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Attorneys for Plaintiff the Center for Advanced Public Awareness

**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**COUNTY OF SAN FRANCISCO**

CENTER FOR ADVANCED PUBLIC  
AWARENESS, in the public interest,

Plaintiff,

vs.

MID CITY CANNABIS CLUB, INC. dba LA  
BREA COLECTIVE, a California  
Corporation; and DOES 1 through 50,  
inclusive,

Defendants.

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Case Number:

**STIPULATED CONSENT JUDGMENT**  
**HEALTH AND SAFETY CODE § 25249.6**

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**1. INTRODUCTION**

**1.1. Center for Advanced Public Awareness and MCC.**

This Consent Judgment is entered into by and between plaintiff the Center for Advanced Public Awareness (“CAPA” or “Plaintiff”) and defendant Mid City Cannabis Club, Inc. dba La Brea Collective (“MCC” or “Defendant”), with MCC and CAPA each individually referred to as a “Party” and collectively as the “Parties.”

**1.2. Plaintiff**

CAPA is a not-for profit corporation duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer and other products.

**1.3. Defendant**

CAPA alleges, and for purposes of this settlement only MCC does not dispute, that MCC employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

**1.4. General Allegations**

CAPA alleges that MCC sold and/or distributed for sale in California the Covered Products without provision of a Proposition 65 warning, and that the Covered Products exposed consumers to marijuana smoke and its chemical constituents which, collectively, are identified as a chemical known to the State of California to cause cancer. CAPA further alleges that MCC failed to provide the health hazard warning required by Proposition 65 for exposures to marijuana smoke from the Covered Products.

**1.5. Product Description**

The products covered by this Consent Judgment include all marijuana flowers, buds, leaves, stems and other organic parts of the cannabis and marijuana plants intended for combustion via smoking and/or inhalation, including but not limited to those identified in

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2 CAPA's Notice as marijuana "flowers" or "buds," which are sold, manufactured, and/or  
3 distributed for sale in California by MCC ("Covered Product(s)").

4 **1.6. Notice of Violation**

5 On or about August 17, 2018, CAPA served MCC and the requisite public enforcement  
6 agencies with a 60-Day Notice of Violation ("Notice"), alleging that MCC violated Proposition  
7 65. The Notice alleged that MCC had failed to warn its customers and consumers in California of  
8 the health hazards associated with exposures to marijuana smoke from its sale and/or distribution  
9 of the Covered Products.

10 CAPA subsequently provided MCC with information in CAPA's possession concerning  
11 its allegations. MCC provided CAPA with sales data related to the Covered Products. To the  
12 best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting  
13 the allegations set forth in the Notices.

14 **1.7. Complaint**

15 On February \_\_ 2019, Plaintiff, who was and is acting in the interest of the general public  
16 in California, filed a complaint ("Complaint" or "Action") in the Superior Court in and for the  
17 County of San Francisco against MCC and Does 1 through 50, alleging violations of Health &  
18 Safety Code §25249.6 based on the alleged exposures to marijuana smoke contained in the  
19 Covered Products sold by MCC.

20 **1.8. No Admission**

21 The Parties enter into this Consent Judgment to settle disputed claims between the Parties  
22 as set forth below, and as alleged in the Notice and Complaint, concerning the Parties' and the  
23 Covered Products' compliance with Proposition 65 (the "Dispute"). Specifically, CAPA alleges  
24 that MCC sold or distributed for sale in the state of California the Covered Products, which  
25 resulted in the exposure to marijuana smoke, without first providing the clear and reasonable  
26 exposure warning required by Proposition 65. MCC denies that such a warning is required under  
27 Proposition 65 or any otherwise applicable law.

28 MCC further denies the material, factual, and legal allegations contained in the Notice and  
Complaint and maintains that, to the best of its knowledge, all of the products that it has sold

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2 and/or distributed in California, including the Covered Products, have been, and are, in  
3 compliance with all laws. Nothing in this Consent Judgment shall be construed as an admission  
4 by MCC of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance  
5 with this Consent Judgment constitute or be construed as an admission by MCC of any fact,  
6 finding, conclusion, issue of law, or violation of law, such being specifically denied by MCC.  
7 However, this section shall not diminish or otherwise affect MCC's obligations, responsibilities,  
8 and duties hereunder. Notwithstanding the allegations in the Notice, MCC maintains that it has  
9 not knowingly sold or caused to be sold the Covered Product in California in violation of  
10 Proposition 65.

11 **1.9. Consent to Jurisdiction**

12 For purposes of this Consent Judgment only, Parties stipulate that: 1) this Court has  
13 jurisdiction over MCC as to the allegations contained in the Complaint; 2) that venue is proper in  
14 the County of San Francisco; and 3) that this Court has jurisdiction to enter and enforce the  
15 provisions of this Consent Judgment.

16 **1.10. Effective Date**

17 For purposes of this Consent Judgment, the term "Effective Date" shall mean the date on  
18 which the Court approves this Consent Judgment, including any unopposed tentative ruling  
19 granting approval of this Consent Judgment.

20 **2. INJUNCTIVE RELIEF: REFORMULATED PRODUCTS AND WARNINGS**

21 **2.1. Clear and Reasonable Warnings**

22 Commencing on the Effective Date, MCC shall either (1) post in-store warning signs ("In-  
23 Store Warnings") or (2) cause a warning label to be affixed to the packaging, labeling, or directly  
24 on each Covered Product ("Product Label Warnings") sold in its dispensary or through a delivery  
25 service, if any, in California.

26 **2.1.1 In-Store Warnings.** In-Store Warnings shall be provided at one or more of  
27 the following locations: (a) at or near each cash register in the store; (b) at or near each display  
28 case containing the Covered Products in the store; or (c) at or near the entrance of the store. The  
warnings shall be at least 8 inches by 10 inches and posted at a height and location that will make

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2 it conspicuous and easy to read for the average person. The text of the warning shall be printed in  
3 black ink, in a font that is easy to read and legible, but in no case less than a size 22 font. The  
4 language shall be substantially similar to that set forth below and may also include a warning  
5 concerning birth defects or other reproductive harm at the discretion of MCC. At MCC's sole  
6 option, the warning may use the phrase "Marijuana (cannabis) products" rather than "This  
7 product."

8 **⚠ WARNING: This product can expose you to chemicals, including Marijuana**  
9 **Smoke, which are known to the State of California to cause cancer. For more**  
10 **information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

11 **Or**

12 **⚠ WARNING: This product can expose you to chemicals including Marijuana**  
13 **Smoke, which are known to the state of California to cause cancer, and [name of**  
14 **reproductive toxicant], which are known to the State of California to cause birth**  
15 **defects or other reproductive harm. For more information go to**  
16 **[www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

17 **2.1.2 Product Label Warnings.** The text of any Product Label Warnings shall be  
18 prominently displayed on the label and must be displayed with such conspicuousness as  
19 compared with other words, statements, designs or devices on the label, labeling, or sign, as to  
20 render the warning likely to be seen, read, and understood by an ordinary individual under  
21 customary conditions of purchase or use. For the short form version of the warning set forth  
22 below, the warning shall be in a type size no smaller than the largest type size used for other  
23 consumer information, as that term is defined in Tit. 27, CCR, Section 25600.1(c), on the product  
24 and, in no case, shall the warning appear in a type size smaller than 6-point type. The Product  
25 Label Warnings shall be securely affixed to (via a label) or printed upon the packaging of each  
26 Covered Product. Employees may not write over the text of the warning for any reason. The  
27 language shall be substantially similar to that set forth below:

28 **⚠ WARNING: This product can expose you to chemicals including Marijuana**  
29 **Smoke, which are known to the State of California to cause cancer. For more**  
30 **information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).**

31 **Or**

32 **⚠ WARNING: This product can expose you to chemicals including Marijuana**  
33 **Smoke, which are known to the State of California to cause cancer, and [name of**

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2 reproductive toxicant], which are known to the State of California to cause birth  
3 defects or other reproductive harm. For more information go to  
4 [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

5 Or the short form version (with the bracketed text added at MCC's sole option)

6  **WARNING: Cancer [and Reproductive Harm] - [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)**

7 **2.2 Internet Website Warning.** For all Covered Products that are advertised on a  
8 website as offered for sale at MCC's dispensary or available for delivery directly to MCC's  
9 dispensary members, a warning that complies with the content requirements of Section 25603(a)  
10 and Section 2.1.2 above must also be provided by including either the warning or a clearly  
11 marked hyperlink using the word "WARNING" on the Covered Product's display page, or by  
12 otherwise prominently displaying the warning to the purchaser prior to completing the purchase.  
13 If a Product Label Warning is provided as set forth above, the warning provided on the website  
14 may use the same content as the Product Label Warning. Supplemental information may be  
15 provided only in compliance with Tit. 27, CCR, Section 25601(e).

16 **2.3 Compliance.** The parties agree that compliance with the terms of this Consent  
17 Judgment, or compliance with the Proposition 65 warning regulations adopted by the State of  
18 California's Office of Environmental Health Hazard Assessment ("OEHHA") after the Effective  
19 Date and as they may be amended from time to time, constitutes compliance with Proposition 65  
20 with regard to the Covered Products.

### 21 **3. MONETARY PAYMENTS**

#### 22 **3.1. Payments Pursuant to Health & Safety Code § 25249.7(b)**

23 MCC shall pay a civil penalty of \$4,000.00, to be apportioned in accordance with  
24 California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the  
25 State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the  
26 remaining 25% of the penalty remitted to CAPA. MCC shall issue two separate checks for the  
27 penalty payment: (a) one check made payable to the Kawahito Law Group in Trust for the State  
28 of California's Office of Environmental Health Hazard Assessment ("in Trust for OEHHA") in  
the amount of \$3,000.00, representing 75% of the initial civil penalty and (b) one check to

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2 “Kawahito Law Group in Trust for Center for Advanced Public Awareness, Inc.,” in the amount  
3 of \$1,000, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for  
4 the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA  
5 95814 (EIN: 68-0284486). The second 1099 shall be issued to CAPA, who shall furnish a W2 at  
6 least five calendar days before payment is due.

7 The payments shall be delivered to CAPA’s counsel at the following address within ten  
8 (10) days of the Effective Date of this Consent Judgment:

9 James Kawahito, Esq.  
10 Kawahito Law Group APC  
11 222 N. Pacific Coast Hwy., Suite 2222  
12 El Segundo, CA 90245

#### 12 **4. REIMBURSEMENT OF ATTORNEYS’ FEES AND COSTS**

13 The Parties acknowledge that CAPA and its counsel offered to resolve this dispute  
14 without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving  
15 any fee reimbursement issue to be resolved after the material terms of the agreement had been  
16 settled. The parties reached an accord on the compensation due to CAPA and its counsel under  
17 general contract principles and the private attorney general doctrine codified at California Code of  
18 Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this  
19 Consent Judgment. MCC shall reimburse CAPA and its counsel in the total amount of  
20 \$31,000.00 for fees and costs incurred by CAPA as a result of investigating, bringing this matter  
21 to the attention of MCC, negotiating this Consent Judgment, drafting the Complaint, and  
22 preparing the papers necessary briefing to obtain the Consent Judgment from this Court. MCC  
23 shall pay the attorneys’ fees and costs identified herein in two (2) equal installment payments.  
24 MCC shall make the checks payable to “Kawahito Law Group APC” and shall issue a check for  
25 the first installment payment of \$15,500.00 within ten (10) days of the Effective Date. MCC shall  
26 issue a check for the second and final installment payment of \$15,500.00 made payable to  
27 “Kawahito Law Group APC” within sixty (60) days of the Effective Date to:

28 James Kawahito, Esq.  
Kawahito Law Group APC



1  
2 Attn. CAPA v. Mid City Cannabis, Inc.  
3 222 N. Pacific Coast Hwy., Suite 2222  
4 El Segundo, CA 90245

5 To allow for the issuance of a timely payment to be rendered pursuant to the above,  
6 CAPA shall provide MCC with a completed IRS Form W-9 for the Kawahito Law Group APC  
7 upon request.

8 **5. RELEASE OF CLAIMS**

9 **5.1. CAPA's Release of MCC**

10 This Consent Judgment is a full, final and binding resolution between CAPA, on behalf of  
11 itself, its past and current agents, representatives, attorneys, successors and/or assignees, and in  
12 the interest of the general public ("Releasers"), on the one hand, and MCC, its parents,  
13 subsidiaries, affiliated entities that are under common ownership, directors, officers, employees,  
14 licensors, licensees, predecessors in interest, retailers, marketplace hosts, distributors and/or any  
15 other person to whom MCC directly or indirectly distributed Covered Products ("Releasees"), of  
16 any violation of Proposition 65 that was or could have been asserted by CAPA against the  
17 Releasees, related to any violation of Proposition 65 that was or could have been asserted by  
18 CAPA, on behalf of itself, against Releasees for unwarned exposures to marijuana smoke, and for  
19 claims based on the Notice and Complaint relating to the Covered Products that were  
20 manufactured, imported, distributed, sold and/or offered for sale by MCC (either directly or  
21 through the Releasees) in California before the Effective Date.

22 With respect to the foregoing waivers and releases in this paragraph, Releasers hereby  
23 specifically waive any and all rights and benefits which they now have, or in the future may have,  
24 conferred by virtue of the provisions of § 1542 of the California Civil code, which provides as  
25 follows:

26 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE  
27 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT  
28 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.



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**5.2. MCC's Release of CAPA**

MCC on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against CAPA, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CAPA and its attorneys and other representatives in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Covered Products.

**6. COURT APPROVAL**

This Consent Judgment is not effective until it is approved and entered by the Court and shall be null and void if, for any reason, it is not approved and entered by the Court.

**7. SEVERABILITY**

If, subsequent to the execution of this Consent Judgment, any provisions of this Consent Judgment are deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

**8. GOVERNING LAW**

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 the Covered Products, then MCC shall have no further obligations pursuant to this Consent Judgment with respect to, and to the extent that, Covered Products are so affected.

**9. NOTICES**

Unless specified herein, all correspondence and notice required to be provided pursuant to this Consent Judgment shall be in writing and, with courtesy copies to counsel delivered by email, sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For MCC: Daniel Sosa  
Mid City Cannabis Club, Inc.  
5057 W. Pico Blvd.  
Los Angeles, CA 90019

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with a copy to: Ann Grimaldi  
Grimaldi Law Offices  
535 Mission Street, 14th Floor  
San Francisco, CA 94105

For CAPA: James K. Kawahito  
Kawahito Law Group APC  
Attn. CAPA v. Mid City Cannabis, Inc.  
222 N. Pacific Coast Hwy., Suite 2222  
El Segundo, CA 90245  
jkawahito@kawahitolaw.com

with a copy to: Center for Advanced Public Awareness, Inc.  
Attn: Linda Droubay  
100 Promenade Circle, Suite 300  
Sacramento, CA 95834

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

**10. COUNTERPARTS; FACSIMILE SIGNATURES**

This Consent Judgment may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

**11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7**

CAPA and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code Section 25249.7(f).

**12. ADDITIONAL POST EXECUTION ACTIVITIES**

The parties acknowledge that, pursuant to Health & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this Consent Judgment. In furtherance of obtaining such approval, CAPA and MCC and their respective counsel agree to mutually employ their reasonable best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of the Consent Judgment by the Court in a timely manner. For purposes of this paragraph, reasonable best efforts shall include cooperating on the drafting and filing of any required papers in support of the motion for judicial approval.

**13. MODIFICATION**

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This Consent Judgment may be modified only: (1) by written agreement of the parties and upon entry of a modified consent judgment by the Court thereon; or (2) upon a successful motion of any party and entry of a modified consent judgment by the Court. The Attorney General shall be served with notice of any proposed modification to this Consent Judgment at least fifteen days in advance of its consideration by the Court.

**14. AUTHORIZATION**


The undersigned are authorized to stipulate to, enter into, and execute this Consent Judgment on behalf of their respective parties, and have read, understood, and agree to all of the terms and conditions of this Consent Judgment.

**AGREED TO:**

**AGREED TO:**

Date: \_\_\_\_\_

Date: 2-25-19

By:  \_\_\_\_\_  
Center for Public Awareness, Inc.

Digitally signed by  
Linda DeRose-Droubay  
Date: 2019.02.19 16:28:37  
EST

By: DANIEL SOSA \_\_\_\_\_  
Mid City Cannabis Club, Inc.

**ORDER AND JUDGMENT**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, pursuant to Health & Safety Code § 25249.7(f)(4) and Code of Civil Procedure § 664.6, judgment is hereby entered.

Dated: \_\_\_\_\_

\_\_\_\_\_

JUDGE OF THE SUPERIOR COURT