	d .			
1	JAMES KAWAHITO (SBN 234851)			
2	KAWAHITO LAW GROUP APC 6080 Center Drive, Suite 210			
3	Los Angeles, California 90045 Telephone: (310) 746-5300			
4	Facsimile: (310) 593-2520			
	Email: jkawahito@kawahitolaw.com			
5	Attorneys for Plaintiff Public Health and Safety	Advocates, LLC		
6				
7	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
8	COUNTY OF LOS ANGELES			
9	PUBLIC HEALTH AND SAFETY			
10	ADVOCATES, LLC., a limited liability	Case No.: 21STCV14401		
11	company, in the public interest,	[PROPOSED] STIPULATED CONSENT		
12	Plaintiffs,	JUDGMENT		
13	VS.	HEALTH AND SAFETY CODE §		
	HONG CHANG USA, INC., a California	25249.6		
14	Corporation; HONG CHANG CORPORATION, a California			
15	Corporation; HONG CHANG			
16	CORPORATION dba CALIFORNIA			
17	FOOD INTERNATIONAL; HONG CHANG COPRPORATION dba			
18	GALLERIA FOODS WHOLESALE and			
19	DOES 1 through 50, inclusive,			
20	Defendants.			
21				
22				
23				
24				
25				
26				
27				
20				

CONSENT JUDGMENT

### 1. Introduction

# 1.1. Public Health and Safety Advocates, LLC. and Hong Chang USA, Inc.

This Consent Judgment is entered into by and between plaintiff Public Health and Safety Advocates, LLC ("PHSA" or "Plaintiff") and defendant Hong Chang USA, Inc. ("HONG CHANG" or "Defendant") with HONG CHANG and PHSA each individually referred to as a "Party" and collectively as the "Parties."

### 1.2. Plaintiff

PHSA is a limited liability company 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 products.

### 1.3. Defendant

HONG CHANG 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

PHSA alleges that HONG CHANG has manufactured, sold, and/or distributed for sale in California, certain products described more specifically below containing lead and cadmium, a chemicals listed by the State of California under Proposition 65, without providing a required Proposition 65 warning. Lead and Cadmium shall be referred to hereinafter as the "Listed Chemicals."

## 1.5. Product Description

The HONG CHANG products that are the subject of this Consent Judgment are: (1) Sliced Squid, UPC # 826546353260; (2) Hokkai Seafood Mix, UPC # 826546346705; (3) Hokkai Mideoduck (Small Sea Squirt), UPC # 826546305993; (4) Hokkai Chlamy's Farreri Scallop, UPC # 826546355288; (5) C.F.I. Fresh Frozen Oyster Meat, UPC: 826546336072; (6) C.F.I. Baby Octopus, UPC: 826546334399; (7) C.F.I. Cooked Whole Black Mussel, UPC: 826546303777; (8) H.C.C. Fully Cooked Black Mussels, UPC: 826546101885; (9) Dried Green Laver,

## 1.6. Notices of Violation

On May 28, 2020, June 1, 2020, June 15, 2020, and June 18, 2020, PHSA served HONG CHANG and the requisite public enforcement agencies with twenty-one 60-Day Notices of Violation ("Notices") alleging that HONG CHANG violated Proposition 65. The Notices alleged that HONG CHANG failed to warn its customers and consumers in California that the Covered Products contain lead and cadmium.

# 1.7. Complaint

On April 15, 2021, Plaintiff, who was and is acting in the interest of the general public in California, filed a complaint ("Complaint" or "Action") in the Superior Court in and for the County of Los Angeles against HONG CHANG and Does 1 through 50, alleging violations of Health & Safety Code §25249.6 based on the alleged exposures to lead and cadmium contained in the Covered Products.

## 1.8. No Admission

The Parties enter into this Consent Judgment as a full and final settlement of all claims that were raised or that could have been raised in the Notices, arising out of the facts and/or conduct alleged therein. HONG CHANG denies the material, factual and legal allegations contained in PHSA's Notice and the Complaint, and maintains that all products, including but not limited to the Covered Products, that it has sold and distributed in California have been and are in compliance with all applicable laws, and are completely safe for their intended use. Nothing in this Consent Judgment shall be construed as an admission by HONG CHANG of any fact,

finding, conclusion, issue of law, or violation of law, nor shall compliance with this Consent Judgment constitute or be construed as an admission by HONG CHANG of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by HONG CHANG. However, this section shall not diminish or otherwise affect HONG CHANG's obligations, responsibilities, and duties hereunder.

## 1.9. Consent to Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that: (1) this Court has jurisdiction over HONG CHANG as to the allegations contained in the Complaint; 2) that venue is proper in the County of Los Angeles; and 3) that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

### 1.10. Effective Date

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

# 2. Injunctive Relief: Reformulated Products and Warnings

### 2.1. Reformulation Standard and Schedule

Commencing within ninety (90) days of the Effective Date, HONG CHANG shall not manufacture for consumer sale into the State of California any Covered Product that subsequently exposes a person to a Daily Serving of more than 0.5 micrograms of lead or 4.1 micrograms of cadmium without providing a warning as set forth in Sections 2.3 -2.6. A reformulated Covered Product ("Reformulated Product") is one for which the Daily Serving contains no more than 0.5 micrograms of lead or 4.1 micrograms of cadmium ("Reformulation Standard").

Covered Products that comply with the Reformulation Standard shall not require any warnings. For any Covered Products manufactured after 60 days from the Effective Date or later that do not meet the Reformulation Standard, HONG CHANG shall provide the warning set forth in Section 2.3-2.6.

As long as HONG CHANG complies and remains in compliance with the requirements of Section 2.1 - 2.6 for each of the Covered Products, the Parties agree that such Products shall be

deemed to comply with Proposition 65 with respect to lead and cadmium, and that compliance with this Consent Judgment shall fully and completely satisfy HONG CHANG's obligations under Proposition 65 to provide warnings for such Covered Products with respect to the presence of lead or cadmium, regardless of when manufactured, distributed or sold.

In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting Proposition 65 warning text and/or methods of transmission applicable to the Covered Products and the chemical at issue, which are different than those set forth above, HONG CHANG shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations, or legislation are enacted or issued providing that a Proposition 65 warning for the product is no longer required, a lack of warning will not thereafter be a breach of this Agreement. HONG CHANG shall instruct any third-party website to which it sells its Covered Products to include the same warning.

Covered Products manufactured, sold or distributed within 90 days of the Effective Date and/or currently in the channels of distribution may continue to be sold through by HONG CHANG and Releasees. However, as of 90 days from the Effective Date, HONG CHANG and the Releasees, as defined in Section 5.1, may not sell into California Covered Products that are not Reformulated Products that do not contain the warnings set forth in Paragraph 2.3-2.6.

# 2.2. Daily Serving

A Daily Serving (for purposes of determining Proposition 65 compliance for chemicals present in the Covered Products) shall be defined as the serving size set forth on the "Nutritional Facts" or "Supplemental Facts" stated on the Covered Product package.

## 2.3. Warning Option

Covered Products that do not meet the standard of Reformulated Products set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.4-2.6 below. This warning shall only be required as to Covered Products that Defendant manufactures, sells or ships to consumers, retailers, or distributors in California after the Effective Date. No Proposition 65

warning for lead and/or cadmium shall be required as to any Covered Products that are already in the stream of commerce as of 60 days from the Effective Date.

# 2.4. Warning Language

Covered Products manufactured after the Effective Date for sale in California that do not qualify as Reformulated Products shall contain a Proposition 65 warning affixed to the packaging, labeling, or directly on each Covered Product. The warning shall state either:

[California Proposition 65] WARNING: Consuming this product can expose you to chemicals including lead, which are known to the State of California to cause [cancer and] birth defects and other reproductive harm. www.P65Warnings.ca.gov/food.

[California Proposition 65] WARNING: [Cancer and] Reproductive Harm - www.P65Warnings.ca.gov/food.

The [Cancer and] warning shall be used where the exposure level of lead or cadmium in consuming the Covered Product exceeds the No Significant Risk Levels for cancer as set forth in the OEHHA Safe Harbor Levels. The warning shall be prominently displayed 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. Each warning shall be provided in a manner such that the consumer or user is reasonably likely to understand the Covered Products the warning applies to, so as to minimize the risk of consumer confusion. If the product contains consumer information in a language other than English, the company must provide the warning in the other language(s). In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission applicable to the Covered Products that is different than those set forth above, HONG CHANG shall be entitled to use, at its discretion, such other warning text and/or methods of transmission without being deemed in breach of this Consent Judgment, as long as such warning text and methods of transmission comply with OEHHA regulations.

# 2.5. Internet Sales

26 <sub>27</sub>

For any Covered Products sold by HONG CHANG through the internet, the relevant warnings shall comply with the requirements of 27 Cal. Code Regs. § 25602(b), effective August 30, 2018.

# 2.6. Warnings By Notice To Businesses Who Sell Or Receive The Covered Products

For purposes of this Consent Judgment, HONG CHANG may also satisfy the warning requirement by complying with the requirements of 27 Cal. Code Regs. §25600.2 including providing the required information to any business or retailer that is subject to Proposition 65, to which it sells or transfers the Covered Products.

# 2.7. Right To Rely On Subsequent Standards Or Safe Harbor Levels Adopted By OEHHA Or The Attorney General's Office

To the extent that OEHHA adopts safe harbor levels for lead and cadmium in seafood that are different than those currently in effect, HONG CHANG shall be entitled to rely on such standards notwithstanding the requirements set forth in Section 2.1. A modification of the Consent Judgment may be done pursuant to Section 15 below.

# 3. MONETARY PAYMENTS

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

HONG CHANG shall pay a total civil penalty of \$3,000.00, to be apportioned in accordance with California Health & Safety Code \$\$25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to PHSA. HONG CHANG shall issue two separate checks for the penalty payment: (a) one check made payable to the Kawahito Law Group in Trust for the State of California's Office of Environmental Health Hazard Assessment ("in Trust for OEHHA") in the amount of \$2,250.00, representing 75% of the total civil penalty; and (b) one check to "Kawahito Law Group in Trust for PHSA" in the amount of \$750.00, representing 25% of the total civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA

3

4

5

6

7

8

9

10

11 12

13 14 15

16 17

18

19

20 21

22

23 24

25

26

27 28 95814 (EIN: 68-0284486). The second 1099 shall be issued to Kawahito Law Group APC, who shall furnish a W2 at least five calendar days before payment is due.

The payments shall be delivered to PHSA's counsel at the following address within ten days of the Effective Date of this Consent Judgment:

James Kawahito, Esq. Kawahito Law Group APC 6080 Center Drive, Suite 210 Los Angeles, CA 90045

Payment may also be made by wire or ACH or wire transfer. Instructions will be provided separately upon request.

# 4. REIMBURSEMENT OF ATTORNEYS' FEES AND COSTS

The Parties acknowledge that PHSA and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee reimbursement issue to be resolved after the material terms of the Consent Judgment had been settled. The Parties reached an accord on the compensation due to PHSA and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this Consent Judgment. HONG CHANG shall reimburse PHSA and its counsel in the total amount of \$37,000.00 for all attorney's fees, investigative and consulting costs, and all other expenses of any kind incurred by PHSA as a result of investigating, bringing this matter to the attention of HONG CHANG, litigating this matter, negotiating this Consent Judgment, drafting the Complaint, and preparing the necessary briefing to obtain Court approval of the Consent Judgment. The check shall be made payable to "Kawahito Law Group APC" and delivered to the address below. Wire or ACH Instructions will be provided separately upon request. The payment shall be delivered to PHSA's counsel at the following address within ten days of the Effective Date of this Consent Judgment:

James Kawahito, Esq. Kawahito Law Group APC 6080 Center Drive, Suite 210 Los Angeles, CA 90045

3

1

2

To allow for the issuance of a timely payment pursuant to the above, PHSA shall provide HONG CHANG with a completed IRS Form W-9 for the Kawahito Law Group APC upon request.

This Consent Judgment is a full, final and binding resolution between PHSA, on behalf of

itself and the public interest, and its past and current agents, representatives, attorneys, successors

and/or assignees (the "Releasors"), on the one hand, and HONG CHANG, its respective parents,

directors, officers, managers employees, representatives, agents, attorneys, divisions, subdivisions,

partners, sister companies, licensors, licensees, and each entity to whom HONG CHANG directly

members, licensors, licensees, and the successors and assigns of any of them ("Releasees"), on the

or indirectly distributes or sells the Covered Products, including but not limited to downstream

retailers, distributors, wholesalers, customers, marketplace hosts, franchisers, cooperative

other hand, of any violation of Proposition 65 that was or could have been asserted by PHSA

against HONG CHANG or the Releasees based on the alleged failure to warn about alleged

Proposition 65 exposures to lead and/or cadmium caused by the Covered Products that were

manufactured, distributed or supplied by HONG CHANG (either directly or through any of the

Judgment constitutes compliance with Proposition 65 by Defendant with respect to the alleged or

With respect to the foregoing waivers and releases in this paragraph, PHSA on behalf of itself,

hereby specifically waives any and all rights and benefits which he now has, or in the future may

have, conferred by virtue of the provisions of Section 1542 of the California Civil Code, which

Releasees) as of 60 days after the Effective Date. Compliance with the terms of this Consent

actual failure to warn about exposures to lead and cadmium from Covered Products.

subsidiaries, affiliated entities that are under common ownership, shareholders, members,

5

# 5. RELEASE OF CLAIMS

6

# **5.1.** Release of HONG CHANG

7 8

9

10 11

12

1314

15

16

17

18 19

20

21

2223

24

25

2627

28

provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER

# FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

## **5.2 HONG CHANG Release of PHSA**

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

### 5.3 Public Benefit

It is the Parties' understanding that the commitments HONG CHANG has agreed to herein, and actions to be taken by HONG CHANG under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to HONG CHANG's or Releasees' failure to provide a warning concerning exposure to lead prior to use of the Products HONG CHANG has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that HONG CHANG is in material compliance with this

#### 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 provision of this Consent Judgment is 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, preempted, or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then HONG CHANG may provide Plaintiff with written notice 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.

# 9. JOINT PREPARATION

The Parties have jointly participated in the preparation of this Consent Judgment and this Consent Judgment is the result of the joint efforts of the Parties. 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.

# 10. Entire Agreement

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, or understandings related thereto, if any, are hereby merged herein. No supplementation, modification, waiver, or termination of this Consent Judgment shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof whether or not similar, nor shall such waiver constitute a continuing waiver unless set forth in writing between the Parties.

### 11. 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,

1	sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested;			
2	or (c) a recognized overnight courier on any Party by the other at the following addresses:			
3				
4 5	For HONG CHANG:	Ryan Landis, Esq. Gordon Rees Scully Mansukhani 5 Park Plaza, Suite 1100		
6		Irvine, CA 92614 rlandis@grsm.com		
7	For PHSA:	Public Health And Safety Advocates, LLC 10429 Eastborne St.		
8		Los Angeles, CA 90049		
9	With a Copy to:	James K. Kawahito		
10		Kawahito Law Group APC Attn. PHSA v. HONG CHANG		
12		6080 Center Drive, Suite 210 Los Angeles, CA 90045		
13		jkawahito@kawahitolaw.com		
14	Any Party may, from time to time, specify in writing to the other a change of address to			
15	which all notices and other communications shall be sent.			
16	12. COUNTERFARTS, FACSIMILE SIGNATURES			
17	This Consent Judgment may be executed in counterparts and by facsinine of portable			
18	document format (FDF) signature, each of which shall be deemed an original, and an of which,			
19	when taken together, shall constitute one and the same document.			
20	13. COMPLIANCE WITH HEALTH & SAFETT CODE § 23249.7			
21	Trisk and his attorneys agree to compry with the reporting form requirements referenced			
22	in Camorina readin and Safety Code Section 23247.7(1).			
23				
24	The Fairles acknowledge that, pursuant to Health & Safety Code §25247.7, a noticed			
25	motion is required to obtain judicial approval of this consent Judgment. In furtherance of			
26	obtaining such approval, 1 11574 shan be responsible for preparing the motion to approve the			
27	best efforts to support the entry of this agreement as a Consent Judgment and obtain approval of			
28	the Consent Judgment by the Court in a timely manner. For purposes of this paragraph, best			
	_ 11			

1	efforts shall include at a minimum, cooperating in Plaintiff's drafting and filing of any papers in		
2	support of the required motion for judicial approval.		
3	15. MODIFICATION		
4	This Consent Judgment may be modified only: (1) by written agreement of the parties and		
5	upon entry of a modified consent judgment by the Court thereon; or (2) upon a successful motion		
6	of any party and entry of a modified consent judgment by the Court. The Attorney General shall		
7	be served with notice of any proposed modification to this Consent Judgment at least forty-five		
8	days in advance of its consideration by the Court. To the extent either party alleges a breach of		
9	this Consent Judgment, written notice shall be provided to the party in alleged breach and the		
10	Parties shall thereafter meet and confer for at least 30 days to try to informally resolve the dispute		
11	before either Party files a motion to enforce.		
12	16. Authorization		
13	The undersigned are authorized to stipulate to, enter into, and execute this Consent		
14	Judgment on behalf of their respective parties, and have read, understood, and agree to all of the		
15	terms and conditions of this Consent Judgment.		
16	AGREED TO: AGREED TO:		
17			
18	Date: Date:		
19			
20	By: By:		
21	Public Health And Safety Advocates, LLC HONG CHANG USA, Inc.		
22			
23			
24			
25			
26			
27			
28			
	- 12 -		

1	efforts shall include at a minimum, cooperating in Plaintiff's drafting and filing of any papers in	
2	support of the required motion for judicial approval.	
3	15. Modification	
4	This Consent Judgment may be modified only: (1) by written agreement of the parties and	
5	upon entry of a modified consent judgment by the Court thereon; or (2) upon a successful motion	
6	of any party and entry of a modified consent judgment by the Court. The Attorney General shall	
7	be served with notice of any proposed modification to this Consent Judgment at least forty-five	
8	days in advance of its consideration by the Court. To the extent either party alleges a breach of	
9	this Consent Judgment, written notice shall be provided to the party in alleged breach and the	
10	Parties shall thereafter meet and confer for at least 30 days to try to informally resolve the dispute	
11	before either Party files a motion to enforce.	
12	16. AUTHORIZATION	
13	The undersigned are authorized to stipulate to, enter into, and execute this Consent	
14	Judgment on behalf of their respective parties, and have read, understood, and agree to all of the	
15	terms and conditions of this Consent Judgment.	
16	AGREED TO: AGREED TO:	
17		
18	Date:	
19		
20	By:	
21	Public Health And Safety Advocates, LLC HONG CHANG USA, Inc.	
22		
23		
24		
25		
26		
27		
28		

1	IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, pursuant to Health & Safety
2	Code § 25249.7(f)(4) and Code of Civil Procedure § 664.6, judgment is hereby entered.
3	
4	Dated:
5	JUDGE OF THE SUPERIOR COURT
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
	- 13 -

CONSENT JUDGMENT