

SETTLEMENT AGREEMENT
BETWEEN
CONSUMER ADVOCACY GROUP, INC.
AND
TIAO PENG TRADING COMPANY

Consumer Advocacy Group, Inc. ("CAG") and Tiao Peng Trading Company (hereto referred to as "Tiao Peng"), (CAG and Tiao Peng collectively referred to as, the "Parties") enter into this agreement ("Settlement Agreement") for the purpose of avoiding prolonged and costly litigation to settle CAG's allegations that Tiao Peng violated Proposition 65. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the "Effective Date").

1.0 Introduction

1.1 CAG is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 Tiao Peng previously sold, at various times, (i) Ginger Powder including but not limited to:

- (a) "Ginger Powder"; "Bot Gung"; "Net Wt.: 3.5oz (100g.)"; "Distributed by: Tiao Peng Trading Inc."; "Product of Thailand"; "UPC 0 13412 23145 0" and
- (b) "Ginger Powder"; "Bot Gung"; "Net Wt.: 3.5 oz (100 g.)"; "UPC 0 13412 23145 0"; "Product of Thailand" (Ginger Powder is referred to throughout as

the “Covered Products”). The Covered Products are limited to those sold by Tiao Peng only.

1.3 CAG alleges that Ginger Powder contains Lead, and that Tiao Peng did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code* § 25249.5, *et seq.* (“Proposition 65”)).

1.4 On February 27, 1987, the Governor of California added lead to the list of chemicals known to the State to cause reproductive toxicity (*Cal. Code Regs.* tit. 27, § 27001(c)). Lead is known to the State to cause developmental, female, and male reproductive toxicity. On October 1, 1992, the Governor of California added lead and lead compounds to the list of chemicals known to the State to cause cancer (*Cal. Code Regs.* tit. 27, § 27001(b)). Pursuant to Health and Safety Code sections 25249.9 and 25249.10, twenty (20) months after addition of lead and lead compounds to the list of chemicals known to the State to cause cancer and reproductive toxicity, lead and lead compounds became fully subject to Proposition 65 warning requirements and discharge prohibitions.

1.5 Lead is referred to hereafter as the “Listed Chemical”.

1.6 On or about February 12, 2020 (Attorney General Notice #2020-00348), CAG served Tiao Peng Trading Company, Tiao Peng Trading, Inc., Green Farm Market El Monte, and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of

The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemical.

1.7 On or about December 17, 2020 (Attorney General Notice #2020-03476), CAG served Tiao Peng Trading, AA Marketplace, and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemical.

1.8 The Sixty-Day Notices (referred to as “Notices”) alleged that Tiao Peng and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemical.

1.9 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”).

1.10 No Admission

By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or

admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by Tiao Peng, its officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Tiao Peng may have against one another in any other pending legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

2.1 CAG's Release of Tiao Peng

This Settlement Agreement is a full, final, and binding resolution between CAG acting in its individual capacity, and (a) Tiao Peng, and its owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Products, including but not limited to Green Farm Market El Monte, distributors, wholesalers, suppliers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Releasees"), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and

the failure to warn about exposure to the Listed Chemical for the Covered Products manufactured before the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Covered Products are limited to those which Tiao Peng held and/or sold.

CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases all rights to institute or participate in, directly or indirectly, any form of legal action, 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) (collectively "Claims"), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims with respect to any Covered Products manufactured on or before the Effective Date based on unwarned exposures to the Listed Chemical from the Covered Products.

2.2 General Release

CAG acknowledges that it is familiar with Section 1542 of Civil Code, 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.

CAG, 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 Civil Code § 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. The release in this section shall have no force or effect until the full amount of payments set forth in Section 4.0 below are paid in full.

2.3 Public Interest

The Parties understand that the commitments Tiao Peng has agreed to herein, and actions to be taken by Tiao Peng under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5. 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 Tiao Peng's failure to provide a Proposition 65 warning on the Covered Product it has manufactured prior to the Effective Date, such private party action would not confer a significant benefit on the general public as to the Product addressed in this Settlement Agreement, provided that Tiao Peng is in material compliance with this Agreement. The Parties agree that the understandings and intentions expressed in this Section are applicable only to the Notices and the Covered Product at issue and are not to be construed as a general understanding or intention with respect to other products manufactured, distributed, sold or offered for sale in California by any other entity.

2.4 Dismissal

CAG shall dismiss case number 20STCV15823 against Green Farm Market without prejudice within five (5) business days of receiving the payments set forth in Section 4.

3.0 Tiao Peng's Duties

3.1 As of the Effective Date, Tiao Peng shall not manufacture or import the Covered Products for ultimate sale in California unless its Listed Chemical concentration does not exceed 720 parts per billion (ppb) or it includes a warning pursuant to Section 3.2.

3.2 As of the Effective Date, to the extent it manufactures or imports Covered Products that exceed 720ppb, it will provide warnings on such Covered Products that comply with Proposition 65. The warnings shall be provided in such a conspicuous and prominent manner that will render it likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. A clear and reasonable warning for the Covered Product shall consist of any wording specifically permitted by 27 CCR section 25601 *et seq.* or one of the following statements:

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 or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

Warning pursuant to this section shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Products.

3.3 In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting specific safe harbor warning text and/or methods of transmission for lead different than those set forth above, Tiao Peng shall be entitled to use such other specific safe harbor warning text and/or methods of transmission without being deemed in breach of this Settlement Agreement.

4.0 Payments

4.1 Tiao Peng agrees, to pay a total of Seventy-Five thousand dollars (\$75,000.00) by December 29, 2022 by separate checks apportioned as follows:

4.1.1 Penalty: Tiao Peng shall issue two separate checks for a total amount of Fifteen thousand dollars (\$15,000.00) as follows: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of Eleven thousand two hundred fifty dollars, (\$11,250.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of Three thousand seven hundred fifty dollars (\$3,750.00), representing 25% of the total penalty. OEHHA's check shall be delivered to Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA 95812-4010, Attn: Mike Gyurics. CAG's check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. Additionally, two separate 1099s shall be issued for the above payments: The first 1099

shall be issued to OEHHA, P.O. Box 4010 Sacramento, CA 95812-4010, Attn: Mike Gyurics (EIN: 68-0284486) in the amount of \$11,250.00. The second 1099 shall be issued in the amount of \$3,750.00 to CAG and delivered to Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, CA 90212.

4.1.2 Attorneys' Fees and Costs: Sixty thousand dollars (\$60,000.00) of such payment shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Tia Peng's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide Tiao Peng with its Employer Identification Number.

4.2 The payments set forth in Section 4 are the exclusive payments due between the Parties.

5.0 Authority to Enter Into Settlement Agreement

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 Tiao Peng represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Tiao Peng to this Settlement Agreement.

6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California

6.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

7.0 Execution in Counterparts and Facsimile

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original.

8.0 Entire Agreement

8.1 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 any of the Parties.

9.0 Modification of Settlement Agreement

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

10.0 Application of Settlement Agreement

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Releasees and Downstream Releasees identified in Section 2 above.

11.0 Enforcement of Settlement Agreement

11.1 Notwithstanding the above, CAG may bring an action to enforce any alleged breach of the monetary settlement terms in Section 4.0, above, upon five (5) days written notice by CAG to Tiao Peng of the alleged breach in accordance with the notification requirements set forth in Section 12.0.. In case of any enforcement action, the prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

12.0 Notification Requirements

12.1 Any notice required or permitted hereunder shall be effective only if given in writing and delivered in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi, Esq.
YEROUSHALMI & YEROUSHALMI
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For Tiao Peng Trading Company:

Will Wagner
Arnold & Porter
Three Embarcadero Center | 10th Floor
San Francisco, CA 94111-4024

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

13.0 SEVERABILITY

13.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

14.0 GOVERNING LAW

14.1 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, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Products, then Tiao Peng shall provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.


CONSUMER ADVOCACY GROUP, INC.

Dated: 12/28/2022 By: Michael Marcus
Printed Name: Michael Marcus

Title: Director

TIAO PENG TRADING COMPANY

Dated: 12/28/22

By: 

Printed Name: DANA I KIETIKUL

Title: PRESIDENT