

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Kaloustian and JFC International Inc.

This Settlement Agreement is entered into by and between Tamar Kaloustian ("Kaloustian"), represented by his attorneys KJT Law Group, LLP on the one hand, and JFC International Inc. ("JFC"), on the other hand, with Kaloustian and JFC collectively referred to as the "Parties."

1.2. General Allegations

Kaloustian alleges that JFC manufactured and distributed and offered for sale in the State of California lychees, specifically Dynasty Lychees – Peeled Whole – In Heavy Syrup, UPC # 011152042, containing lead and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). California has identified and listed lead under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. Product Description

The product that is covered by this Settlement Agreement are defined to include lychees, Dynasty Lychees, or Dynasty Lychees – Peeled Whole – In Heavy Syrup, UPC # 011152042331 that JFC has sold, offered for sale, manufactured, or distributed in California and that contain lead. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On February 24, 2020, Kaloustian served JFC and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of

California with documents entitled "60-Day Notice of Violation" ("Notice") that provided JFC, Gelson's Markets, and such public enforcers with notice that JFC and Gelson's Markets were allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to lead. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.5. No Admission

The Parties enter into this Settlement Agreement to settle disputed claims between them as set forth herein and in the Notice concerning JFC's compliance with Proposition 65. Specifically, JFC denies the material factual and legal allegations contained in Kaloustian's Notice and maintains that all products that it has placed for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by JFC of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by JFC of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by JFC. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of JFC under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF: WARNING

2.1. Warning

Products shall be accompanied by a warning as described in Section 2.2 below, no later than 90 days after the Effective Date. The warning requirements set forth in Section 2.2 below shall apply only to Products that are distributed, marketed, sold or shipped for sale in the State of California. The warning requirement shall not apply to Products that are already in the stream of commerce as of the Effective Date or that JFC places into the stream of commerce within 90 days of the Effective Date.

2.2. Warning Language

Where required on the Product, JFC shall provide Proposition 65 warnings as follows:

(a) JFC may use any of the following warning statement in full compliance with this Section:

(1) **WARNING:** Consuming this product can expose you to chemicals including lead, which is [are] known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

(b) If JFC elects to use the warning statements identified in 2.2(a)(1), it will be set off from other surrounding information enclosed in a box. If a specific food product sign, label, or shelf tag used to provide a warning label includes consumer information in a language other than English, the warning must also be provided in that language in addition to English.

(c) The requirements for warnings, set forth in subsection (a) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations.

(d) If Proposition 65 warnings for lead should no longer be required, JFC shall have no further obligations pursuant to this Settlement Agreement.

3. CONSIDERATION

In settlement of all the claims referred to in this Settlement Agreement, the Parties reached an accord on the compensation due to Kaloustian and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, JFC shall pay Kaloustian and its counsel Ten Thousand Dollars (\$10,000) as settlement and for fees and costs, incurred as a result of investigating and bringing this matter to JFC's attention.

Kaloustian shall be solely responsible for allocating the payment pursuant to Sections 4 and 5. Kaloustian shall supply JFC with a completed W9 form. The Settlement Account shall be allocated as follows:

4. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, \$2,000 shall be considered a "civil penalty." The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Kaloustian. Kaloustian's counsel shall be responsible for delivering OEHHA's portion of any penalty payment made under this Settlement Agreement.

5. REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Settlement Agreement, \$8,000 shall be considered reimbursement of Kaloustian's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice. The Parties reached an accord on the compensation due to Kaloustian and its counsel under the private attorney general doctrine and principles of contract law.

6. PAYMENT INFORMATION

By August 7, 2020, JFC shall make a total payment of Ten Thousand Dollars (\$10,000) by check to Plaintiff's counsel KJT Law Group, LLP:

KJT Law Group, LLP

230 N. Maryland Avenue, Suite 306

Glendale, CA 91206

Other than this payment, each party is to bear its own attorneys' fees, costs, and expenses.

7. RELEASE OF ALL CLAIMS

7.1. Release of JFC, Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 through 6 above, Kaloustian, in its representative capacity, and 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 relating to the Products, 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 (a) JFC, and its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (b) Gelson's Markets, and its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (c) United Natural Foods Inc. ("UNFI"), and its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (d) each of JFC's upstream suppliers and all downstream entities in the stream of commerce including but not limited to distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users (the entities identified in this subsection (d) are collectively referred to as "Downstream Releasees"), and (e) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors, and assigns of any of the entities identified in subsections (a) through (d) (collectively "Releasees") from all claims, actions, suits, demands, liabilities, damages, penalties, fees (including but not limited to attorneys' fees, investigator fees, and expert fees), costs, and expenses that were asserted, or that could have been asserted, for any alleged violations of Proposition 65, or any other alleged violation of statutory or common law, arising from alleged exposures to lead or other chemicals in the Product.

Kaloustian also, in its capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against JFC, Gelson's Markets, UNFI, Downstream

Releasees, and the Releasees. Kaloustian acknowledges that it is familiar with California Civil Code section 1542, 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.

Kaloustian, in its capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

8. RESOLUTION OF DISPUTES

If Kaloustian alleges that JFC has failed to comply with this Agreement, prior to filing an action or motion relating to enforcement, Kaloustian shall first provide JFC thirty (30) days advance written notice of the alleged violation(s). Kaloustian shall provide testing results, lot numbers, photographs of the Product packaging, and purchase receipts for the Product(s) at issue in the alleged violation, as applicable. The Parties shall meet and confer during such thirty (30) day period in an effort to reach agreement on an appropriate cure for the alleged violation without the need for litigation.

Notwithstanding the provisions of this Agreement, Kaloustian may not issue any notice under this Section if the packaging of the Product is marked or labeled with the statement "Not for Sale in California" or substantially similar language, such statement is prominently placed upon the Product's label or other labeling as compared with other words or statements on the

label or labeling as to render it likely to be read and understood by an ordinary individual under the customary conditions of purchase or use. If JFC marks or labels a Product with such a statement, JFC shall additionally notify its customers/distributors by letter that the Product shall not be sold in California.

9. GOVERNING LAW

The terms of this Settlement Agreement 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 Products, then JFC shall have no further obligations pursuant to this Settlement Agreement. Any legal action to enforce this Agreement or related to this matter shall be brought in the County of San Francisco.

10. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For JFC: Steven G. Teraoka, Esq.
Teraoka & Partners LLP
One Embarcadero Center, Suite 1020
San Francisco, CA 94111

For Kaloustian : Tro Krikorian, Esq.
KJT Law Group, LLP
230 N. Maryland Ave., Suite 306
Glendale, CA 91206

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

11. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

12. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)

Ecological agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

13. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

14. MODIFICATION

This Settlement Agreement may be modified only by a written agreement signed by the Parties.

15. DRAFTING

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

16. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their

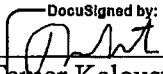
respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

IN WITNESS WHEREOF, the Parties have agreed, accepted, and executed this Agreement on the date written.

7/21/2020


Sherman Oaks

Executed this ____ day of July, 2020, at _____, California.

DocuSigned by:

Tamar Kaloustian

Executed this 23rd day of July, 2020, at Los Angeles (P.I.), California.

JFC International Inc.

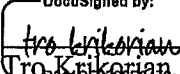

By: Yoshiyuki Ishiyaki
Its: President

APPROVED BY:

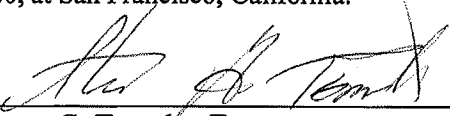
7/21/2020

GLENDALE

Executed this ____ day of July, 2020, at _____, California.

DocuSigned by:

Tero Krikorian, Esq. Attorney for Tamar Kaloustian
KJT Law Group, LLP

Executed this 23rd day of July, 2020, at San Francisco, California.


Steven G. Teraoka, Esq. Attorney for JFC International Inc.
Teraoka & Partners LLP