

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This settlement agreement (“Settlement Agreement”) is entered into by and between Consumer Rights Advocates, LLC (“CRA”) on the one hand, and Palmetto Gourmet Foods, Inc. (“PGF”), on the other hand, with CRA, and PGF, each individually referred to as a “Party” and collectively as the “Parties.”

1.2 Notice of Violation

On June 27, 2022 and September 28, 2022, CRA served on PGF and/or its agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers, the California Attorney General, and the other requisite public enforcers with three (3) 60-Day Notices of Violation (collectively, the “Notices”), alleging that PGF violated Proposition 65 when they failed to warn consumers in California with a warning as required by Health and Safety Code §§ 25249.5 *et seq.* (“Proposition 65”) of the alleged exposure to lead from the sale of certain Ramen Noodles in California.

1.3 Product Description

The products covered by this Settlement Agreement are products that have been manufactured, imported, distributed, offered for sale, and/or sold in California by PGF and/or its agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers, including products with UPC numbers 810037810028; UPC 810037810035; UPC 810037810042; UPC 810037810059; UPC 810037810394; UPC 810037810110-134; UPC 810037810370-387; UPC 810037810400-493; UPC 810037810714-721; UPC 810037810974-998; UPC 810037811162; UPC 7-80707-10209-1 - 267-1; and UPC 7-8123100028-0-30-3 (the “Products”).

1.4 No Admission

PGF denies the material, factual and legal allegations in the Notices and maintains that all of the products they sold and/or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by PGF or any of their 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, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by PGF or any of their 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 being specifically denied by PGF. This Section shall not, however, diminish or otherwise affect PGF’s obligations, responsibilities, and duties under this Settlement Agreement.

1.5 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean May 31, 2023.

2. INJUNCTIVE RELIEF

2.1 Clear and Reasonable Warnings

Consistent with the above, PGF agrees, as of 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) Products that (1) have less than the maximum lead level allowable under Proposition 65; or (2) contain a warning that

is fully compliant with the label and warning requirements under Proposition 65.

2.2 General Warning Requirements

Consistent with Section 2.1 above, nothing in this Section requires PGF to place any labels or warnings on the Products that are otherwise in compliance with the requirements of Proposition 65. Nor does this Section broaden the obligations to PGF under Proposition 65.

To the extent that any Product provided for sale in California does not comply with Proposition 65's maximum allowable lead level through formulation or reformulation, PGF agrees to provide a clear and reasonable warning in accordance with this Section pursuant to Title 27 of California Code of Regulations section 25600, et seq.

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 and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

In so labeling any such Product, PGF may elect — but is not required — to use the following Proposition 65 compliant warning affixed to the packaging label, tag, or directly to each such Product:

1) **WARNING:** Consuming this product can expose you to lead, which is known to the State of California to cause cancer, birth defects, or other reproductive harm. For more information, go to www.P65Warnings.ca.gov/food

2) **WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov/food

The warning, to the extent actually required by Proposition 65, shall be offset in a box with a black outline. The same warning shall be posted on any websites where the Products are sold in California.

The same warning shall be posted on any website under the exclusive control of PGF where the Product is sold to consumers located in California. The warning requirements of this section shall be satisfied if the forgoing warning appears either: (a) on the same web page on which the Product is displayed and/or described by providing a clearly marked hyperlink using the word “WARNING,”; (b) on the same page as the price for the Product, or (c) on one or more web pages displayed to a purchaser prior to purchase during the checkout process. Alternatively, a symbol consisting of a black exclamation point in a yellow or white equilateral triangle may appear adjacent to or immediately following the display, description, price, or check-out listing of the Product, if the warning statement appears elsewhere on the same web page in a matter that clearly associates it with the product to which the warning applies. PGF also agrees to inform third-parties of the need to provide a website warning as a condition of the sale of the Product if the Product is sold on a third-party website.

2.3 Compliance with Warning Regulations

The parties agree that PGF shall be deemed in full compliance with this Settlement Agreement by adhering to the warning requirement adopted by the State of California's Office of Environmental Health Hazard Assessment (“OEHHA”), using a label compliant with Section 2.2 above, or by reformulation that results in compliance with Proposition 65 thresholds by 04/17/2023.

2.4 Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment or another authorized agency promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, or legislation is enacted by the California legislature, United States Congress or voters with such requirements or permission, PGF shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this

Agreement. If regulations, legislation, or judicial rulings are enacted or issued, providing that a Proposition 65 warning for the Product is no longer required, a lack of warning will not thereafter be a breach of this Agreement.

2.5 Grace Period for Existing Inventory of Products

The injunctive requirements of Section 2 shall not apply to Products that have been manufactured and placed into the stream of commerce before 05/31/2023, which Products are expressly subject to the releases provided in Section 4.1.

2.6 Alternative Injunctive Relief

In the event that PGF desires to do so, in lieu of providing warning labels on the Products, as set forth in this Section, PGF may reformulate the Products by 05/31/2023 so that the lead levels comply with the requirements of Proposition 65.

3. MONETARY SETTLEMENT TERMS

3.1 Total Settlement Amount

In full satisfaction of all consideration, potential civil penalties, attorneys' fees, and costs in connection with the Notice and Products, and in exchange for CRA's release of all liability in connection with the Products (including as set forth in the Notices) as set forth in Sections 4.1 and 4.3 below, PGF shall make a total settlement payment of Fifty Thousand Dollars (\$50,000.00) ("Total Settlement Amount"). The Total Settlement Amount shall be apportioned into a Civil Penalty, Attorney's Fees and Costs, an Additional Settlement Payment, and a Cost Reimbursement as required by CRA and set forth in Sections 3.2, 3.3, 3.4, and 3.5 below. No other payments are required by PGF under this Agreement.

3.2 Civil Penalty Payment

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notices or referred to in this Settlement Agreement and in consideration of the releases provided in Section 4, PGF agrees to pay Two Thousand Five Hundred dollars (\$2,500.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty amount to CRA. Within two (2) weeks of the date this Settlement Agreement is fully executed by the Parties, PGF shall issue two separate checks for the civil penalty payment to:

- a) "OEHHA" in the amount of One Thousand Eight Hundred Seventy-Five dollars (\$1,875.00), representing 75% of the civil penalties, and
- b) CRA in the amount of Six Hundred Twenty-Five dollars (\$625.00), representing 25% of the civil penalties.

All payments owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Delivery Service:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010, MS 19B
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 CRA shall be sent to:

Cornerstone Law Firm, PC
357 S. Robertson Blvd. 2ND FL
Beverly Hills, CA 90211

3.3 Attorney Fees and Costs

In consideration of the releases provided by Section 4, and as part of the release to PGF of any Proposition 65 liability (including penalties, costs, and attorney's fees) in relation to the Notice or the Products, the Parties reached an accord on the compensation due to CRA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, within two (2) weeks of the date that this Settlement Agreement is executed by the Parties, PGF agrees to pay Forty-Seven Thousand Five Hundred Dollars (\$47,500) to Cornerstone Law Firm, PC for all fees and costs incurred in investigating, bringing this matter to the attention of PGF, and negotiating a settlement for all Product.

3.4 Payment Address

All payments required under this section to Cornerstone Law Firm, PC shall be delivered to:

Cornerstone Law Firm, PC
357 S. Robertson Blvd. 2nd FL
Beverly Hills, CA 90211

3.5 Tax Documentation

PGF agrees to provide a completed IRS 1099 form for its payments to, and CRA and Cornerstone Law Firm, PC agrees to provide IRS W-9 forms to PGF. The Parties acknowledge that PGF cannot issue any settlement payments pursuant to Section 3 above until after PGF receives the requisite W-9 forms from CRA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 CRA's Release of PGF

This Agreement is a full, final, and binding resolution between CRA, including its past and current agents, representatives, successors, and/or assignees, parents, subsidiaries, affiliated entities, attorneys, directors, officers, and employees (the "CRA Releasing Parties"), acting on CRA's own behalf and in the public interest, and PGF of any violation of Proposition 65 that were or could have been asserted as of the Effective Date by CRA and the CRA Releasing Parties in connection with the Products (including as set forth in the Notice), against PGF's past and current officers, directors, shareholders, employees, agents, representatives, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, retailers, attorneys, successors, and/or assignees, and each entity to whom PGF directly or indirectly distributes or sells the Products (the "PGF

Released Parties”). CRA, acting on its own behalf and in the public interest, and the CRA Releasing Parties fully release and discharge PGF and their past and present parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, partnerships, joint ventures, commonly- controlled entities, successors, heirs, predecessors in interest, and assigns, and each of their respective past and present employees, representatives, officers, directors, shareholders, principals, attorneys, accountants, insurers, receivers, advisors, consultants, partners, owners, members, agents, independent contractors, landlords, tenants, successors, heirs, customers, suppliers, and distributors, and any entity or individual acting or purporting to act on behalf of PGF from all claims for violations of Proposition 65 and related liability or obligation of any nature (including injunctive relief, damages or other monetary relief, costs, fines, penalties, losses, or expenses, including investigation fees, expert fees, and attorney’s fees) up through the Effective Date relating to the Products or the Notices. The release does not apply to third-party websites that do not comply with the instruction to provide the warning, however PGF and/or its agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers, do not assume any duty to monitor third-party websites.

4.2 PGF’s Release of CRA

PGF, on behalf of their past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against CRA and its attorneys and other representatives for any and all actions taken or statements made by CRA 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.

4.3 California Civil Code Section 1542

It is possible that other claims not known to the Parties, arising out of the Notice or relating to the Products, will develop or be discovered. CRA, including its past and current agents, representatives, successors, and/or assignees, parents, subsidiaries, affiliated entities, attorneys, directors, officers, and employees, on behalf of itself only and not acting in the public interest, and PGF on behalf of themselves only, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. CRA and the CRA Releasing Parties, on the one hand, and PGF, on the other, acknowledge that the claims released in Sections 4.1 and 4.2 above may include unknown claims and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 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 SHOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

5. SEVERABILITY

In the event that any of the provisions of this Settlement Agreement are held by a court of competent jurisdiction to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

6. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles.

7. NOTICE

When any Party is entitled to receive any notice under this Settlement Agreement, the notice shall be sent by first class mail or electronic mail to the address set forth in this paragraph. Any party may modify

the person and address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested. Said change shall take effect on the date the return receipt is signed by the Party receiving the change. Notices shall be sent to:

For CRA
David Danialpour
Cornerstone Law Firm PC
357 S. Robertson Blvd.,
2ND FL
Beverly Hills, CA 90211

For PGF
Arameh O'Boyle
Daniel Herling
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
2049 Century Park East Suite 300
Los Angeles, CA 90067

8. PREVAILING PARTY PROVISION

In the event a dispute arises under this Agreement or regarding its interpretation, the prevailing party in any such dispute or action shall be entitled to receive its reasonable attorney's fees and expenses.

9. COUNTERPARTS: FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature or electronically, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. Signatures by scanned and emailed image, electronic, or facsimile transmission shall have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

10. COMPLIANCE WITH HEALTH AND SAFETY CODE §25249.7(f)

CRA and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code §25249.7(I).

11. MODIFICATION

The Settlement Agreement may be modified only by written agreement of the Parties.

12. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding 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 by any Party with respect to the other Party or the subject matter hereof. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by or relied on by any Party.

13. INTERPRETATION

No inference, assumption, or presumption shall be drawn, and no provision of this Agreement shall be construed against any Party, based upon the fact that one of the Parties and/or their counsel prepared or drafted any portion of this Agreement. The Parties waive the provisions of Civil Code § 1654. It is conclusively presumed that the Parties participated equally in the drafting of this Agreement.

14. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

Date: 12/15/22

By: Davar Danialpour



Signature
Attorneys for Consumer Rights
Advocates, LLC

AGREED TO:

Date: December 12, 2022



Signature
Pouneh Rahimi, General Counsel for
Palmetto Gourmet Foods, Inc.