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1. INTRODUCTION

1.1 The Parties

This [Proposed] Consent Judgment is hereby entered into by and between Tamar Kaloustian, acting on behalf of the public interest (hereinafter "Kaloustian") and BAKER's BREAKFAST COOKIES, INC. (hereinafter "Baker's" or "Defendant"). Collectively Kaloustian and Baker's shall be referred to hereafter as the "Parties" and each of them as a "Party." Kaloustian is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Defendant is a person in the course of doing business for purposes of Proposition 65, Cal. Health & Safety Code §§ 25249.6 et seq.

1.2 Allegations and Representations

Kaloustian alleges that Defendant has offered for sale in the State of California and has sold in California, products, which contain lead, and that such sales have not been accompanied by Proposition 65 warnings. Lead is listed under Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm. Defendant denies the allegations and contends that there is no exposure and no violation under Proposition 65 for an alleged failure to warn.

1.3 Covered Product Description

The products that are covered by this Consent Judgment are identified as: "Erin Baker's -Grain-Free Better Cookie - Salted Chocolate Cashew; UPC 7 08875 00601 0." All such products shall be referred to herein as the "Covered Product."

1.4 Notices of Violation/Complaint

On or about January 3, 2022, Kaloustian served Baker's and various public enforcement agencies with a document entitled "60-Day Notice of Violation" pursuant to Health &

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Safety Code §25249.7(d) (the "Notice"), alleging that Baker's was in violation of Proposition 65 for failing to warn consumers and customers that the Covered Product exposed users in California to lead. No public enforcer diligently prosecuted the claims threatened in the Notice within sixty days plus service time relative to the provision of the Notice to them by Kaloustian.

1.4.2 On November 16, 2022, Kaloustian, acting in the interest of the general public in the State of California, filed a complaint in the Superior Court of Los Angeles County alleging violations of Health & Safety Code §25249.6 (the "Complaint") based on the alleged failure to warn of exposures to lead contained in the Covered Product manufactured, distributed, or sold by Defendant.

1.5 Effective Date

For purposes of this Consent Judgment, the term "Effective Date" shall mean the date this Consent Judgment is entered as a judgment of the Court.

For purposes of this Consent Judgment, the term "Execution Date" shall mean the date this Consent Judgment is signed by all parties in Clause 16 below.

2. **STIPULATION TO JURISDICTION/NO ADMISSION**

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Defendant as to the allegations contained in the complaint filed in this matter, that venue is proper in the County of Los Angeles, and that this Court has jurisdiction to approve, enter, and oversee the enforcement of this Consent Judgment as a full and final binding resolution of all claims which were or could have been raised in the Complaint based on the facts alleged therein and/or in the Notice.

Defendant denies the material, factual and legal allegations contained in Plaintiff's Notice and Complaint, and maintains that all products, including but not limited to the Covered Product, that they have 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

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as an admission by Defendant of any fact, finding, issue of law, or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by Defendant of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Defendant, including, but not limited to, any admission related to exposure of failure to warn. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of Defendant under this Consent Judgment.

INJUNCTIVE RELIEF: WARNINGS, REFORMULATION AND TESTING

3.1 By the Effective Date, Baker's agrees to discontinue "Distributing into the State of California" or manufacturing the Covered Product. The injunctive relief in Section 3 does not apply to any Covered Product that was manufactured, distributed, or sold prior to the Effective Date and all claims as to such Covered Product is released in this Consent Judgment.

In the event Baker's decides to manufacture or sell the Covered Product again in the future, any Covered Product sold in the State of California shall not expose a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day unless it meets the warning requirements under Section 3.2.

- As used in this Consent Judgment, the term "Distributing into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that Baker's knows or has reason to know will sell the Covered Product in California.
- 3.1.2 For purposes of this Consent Judgment, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per grain of product, multiplied by grains of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of recommended daily servings appearing on the label), which equals micrograms of lead

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exposure per day. If the label contains no recommended daily servings, then the number of recommended daily servings shall be one.

- 3.2 Clear and Reasonable Warnings
- 3.2.1If Baker's is required to provide a warning pursuant to Section 3.1, one of the following warnings must be utilized pursuant to California Code of Regulations ("CCR") title 27, sections 25603 and 25607.2 ("Warning"):

Option 1:



WARNING: Consuming this product can expose you to chemicals including lead, 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.

Option 2:



WARNING: [Cancer and] Reproductive Harm http://www.p65warnings.ca.gov/food

Baker's shall use the phrase "cancer and" in the Warning if Baker's has reason to believe that the "Daily Lead Exposure Level" is greater than 15 micrograms of lead.

The Warning shall be securely affixed to or printed upon the label of each Covered Product and it must be set off from other surrounding information. In addition, for any Covered Product sold over the internet, the Warning shall appear on the checkout page, or prominently displayed to the purchaser prior to completing the purchase, in full text or through a clearly marked hyperlink using the word "WARNING" in all capital and bold letters when a California delivery address is indicated for any purchase of any Covered Product. If a hyperlink is used, the hyperlink must go directly to a page prominently displaying the Warning without content that detracts from the Warning.

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California Code of Regulations title 27, section 25603(a) specifies the Warning elements, unless otherwise specified in Section 25607.1 et seq. (Food Exposure Warnings). Thus, the Warning shall contain the following elements:

- (1) A symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the sign, label or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".
 - (2) The word "WARNING" in all capital letters and bold print, and:
 - (A) For exposures to listed carcinogens, the words, "Consuming this product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov/food."
 - (B) For exposures to listed reproductive toxicants, the words, "Consuming 6his product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food."
 - (C) For exposures to both listed carcinogens and reproductive toxicants, the words, "Consuming this product can expose you to chemicals including [name of one or more chemicals, which is [are] known to the State of California to cause cancer and [name of one or more chemicals, which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food."
 - (D) For exposures to a chemical that is listed as both a carcinogen and a reproductive toxicant, the words, "Consuming this product can expose you to chemicals including [name of one or more chemicals, which is larel known to the State of California to cause cancer and

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

(E) Where a warning is being provided for an exposure to a single chemical the words "chemicals including" may be deleted from the warning content set out in subsections (A), (B), (C) and (D).

Pursuant to California Code of Regulations title 27, section 25603(b), A short-form warning may be provided on the product label using all the following elements:

- (1) The symbol required in subsection (a)(1).
- (2) The word "WARNING:" in all capital letters, in bold print.
 - (A) For exposures to listed carcinogens, the words, "Cancer www.P65Warnings.ca.gov/food."
 - (B) For exposures to listed reproductive toxicants, the words, "Reproductive Harm www.P65Warnings.ca.gov/food."
 - (C) For exposures to both listed carcinogens and reproductive toxicants, the words, "Cancer and Reproductive Harm - www.P65Warnings.ca.gov/food."

Pursuant to 27 CCR § 25603(c), if providing a short-form warning on the product label pursuant to 27 CCR § 25603(b), it is not required to include within the text of the warning the name or names of a listed chemical.

The Warning shall be at least the same size as the largest of any other health or safety warnings. No statements intended to or likely to have the effect of diminishing the impact of the Warning on the average lay person shall accompany the Warning. Further, no statements may accompany the Warning that state or imply that the source of the listed chemical has an impact on or results in a less harmful effect of the listed chemical.

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Baker's must display the above Warning with such conspicuousness, as compared with other words, statements or designs on the label, or on its website, if applicable, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product. For purposes of this Consent Judgment, the term "label" means a display of written, printed or graphic material that is printed on or affixed to a Covered Product or its immediate container or wrapper. The Warning must be set off from other surrounding information, enclosed in a box and comply with the content requirements specified in Section 25607.2. If consumer information on the package is in a foreign language, the warning must also be provided in the foreign language.

Notwithstanding the foregoing, Defendant may comply with this Section 3 by providing warnings as specified in the Proposition 65 regulations applicable to the Covered Product and chemical at issue, in effect as of the Effective Date, or as such regulations may be modified or amended in the future.

4. PAYMENTS PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

With regard to all claims that have been raised or which could be raised with respect to failure to warn pursuant to Proposition 65 with regard to lead in the Covered Product, Defendant shall pay a civil penalty of (\$7,000.00) pursuant to Health and Safety Code section 25249.7(b), to be apportioned in accordance with California Health & Safety Code § 25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of the penalty remitted to Kaloustian, as provided by California Health & Safety Code § 25249.12(d) and the instructions directly below.

Defendant shall issue two separate checks for the penalty payment: (a) one check made payable to "OEHHA" (tax identification number: 68-0284486) in an amount representing 75% of the total penalty (i.e., \$5,250.00) and (b) one check in an amount representing 25% of the total penalty

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(i.e., \$1,750.00) made payable directly to Kaloustian. Defendant shall mail these payments within ten (10) days following the Effective Date, at which time such payments shall be mailed to the following addresses respectively:

All payments owed to Plaintiff shall be delivered to the following payment address:

KIT LAW GROUP LLP

230 N. Maryland Avenue, Suite 306

Glendale, CA 91206

All payments owed to OEHHA shall be delivered directly to OEIHIA at the following addresses:

For United States Postal Delivery:

Mike Gyurics Senior Accounting Officer - MS 19-B Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA. 95812-0410

For Non-United States Postal Service Delivery:

Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 1001 I Street Sacramento, CA 95814

5. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Kaloustian and her counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Defendant shall reimburse Kaloustian's counsel for fees and costs, incurred as a result of investigating, bringing this matter to Defendant attention, and negotiating a settlement in the public interest. Defendant shall pay Kaloustian's counsel \$55,500.00 for all attorneys' fees, expert and investigation fees and related costs associated with this matter and the Notice. Defendant shall mail a

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check payable to "KJT Law Group," via certified mail to the address for Kaloustian's counsel referenced above within ten (10) days following the Effective Date. Other than the payment required hereunder, each side is to bear its own attorneys' fees and costs.

6. RELEASE OF ALL CLAIMS

6.1 Kaloustian's Release of Defendant, Releasees, and Downstream Releasees

As to those matters raised in the Complaint and in the Notice of Violation, Kaloustian, on behalf of herself, and on behalf of the public interest, and her past and current agents, representatives, attorneys, successors and/or assignees (the "Releasors), hereby waives and releases any and all claims against Defendant and its trustees, parent companies, corporate affiliates, subsidiaries, predecessors, successors and assigns (collectively "Releasees") and each entity or party to whom Defendant directly or indirectly distributes or sells the Covered Product including without limitation, distributors, wholesalers, licensors, licensees, auctioneers, retailers, including but not limited to Sprouts Farmers Market, franchisees, dealers, customers, owners, purchasers, users (collectively "Downstream Releasees"), and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities for injunctive relief or damages, penalties, fines, sanctions, mitigation, fees (including fees of attorneys, experts, and others), costs, expenses, or any other sum incurred or claimed, for the alleged failure of Defendant, Releasees, or Downstream Releasees to provide clear, accurate and reasonable warnings under Proposition 65 about exposure to lead arising from the sale, distribution, or use of any Covered Product sold, manufactured or distributed by Defendant, Releasees, or Downstream Releasees in California, up through the Effective Date. Compliance with the Consent Judgment by Defendant, a Releasee, or a Downstream Releasee shall constitute compliance with Proposition 65 by that Defendant, Releasee, or Downstream Releasee with respect to the presence of lead in the Covered Product. Plaintiff agrees that any and all claims in the Complaint are resolved with prejudice by this Consent Judgment.

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In addition to the foregoing, Kaloustian, on behalf of herself, her past and current agents, representatives, attorneys, and successors and/or assignees, and not in his representative capacity, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases any other Claims that she could make against Defendant, Releasees or Downstream Releasees with respect to violations of Proposition 65 based upon the Covered Product. With respect to the foregoing waivers and releases in this paragraph, Kaloustian hereby specifically waives any and all rights and benefits which she now has, or in the future may have, conferred by virtue of the provisions of 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.

6.2 Defendant's Release of Kaloustian

Defendant waives any and all claims against Kaloustian, her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Kaloustian and his attorneys and other representatives, in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against them in this matter, and/or with respect to the Covered Product.

7. SEVERABILITY AND MERGER

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

This Consent Judgment contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made LLAWGROUP ...

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by any Party with respect to the other Party or the subject matter hereof.

GOVERNING LAW 8.

The terms of this Consent Judgment shall be governed by the laws of the State of California and apply within the State of California.

9. **NOTICES**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Consent Judgment shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For Bakers Breakfast Cookies, Inc.:

Matthew C. Bures, Esq. Wolfe & Wyman LLP 2212 Dupont Drive Irvine, CA 92612 Phone: 949-475-9200 Fax: 949-475-9203

and

For Kaloustian:

Tro Krikorian, Esq. KJT LAW GROUP, LLP 230 N. Maryland Ave. Suite 306 Glendale, CA 91206 Phone: 818-507-8528 Fax: 818-507-8588

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

10. DRAFTING

The terms of this Consent Judgment have been reviewed by the respective counsel for each Party prior to its signing, and each Party has had an opportunity to fully discuss the terms and

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conditions with legal counsel. The Parties agree that, in any subsequent interpretation and construction of this Consent Judgment, no inference, assumption, or presumption shall be drawn, and no provision of this Consent Judgment shall be construed against any Party, based on the fact that one of the Parties and/or one of the Parties' legal counsel prepared and/or drafted all or any portion of the Consent Judgment. It is conclusively presumed that all of the Parties participated equally in the preparation and drafting of this Consent Judgment.

11. **COUNTERPARTS**; EMAIL OR FACSIMILE SIGNATURES

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

12. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)/COURT APPROVAL

Kaloustian agrees to comply with the requirements set forth in California Health & Safety Code \$25249.7(f) and to promptly bring a Motion for Approval of this Consent Judgment and Defendants shall support approval of such Motion.

This Consent Judgment shall not be 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 within twelve months after it has been fully executed by the Parties.

13. MODIFICATION

This Consent Judgment may be modified only by further stipulation of the Parties and the approval of the Court or upon the granting of a motion brought to the Court by either Party.

14. <u>ATTORNEY'S FEES</u>

A party who unsuccessfully brings or contests an action arising out of this Consent Judgment shall be required to pay the prevailing party's reasonable attorney's fees and costs unless the unsuccessful party has acted with substantial justification. For purposes of this Consent Judgment, the

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[PROPOSED] CONSENT JUDGMENT Tamar Kaloustian v. Baker's Breakfast Cookies, Inc., et al.