1 2 3 4	THE LAW OFFICES OF OMAR FIGUERO. Omar Figueroa, SBN 196650 Lauren Mendelsohn, SBN 311099 7770 Healdsburg Ave. Sebastopol, CA 95472 Telephone: 707-829-0215	A, INC.
5	Email: omar@omarfigueroa.com Email: lauren@omarfigueroa.com	
6 7	Attorneys for Plaintiff BIOSPHERE WATCH GROUP, SPC	
8	SUPERIOR COUR	T OF THE STATE OF CALIFORNIA
10	COUN	TY OF SONOMA
11	BIOSPHERE WATCH GROUP, SPC,	Case No.: SCV-721736
1213	Plaintiff,	[PROPOSED] CONSENT JUDGMENT
141516	V. VERITAS FARMS, INC., a Nevada Corporation, and DOES 1 through 100, inclusive,	(Health & Safety Code § 25249.6 et seq.)
17	Defendants.	
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1. <u>INTRODUCTION</u>

1.1 Parties

This Consent Judgment is entered into by and between Plaintiff BIOSPHERE WATCH GROUP, SPC, and Defendant VERITAS FARMS, INC., a Nevada Corporation ("Veritas Farms"), with Plaintiff and Defendant individually referred to as a "Party" and collectively as the "Parties."

1.2 Plaintiff

Plaintiff BIOSPHERE WATCH GROUP, SPC is a Social Purpose Corporation in the State of California dedicated to informing the People of California about chemicals that may cause cancer, birth defects, or other reproductive harm. It brought this action in the public interest pursuant to Health & Safety Code § 25249.7.

1.3 Defendant

Defendant VERITAS FARMS, INC., a Nevada Corporation ("Veritas Farms"), employs ten or more persons and is a publicly traded company listed on the OTC-QB Exchange as VFRM.

Veritas Farms does business in the County of Sonoma 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

BIOSPHERE WATCH GROUP, SPC alleges that Defendant sells, or distributes for sale in the State of California products containing measurable quantities of Δ^9 -Tetrahydrocannabinol (also known as "Delta-9-Tetrahydrocannabinol" or "THC"), a reproductive toxicant, as well as beta-Myrcene (also known as "Myrcene"), a carcinogen, without first providing the clear and reasonable exposure warnings required by Proposition 65. THC was listed pursuant to Proposition 65 as a chemical that is known to the State of California to cause developmental toxicity on January 3, 2020, and beta-Myrcene was listed pursuant to Proposition 65 as a chemical known to cause cancer on March 27, 2015.

1.5 **Product Description**

The products covered by this Consent Judgment are items that are sold, or distributed for sale in California by Defendant, including, but not limited to Full Spectrum CBD Lip Balm – Orange Crème, Full Spectrum CBD Lip Balm – Mango, Full Spectrum CBD Lip Balm – Watermelon, Full 1

Spectrum CBD Lip Balm – Strawberry, Full Spectrum CBD Lip Balm – Cherry, Full Spectrum CBD Tincture – Peppermint, Full Spectrum CBD Tincture – Strawberry, Full Spectrum CBD Tincture – Unflavored, Full Spectrum Rejuvenating Night Cream, Full Spectrum CBD capsules, Full Spectrum Hemp Oil Moisturizing Lotion – Minted Lavender, Full Spectrum Hemp Oil Moisturizing Lotion – Unscented, Full Spectrum CBD Salve – Lavender Eucalyptus, Full Spectrum CBD Salve – Cooling Menthol, Full Spectrum CBD Salve – Unscented, Full Spectrum Hyaluronic Day Cream, Full Spectrum CBD Roller – Zen Mind, Full Spectrum CBD Roller – Zen Mood, PM CBD Full Spectrum Tincture – Chamomile, CBD Minted Lavender Lotion, Full Spectrum Balm Stick, and Joint Care CBD Pet Chews ("Products").

1.6 Notice of Violation

On or about February 18, 2022, BIOSPHERE WATCH GROUP, SPC served Defendant and certain requisite public enforcement agencies with a "60-Day Notice of Violation" ("Notice"), a document that informed the recipients of BIOSPHERE WATCH GROUP, SPC's allegation that Defendant violated Proposition 65 by failing to warn its customers and consumers in California that the Products expose users THC and/or Myrcene. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.7 Complaint

On or about October 3, 2022, BIOSPHERE WATCH GROUP, SPC filed the instant action (the "Action") against Defendant for the alleged violations of Health & Safety Code § 25249.6 that are the subject of the Notice.

1.8 No Admission

Defendant denies the material, factual, and legal allegations contained in the Notice and contends that it sells Products to California residents in accordance with applicable state laws and requirements. Nothing in this Consent Judgment shall be construed as an admission by Defendant of any fact, finding, conclusion of law, 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 of law, issue of law, or violation of law, the same being specifically denied by Defendant.

This section shall not, however, diminish or otherwise affect Defendant's obligations,

responsibilities, and duties under this Consent Judgment.

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1.9 **Consent to Jurisdiction**

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For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Defendant as to the allegations in the Complaint, that venue is proper in Sonoma County, and that this Court has jurisdiction to enter and enforce the provisions of this Consent Judgment.

1.10 **Effective Date**

For purposes of this Consent Judgment, the term "Effective Date" shall mean sixty (60) days subsequent to the date upon this Consent Judgment is approved by the Court pursuant to Section 6 hereof.

2. **INJUNCTIVE RELIEF: PROPOSITION 65 WARNINGS**

- **2.1 Product Warnings.** Unless exempt pursuant to Section 25501 of Title 27 of the California Code of Regulations or any other applicable exemption from Proposition 65, if any, commencing on or before the Effective Date for all Products that contain the Listed Chemical(s) delta-9-THC and/or beta-Myrcene, and are shipped to a California address for sale by the Defendant, or any agent, distributor, or affiliated company working on behalf of the Defendant, the Defendant shall provide a clear and reasonable warning on each Product as set forth below in Section 2.3. Each warning shall be prominently placed with such conspicuousness as compared with 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. Each warning shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion.
- **2.2 Internet Warnings.** Unless exempt pursuant to Section 25501 of Title 27 of the California Code of Regulations or any other applicable exemption from Proposition 65, if any, commencing on or before the Effective Date, for all Products that the Defendant offers for sale,

directly to consumers in California via the internet, Defendant shall provide a warning for such Products by including the warning set forth below in Section 2.3 on one or more of the following: a) on the product display page; b) or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase, in accordance with the requirements of § 25602(b) of Title 27 of the California Code of Regulations. If the short-form warning is provided pursuant to 27 C.C.R. § 25602(a)(4), the warning provided on the website may use the same content.

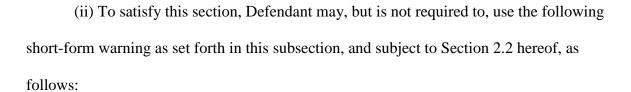
2.3 Text of the Warning.

- (a) Unless exempt pursuant to Section 25501 of Title 27 of the California Code of Regulations or any other applicable exemption from Proposition 65, if any, the text of the warning shall be printed in black ink on a light background, in a font that is easy to read and legible, but in no case less than a size 12 font. The warning shall comply with all applicable requirements of the Safe Harbor Warnings set forth at 27 C.C.R. § 25601 et seq.
 - (b) (i) For products which can expose consumers to beta-Myrcene only (and do not exposure consumers to delta-9-THC), Defendant may use the appropriate warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging).

WARNING: This product can expose you to beta-Myrcene, which is known to the

State of California to cause cancer. For more information go to

www.P65Warnings.ca.gov.





WARNING: Cancer – www.P65Warnings.ca.gov.

(c)(i) For products intended to be ingested which contain delta-9-THC only (and no beta-Myrcene whatsoever), Defendant may use the appropriate warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging). *See*, 27 CCR § 25607.41(a)(3)(A).



WARNING: This product can expose you to delta-9-THC, which is known to the State of California to cause reproductive toxicity. For more information go to www.P65Warnings.ca.gov.

(ii) To satisfy this section, Defendant may, but is not required to, use the following short-form warning as set forth in this subsection, and subject to Section 2.2 hereof, as follows:



WARNING: Reproductive toxicity – <u>www.P65Warnings.ca.gov</u>.

(d)(i) For products intended to be ingested which contain both delta-9-THC and beta-Myrcene, Defendant may use the appropriate warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging). *See*, 27 CCR § 25607.41(a)(3)(B).



WARNING: This product can expose you to beta-Myrcene, which is known to the State of California to cause cancer, and delta-9-THC, which is known to the State of California to cause reproductive toxicity. For more information go to www.P65Warnings.ca.gov.

(ii) To satisfy this section, Defendant may, but is not required to, use the following short-form warning as set forth in this subsection, and subject to Section 2.2 hereof, as follows:



WARNING: Cancer and Reproductive toxicity – <u>www.P65Warnings.ca.gov</u>.

(e) (i) For products intended for dermal application which contain delta-9-THC only (and no beta-Myrcene whatsoever), Defendant may use the appropriate warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging). *See*, 27 CCR § 25607.45(a)(3)(A).



WARNING: This product can expose you to delta-9 THC, which is known to the State of California to cause reproductive toxicity. For more information go to www.P65Warnings.ca.gov.

(ii) To satisfy this section, Defendant may, but is not required to, use the following short-form warning as set forth in this subsection, and subject to Section 2.2 hereof, as follows:



WARNING: Reproductive toxicity - <u>www.P65Warnings.ca.gov</u>.

(f)(i) For products intended for dermal application which contain both delta-9-THC and beta-Myrcene, Defendant may use the appropriate warning language set forth below, which shall include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline as shown below (the symbol may be black or white if the color yellow is otherwise not used on the Product's packaging). *See*, 27 CCR § 25607.45(a)(3)(B).



WARNING: This product can expose you to beta-Myrcene, which is known to the State of California to cause cancer, and delta-9-THC, which is known to the State of California to cause reproductive toxicity. For more information go to www.P65Warnings.ca.gov.

(ii) To satisfy this section, Defendant may, but is not required to, use the following short-form warning as set forth in this subsection, and subject to Section 2.2 hereof, as follows:



WARNING: Cancer and Reproductive toxicity – <u>www.P65Warnings.ca.gov</u>.

(g) Any Products manufactured on or after October 1, 2023 which include delta-9-THC may include the warning set forth in 27 CCR §§ 25607.40 - 25607.41 or 27 CCR §§ 25607.44 - 25607.45, as appropriate.

2.3 Scope of Injunctive Relief.

The foregoing warning requirements set forth in Section 2.1 - 2.3 hereof shall not apply for any one or more of the Products which are exempt pursuant to Section 25501 of Title 27 of the California Code of Regulations or any other applicable exemption from Proposition 65, if any. Pursuant to Section 25249.7(f)(4) of the California Health & Safety Code, the Court may review the foregoing 7

warning requirements and advise whether such warnings are required as to the Products pursuant to Section 25501 of Title 27 of the California Code of Regulations. Pursuant to Section 3003 of Title 11 of the California Code of Regulations, the Attorney General may review the foregoing warning requirements and advise whether such warnings are required as to the Products pursuant to Section 25501 of Title 27 of the California Code of Regulations. Accordingly, should either the Attorney General or the Court advise that the foregoing warnings are not required for one of more of Defendant's Products pursuant to Section 25501 of Title 27 of the California Code of Regulations or any other applicable exemption from Proposition 65, then the foregoing warnings shall not be required for any such Products. Subsequent to the execution and approval of this Consent Judgment, should any such exemption be applicable to Defendant or any one or more of the Products, the foregoing warning requirements shall thereafter be no longer applicable to Defendant or any such Products, respectively.

3. MONETARY PAYMENTS

3.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b). The Defendant shall make a civil penalty payment of \$2,000 (two thousand dollars), in accordance with this section, on or before the Effective Date. The penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to BIOSPHERE WATCH GROUP, SPC in accordance with Section 3.2 below. The penalty payment shall be remitted in accordance with the procedure set out in Section 3.2.

- **3.2 Payments**. All payments shall be delivered within five business days of the Effective Date to the Law Offices of Omar Figueroa, 7770 Healdsburg Ave., Sebastopol, CA 95472, and shall be in the form of three checks for the following amounts made payable to:
 - (a) "Office of Environmental Health Hazard Assessment" in the amount of \$1,500 (one thousand five hundred dollars) for payment of 75% of the civil penalty to OEHHA. Counsel for BIOSPHERE WATCH GROUP, SPC agree

to forward such funds to OEHHA.

- (b) "Biosphere Watch Group, SPC" in the amount of \$500 (five hundred dollars),as payment of the remaining 25% of the civil penalty to BIOSPHEREWATCH GROUP, SPC.
- (c) "The Law Offices of Omar Figueroa, Inc." in the amount of \$8,500 (eight thousand five hundred dollars) as payment for attorneys' fees and costs pursuant to Section 4 below.

For any payment that is returned for any reason, including insufficient funds, a payment for the entire amount owed must be made by Veritas Farms in the form of a cashier's check within three (3) calendar days of notification of insufficient funds, plus a 10% service fee paid to BIOSPHERE WATCH GROUP, SPC's attorneys. Any payment that is not actually received by the due date will also be subject to a 10% late fee.

- **3.3 Issuance of 1099 Forms**. The Defendant shall provide BIOSPHERE WATCH GROUP, SPC's counsel with a separate 1099 form for each of its payments under this Agreement to:
 - (a) "Office of Environmental Health Hazard Assessment", P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) for civil penalties paid;
 - (b) "BIOSPHERE WATCH GROUP, SPC," 7770 Healdsburg Ave., Suite B, Sebastopol, CA 95472 (EIN: [to be provided upon signing]), for its portion of the civil penalties paid; and
 - (c) "The Law Offices of Omar Figueroa, Inc." 7770 Healdsburg Ave., Suite A, Sebastopol, CA 95472 (EIN: [to be provided upon signing]), for fees and costs reimbursed pursuant to Section 4.

4. <u>REIMBURSEMENT OF FEES AND COSTS</u>

The parties have reached an accord on the compensation due to OEHHA, BIOSPHERE WATCH GROUP, SPC and its counsel under general contract principles and the private attorney

general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Defendant shall pay \$8,500 (eight thousand five hundred U.S. Dollars) for legal fees and costs incurred as a result of investigating, bringing this matter to Defendant's attention, and negotiating a settlement in the public interest. Defendant shall deliver payments as described in Section 3, above.

5. <u>CLAIMS COVERED AND RELEASED</u>

5.1 BIOSPHERE WATCH GROUP, SPC's Public Release of Proposition 65 Claims

BIOSPHERE WATCH GROUP, SPC, acting on its own behalf and in the public interest, releases Defendant, its officers, directors, attorneys, representatives, shareholders, subsidiaries, affiliates, divisions and retailers, from all claims which Plaintiff raised, or could have raised, in this Action including, without limitation, for violations of Proposition 65 up through the Effective Date based on exposures to chemicals listed pursuant to Proposition 65 from the use of the Products, as set forth in the Notice and the Complaint. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 from the use of the Products sold by Defendant after the Effective Date, as set forth in the Notice. This Consent Judgment binds Plaintiff and all other individuals and organization who are associated with Plaintiff or who have or may have any interest in any of each of Plaintiff's respective claims, including successors, assigns, insurers and anyone compensating it for its losses.

5.2 BIOSPHERE WATCH GROUP, SPC's Individual Release of Claims

BIOSPHERE WATCH GROUP, SPC, in its individual capacity only and in its representative capacity for all persons claiming by or through it, also provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of BIOSPHERE WATCH GROUP, SPC of any nature, character or kind, whether known or unknown, suspected or unsuspected, arising out of all claims which Plaintiff raised, or could have raised, in this Action including, without limitation, alleged or actual exposures to chemicals listed pursuant to Proposition 65 from the use of the Products sold or distributed for sale by Defendant in the State of 0

California before the Effective Date. This Consent Judgment binds Plaintiff and all other individuals and organization who are associated with Plaintiff or who have or may have any interest in any of each of Plaintiff's respective claims, including successors, assigns, insurers and anyone compensating it for its losses.

5.3 Defendant's Release of BIOSPHERE WATCH GROUP, SPC

Defendant, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims that it may have against BIOSPHERE WATCH GROUP, SPC and its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by BIOSPHERE WATCH GROUP, SPC and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

5.4 Counsel for BIOSPHERE WATCH GROUP, SPC

By executing below, and to the extent permitted by the ethical rules applicable to attorneys, The Law Offices of Omar Figueroa, Inc., as counsel for Plaintiff, hereby represents and warrants as a material inducement for Defendant to enter into this Agreement as follows: (i) it is unaware of any other person that would have a claim against Defendant similar to those asserted in this action; (ii) it has no current plans to represent any other client adverse to Defendant; and (iii) it has not provided any material assistance to any non-client in bringing a claim, or considering a claim, against Defendant, and has no current plans to do so.

6. <u>COURT APPROVAL</u>

This Consent Judgment is not 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 one year after it has been fully executed by all Parties.

7. CALIFORNIA CIVIL CODE SECTION 1542 WAIVER.

With respect to the claims released pursuant to Section 5 hereof, the Parties stipulate and

agree that, upon the Effective Date, Plaintiff, individually and in its representative capacity, shall be deemed to have, and by operation of the Consent Judgment shall have, expressly waived and relinquished as to the claims released pursuant to Section 5 hereof, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law that purports to limit the scope of a general release. Section 1542 provides:

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.

8. <u>SEVERABILITY</u>

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

9. **GOVERNING LAW**

The terms of this Consent Judgment 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 or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Defendant may provide written notice to BIOSPHERE WATCH GROUP, SPC of any asserted change in the law, and have no further obligations pursuant to this Consent Judgment, with respect to, and to the extent that, the Products are so affected. Nothing in this Consent Judgment shall be interpreted to relieve Defendant from any obligation to comply with any pertinent state or federal toxics control laws.

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10. NOTICES

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

For Defendant Veritas Farms, Inc:

Veritas Farms, Inc. Attn: Ramon Pino 401 E. Las Olas Blvd., Ste 1400 Fort Lauderdale, FL 33301

Garrett.Graff@moyewhite.com

(with copy to, which shall not constitute notice): Garrett Graff, Esq. Moye White LLP 1400 16th Street, 6th Floor Denver, CO 80202-1486 (303) 292-7901

For Plaintiff BIOSPHERE WATCH GROUP, SPC:

Omar Figueroa
The Law Offices of Omar Figueroa, Inc.
7770 Healdsburg Ave.
Sebastopol, CA 95472-3352
omar@omarfigueroa.com

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

11. <u>COUNTERPARTS; FACSIMILE SIGNATURES</u>

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

13. <u>MODIFICATION</u>

12. <u>POST EXECUTION ACTIVITIES</u>

BIOSPHERE WATCH GROUP, SPC agrees to comply with the reporting form requirements referenced in Health & Safety Code § 25249.7(f). The Parties further acknowledge that, pursuant to Health & Safety Code § 25249.7(f), a noticed motion is required to obtain judicial approval of the settlement. In furtherance of obtaining such approval, BIOSPHERE WATCH GROUP, SPC and Defendant agree to mutually employ their best efforts, and that of their counsel, to support the entry of this agreement as a Consent Judgment, and to obtain judicial approval of the settlement in a timely manner.

This Consent Judgment may be modified only by: (i) a written agreement of the Parties and upon entry of a modified consent judgment by the Court thereon; (ii) upon a successful motion or application of any Party and the entry of a modified consent judgment by the Court; or (iii) by the Court or Attorney General, pursuant to Sections 2.3 hereof.

1	14. <u>AUTHORIZATION</u>		
2	The undersigned are authorized to execute this Consent Judgment on behalf of their respective		
3	Parties and have read, understood and agree to all of the terms and conditions of this Consent		
4	Judgment.		
5	AGREED TO: AGREED TO:		
7 8	Date: May 30, 2023 Date:		
9 10 11 12	By:		
13 14	IT IS SO ORDERED		
15 16	Date:, 2023	-	
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