

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 CTC Food International, Inc. ("CTC FOOD"), on the other hand, with CRA, and CTC FOOD, each individually referred to as a "Party" and collectively as the "Parties."

1.2 General Allegations

CRA alleges in a 60-Day Notice of Violation dated December 16, 2022 (2022-03009), that CTC FOOD sells and/or distributes Pho Rice Noodle Bowl product in California that is alleged to contain lead without a warning required by Health and Safety Code §§ 25249.5 *et seq.* ("Proposition 65") (the "Notice"). Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.3 Product Description

The products covered by this Settlement Agreement are defined as and expressly limited to:

- Pho Souper Noodle Bowl Rice Noodle Hot, UPC No. 0-7460102566-3 ("Product")

1.4 Notice of Violation

On December 16, 2022, CRA served on CTC FOOD, the California Attorney General, and the other requisite public enforcers with one (1) 60-Day Notice of Violation, Notice Numbers 2022-03009 ("Notice"), alleging that CTC FOOD violated Proposition 65 when they failed to warn consumers in California as required by Health and Safety Code §§ 25249.5 *et seq.* ("Proposition 65") of the alleged exposure to lead from the Product.

To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

1.5 No Admission

CTC FOOD 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 CTC FOOD 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 CTC FOOD 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 CTC FOOD. This Section shall not, however, diminish or otherwise affect CTC FOOD'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 on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties' counsel.

2 INJUNCTIVE RELIEF

2.1 Clear and Reasonable Warning

Beginning Forty-Five (45) days from the Effective Date, unless it meets the warning requirements under Section 2.2 and/or 2.3, CTC FOOD is prohibited by this Agreement from

manufacturing for sale in the State of California, "Distributing into the State of California" (in person or online), purchasing for sale or directly selling in the State of California, any Pho Souper Noodle Bowl Rice Noodle Product that exposes a person to an exposure level of more than 0.5 micrograms of lead per serving, with serving size measured by the serving size specified on the label of the Product.

As used in this Settlement Agreement, the term "Distributing into the State of California" shall mean to directly ship the Product into California for sale in California or to sell the Pho Souper Noodle Bowl Rice Noodle Product to a distributor that CTC FOOD knows or has reason to know will sell the Product in California.

The injunctive relief in this Section 2 does not apply to the Product that has left the possession and is no longer under the control of CTC FOOD prior to the Effective Date and all claims as to such Product are released in this Settlement Agreement.

2.2 General Warning Requirements

CTC FOOD agrees that 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 confusion to consumers.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Product shall consist of a warning affixed to the packaging, label, tag, or directly to each of the Products sold or distributed in California by CTC FOOD that contains one of the following warning statements:

OPTION 1:

WARNING: Consuming this product can expose you to chemicals, including 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.

OR

OPTION 2:

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

CTC FOOD shall use the phrase "cancer and" in the Warning if CTC FOOD has reason to believe that the "Daily Lead Exposure Level" is greater than 15 micrograms of lead as determined pursuant to the quality control methodology set forth in Section 2.1 or if CTC FOOD has reason to believe that another Proposition 65 chemical is present which may require a cancer warning. As identified in the brackets, the warning shall appropriately reflect whether there is lead present in each of the Products.

For the Option 2 Warning, a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline shall be placed to the left of the text of the Warning, in a size no smaller than the height of the word "WARNING." Where the sign, label, or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white.

The Warning under Option 2 shall be securely affixed to or printed upon the label of each Product and it must be set off from other surrounding information and enclosed in a box.

Internet Sales

In addition, for any Product sold over the internet, the Warning shall comply with 27 C.C.R. § 25600(b) (2022) including appearing on the product display page or checkout page when a California delivery address is indicated for any purchase of any Product. An asterisk or other identifying method must be utilized to identify which products on the checkout page are subject to the Warning. The Warning may be provided with a conspicuous hyperlink stating "**WARNING**" in all capital and bold letters so long as the hyperlink goes directly to a page prominently displaying the Warning without content that substantively detracts from the Warning.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on the website or on the label and the word "**WARNING**" shall be in all capital letters and in bold print. No statements intended to or likely to have the effect of diminishing the impact of the Warning on the average layperson shall accompany the Warning. Further, no statements may accompany the Warning that state or imply that the source of the listed chemical has an impact on or results in a less harmful effect of the listed chemical. CTC FOOD must display the above Warning with such conspicuousness, as compared with other words, statements, or designs on the label or on its website, if applicable, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product.

The same warning shall be posted on any website under the exclusive control of CTC FOOD where the Covered Product is sold to consumers located in California.

The warning requirements of this section regarding Internet Sales shall be satisfied if the forgoing warning appears either: (a) on the same web page on which a 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 Covered 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 manner that clearly associates it with the product to which the warning applies.

CTC FOOD 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 third-party websites. However, CTC FOOD does not assume any duty to monitor third-party websites.

OPTION 3

It shall be sufficient under the terms of this agreement if a label and/or warning provided by CTC Food for the subject Product otherwise complies with the Statutes, Regulations or Rules Promulgated or adopted by the Office of Environmental Health Hazard Assessment or another authorized Legislative or Regulatory Authorities with jurisdiction over enforcement over Proposition 65 or its successors.

2.3 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, CTC FOOD 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.

2.4 Grace Period for Existing Inventory of Products

The injunctive requirements of Section 2 shall not apply to the Product that is already in the stream of

commerce as of the Effective Date, which Product is expressly subject to the releases provided in Section 4.1

2.5 In the event that CRA contends that CTC FOOD or its agents have in any way violated its compliance obligations under the terms hereof, CRA shall provide CTC FOOD with written Notice per contact information set forth herein and shall advise CTC FOOD of the specific nature of the violation asserted and will provide CTC FOOD with a period of 60 days in which to correct such violation without penalty or expense to CTC or claim by CRC or its agents or affiliates

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 Notices and Products, and in exchange for CRA's release of all liability in connection with the Product (including as set forth in the Notices) as set forth in Sections 4.1 and 4.3 below, CTC FOOD shall make a total settlement payment of Twenty-Five Thousand Five Hundred Dollars (\$25,500) ("Total Settlement Amount") within ten (10) days on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties' counsel. 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 CTC FOOD 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, CTC FOOD agrees to pay Three Thousand Five Hundred Dollars (\$3,500) 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 ten (10) days of the date this Settlement Agreement is fully executed by the Parties, CTC FOOD shall issue two separate checks for the civil penalty payment to:

- a) "OEHHA" in the amount of Two Thousand Six Hundred Twenty-Five Dollars (\$2,625), representing 75% of the civil penalties, and
- b) CRA in the amount of Eight Hundred Seventy-Five Dollars (\$875), 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 CTC FOOD 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, CTC FOOD agrees to pay Twenty-Two Thousand Dollars (\$22,000) to Cornerstone Law Firm, PC, within ten (10) days for all fees and costs incurred in investigating and bringing this matter to CTC FOOD's attention.

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

CTC FOOD 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 CTC FOOD. The Parties acknowledge that CTC FOOD cannot issue any settlement payments pursuant to Section 3 above until after CTC FOOD receives the requisite W-9 forms from CRA's counsel.

4 CLAIMS COVERED AND RELEASED

4.1 CRA's Release of CTC FOOD

This Agreement is a full, final, and binding resolution with respect to the Product (including as set forth in the Notice) 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 not on behalf of the public, and CTC FOOD 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 CTC FOOD's past and current officers, directors, shareholders, employees, agents, representatives, attorneys, successors, and/or assignees, their parents, subsidiaries, affiliated entities, directors, officers, employees, attorneys, and each entity to whom CTC FOOD directly or indirectly procures the Products from or distributes or sells the Products to (the "CTC FOOD Released Parties"). CRA, acting on its own behalf and not on behalf of the public interest, and the CRA Releasing Parties fully release and discharge CTC FOOD 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 other entity or individual acting or purporting to act on any CTC FOOD 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 Compliance 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, CTC FOOD does not assume any duty to monitor third-party websites.

4.2 CTC FOOD's Release of CRA

CTC FOOD, 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 Covered 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 CTC FOOD 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 CTC FOOD, 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

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

For CTC FOOD

Dean W. McPhee, Esq.
Law Office of Dean W. McPhee
1300 Clay Street, Suite 600
Oakland, CA 94612

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(D)

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: 5/3/23

By: Feroz Adjnasian



Signature
~~Attorneys for~~ Consumer Rights
Advocates, LLC

AGREED TO:

Date: May 3, 2023

By: LAWRENCE TANITA



Signature
Attorneys for CTC FOOD International,
Inc.