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9	Attorneys for Plaintiff	
10	Environmental Health Advocates, Inc.	
11	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
12	IN AND FOR THE COUNTY OF ALAMEDA	
13	ENVIRONMENTAL HEALTH	
14	ADVOCATES, INC., a California corporation,	
15	Plaintiff,	[PROPOSED] CONSENT JUDGMENT
16	v.	(Health & Safety Code § 25249.6 et seq. and Code Civ. Proc. § 664.6)
17	DESSERTS ON US, INC., a California	
18	corporation, and DOES 1 through 100, inclusive,	
19	Defendants.	
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## 1. <u>INTRODUCTION</u>

#### 1.1 Parties

This Consent Judgment is entered into by and between Environmental Health Advocates, Inc., ("EHA"), on the one hand, and Desserts On Us, Inc. ("Defendant" or "Desserts On Us") on the other hand, with EHA and Desserts On Us each individually referred to as a "Party" and collectively referred to as the "Parties."

#### 1.2 Plaintiff

EHA is an organization residing in California, acting in the interest of the general public. It seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products.

#### 1.3 Defendant

Desserts On Us employs ten or more individuals and is a "person in the course of doing business" for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code section 25249.6 et seq. ("Proposition 65").

# 1.4 General Allegations

EHA alleges that Desserts On Us manufactures, imports, sells, and distributes for sale toffee wafer confections that contain acrylamide. EHA further alleges that Desserts On Us does so without providing a sufficient health hazard warning as required by Proposition 65 and related Regulations.

#### 1.5 Notices of Violation

On March 13, 2020, EHA served Trader Joe's Company ("Trader Joe's"), the California Attorney General, and all other required public enforcement agencies with a 60-Day Notice of Violation of California Health and Safety Code section 25249.6 et seq. ("Notice"). The Notice alleged that Trader Joe's violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to acrylamide contained in its "Trader Joe's Laceys Cookies Dark Chocolate Almond."

On May 15, 2020, EHA served Desserts On Us, Inc., Trader Joe's Company, the California Attorney General, and all other required public enforcement agencies with an amended 60-Day Notice of Violation of California Health and Safety Code section 25249.6 et seq. ("Second Amended Notice")

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identifying Desserts On Us, Inc. as the manufacturer.

On October 9, 2020, EHA served Desserts On Us, Inc., Trader Joe's Company, the California Attorney General, and all other required public enforcement agencies with a second amended 60-Day Notice of Violation of California Health and Safety Code section 25249.6 et seq. ("Second Amended Notice"). The Notice alleges that Desserts On Us violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to acrylamide contained in its "Almond & Chocolate Toffee Wafer Confection products."

No public enforcer has commenced or is otherwise prosecuting an action to enforce the violations alleged in the Notice.

#### 1.6 **Product Description**

For purposes of this Consent Judgment "Covered Products" means all Almond & Chocolate Toffee Wafer Confection products, including those with additional ingredients or flavorings, manufactured or processed by Desserts On Us and that allegedly contain acrylamide and are imported, sold, shipped, delivered or distributed for sale to consumers in California by Releasees (as defined in section 4.1), whether sold under the brand names "Trader Joe's," "Desserts On Us," or any other brand or private label at all grocery, retail, and other locations and sales channels, including the Internet, regardless of the size, shape, or name given to them, and specifically including "Target Dark Almond Toffee Wafers" and products referred to as toffee wafer confections, cookies, toffee wafer confection bites, or toffee wafer confection bars.

#### 1.7 Complaint

On September 10, 2020, EHA filed a Complaint against Desserts On Us for the alleged violations of Health and Safety Code section 25249.6 that are the subject of the Notice ("Complaint").

#### 1.8 No Admission

Desserts On Us denies the material factual and legal allegations of the Notice and Complaint, and maintains that all of the products it has manufactured, imported, sold, and/or distributed for sale in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Consent Judgment shall be construed as an admission of any fact, finding, conclusion of law, issue of law, or violation of law, nor shall compliance with this Consent Judgment be construed as an

admission of any fact, finding, conclusion of law, issue of law, or violation of law. This Section shall not, however, diminish or otherwise affect Desserts On Us' obligations, responsibilities, and duties under this Consent Judgment.

#### 1.9 Jurisdiction

For purposes of this Consent Judgment and the Complaint only, the Parties stipulate that this Court has jurisdiction over Desserts On Us as to the allegations in the Complaint, that venue is proper in the County of Alameda, and that the Court has jurisdiction to enter and enforce the provisions of this Consent Judgment pursuant to Proposition 65 and Code of Civil Procedure section 664.6.

#### 1.10 Effective Date

For purposes of this Consent Judgment, the terms "Effective Date" and "Compliance Date" mean the date on which the Court grants the motion for approval of this Consent Judgment, as discussed in Section 5.

### 2. <u>INJUNCTIVE RELIEF</u>

#### 2.1 Reformulation of the Products

Any Covered Products that are manufactured by Desserts On Us on and after the Compliance Date that are thereafter sold in California or distributed for sale in California shall not on average exceed 390 ppb of acrylamide "Average Level", with such Average Level determined as set forth in Section 2.2 herein, unless sold with a Proposition 65 warning pursuant to Section 2.3. As used in this Section 2.1, "distributed for sale in California" means to directly ship Covered Products into California or to sell Covered Products to a distributor Desserts On Us knows to sell or distribute in California or to which Desserts On Us will sell Covered Products in California.

### 2.2 Testing

(a) The Average Level is determined by randomly selecting and testing at least one sample each from at least five different lots of a particular Covered Product. The mean and standard deviation shall be calculated using the sampling data. Any data points that are more than three standard deviations outside the mean shall be discarded, and the mean and standard deviation recalculated once using the remaining data points. The mean determined in accordance with this procedure shall be deemed the "Average Level." Testing is to be performed by a laboratory accredited by the State of

California, a federal agency, or a national recognized accrediting organization, using LC-MS/MS (Liquid Chromatograph-Mass Spectrometry), GC/MS (Gas Chromatography/Mass Spectrometry), or any other testing method agreed upon by the Parties.

(b) For three consecutive years after the Compliance Date, Desserts On Us shall arrange for testing as provided under Section 2.2 (a), above. The testing shall be at least once per year, with the first testing occurring prior to the Compliance Date. No further testing shall be required unless Desserts On Us materially modifies the ingredients or cooking process of Covered Products, at which point testing shall recommence on an annual basis for three years.

# 2.3 Clear and Reasonable Warnings

On the Compliance Date, and continuing thereafter, Desserts On Us shall not manufacture Covered Products that will be sold or offered for sale in California that exceed the previously mentioned concentration limits, unless the Covered Products bear a clear and reasonable warning as set forth in Proposition 65 and related Regulations.

## 2.4 Sell-Through Period

Notwithstanding anything else in this Consent Judgment, any Covered Products manufactured on or prior to the Compliance Date shall be subject to release of liability pursuant to this Consent Judgment, without regard to when such Covered Products were, or are in the future, distributed or sold to customers. As a result, the obligations of Desserts On Us, or any Releasees (if applicable), do not apply to these Covered Products manufactured on or prior to the Compliance Date.

# 3. MONETARY SETTLEMENT TERMS

### 3.1 Settlement Amount

Desserts On Us shall pay fifty thousand dollars (\$50,000.00) in settlement and total satisfaction of all the claims referred to in the Notice, the Complaint, and this Consent Judgment. This includes civil penalties in the amount of five thousand dollars and zero cents (\$5,000.00) pursuant to Health and Safety Code section 25249.7(b) and attorney's fees and costs in the amount of forty-five thousand dollars and zero cents (\$45,000.00) pursuant to Code of Civil Procedure section 1021.5.

#### 3.2 1 Civil Penalty The portion of the settlement attributable to civil penalties shall be allocated according to Health 2 and Safety Code section 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty paid 3 to the California Office of Environmental Health Hazard Assessment ("OEHHA"), and the remaining 4 twenty-five percent (25%) of the penalty paid to EHA individually. 5 All payments owed to EHA shall be delivered to the following address: 6 7 Samantha Dice Environmental Health Advocates 8 225 Broadway, Suite 2100 San Diego, CA 92101 9 All payments owed to OEHHA (EIN: 68-0284486) shall be delivered directly to OEHHA 10 (Memo Line "Prop 65 Penalties") at the following addresses: 11 For United States Postal Service Delivery: 12 Mike Gyurics 13 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 14 P.O. Box 4010 Sacramento, CA 95812-4010 15 For Non-United States Postal Service Delivery: 16 Mike Gyurics 17 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 18 1001 I Street Sacramento, CA 95814 19 20 Desserts On Us agrees to provide EHA's counsel with a copy of the check payable to OEHHA, simultaneous with its penalty payments to EHA. 21 Plaintiff and its counsel will provide completed IRS 1099, W-9, or other tax forms as required. 22 Relevant information is set out below: 23 "Glick Law Group" (EIN: 47-1838518) at the address provided in Section 3.3; 24 "Nicholas & Tomasevic" (EIN: 46-3474065) at the address provided in Section 3.3; and 25 "Office of Environmental Health Hazard Assessment" 1001 I Street, Sacramento, CA 26 27 95814. 28

## 3.3 Attorney's Fees and Costs

The portion of the settlement attributable to attorney's fees and costs (\$45,000.00) shall be paid to EHA's counsel, who are entitled to attorney's fees and costs incurred by it in this action, including but not limited to investigating potential violations, bringing this matter to Desserts On Us' attention, as well as litigating and negotiating a settlement in the public interest.

Desserts On Us shall provide its payment to EHA's counsel in two checks, divided equally, payable to Glick Law Group, PC (\$22,500.00) and Nicholas & Tomasevic, LLP (\$22,500.00) respectively. The addresses for these two entities are:

Noam Glick Glick Law Group 225 Broadway, 19th Floor San Diego, CA 92101

Craig Nicholas Nicholas & Tomasevic, LLP 225 Broadway, 19th Floor San Diego, CA 92101

#### 3.4 Timing

The above-mentioned checks will be issued within fourteen (14) days of the Effective Date.

# 4. <u>CLAIMS COVERED AND RELEASED</u>

# 4.1 EHA's Public Release of Proposition 65 Claims

For any claim or violation arising under Proposition 65 alleging a failure to warn about exposures to Acrylamide from the Covered Products or related products manufactured, imported, sold, or distributed by Desserts On Us prior to the Effective Date, EHA, acting for the general public, releases Desserts On Us of any and all liability. This includes Desserts On Us' owners, parents, subsidiaries, affiliated entities under common ownerships, its directors, officers, agents, employees, attorneys, and each entity to whom Desserts On Us directly or indirectly distributes or sells Products, including but not limited to downstream distributors, wholesales, customers, retailers, franchisees, cooperative members and licensees, and specifically including Trader Joe's (collectively, the "Releasees"). Releasees include defendant, its parent, and all subsidiaries and affiliates thereof and their respective employees, agents, and assigns that sell Desserts On Us' Covered Products.

Compliance with the terms of this Consent Judgement constitutes compliances with Proposition 65 with respect to the alleged or actual failure to warn about exposures to acrylamide from Covered Products manufactured, imported, sold, or distributed by Desserts On Us after the Compliance Date. This Consent Judgement is a full, final and binding resolution of all claims that were or could have been asserted against Desserts On Us and/or Releasees for failure to provide warnings for alleged exposure to acrylamide contained in Covered Products.

# 4.2 EHA's Individual Release of Claims

EHA, in its individual capacity, also provides a release to Desserts On Us and/or Releasees, which shall be a full and final accord and satisfaction of, as well as a bar to, all actions, causes of action, obligations, costs, expenses, attorney's fees, damages, losses, claims, liabilities, and demands of every nature, character, and kind, whether known or unknown, suspected or unsuspected, arising out of alleged or actual exposures to acrylamide in Covered Products manufactured, imported, sold, or distributed by Desserts On Us before the Compliance Date.

# 4.3 Desserts On Us' Release of EHA

Desserts On Us, on its own behalf, and on behalf of Releasees as well as its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it, in this matter or with respect to the Covered Products.

# 5. <u>COURT APPROVAL</u>

This Consent Judgment is not effective until it is approved by the Court and shall be null and void if it is not approved by the Court within one year after it has been fully executed by the Parties, or by such additional time as the Parties may agree to in writing.

# 6. <u>SEVERABILITY</u>

Subsequent to the Court's approval and entry of this Consent Judgment, if any provision is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

#### 7. GOVERNING LAW

The terms of this Consent Judgment shall be governed by the laws of the State of California as applied within the State of California. In the event that Proposition 65 is repealed, or is otherwise rendered inapplicable for reasons, including but not limited to changes in the law, then Desserts On Us may provide written notice to EHA of any asserted change, and shall have no further injunctive obligations pursuant to this Consent Judgement with respect to, and to the extent that, the Products are so affected.

In the event EHA enters into an agreement or consent judgment with any other person or entity supplying products substantially similar to the Covered Products addressing alleged violations of Proposition 65 with respect to exposure to acrylamide that provides for less stringent standards than set forth in Section 2.2 above; or if a judgment is entered in any Proposition 65 case with respect to exposure to acrylamide from products substantially similar to Covered Products that provides for less stringent requirements than set forth in Section 2.2 above; or if the California Office of Health Hazard Assessment adopts a regulation or safe use determination, or issues an interpretive guideline that exempts Covered Products from meeting the requirements of Proposition 65; or if Proposition 65 is determined to be preempted by federal law or a burden on First Amendment rights with respect to acrylamide in Covered Products or products substantially similar to Covered Products, then Desserts On Us may seek a court-approved modification of this Consent Judgment without objection of EHA, to conform to or eliminate the terms of Section 2 accordingly. Any such modification shall have no effect on the financial obligations set forth herein.

#### 8. NOTICE

Unless otherwise specified herein, all correspondence and notice required by this Consent Judgment shall be in writing and sent by: (1) personal delivery; (ii) first-class, registered, or certified mail, return receipt requested; or (iii) a recognized overnight courier to the following addresses:

#### For Desserts On Us:

Chris Hamer Stokes, Hamer, Kirk & Eads, LLP 381 Bayside Road, Ste. A Arcata, CA 95521

#### If to EHA:

Noam Glick Glick Law Group, PC 225 Broadway, 19th Floor San Diego, CA 92101

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

# 9. <u>COUNTERPARTS; DIGITAL SIGNATURES</u>

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

# 10. POST EXECUTION ACTIVITIES

EHA agrees to comply with the reporting form requirements referenced in Health and Safety Code section 25249.7(f). The Parties further acknowledge that, pursuant to Health and Safety Code section 25249.7(f), a noticed motion is required to obtain judicial approval of the settlement, which motion EHA shall draft and file. In furtherance of obtaining such approval, the Parties agree to mutually employ their best efforts, including those of their counsel, to support the entry of this agreement as judgment, and to obtain judicial approval of their settlement in a timely manner. For purposes of this Section, "best efforts" shall include, at a minimum, supporting the motion for approval, responding to any objection that any third-party may make, and appearing at the hearing before the Court if so requested.

## 11. MODIFICATION

This Consent Judgment may be modified by: (i) a written agreement of the Parties and entry of a modified consent judgment thereon by the Court; or (ii) a successful motion or application of any Party, and the entry of a modified consent judgment thereon by the Court. Desserts On Us may seek a court-approved modification of this Consent Judgment to conform to any developments in the law pertaining to regulation of acrylamide in food products.

# 12. <u>AUTHORIZATION</u>

The undersigned are authorized to execute this Consent Judgment and acknowledge that they have read, understand, and agree to all of the terms and conditions contained herein.

# 13. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

If a dispute arises with respect to either Party's compliance with the terms of this Consent Judgement entered by the Court, the Parties shall meet and confer in person, or by telephone, and/or in

1	writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed	
2	in the absence of such a good faith attempt to resolve the dispute beforehand.	
3	14. ENTIRE AGREEMENT	
4	This Consent Judgement contains the sole a	and entire agreement and understanding of the Parties
5	with respect to the entire subject matter herein, and any and all prior discussions, negotiations	
6	commitments, and understandings related hereto. No representations, oral or otherwise, express or	
7	implied, other than those contained herein have been made by any Party. No other agreements, oral or	
8	otherwise, unless specifically referred to herein, shall be deemed to exist or to bind any Party.	
9	A CRAWN TO	
10	AGREED TO:	AGREED TO:
11	Date: 10/09/2020	Date: 10-20-20
12		
13	By: Noan Sleet	By: Emon Sill E-184
14	ENVIRONMENTAL HEALTH ADVOCATES, INC.	DESSERTS ON US, INC.
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16	Approved as to Form Only:	
17	Date: 10/09/2020	Date: 10/20/20/20
18	By: Jake Sch He	Dv.
19	Counsel for	By: Counsel for DESSERTS ON US, INC.
20	ENVIRONMENTAL HEALTH ADVOCATES, INC.	
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22	IT IS SO ORDERED.	
23	Date:	
24	<i>Duto.</i>	JUDGE OF THE SUPERIOR COURT
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