

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

SUN LEE, INC.

Consumer Advocacy Group, Inc. (“**CAG**”) and Sun Lee, Inc. (“**Sun Lee**”), each individually referred to as a “Party” and, collectively, as the “Parties”, enter into this agreement (“**Settlement Agreement**”) to resolve the allegations in CAG’s April 30, 2021 60-Day Notice of Violation issued pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 *et seq.* (“**Proposition 65**”) and to avoid prolonged and costly litigation. 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 organization that seeks to promote awareness of exposures to toxic chemicals by reducing or eliminating hazardous substances contained in consumer products. Sun Lee employs ten or more persons and is a person in the course of doing business for purpose of Proposition 65, pursuant to Health & Safety Code § 25249.11(b).

1.2 Sun Lee previously sold, at various times, Cinnamon Powder, including but not limited to “Sunlee Brand ® Since 1982 Premium Quality”; “Cinnamon Powder”; “Net Wt. 3.5oz (100g)”; “UPC 0 761934 45443”; “Product of Vietnam” (referred to throughout as the “**Covered Products**”).

1.3 On October 1, 1992, the Governor of California added Lead to the list of chemicals known to the State to cause cancer and on February 27, 1987, the Governor added Lead to the list of chemicals known to the State to cause developmental toxicity and male reproductive toxicity and female reproductive toxicity. These additions took place more than twenty (20) months before CAG served its “Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which is further described below.

1.4 Lead and Lead Compounds are referred to hereafter as the “**Listed Chemical**”.

1.5 CAG served Sung Ly International Corporation, Sunlee, Sun Lee, Inc., Bolsabuy, Inc., Bolsabuy, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation Attorney General Notice # 2021-01087 (“**Notice**”) dated April 30, 2021 alleging Sun Lee and the other noticed companies violated Proposition 65 by failing to warn consumers in California that the Covered Products can expose users to the Listed Chemical. To the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.6 The Parties enter into this Settlement Agreement to settle CAG’s allegations as set forth herein concerning the Covered Products’ compliance with Proposition 65.

1.7 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, finding, 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 Sun Lee its subsidiaries, affiliated entities under common ownership, officers, directors, employees, parents, or attorneys in any administrative or judicial proceeding or litigation in any court, agency, or forum. Sun Lee maintains that all of the products it has sold, offered for sale and/or distributed in California, including the Covered Products, have been, and are, in compliance with all laws.

## **2.0 Release**

This Settlement Agreement is a full, final, and binding resolution between CAG and its past and current agents, representatives, attorneys, successors, and/or assignees (“**Releasors**”), acting in their individual capacity, not on behalf of the public, and (a) Sun Lee and its past and present owners, parents, subsidiaries, affiliated entities under common ownership, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively “**Releasees**”), as well as (b) all entities to whom Releasees directly or indirectly provide, distribute, sell or offer for sale the

Covered Products, including but not limited to, distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees (“**Downstream Releasees**”), of any alleged or actual 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 by the Releasors against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and based on a failure to warn about alleged exposure to the Listed Chemical arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Covered Products are limited to those imported, distributed, sold, and/or offered for sale in California by Sun Lee.

CAG, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products 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 that were or could have been asserted in respect of any Covered Products sold up to the Effective Date, only to the extent that such Claims relate to Releasees’ and/or Downstream Releasees’ alleged or actual exposure of persons to the Listed Chemical contained

in the Covered Products or any alleged or actual failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Products.

CAG acknowledges that it is familiar with Section 1542 of the California 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, on its own behalf and on behalf of 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 is paid in full.

### **3.0 Sun Lee's Duties**

3.1 If Sun Lee sells or distributes for sale any Covered Products after the Effective Date that contains more than 375 parts per billion (ppb) it will provide warnings on such Covered Products that comply with Proposition 65. The warnings shall be provided in such a conspicuously and prominent manner that will assure the message is made available and likely to be read, seen, or heard by

the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling shall state:

 **WARNING:** Consuming this product can expose you to Lead and Lead Compounds which is 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](http://www.P65Warnings.ca.gov/food).

#### **4.0 Payments**

4.1 Pursuant to Health & Safety Code § 25249.7(b), Sun Lee agrees to pay a total of Fifty-Two Thousand dollars (\$52,000) within thirty (30) days of the Effective Date by separate checks allocated as follows:

4.1.1 Civil Penalty: Sun Lee shall issue two separate checks for a total amount of twelve thousand dollars (\$12,000) as follows: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment ("**OEHHA**") in the amount of nine thousand dollars (\$9,000) representing 75% of the total penalty; and (b) one check to CAG in the amount of three thousand dollars (\$3,000) representing 25% of the total penalty. OEHHA's check shall be delivered to OEHHA, P.O. Box 4010 Sacramento, CA 95812-4010, Attn: Mike Gyurics. CAG's check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 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 \$9,000 The second 1099 shall be issued in the amount of \$3,000 to CAG and delivered to Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard,

Suite 240W, Beverly Hills, CA 90212.

4.1.2 Reimbursement of Attorneys' Fees and Costs: forty thousand dollars (\$40,000) of such payment shall be paid to Yeroushalmi & Yeroushalmi, 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 Sun Lee's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Yeroushalmi shall provide Sun Lee with its Employer Identification Number.

## **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, and that it has read, understood, and agreed to all of the terms and conditions of this Settlement Agreement.

5.2 Sun Lee represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Sun Lee to this Settlement Agreement, and that it has read, understood, and agreed to all of the terms and conditions of this Settlement Agreement.

## **6.0 Report of the Settlement Agreement to the Office of the Attorney General of California**

6.1 Pursuant to Health & Safety Code § 25249.7(f), CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Effective Date.

**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 Modification of Settlement Agreement**

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

**9.0 Application of Settlement Agreement**

9.1 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.

**10.0 Enforcement of Settlement Agreement**

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

## **11.0 Notification Requirements**

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

For CAG:

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

For Sun Lee:

Malcolm Weiss, Esq. and Jennifer MikoLevine, Esq.  
Hunton Andrews Kurth LLP  
550 South Hope Street  
Suite 2000  
Los Angeles, CA 90071  
mweiss@hunton.com  
jmikolevine@hunton.com

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 Sun Lee may 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.

**15.0 ENTIRE AGREEMENT**

15.1 This Settlement Agreement 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 and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Settlement Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

CONSUMER ADVOCACY GROUP, INC.

Dated: 12/02/21

By: Michael Marcus

Printed Name: Michael Marcus

Title: Director

SUN LEE, INC.

Dated: 12/2/2021

By:  \_\_\_\_\_

Printed Name: Supak Pitaknarongphorn

Title: President