant to California Health & Safety Code § 25249.7(f). The Parties agree to act in good faith to obtain Court approval of the Consent Judgment. Upon entry of the Consent Judgment, CAG, and Defendant waive their respective rights to a hearing or trial on the allegations of the Complaint.
- 7.2 If this Consent Judgment is not approved in full by the Court, (a) this Consent Judgment and any and all prior agreements between the Parties merged herein shall terminate and become null and void, and the actions shall revert to the status that existed prior to the execution date of this Consent Judgment; (b) no term of this Consent Judgment or any draft thereof, or of the

negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in this Action, or in any other proceeding; and (c) the Parties agree to meet and confer to determine whether to modify the terms of the Consent Judgment and to resubmit it for approval.

7.3 Within five (5) business days of the Effective Date, CAG shall file a request for dismissal without prejudice of all of the Northgate Defendants in this action.

8. MODIFICATION OF JUDGMENT

- 8.1 This Consent Judgment may be modified only upon written agreement of the Parties and, if the modification affects a substantive provision of this Consent Judgment, upon entry of a modified Consent Judgment by the Court thereon, or otherwise upon motion of any Party as provided by law and upon entry of a modified Consent Judgment by the Court.
- 8.2 Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with the other Party prior to filing a motion to modify the Consent Judgment.

9. RETENTION OF JURISDICTION

9.1 This Court shall retain jurisdiction of this matter to implement and enforce the terms of this Consent Judgment under Code of Civil Procedure § 664.6.

10. SERVICE ON THE ATTORNEY GENERAL

10.1 CAG shall serve a copy of this Consent Judgment, signed by both Parties, on the California Attorney General so that the Attorney General may review this Consent Judgment prior to its submittal to the Court for approval. No sooner than forty-five (45) days after the Attorney General has received the aforementioned copy of this Consent Judgment, and in the absence of any written objection by the Attorney General to the terms of this Consent Judgment, the Parties may then submit it to the Court for approval.

11. ATTORNEY FEES

11.1 Except as specifically provided in Sections 4.1.3 and 6.3, each Party shall bear its

own attorneys' fees and costs in connection with this action.

12. ENTIRE AGREEMENT

12.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof 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 hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

13. GOVERNING LAW

- 13.1 The validity, construction and performance of this Consent Judgment shall be governed by the laws of the State of California, without reference to any conflicts of law provisions of California law.
- 13.2 The terms of this Consent Judgment shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Consent Judgment are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Covered Products, then any Defendant subject to this Consent Judgment may provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Covered Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve a Defendant from any obligation to comply with any pertinent state or federal law or regulation.
- 13.3 The Parties, including their counsel, have participated in the preparation of this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. This Consent Judgment was subject to revision and modification by the Parties and has been accepted

1	16. AUTHORITY TO STIPULATE		
2	16.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized		
3	by the Party he or she represents to enter into this Consent Judgment and to execute it on behalf of		
4	the Party represented and legally to bind that party.		
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6	AGREED TO: AGREED TO:		
7	Date:		
8	Mit Man.		
9	Name: Michael Marcusame: Love Was -		
10	Title: Director Title: Programme		
11	CONSUMER ADVOCACY SONORA CORPORATION GROUP, INC.		
12	GROOT, INC.		
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14	IT IS SO ORDERED.		
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16	Date: Hon. Judge Gregory Alarcon		
17	JUDGE OF THE SUPERIOR COURT		
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- 11	CONSENT JUDGMENT [PROPOSED]		

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