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10	Attorneys for Plaintiff Environmental Health Advocates, Inc.	
11	Environmental Health Advocates, Inc.	
12	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
13	IN AND FOR THE COUNTY OF ALAMEDA	
14	ENVIRONMENTAL HEALTH ADVOCATES, INC., a California organization,	Case No.
15	Plaintiff,	[PROPOSED] CONSENT JUDGMENT
16	v.	(Health & Safety Code § 25249.6 et seq. and Code Civ. Proc. § 664.6)
17	LA FINCA TORTILLERIA INC., a California	000 CIV. 1100. g 004.0)
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") and La Finca Tortilleria Inc. ("Defendants" or "La Finca") with EHA and La Finca each individually referred to as a "Party" and collectively referred to as the "Parties."

#### 1.2 Plaintiff

EHA is a corporation organized in the state of 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 Defendants

La Finca 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 La Finca manufactures, imports, sells, and distributes for sale tostadas that contain acrylamide. EHA further alleges that La Finca does so without providing a sufficient health hazard warning as required by Proposition 65 and related Regulations. Pursuant to Proposition 65, acrylamide is listed as a chemical known to cause cancer, birth defects and other reproductive harm.

#### 1.5 Notices of Violation

On October 20, 2020, EHA served La Finca Tortilleria, Inc., Chavez Supermarket Holding Corp., 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 La Finca had violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to acrylamide contained in its La Finca Tostadas Caseras ("Products").

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

or processed by La Finca that allegedly contain acrylamide and are imported, sold, shipped, delivered

1.6

("Products").

## 1.7 State of the Pleadings

**Product Description** 

On January 26, 2021, EHA filed a Complaint against La Finca for the alleged violations of Health and Safety Code section 25249.6 that are the subject of the Notice ("Complaint").

or distributed for sale to consumers in California by Releasees (as defined in section 4.1)

The products covered by this Consent Judgment are La Finca Tostadas Caseras manufactured

#### 1.8 No Admission

La Finca 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 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 La Finca's 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 La Finca 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 and Compliance Date

For purposes of this Consent Judgment, the term "Effective Date" means the date on which the Court grants the motion for approval of this Consent Judgment, as discussed in Section 5. The Compliance Date is the date that is twelve months after the Effective Date.

### 2. <u>INJUNCTIVE RELIEF: REFORMULATION OF PRODUCTS</u>

2.1 Except as otherwise provided herein, any Products that are manufactured by La Finca on and after the Compliance Date that La Finca sells in California or distributes for sale in California shall be deemed to comply with Proposition 65 with regard to acrylamide and be exempt from any Proposition 65 warning requirements for acrylamide if the Products do not exceed 350 parts per billion by weight ("ppb") on average for acrylamide, based on averaging of five samples from at least three different lots, or 490 ppb for a single sample. As used in this Section 2, "distributed for sale in California" means to directly ship Products into California or to sell Products to a distributor La Finca knows will sell Products in California.

Compliance with the above reformulation level shall be determined by the Parties using LC-MS/MS (Liquid Chromatograph-Mass Spectrometry), GC/MS (Gas Chromatography/Mass Spectrometry), and shall be performed by a laboratory accredited by the State of California, a federal agency, or a nationally recognized organization. On the Compliance Date, and continuing thereafter, La Finca shall not manufacture Products that will be distributed for sale in California that exceed the requirements of Section 2.1.

Prior to the Compliance Date, La Finca shall arrange for testing under Section 2.2. La Finca shall provide a written statement of compliance to EHA prior to the Compliance Date, or, if the testing shows that La Finca has been unable to reach either of the section 2.1 standards by the Compliance Date, it will notify Plaintiff who will cooperate in good faith to seek a modification to this Consent Judgment as set forth in Section 11.2. Plaintiff agrees not to request more than \$10,000 in attorneys' fees, costs, and penalties for any such modification, subject to Court approval.

#### 2.2 Warnings

**2.2.1** If La Finca provides warnings under Section 2.1, Products may be sold in California with one of the following warning statements:

### Option 1:

WARNING: Consuming this product can expose you to chemicals including Acrylamide, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to <a href="https://www.P65Warnings.ca.gov/food">www.P65Warnings.ca.gov/food</a>.

Option 2:

**WARNING:** Cancer and Reproductive Harm – www.P65Warnings.ca.gov

The warning in Option 2 may only be used if the warning appears on the product container or labeling. The word "WARNING" shall be displayed in all capital letters and bold print. This warning statement shall be prominently displayed on the Products, on the packing of the Products, or on a placard, shelf tag, or sign provided that the statement is displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual prior to sale. If the warning statement is displayed on the Products' label, it must be set off from other surrounding information.

2.2.2 The warning requirements set forth herein are imposed pursuant to the terms of this Agreement and are recognized by the Parties as not being the exclusive manner of providing a warning for the Covered Products. Warnings may be provided as specified in the Proposition 65 regulations for food in effect as of the Effective Date (Title 27, California Code of Regulations, section 25601, et seq.) or as such regulations may be amended in the future, or pursuant to a settlement agreement or consent judgment involving acrylamide. In addition, La Finca may follow the notification procedure set out in Title 27, California Code of Regulations, section 25600.2 or a similar procedure where La Finca instructs its distributor or retailer customers to provide warnings for the Covered Products consistent with Section 2.2. The same warning shall be posted on any websites where the Product is sold in California.

## 3. <u>MONETARY SETTLEMENT TERMS</u>

#### 3.1 Settlement Amount

La Finca shall pay sixty thousand dollars (\$60,000.00) 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 six thousand dollars (\$6,000.00) pursuant to Health and Safety Code section 25249.7(b) and attorney's fees and costs in the amount of fifty-four thousand dollars (\$54,000.00) pursuant to Code of Civil Procedure section 1021.5.

#### 1 3.2 **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 6 All payments owed to EHA shall be delivered to the following address: 7 Environmental Health Advocates 225 Broadway, Suite 1900 8 San Diego, CA 92101 All payments owed to OEHHA (EIN: 68-0284486) shall be delivered directly to OEHHA 9 (Memo Line "Prop 65 Penalties") at the following addresses: 10 11 For United States Postal Service Delivery: 12 Mike Gyurics Fiscal Operations Branch Chief 13 Office of Environmental Health Hazard Assessment P.O. Box 4010 14 Sacramento, CA 95812-4010 15 For Non-United States Postal Service Delivery: 16 Mike Gyurics Fiscal Operations Branch Chief 17 Office of Environmental Health Hazard Assessment 1001 I Street 18 Sacramento, CA 95814 19 La Finca agrees to provide EHA's counsel with a copy of the check payable to OEHHA, 20 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 3.2(a)(i); 24 "Nicholas & Tomasevic" (EIN: 46-3474065) at the address provided in Section 3.2(a)(i); 25 and 26 "Office of Environmental Health Hazard Assessment" 1001 I Street, Sacramento, CA 27 95814. 28

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#### 3.3 Attorney's Fees and Costs

The portion of the settlement attributable to attorney's fees and costs 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 La Finca's attention, as well as litigating and negotiating a settlement in the public interest.

La Finca shall provide their payment to EHA's counsel in two checks, divided equally, payable to Glick Law Group, PC (\$27,000.00) and Nicholas & Tomasevic, LLP (\$27,000.00) respectively. The addresses for these two entities are:

Noam Glick Glick Law Group 225 Broadway, 19<sup>th</sup> 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) 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 Products or related products manufactured, imported, sold, or distributed by La Finca prior to the Effective Date, EHA, acting for the general public, releases La Finca of any and all liability. This includes La Finca's owners, parents, subsidiaries, affiliated entities under common ownerships, its directors, officers, agents, employees, attorneys, and each entity to whom La Finca directly or indirectly distributes or sells Products, including but not limited to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees, (collectively, the "Releasees"). Releasees include defendants, their parents, and all subsidiaries and affiliates thereof and their respective employees, agents, and assigns that sell La Finca's Products. Compliance with the terms of this Consent Judgment constitutes compliance with

Proposition 65 with respect to the alleged or actual failure to warn about exposures to acrylamide from Products manufactured, imported, sold, or distributed by La Finca after the Effective Date. This Consent Judgment is a full, final and binding resolution of all claims that were or could have been asserted against La Finca and/or Releasees for failure to provide warnings for alleged exposure to acrylamide contained in Products.

#### 4.2 EHA's Individual Release of Claims

EHA, in its individual capacity, also provides a release to La Finca 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 Products manufactured, imported, sold, or distributed by La Finca before the Effective Date.

#### 4.3 La Finca's Release of EHA

La Finca 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 them, in this matter or with respect to the 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 generally or specifically to the Products for any reasons, including but not limited to changes in the law or regulations, then La Finca may provide written notice to EHA of any asserted change, and shall have no further injunctive obligations pursuant to this Consent Judgment with respect to, and to the extent that, the Products are so affected. Any such change shall have no effect on La Finca's financial obligations as set forth in this Consent Judgment.

#### 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:

## If to La Finca: If to EHA:

Andrea Sumits	Noam Glick
Environmental General Counsel LLP	Glick Law Group, PC
2120 University Ave	225 Broadway, 19th Floor
Berkeley, CA 94704	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. Any such modification shall have no effect on La Finca's financial obligations as set forth in this Consent Judgment.

#### 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 Judgment entered by the Court, the Parties shall meet and confer in person, or by telephone, and/or in writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed in the absence of such a good faith attempt to resolve the dispute beforehand.

### 14. ENTIRE AGREEMENT

This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter herein, and any and all prior discussions, negotiations, commitments, and understandings related hereto. No representations, oral or otherwise, express or

[Remainder of page intentionally left blank.]

1	implied, other than those contained herein have been made by any Party. No other agreements, oral		
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3	AGREED TO:	AGREED TO:	
4			
5	Date: March 23, 2021.	Date: 03/24/2021	
6	Lialy	OM INTO	
7	By:ENVIRONMENTAL HEALTH	By:	
8	ADVOCATES, INC.	DATINGA TORTILLERIA, INC.	
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11	IT IS SO ORDERED.		
12			
13	Date:		
14		JUDGE OF THE SUPERIOR COURT	
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