1 Reuben Yeroushalmi (SBN 193981) Peter T. Sato (SBN 238486) 2 Shannon E. Royster (SBN 314126) YEROUSHALMI & YEROUSHALMI 3 An Association of Independent Law Corporations 9100 Wilshire Blvd., Suite 240W 4 Beverly Hills, California 90212 Telephone: 310-623-1926 Facsimile: 310-623-1930 5 Attorneys for Plaintiff, 6 Consumer Advocacy Group, Inc. 7 SUPERIOR COURT OF THE STATE OF CALIFORNIA 8 IN AND FOR THE COUNTY OF LOS ANGELES 9 STANLEY MOSK COURTHOUSE 10 11 CONSUMER ADVOCACY GROUP, CASE NO. 18STCV02562 12 INC., in the public interest, CONSENT JUDGMENT [PROPOSED] 13 Plaintiff. 14 Health & Safety Code §25249.5 15 Dept. 61 16 EL MONTE SUPERSTORE, INC., a Hon. Gregory Keosian California Corporation, et. al., 17 Filing Date: 10/26/2018 18 Trial Date: Not Yet Set Defendants. 19 20 21 1. INTRODUCTION 22 1.1 This Consent Judgment is entered into by and between Plaintiff, CONSUMER 23 ADVOCACY GROUP, INC. ("Plaintiff" or "CAG") acting on behalf of itself and in the interest 24 of the public, and Defendant, DAI CHEONG TRADING CO, INC. ("Defendant" or "DAI 25 CHEONG") with each a Party to the action and collectively referred to as "Parties." 26 27 28 1

CONSENT JUDGMENT

# 1.2 Defendants and Covered Products

1.2.1 CAG alleges that DAI CHEONG is a California corporation which employs ten or more persons. For purposes of this Consent Judgment only, DAI CHEONG is deemed a person in the course of doing business in California and 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 CAG alleges that DAI CHEONG manufactures, causes to be manufactured, imports, supplies, offers for sale, sells, or distributes certain dried fungus products in California.

## 1.3 Listed Chemical

Lead and lead compounds have been listed by the State of California as known to cause cancer and birth defects or other reproductive harm.

#### 1.4 Notice of Violation

On or about May 7, 2018, CAG served DAI CHEONG and various public enforcement agencies with a document titled "Sixty-Day Notice of Intent to Sue for Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986" ("Notice") that provided the recipients with notice of alleged violations of Health & Safety Code § 25249.6 for allegedly failing to warn individuals in California of exposures to lead and lead compounds, contained in certain dried fungus products sold by DAI CHEONG in California. No public enforcer has commenced or diligently prosecuted the allegations set forth in the Notice.

### 1.5 Complaint

On October 26, 2018, CAG filed a Complaint against DAI CHEONG for civil penalties and injunctive relief (the "Complaint") in Los Angeles County Superior Court, Case No. 18STCV02562, alleging that Defendants violated Proposition 65 for allegedly failing to give clear and reasonable warnings of alleged exposure to lead and lead compounds in certain dried fungus products DAI CHEONG distributed and/or sold in California.

#### 1.6 Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has

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jurisdiction over the allegations of violations contained in the Complaint, personal jurisdiction over DAI CHEONG 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 against the DAI CHEONG 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 of any material allegation in the Notice or the Complaint, or of any fact, conclusion of law, issue of law or violation of law of any kind, including without limitation, any admission concerning any alleged or actual violation of Proposition 65 or any other statutory, regulatory, common law, or equitable doctrine, including but not limited to the meaning of the terms "knowingly and intentionally expose" or "clear and reasonable warning" as used in Health and Safety Code section 25249.6. Nothing in this Consent Judgment, nor compliance with its terms, shall constitute or be construed as an admission of any fact, conclusion of law, issue of law, or violation of law, or of fault, wrongdoing, or liability by DAI CHEONG, 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 dried fungus, which includes but is not limited to: "Dried Black Fungus; Fortuna Brand; Packed for: Dai Cheong Trading Co., Inc.; Product of

China." The Covered Products are limited to those manufactured, imported, distributed, offered for sale, sold or supplied by DAI CHEONG.

- 2.2 "Effective Date" means the date that this Consent Judgment is approved and entered by the Court.
  - 2.3 "Lead" means lead and lead compounds.
  - 2.4 "Listed Chemical" means Lead.
  - 2.5 "Notice" means Plaintiff's May 7, 2018 Notice.

### 3. INJUNCTIVE RELIEF & CLEAR AND REASONABLE WARNINGS.

- 3.1 After the Effective Date, DAI CHEONG shall not sell, offer for sale in California, or ship for sale in California any Covered Products containing a level of Lead exceeding 40 parts per billion ("ppb"), unless a Proposition 65 compliant warning is provided as set forth in section 3.2 below.
- 3.2 The Parties agree that the following warning language shall constitute compliance with Proposition 65 with respect to the Covered Products containing a level of Lead exceeding 40 ppb manufactured, imported, distributed, offered for sale, sold or supplied by the Defendant after the Effective Date:

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

Where the warning is provided on the food product label, it must be set off from other surrounding information and enclosed in a box.

For any Covered Products containing a level of Lead exceeding 40 ppb still existing in Defendant's inventory as of the Effective Date, Defendant shall place a Proposition 65 compliant warning on them. Defendant has no obligation to provide a warning for Covered Products that are manufactured, imported, distributed, offered for sale, sold or supplied by DAI CHEONG prior to the Effective Date. 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 Parties agree that the foregoing warning language or other language that complies with applicable warning requirements adopted by OEHHA as of or after the Effective Date shall constitute compliance with Proposition 65 with respect to the alleged Listed Chemical in the Covered Products as of the Effective Date.

### 4. SETTLEMENT PAYMENT

- 4.1 **Payment**: Defendant shall pay a total of sixty five thousand dollars and zero cents (\$65,000) in full and complete settlement of any and all claims for civil penalties, damages, attorney's fees, expert fees or any other claim for costs, expenses or monetary relief of any kind for claims that were or could have been asserted in the Notice or Complaint, as follows:
- 4.1.1 Civil Penalty: Defendant shall issue two separate checks totaling thirteen thousand one-hundred fifty dollars and zero cents (\$13,150.00) as follows for alleged civil 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 nine thousand eight-hundred sixty-two dollars and fifty cents (\$9,862.50) representing 75% of the total civil penalty and Defendant will issue a second check to CAG in the amount of three thousand two-hundred eighty-seven dollars and fifty cents (\$3,287.50) representing 25% of the total civil penalty;
- (b) Separate 1099s shall be issued for each of the above payments: Defendant will issue a 1099 to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of nine thousand eight-hundred sixty-two dollars and fifty cents (\$9,862.50). Defendant will also issue a 1099 to CAG in the amount of three thousand two-hundred eighty-seven dollars and fifty cents (\$3,287.50) and deliver it to CAG c/o Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212.

4.1.2 Additional Settlement Payments: DAI CHEONG shall pay nine thousand eighthundred fifty dollars and zero cents (\$9,850.00) to "Consumer Advocacy Group, Inc." pursuarut to Health & Safety Code § 25249.7(b) and California Code of Regulations, Title 11 § 3203(d) CAG will use this portion of the Total Settlement Payment as follows, eighty five percent (85%) for fees of investigation, purchasing and testing for Proposition 65 Listed Chemical 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 Chemical, 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 Chemical 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 Chemical 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 Fees and Costs: Defendants shall pay forty two thousand dollars and zero cents (\$42,000.00) to "Yeroushalmi & Yeroushalmi" as complete reimbursement including, but not limited to, any and all reasonable investigation fees and costs, attorneys' fees, expert fees, and any and all other costs and expenses incurred us a result of investigating, bringing this matter to the DAI CHEONG's attention, litigating, negotiating a

settlement in the public interest, and seeking and obtaining court approval of this Consent Judgment.

4.2 Other than the payment to OEHHA described above, all payments referenced in paragraphs 4.1.1, 4.1.2, and 4.1.3 above, shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Blvd., Suite 240W, Beverly Hills, CA 90212. Defendant shall deliver payment to OEHHA by check (Memo Line "Prop 65 Penalties") at one of the following addresses:

For United States Postal Service Delivery:

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

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

DAI CHEONG shall provide written confirmation to CAG concurrently with payment to OEHHA.

### 5. 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 DAI CHEONG and their officers, directors, insurers, employees, parents, shareholders, divisions, subdivisions, subsidiaries, partners, affiliates, sister companies, and their successors and assigns ("Defendant Releasees"), and all entities to whom DAI CHEONG directly or indirectly distributes, supplies, offers for sale or sells Covered Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensees, and the successors and assigns

of any of them, who may use, maintain, distribute, supply, offer for sale or sell Covered Products including, but not limited to SF Supermarket, Inc., El Monte Superstore, Tran's Family, Inc. ("Downstream Defendant Releasees"), of all claims for alleged or actual violations of Proposition 65 for alleged exposures to the Listed Chemical from the Covered Products manufactured, distributed or sold by DAI CHEONG up through the Effective Date as set forth in the Notice and Complaint. DAI CHEONG's compliance with this Consent Judgment shall constitute compliance with Proposition 65 with respect to alleged exposures to the Listed Chemical from the Covered Products manufactured, imported, distributed, supplied, offered for sale or sold by Defendant Releasees or Downstream Defendant Releasees 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 DAI CHEONG, Defendant Releasees, or Downstream Defendant Releasees. DAI CHEONG, Defendant Releasees and Downstream Defendant Releasees are hereafter 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, 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 actual or alleged violation of Proposition 65 or any other statutory or common law claim regarding the Covered Products manufactured, imported, distributed, supplied, offered for sale or sold by the Released Parties through the Effective Date regarding any actual or alleged failure to warn about exposure to the Listed Chemical from the Covered Products. In furtherance of the foregoing, CAG on behalf of itself only, hereby walves any and all rights and benefits which it now has, or in the future may have, conferred upon it with respect to Claims regarding the Covered Products manufactured, imported, distributed, supplied, offered for sale or sold by the Released Parties

through the Effective Date arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemical from the Covered Products 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.

CAG understands and acknowledges that the significance and consequence of this waiver of California Civil Code section 1542 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the Covered Products manufactured, imported, distributed, supplied, offered for sale or sold by the Released Parties through the Effective Date regarding the failure to warn about actual or alleged exposure to the Listed Chemical from the Covered Products, CAG will not be able to make any claim for those damages, penalties or other relief against the Released Parties. Furthermore, CAG acknowledges that it intends these consequences for any such Claims arising from any violation of Proposition 65 or any other statutory or common law regarding the failure to warn about exposure to the Listed Chemical from the Covered Products as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Consent Judgment, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

# 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, Los Angeles County, 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.
- 6.2 **Notice of Violation.** Prior to bringing any motion, order to show cause, or other proceeding to enforce the terms of this Consent Judgment, CAG shall provide a Notice of Violation ("NOV") to DAI CHEONG within 60 days of the date the alleged violation was observed. The NOV shall, at a minimum, include for each alleged violation: (a) a description of the Covered Product giving rise to the alleged violation, including a picture of the Covered Product and all identifying and consumer information on packaging and labels; (b) specific date(s) when the alleged violation was observed; (c) the store or other place at which the Covered Product was offered for sale to consumers; (d) test data obtained by CAG regarding the Covered Product and related supporting documentation, including all laboratory reports, quality assurance and quality control reports associated with the testing of the Covered Product; and (e) any other evidence or support for the allegations in the NOV.
  - 6.2.1 Non-Contested NOV. CAG shall take no further action of any kind regarding the alleged violation if, within 60 days of receiving such NOV, DAI CHEONG serve a Notice of Election ("NOE") not to contest the NOV that meets the following conditions:
  - (a) A statement that the Covered Product was manufactured, imported, distributed, offered for sale, sold or supplied by DAI CHEONG before the Effective Date; or

- (b) A statement that since receiving the NOV DAI CHEONG 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 Product identified in the NOV from sale in California; or (iii) refute the information provided in the NOV.
- 6.2.2 **Contested NOV.** DAI CHEONG may serve a NOE informing CAG of its election to contest the NOV within 60 days of receiving the NOV.
- (a) In its election, DAI CHEONG may request that the sample(s) of Covered Product tested by CAG be subject to confirmatory testing at an EPA- or California-accredited laboratory of DAI CHEONG's choosing.
- (b) If the confirmatory testing establishes that the Covered Product does not contain the Listed Chemical in excess of the level 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, DAI CHEONG may withdraw its NOE to contest the violation and may serve a new NOE pursuant to section 6.2.1.
- (c) If DAI CHEONG does not withdraw a NOE to contest the NOV, 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 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 et seq. above, upon five (5) business 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 promptly file a motion seeking approval of this Consent Judgment pursuant to California Health & Safety Code § 25249.7(f). The Parties will act in good faith in

order to obtain the Court's approval of this Consent Judgment. Upon entry of the Consent Judgment, CAG and DAI CHEONG waive their respective rights to a hearing and trial on the allegations in the Notice and Complaint.

7.2 If this Consent Judgment is not approved in full by the Court within six months after it is submitted to the Court for approval: (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.

### 8. MODIFICATION OF JUDGMENT

- 8.1 This Consent Judgment may be modified only upon written agreement of the Parties and upon entry of a modified Consent Judgment by the Court thereon, or 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

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

CAG shall serve a copy of this Consent Judgment, signed by both Parties, on the California Attorncy General within five (5) days of submittal to the Court.

### 11. ATTORNEY FEES

Except as specifically provided in sections 4.1.2, 4.1.3 and 6.3, each Party shall bear its own attorneys' fees and costs in connection with the claims resolved in this Consent Judgment.

## 12. GOVERNING LAW

- 12.1 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.
- 12.2 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 DAI CHEONG 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 DAI CHEONG from any obligation to comply with any other pertinent state or federal law or regulation.
- 12.3 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 and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Consent Judgment shall not be interpreted against any Party as a result of the manner of the preparation of this Consent Judgment. Each Party to this Consent Judgment agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Consent Judgment and, in this regard, the Parties hereby waive California Civil Code § 1654.

#### 13. EXECUTION AND COUNTERPARTS

This Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document and have the same force and effect as original signatures.

I	14.	NOTICES		
2		Any notices under this Consent Judgment shall be by delivery of First Class Mail.		
3		If to CAG:		
4 5 6		Reuben Yeroushalmi, Esq. Yeroushalmi & Yeroushalmi 9100 Wilshire Boulevard, Suite 240V Beverly Hills, CA 90212	W	
7		If to Defendant DAI CHEONG TRA	DING, INC.:	
8 9 10		Malcolm Weiss, Esq. HUNTON ANDREWS KURTH, LL 550 S. Hope St., Stc. 2000 Los Angeles, CA 90071	.P	
11	15	· rimitodital av caldili yak		
12	15.	AUTHORITY TO STIPULATE		
13			ment certifies that he or she is fully authorized by the	
14	11	-	Consent Judgment and to execute it on behalf of the	
15	11	represented and legally to bind that par		
16	AGRE	EED TO:	AGREED TO:	
17 18 19 20	Date:	March 22, 2019 Michael Marcus	Date: MAR/26/, 2019  Palein Shir  Name: PAGLINE (5/1)	
20	l'itle:	Director	Title: MANACTING DIRECTON	
22		SUMER ADVOCACY GROUP,	DAI CHEONG TRADING CO., INC.	
23	INC.		DIN 0,1110,100 1,1110,1110,1110,1110,1110	
24 25	IT IS S	SO ORDERED.		
26   27	Date:_		JUDGE OF THE SUPERIOR COURT	
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CONSENT HUDGMENT