

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Clean Product Advocates, LLC and Jayone Foods, Inc.

This Settlement Agreement is entered into by and between Clean Products Advocates, LLC ("CPA"), on the one hand, and Jayone Foods, Inc. ("Jayone"), on the other hand, with CPA and Jayone collectively referred to as the "Parties," and individually as "Party".

1.2. General Allegations

CPA alleges that Jayone manufactured and distributed and offered for sale in the State of California "Fully Cooked Vegetable and Loach Soup" containing Lead, and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* and its implementing regulations ("Proposition 65"). California has identified and listed Lead under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as Fully Cooked Vegetable and Loach Soup that Jayone has manufactured, imported, sold, offered for sale or distributed in California. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On October 20, 2022 CPA served Jayone Foods, Inc., Kukje Market, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled "60-Day Notice of Violation" ("Notice") that provided Jayone and such public enforcers with notice that Jayone was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to Lead. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.5. No Admission

The Parties enter into this Settlement Agreement to settle disputed claims between them as set forth herein and in the Notice. Jayone denies the material factual and legal allegations contained in CPA's Notice and maintains that all products that it has manufactured for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 and all other statutory, regulatory, common law or equitable doctrines. Nothing in this Settlement Agreement shall be construed as an admission by Jayone of any fact, conclusion of law, issue of law or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or

evidence of fault, wrongdoing, or liability by Jayone, its officers, directors, employees, or parents, subsidiaries, or affiliated corporations, agents, distributors or retailers in any administrative or judicial proceedings or litigation in any court, agency, or forum. This Section shall not, however, diminish or otherwise affect Jayone's obligations, responsibilities, and duties under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF

2.1 Clear and Reasonable Warnings

As of the Effective Date, Jayone agrees to provide a clear and reasonable Proposition 65 warning on the Products to comply with Proposition 65 warning regulations, including Cal. Code Regs. tit. 27, § 25600 *et seq.* This warning requirement shall only be required for Products that are manufactured, distributed, marketed, imported, sold, shipped for sale or offered for sale to consumers by Jayone in the State of California.

2.2 Grace Period for Existing Inventory of Products

The injunctive requirements of Section 2.1 shall not apply to Products that are already in the stream of commerce as of the Effective Date, which Products are expressly subject to the releases provided in Section 5 of this Settlement Agreement. If Proposition 65 warnings for Lead should no longer be required, Jayone shall have no further obligations pursuant to this Settlement Agreement.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)

In full satisfaction of all potential civil penalties and attorney's fees, costs and any other expenses incurred by CPA or its counsel. Jayone shall pay the total Settlement amount of Ten Thousand Dollars (\$10,000) (The "Settlement Amount") as set forth below.

3.1 Civil Penalties to Health & Safety Code 25249.7(b):

Five Hundred (\$500) Dollars of the Settlement Amount shall be considered a "civil penalty" pursuant to California Health and Safety Code. Jayone shall issue two separate checks within ten (10) days of the Effective Date for a total amount of Five Hundred Dollars (\$500) as follows, and all payments shall be delivered to the addresses listed below.

3.1(a). One Check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of Three Hundred and Seventy-Five Dollars (\$375), representing 75% of the total civil penalty; and

3.1(b). One check payable to "Clean Product Advocates, LLC" in the amount of One Hundred and Twenty-Five Dollars (\$125), representing 25% of the total civil penalty.

3.2 Attorney's Fees and Costs:

Nine Thousand and Five Hundred Dollars (\$9,500) of the total Settlement Amount shall be paid to Cliffwood Law Firm, PC within ten (10) days of the Effective Date, as CPA's attorneys, for reasonable investigation fees, and costs, attorney's fees, and any other cost incurred as a result of investigating and bringing this matter to Jayone's attention.

4. PAYMENT PROCEDURES

4.1 All Payments owed to OEHHHA, pursuant to section 3.1(a) shall be delivered directly to OEHHHA (Memo line "Prop 65 Penalties NOV #2022-02545") at the following address:

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

4.2 All Payments owed to CPA, pursuant to Section 3.1(b) shall be delivered to:

c/o CPA
Attn: Elham Shabatian
Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.3 All Payments owed to Cliffwood Law Firm, PC pursuant to Section 4.3, shall be delivered to:

Cliffwood Law firm, PC
Attn: Elham Shabatian
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.4 Proof of Payment

A copy of each check payable to OEHHHA, shall be mailed to Cliffwood Law firm, PC, along with the payment to Cliffwood Law Firm, PC at the address set forth above, as proof of payment to OEHHHA.

4.5 Tax Documentation

Jayone agrees to provide an IRS 1099 form for each payment under this Settlement Agreement, and CPA agrees to provide an IRS W-9 form for each payee under this Settlement Agreement. The Parties acknowledge that Jayone cannot issue any settlement payments pursuant to sections 3.1 and 3.2 herein until Jayone receives the requisite W-9 forms from CPA. The Parties further acknowledge that they will work together in good faith to extend Jayone's payment deadlines, as set forth in sections 3.1 and 3.2 herein, if CPA fails timely to provide the requisite W-9 tax forms to Jayone.

Nothing in this Settlement Agreement shall alter the Parties' obligations to be liable for their own taxes or impose any obligations relating to taxes due on the payments made under this Settlement Agreement. CPA, its attorneys, and OEHHIA shall remain responsible for any taxes due or owing by them on any payments received under this Settlement Agreement.

5. RELEASE OF ALL CLAIMS

5.1. Release of Jayone, Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 herein, CPA, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, parents, subsidiaries its past and current agents, representatives, attorneys, successors and/or assignees (collectively, "Releasers"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and fully releases all claims relating to the Products, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including, but not limited to, investigation fees, expert fees and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against all of the following: (a) Jayone; (b) each of Jayone's downstream distributors in the stream of commerce (including but not limited to Kukje Market and any other upstream or downstream entities in the distribution chain for the Products, including, but not limited to, manufacturers, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, third-party re-sellers, and users; (c) Jayone's parent companies, corporate affiliates, subsidiaries, affiliates, doing business as entities ("DBAs"), successor companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, indemnitees, employees, and sister and parent entities; and (d) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors and assigns of any of the entities identified in subsection (a) and (c), above (collectively "Releasees"). CPA also, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, provides a general 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 any nature, character or kind, known or unknown, suspected or unsuspected, against Jayone and the Releasees. CPA and its attorneys represent and warrant that they have not filed and are not contemplating filing, that they are not aware of any other person who has filed or is contemplating filing, and that they have not engaged and do not intend to engage

in any advertising or solicitation to locate additional persons to file, any form of complaint against the Releasees.

5.2 Jayone's Release of CPA

Jayone hereby waives any and all claims against CPA for any and all actions taken or statements made by CPA, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against with respect to the Products.

5.3 California Civil Code § 1542 Release

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. CPA on behalf of itself only, on one hand, and Jayone, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Effective Date, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, 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.

CPA and Jayone each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542. The Parties agree that compliance with the terms of this Settlement Agreement shall constitute compliance by any Releasee with Proposition 65.

5.4 Binding Settlement Agreement

This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of CPA and the Releasees.

6. GOVERNING LAW

The terms of this Settlement Agreement 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 Jayone shall have no further obligations pursuant to this Settlement Agreement.

7. NOTICES

Unless otherwise specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) electronic mail; or (ii) overnight courier on any party by the other party at the following addresses:

For Jayone Foods, Inc.:

Ho-El Park, Esq.
hpark@hparklaw.com
Law Office of Ho-El Park, P.C.
3230 E. Imperial Hwy., Suite 300
Brca, CA 92821

For Clean Product Advocates, LLC:

Elham Shabatian Esq.
ellic@cliffwoodlaw.com
Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

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

8. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

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

10. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

11. SEVERABILITY AND MODIFICATION

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

This Settlement Agreement may be modified only by a written agreement signed by the Parties.

12. 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: ~~July~~, 2023

August 8

Name: 
Seung H. Lee

Title: *President & CEO*

Jayone Foods, Inc.

Date: July 31, 2023



Elham Shabatian, Esq.
Cliffwood Law Firm, PC
Attorney for
Clean Product Advocates, LLC