Joseph R. Manning, Jr., Esq. (Bar No. 223381) 1 p65@manninglawoffice.com **MANNING LAW, APC** 2 26100 Towne Center Drive 3 Foothill Ranch, CA 92610 Tel: (949) 200-8755 4 Fax:(866) 843-8308 5 Attorney for Plaintiff 6 CalSafe Research Center, Inc. 7 Lauren M. Michals (Bar. No. 184473) lmichals@nixonpeabody.com 8 NIXON PEABODY LLP 9 One Embarcadero Center, 32nd Floor San Francisco, CA 94111 10 Tel: (415) 984-8200 Fax: (415) 984-8300 11 12 Attorney for Defendant Flagship Food Group LLC 13 14 SUPERIOR COURT OF THE STATE OF CALIFORNIA 15 COUNTY OF LOS ANGELES - CENTRAL JUDICIAL DISTRICT 16 17 CALSAFE RESEARCH CENTER, INC., a Case No.: 22TRCV01286 18 California non-profit corporation, [PROPOSED] STIPULATED 19 Plaintiff, CONSENT JUDGMENT 20 (Health & Safety Code § 24249, et seq.) v. 21 FLAGSHIP FOOD GROUP, LLC, a Complaint filed: November 18, 2022 22 California limited liability company; and Trial Date: None Set 23 DOES 1 to 10, 24 Defendants. 25 26 27 28

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I. INTRODUCTION

- 1.1 The Parties. This Consent Judgment is entered into by and between CalSafe Research Center, Inc. ("CalSafe" or "Plaintiff"), a California non-profit corporation, and Flagship Food Group, LLC ("Flagship" or "Defendant"), a California limited liability company (collectively, the "Parties").
- 1.2 General Allegations. On November 18, 2022, CalSafe initiated this action by filing a Complaint for Civil Penalties and Injunctive Relief (the "Complaint") pursuant to Health & Safety Code § 24249.5 et seq. ("Proposition 65") against Flagship. In this action, CalSafe alleges that Flagship's "Hatch Valley, Green Chile" (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 Flagship qualifies as a "Person" within the meaning of Proposition 65, and that Flagship 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 May 13, 2022 (the "Notice"), that was served on the California attorney General, other public enforcers, and Flagship. 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 Flagship; no designated governmental entity has filed a Complaint against Flagship 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 Flagship, which is a violation of California Health & Safety Code § 25249.6. Flagship 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. Flagship denies the material, factual, and legal allegations in the Notice and Complaint and

- 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 that Notice is served that this 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 Flagship as to the acts alleged in the Complaint.
- 2.2 For purposes of this Consent Judgment, the Parties stipulate that venue is proper in Los Angeles 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 Lead Reduction, Target Level, Compliance Date. Beginning on six months after the Effective Date ("Compliance Date"), Flagship shall reduce the level of lead in the

Covered Product, if necessary, manufactured and shipped for sale in California to 0.5 micrograms of lead per serving (the "Target Level"), or be subject to the warning provisions of Paragraphs 3.3 through 3.7.

- 3.1.2 For purposes of measuring and determining compliance with or violation of the Target Level, the average lead level of five (5) randomly selected samples of a Covered Product, all taken from the same production lot, shall be used. The Covered Product shall be deemed to be in compliance with the Target Level and Proposition 65 so long as the average of those five samples is no greater than 0.5 micrograms per labeled serving and no single sample exceeds 0.75 micrograms of lead per labeled serving. Testing pursuant to this Consent Judgment shall be by a laboratory accredited by the State of California, a federal agency, or a nationally recognized accreditation organization and using Inductively Coupled Plasma Mass Spectrometry ("ICP-MS") or substantially similar methods approved for testing for lead in foods under Proposition 65.
- 3.2 Shipped for Sale in California. "Shipped for Sale in California" means the Covered Product that Flagship either directly ships to California for sale in California, or that it sells to a distributor or retailer who Flagship knows will sell the Covered Product to consumers in California. Where a retailer or distributor sells the Covered Product both in California and other states, Flagship shall take commercially reasonable steps to ensure that the Covered Product that is sold in California is in compliance with Paragraph 3.3 through 3.6.
- 3.3 Clear and Reasonable Warnings, When Required. For Covered Products that do not meet the Target Level pursuant to Paragraph 3.1, above, Flagship agrees by the Compliance 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 that contains a warning as provided for in Paragraphs 3.4 through 3.7.
- **3.4 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 Flagship 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, and ingredient lists,. "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. § 25602 (d). Specifically, where the product sign or label used to provide the warning includes consumer information in a language other than English, the warning must also be provided in that language in addition to English. If subsequently enacted changes to Proposition 65 or its implementing regulations require the use of additional or different information or language on any warning specifically applicable to the Covered Product, Flagship may use that new warning in place of or in addition to the warnings set forth in this Section.

3.5 Warnings for Internet Sales. For any Covered Product sold over the internet by Flagship where it will be shipped to a California based consumer that does not meet the Target Level as set out in Paragraph 3.1, 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. Given Flagship' lack of control over third-party websites, the online warning requirements set out in this Section shall only apply to Covered Product sold through Flagship's website. Flagship, however, will instruct any third-party website seller to which it directly supplies the Covered Product to provide the warning as a condition of selling the Covered Product to California purchasers.
- **3.6 Warning Prominence.** Flagship 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.
- 3.7 Compliance with Clear and Reasonable Warning. Flagship shall be deemed to be in compliance with this Consent Judgment after the Effective Date by (A) adhering to Paragraphs 3.1 through 3.6, 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 lead in the Covered Product. 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 or compliance with the Target Level as set forth in this Consent Judgment will not thereafter be a breach of this Consent Judgment.
- **3.8 Grace Period of Existing Inventory.** The injunctive requirements of Section III of the Consent Judgment shall not apply to Covered Product that is already manufactured or in the stream of commerce as of the Compliance Date, which Covered Product is expressly subject to the releases provided in Section V.
- 3.9 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).

- **3.10 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.
- **3.11 Void if Not Approved.** If this Consent Judgment is not approved by the Court, it shall be void and have no force or effect.
- 3.12 **Compliance with Proposition 65**. Compliance with this Section III will constitute compliance by Flagship with all requirements of Proposition 65 relating to lead exposure in the Covered Product.

IV. MONETARY TERMS

- **4.1 Total Settlement Amount.** In full satisfaction of all potential civil penalties, additional settlement payments, attorney fees, and costs, Flagship 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, Flagship 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) business days of the Effective Date and after receiving all necessary taxpayer information from CalSafe, Flagship 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 Flagship 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: 1 Mike Gyurics 2 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 3 P.O. Box 4010 4 Sacramento, CA 95812-4010 5 For Non-United States Postal Delivery Service: 6 Mike Gyurics 7 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 8 1001 I Street MS #19B Sacramento, CA 95814 9 10 All penalty payments owed to CalSafe shall be sent via wire to: 11 Wire Instructions: 12 Account Name: The Law Offices of Joseph R. Manning 13 Bank Name: J.P. Morgan Chase Bank, N.A. 14 Bank Address: 2967 Michelson Dr, Ste A, Irvine, CA 92612 15 **Routing Number: 322271627** Wire Routing / ABA Number: 021000021 16 **Swift Code: CHASUS33** 17 Account Number: 579068902 18 For further benefit of: Civil Penalty Payment Case No. 22TRCV01286 19 20 4.3 Attorney Fees and Costs. Within ten (10) business days of the Effective Date, 21 and after receiving all necessary taxpayer information from CalSafe, Flagship agrees to pay Nine 22 Thousand Dollars (\$9,000.00) to CalSafe and its counsel of record for all fees and costs incurred 23 in investigating, bringing this matter to the attention of Flagship, litigating, negotiation, and 24 obtaining judicial approval of a settlement in the public interest. 25 **Wire Instructions:** 26 27 Account Name: The Law Offices of Joseph R. Manning Bank Name: J.P. Morgan Chase Bank, N.A. 28

Bank Address: 2967 Michelson Dr, Ste A, Irvine, CA 92612

Routing Number: 322271627

Wire Routing / ABA Number: 021000021

Swift Code: CHASUS33

Account Number: 579068902

For further benefit of: Attorney's Fees Case No. 22TRCV01286

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 5.3 and upon entry by the Court of a modified consent judgment.
- 6.2 If a Party seeks to modify this Consent Judgment under Paragraph 6.1, then that Party must provide written notice to all other Parties of its intent ("Notice of Intent"). If any non-moving Party seeks to meet and confer regarding the proposed modification in the Notice of Intent, then the non-moving Party shall provide written notice of intent to meet and confer to the moving 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 a non-moving Party's written notice of intent to meet and confer. Within thirty (30) days of such a meeting, if non-moving Party disputes the proposed modification, the non-moving Party shall provide 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 a Party initiates or otherwise requests a modification under Paragraph 6.1 for reasons other than the revoking of Proposition 65 in total or revoking the application of Proposition 65 to lead in the Covered Product, and the meet and confer process leads to a joint motion or application for a modification of the Consent Judgment, the Party that

initiated or requested the modification shall reimburse the other Party's 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, APPLICATION OF CONSENT JUDGMENT,

- 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 Flagship 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 the successors and assigns of any of them and on behalf of the public interest, and Flagship 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 Flagship(s). CalSafe, on behalf of itself and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, and affiliates and their successors and assigns 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

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27 28 through the Compliance 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 Flagship 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 Flagship 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 Flagship 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 RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

7.7 **Application of Consent Judgment**. This Consent Judgment may apply to, be binding upon, and benefit the Parties and their respective officers, directors, shareholders, employees, agent, parent companies, subsidiaries, divisions franchisees, licensees, customers, distributors, wholesalers, retailers, predecessors, successors and assigns.

VIII. SEVERABILITY

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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 provisions shall not be adversely affected.

IX. GOVERNING LAW

The terms and conditions of this Consent Judgment shall be governed by and construed in accordance with the laws of the State of California.

X. PROVISION OF NOTICE

All notices required to be given to either Party to this Consent Judgment by the other shall be in writing and sent to the following agents listed below via first-class mail or electronic mail. Any Party may modify the person/entity or address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested, or overnight mail. Said change shall take effect on the date the return receipt or acceptance of deliver is signed by the Party receiving the change.

Notice for CalSafe shall be sent to:

Joseph R. Manning, Jr. 26100 Towne Center Drive Foothill Ranch, CA 92610 Tel: Office (949) 200-8757 Fax: (866) 843-8309 p65@manninglawoffice.com

Notice for Flagship shall be sent to:

Lauren M. Michals NIXON PEABODY LLP One Embarcadero Center, 32nd Floor San Francisco, CA 94111 Tel: (415) 984-8200 Fax: (415) 984-8300 lmichals@nixonpeabody.com

XI. COURT APPROVAL

Upon execution of this Consent Judgment by all Parties, Plaintiff shall prepare and file, at its sole cost and expense, a Motion for Approval of this Consent Judgment. This Consent

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Judgement shall not become effective until approved and entered by the Court. If this Consent Judgment is not entered by the Court, it shall be of no force or effect, and shall not be introduced into evidence of otherwise used in any proceeding for any purpose.

EXECUTED IN COUNTERPARTS XII.

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.

XIII. 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 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.

XIV. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

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 good faith and 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.

XV. **ENFORCEMENT**

Enforce the terms and conditions of this Consent Judgment must be done by motion or order to show cause before the California Superior Court Los Angeles,. In any successful action brought to enforce this Consent Judgment by a Party, the enforcing Party may seek whatever

fines, costs, penalties, or remedies as are provided by law for failure to comply with this Consent Judgment.

XVI. 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 discussions, negotiations, commitments, and understandings related thereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party. No other agreements, oral or otherwise, unless specifically referred to herein, shall be deemed to exist or to bind any Party.
- 15.2 Each signatory to this Consent Judgment certifies that he or she is fully authorized by the Party he or she represents to stipulate to this Consent Judgment.

XVII. REQUEST FOR FINDINGS, APPROVAL, AND ENTRY.

This Consent Judgment has come before the Court upon the request of the Parties. The Parties request the Court to fully review this Consent Judgment and, being fully informed regarding the matters which are the subject of this action, make the findings pursuant to California Health and Safety Code § 25249(f)(4) and approve this Consent Judgment.

IT IS SO STIPULATED.

DATED: 4/3/2024 , 2024 MANNING LAW, APC

By: Joseph Manning, Jr.

Attorney for Plaintiff
CalSafe Research Center, Inc.

CALSAFE RESEARCH CENTER, INC.

By: Lin fairum
Eric Fairon, CEU
CalSafe Research Center, Inc.