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I. INTRODUCTION

- 1.1 The Parties. This Consent Judgment is entered into by and between Calsafe Research Center, Inc., a California non-profit corporation ("Calsafe" or "Plaintiff"), and Shah Distributors, Inc. ("Shah" or "Defendant") (collectively, the "Parties").
- 1.2 General Allegations. On October 28, 2022, CalSafe initiated this action by filing a Complaint for Civil Penalties and Injunctive Relief (the "Complaint") pursuant to Health & Safety Code § 25249.5 et seq. ("Proposition 65") against Shah. In this action, Calsafe alleges that Shah's "Flower Brand, Panipuri Paste (UPC# 840782001860)" (the "Covered Product") contains lead, a chemical listed under Proposition 65 as a carcinogen and reproductive toxin. Calsafe alleges that the Covered Product exposes consumers to lead at a level requiring a Proposition 65 warning. Calsafe alleges that Shah qualifies as a "Person" within the meaning of Proposition 65, and that Shah manufactures, distributes, and/or offers for sale in the State of California the Covered Product.
- 1.3 **Notice of Violation.** The Complaint is based on allegations contained in Calsafe's Notice of Violation dated February 2, 2022 (the "Notice"), that was served on the California attorney General, other public enforcers, and Shah. A true and correct copy of the Notice is attached hereto as Exhibit A and incorporated by reference. More than 60 days have passed since the Notice was served on the Attorney General, public enforcers, and Shah; no designated governmental entity has filed a Complaint against Shah with regard to the Covered Product or the alleged violations.
- 1.4 Calsafe's Notice and Complaint allege that the use of the Covered Product by California consumers exposes them to lead without first receiving a clear and reasonable warning from Shah, which is a violation of California Health & Safety Code § 25249.6. Shah denies all material allegations contained in the Notice and Complaint.
- 1.5 The Parties have entered into this Consent Judgment in order to settle, compromise, and resolve disputed claims and thus avoid prolonged and costly litigation. Shah denies the material, factual, and legal allegations in the Notice and Complaint and maintains that all of the products, including the Covered Product, that it sold and/or distributed for sale in

California have been and are in compliance with all laws. Nothing in this Consent Judgment nor compliance with this Consent Judgment shall constitute or be construed as an admission by Shah or by any of their respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law, or violation of law, such specifically denied by the Shah. This Section shall not, however, diminish or otherwise affect Shah's obligations, responsibilities, and duties under this Consent Judgment.

- 1.6 Except as expressly set forth herein, nothing in this Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the Parties may have in any current or future legal proceeding unrelated to this proceeding.
- **1.7 Effective Date.** For purposes of this Consent Judgment, the "Effective Date" shall be the date the Consent Judgment has been approved and entered by the Court.

II. JURISDICTION AND VENUE

- **2.1** For purposes of this Consent Judgment and any further court action that may become necessary to enforce this Consent Judgment only, the Parties stipulate that this Court has subject matter jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Shah as to the acts alleged in the Complaint.
- 2.2 For purposes of this Consent Judgment, the Parties stipulate that venue is proper in Orange County, California, and that this Court has jurisdiction to enter this Consent judgment as a full and final resolution of all claims up through and including the Effective Date that were or could have been asserted in this action based on the facts alleged in the Notice and Complaint.

III. INJUNCTIVE RELIEF

3.1 Clear and Reasonable Warnings, When Required. Shah agrees by the Effective Date to only manufacture for sale, purchase for sale, import for sale, or distribute for sale in or into California (in-person or online) the Covered Product compliant with Proposition 65, or that contains a warning as provided for in Paragraphs 3.2 through 3.4.

Shah may, at its sole and absolute discretion, reformulate the Covered Product so that it does not contain any lead. In the event that Shah reformulates the Covered Product in a way that

the reformulation of the Covered Product does not contain lead, the reformulated product packaging may or may not contain a warning as provided in Paragraphs 3.2 through 3.4.

3.2 Warning Requirements. A clear and reasonable warning for the Covered Product shall consist of a warning affixed to the packaging, label, tag, or directly to each Covered Product Shipped for Sale in California by Shah that contains one of the following statements:

(A)

WARNING: Consuming this product can expose you to 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.

(B)

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

The warning shall be offset in a box with a black outline and must be in a type size no smaller than the largest type size used for other consumer information on the Covered Product. "Consumer information" includes warnings, directions for use, ingredient lists, and nutritional information. "Consumer information" does not include the brand name, product name, company name, location of manufacture, or product advertising. In no case shall the warning appear in a type size smaller than six (6) point type. The warning shall also comply with 27 C.C.R. § 25607.1(c). Specifically, where the product sign, label, or shelf tag used to provide a warning includes consumer information in a language other than English, the warning must also be provided in that language in addition to English.

3.3 Warnings for Internet Sales. For any Covered Product sold over the internet where it will be shipped to California, the warning shall be displayed as follows: (A) on the primary display page for the Covered Product; (B) as a clearly marked hyperlink using the word "WARNING" in all capital and bold letters on the Covered Product's primary display page, so long as the hyperlink goes directly to a page prominently displaying the warning without content that detracts from the warning; (C) on the checkout page or any other page in the checkout process when a California delivery address is indicted for the purchase of the Covered Product

and with the warning clearly associated with the Covered Product to indicate that the Covered Product is subject to the warning; or (D) by otherwise prominently displaying the warning to the purchaser prior to completing the purchase of the Covered Product. The warning is not prominently displayed if the purchaser must search for it in the general content of the website.

- **3.4 Warning Prominence.** Shah agrees that each warning shall be prominently placed with such conspicuousness, as compared with the other words, statements, designs, or devices, as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use.
- 3.5 Compliance with Clear and Reasonable Warning. Shah shall be deemed to be in compliance with this Consent Judgment after the Effective Date by (A) adhering to Paragraphs 3.2 through 3.4, or (B) by complying with any future warning requirements adopted by the State of California's Office of Environmental Health Hazard Assessment ("OEHHA) applicable to the Covered Product and chemical at issue. If regulations or legislation are enacted or issued providing that a Proposition 65 warning for the Covered Product is no longer required, a lack of warning as set forth in this Consent Judgment will not thereafter be a breach of this Consent Judgment.
- **3.6 Grace Period of Existing Inventory.** The injunctive requirements of Section III shall not apply to the Covered Product that is already in the stream of commerce as of the Effective Date, which Covered Product is expressly subject to the releases provided in Section V.
- 3.7 Entry of Consent Judgment. Upon execution of this Consent Judgment by the Parties, CalSafe shall notice a Motion for Court Approval and, within ten (10) days of approval of the Consent Judgment by the Court, comply with the requirements set forth in California *Health & Safety Code* § 25249.7(f).
- **3.8 Attorney General Objection.** If the California Attorney General objects to any term in this Consent Judgment, the Parties shall use their best efforts to resolve the concern in a timely manner, and if possible, prior to the hearing on the motion.
- **3.9 Void if Not Approved.** If this Consent Judgment is not approved by the Court, it shall be void and have no force or effect.

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IV. **MONETARY TERMS**

- 4.1 Total Settlement Amount. In full satisfaction of all potential civil penalties, additional settlement payments, attorney fees, and costs, Shah shall make a total payment of Ten Thousand Dollars (\$10,000.00) (the "Total Settlement Amount"), apportioned into a Civil Penalty, and Attorney Fees and Costs as set forth in Paragraphs 4.2 and 4.3, below.
- 4.2 Civil Penalty Payment. Pursuant to California Health & Safety Code § 25249.7(b)(2) and in settlement of all claims alleged in the Notice and Complaint, Shah agrees to pay One Thousand Dollars (\$1,000.00) in Civil Penalties. The Civil Penalty payment will be apportioned in accordance with California Health & Safety Code §§ 25249(c)(1), (d), with seventy-five (75) percent of these funds remitted to OEHHA, and the remaining twenty-five (25) percent of the funds retained by CalSafe. Within ten (10) days of the Effective Date, Shah shall issue a check to "OEHHA" in the amount of Seven Hundred and Fifty Dollars (\$750.00), with "Prop 65 Penalties" written in the Memo Line; and Shah shall, pursuant to the instructions below, wire to CalSafe the amount of Two Hundred and Fifty Dollars (\$250.00).

All payments made to OEHHA (EIN: 68-0284486) pursuant to this Paragraph shall be delivered directly to OEHHA at the following address:

For United States Postal Delivery Service:

Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA 95812-4010

For Non-United States Postal Delivery Service:

Mike Gyurics Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 1001 I Street MS #19B Sacramento, CA 95814

All penalty payments owed to CalSafe shall be sent via check to:

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MANNING LAW, APC 26100 Towne Centre Drive Foothill Ranch, CA 92610

Attn: _____

And shall contain the phrase "Civil Penalty Payment Case No. 30-2022-01289037-CU-TT-CJC" in the memo line of the check.

4.3 Attorney Fees and Costs. Shah agrees to pay Nine Thousand Dollars (\$9,000.00) to CalSafe and its counsel of record for all fees and costs incurred in investigating, bringing this matter to the attention of Shah, litigating, negotiation, and obtaining judicial approval of a settlement in the public interest. The payment shall be made in eighteen (18) equal installment payments of Five Hundred Dollars (\$500.00).

The payments shall be due as follows:

- The first installments shall be due within ten (10) days of the Effective Date.
- The second installment shall be due within sixty (60) days of the Effective Date.
- The third installment shall be due within ninety (90) days the Effective Date.
- The fourth installment shall be due within (120) days of the Effective Date.
- The fifth installment shall be due within (150) days of the Effective Date.
- The sixth installment shall be due within (180) days of the Effective Date.
- The seventh installment shall be due within (210) days of the Effective Date.
- The eighth installment shall be due within (240) days of the Effective Date.
- The ninth installment shall be due within (270) days of the Effective Date.
- The tenth installment shall be due within (310) days of the Effective Date.
- The eleventh installment shall be due within (340) days of the Effective Date.
- The twelfth installment shall be due within (370) days of the Effective Date.
- The thirteenth installment shall be due within (400) days of the Effective Date.
- The fourteenth installment shall be due within (430) days of the Effective Date.
- The fifteenth installment shall be due within (460) days of the Effective Date.
- The sixteenth installment shall be due within (490) days of the Effective Date.
- The seventeenth installment shall be due within (520) days of the Effective Date.
- The eighteenth and final installment shall be due within (550) days of the Effective Date.

Nothing in this Agreement shall prohibit Shah from paying the entire \$9,000.00 in fewer than eighteen installments or prior to 240 days of the Effective Date.

All penalty payments owed to CalSafe shall be sent via check to:

MANNING LAW, APC

26100 Towne Centre Drive Foothill Ranch, CA 92610

Attn:

And shall contain the phrase "Civil Penalty Payment Case No. 30-2022-01289037-CU-TT-CJC" in the memo line of the check.

4.4 In the event that Shah fails to remit the Total Settlement Amount or any portion thereof owed under Paragraphs 4.1 through 4.3 of this Consent Judgment before the due date, Shah shall be deemed to be in material breach of its obligations under this Consent Judgment. CalSafe shall provide written notice of delinquency to Shah via electronic mail to Shah's counsel of record. If Shah fails to deliver any portion of or all of the Total Settlement Amount within five (5) days from the written notice, the Total Settlement Amount shall accrue interest at the statutory judgment interest rate provided in California *Code of Civil Procedure* § 685.010.

Additionally, Shah agrees to pay Calsafe's reasonable attorney fees and costs for any efforts to collect the payment due under this Consent Judgment.

V. RETENTION OF JURISDICTION

5.1 This Court shall retain jurisdiction over this matter to enforce, modify, or terminate this Consent Judgment.

VI. MODIFICATION OF CONSENT JUDGMENT

- **6.1** This Consent Judgment may be modified only as to the injunctive terms by (A) written stipulation of the Parties and upon entry by the Court of a modified consent judgment, or (B) by motion of either Party pursuant to Paragraph 5.1 and upon entry by the Court of a modified consent judgment.
- 6.2 If either party seeks to modify this Consent Judgment under Paragraph 5.1, then the requesting party must provide written notice to the non-requesting party of its intent ("Notice of Intent"). If the non-requesting party seeks to meet and confer regarding the proposed

modification in the Notice of Intent, then the non-requesting party shall provide written notice of intent to meet and confer to the requesting party within thirty (30) days of receiving the Notice of Intent. The Parties shall then meet and confer in good faith in person, via telephone, or via video conference within thirty (30) days of the non-requesting party's written notice of intent to meet and confer. Within thirty (30) days of such a meeting, if the non-requesting party disputes the proposed modification, the non-requesting party shall provide the requesting party a written basis for its opposition. The Parties shall continue to meet and confer for an additional thirty (30) days in an effort to resolve any remaining disputes. Should it become necessary, the Parties may agree in writing to different deadlines for the meet-and-confer period.

6.3 In the event that the requesting party initiates or otherwise requests a modification under Paragraph 5.1, and the meet and confer process leads to a joint motion or application for a modification of the Consent Judgment, the requesting party shall reimburse the non-requesting party its costs and reasonable attorney fees for the time spent in the meet-and-confer process and filing and arguing the motion.

VII. BINDING EFFECT, CLAIMS COVERED, CLAIMS RELEASED

- 7.1 This Consent Judgment shall have no application to any Covered Product that is distributed or sold exclusively outside the State of California and/or that is not used by California consumers. Nothing in this Consent Judgment is intended to apply to any occupational or environmental exposures arising under Proposition 65, nor shall it apply to any other Shah products other than the Covered Product.
- 7.2 Binding Effect. This Consent Judgment is a full, final, and binding resolution between Calsafe, on behalf of itself and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, and affiliates and on behalf of the public interest, and Shah and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers, and all other upstream and downstream entities in the distribution chain of the Covered Product and the predecessors, successors, and assigns of any of them (collectively, "Released Parties").

7.3 Compliance with the terms of this Consent Judgment shall be deemed to constitute compliance with Proposition 65 by any of the Released Parties regarding alleged exposures to lead in the Covered Product as set forth in the Notice and Complaint.

- 7.4 Calsafe Release of Shah(s). Calsafe, on behalf of itself and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, and affiliates and on behalf of the public interest fully releases and discharges Released Parties from any and all claims, actions, cause of action, suits, demands, liabilities, damages, penalties, fees costs, and expenses asserted, or that could have been asserted based on or related to the handling, use, sale, distribution, or consumption of the Covered Product in California, as to any alleged violation of Proposition 65 or its implementing regulations up through the Effective Date, based on a failure to provide Proposition 65 warning on the Covered Product with respect to lead as set forth in the Notice and Complaint.
- 7.5 Calsafe on its own behalf only, and Shah on its own behalf only, further waives and releases any and all claims they, their attorneys, or their representatives may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice and Complaint up through and including the Effective Date, provided, however, that nothing in this Section shall affect or limit any Party's right to seek to enforce the terms of the Consent Judgment.
- 7.6 California Civil Code Section 1542. It is possible that other claims not known to the Parties, arising out of the facts alleged in the Notice and Complaint, and relating to the Covered Product, will develop or be discovered. Calsafe on behalf of itself only, and SHAH on behalf of itself only, acknowledge that this Consent Judgment is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. Calsafe and Shah acknowledge that the claims released in Section VII above may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 1542 reads 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 1 RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE 2 DEBTOR OR RELEASED PARTY. 3 VIII. SEVERABILITY 4 5 8.1 In the event that any of the provisions of this Consent Judgment are held by a court of competent jurisdiction to be unenforceable, the validity of the remaining enforceable 6 7 provisions shall not be adversely affected. IX. **GOVERNING LAW** 8 9 9.1 The terms and conditions of this Consent Judgment shall be governed by and construed in accordance with the laws of the State of California. 10 X. PROVISION OF NOTICE 11 All notices required to be given to either Party to this Consent Judgment by the 12 10.1 other shall be in writing and sent to the following agents listed below via first-class mail or 13 electronic mail. Any Party may modify the person/entity or address to whom the notice is to be 14 sent by sending the other Party notice by certified mail, return receipt requested. Said change shall 15 16 take effect on the date the return receipt is signed by the Party receiving the change. Notice for Calsafe shall be sent to: 17 Joseph R. Manning, Jr. 18 26100 Towne Centre Drive 19 Foothill Ranch, CA 92610 Tel: Office (949) 200-8757 Fax: (866) 843-8309 20 p65@manninglawoffice.com 21 Notice for Shah shall be sent to: 22 Saman Manavi, Esq. Manavi Law Group 23 9440 Santa Monica Blvd., Suite 301 Beverly Hills, CA 90210 24 Tel: (310) 415-9499 Fax: (310) 531-7385 25 saman@manavilaw.com 26 XI. **EXECUTED IN COUNTERPARTS** 27 28 CalSafe Research Center, Inc. v. Shah Distributors, Inc., Case No. 30-2022-01289037-CU-TT-CJC

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11.1 This Consent Judgment may be executed in counterparts, which taken together shall be deemed to constitute one document. A facsimile or .PDF signature page shall be construed to be as valid as the original signature.

XII. **DRAFTING**

The terms of this Consent Judgment have been reviewed by the respective counsel 12.1 for each Party prior to its signing, and each Party has had the opportunity to fully discuss the terms and 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 participate equally in the preparation and drafting of this Consent Judgment.

XIII. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

13.1 If a dispute 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, by telephone, by video conference, and/or in writing and endeavor to resolve the dispute in an amicable manner. No action or motion may be filed with the Court in the absence of such a good faith attempt to resolve the dispute beforehand.

XIV. ENFORCEMENT

The Parties may, by motion or order to show cause before the Superior Court of 14.1 Orange County, enforce the terms and conditions of this Consent Judgment. In any successful action brought by Calsafe to enforce this Consent Judgment, Calsafe may seek whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with this Consent Judgment.

XV. ENTIRE AGREEMENT, AUTHORIZATION

15.1 This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter herein, including any and all prior

CalSafe Research Center, Inc. v. Shah Distributors, Inc., Case No. 30-2022-01289037-CU-TT-CJC [PROPOSED] STIPULATED CONSENT JUDGMENT 13