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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 Cordialsa USA, Inc., a Texas domestic for-profit corporation ("Cordialsa" or "Defendant") (collectively, the "Parties").
- 1.2 General Allegations. On April 14, 2023, CalSafe initiated this action by filing a Complaint for Civil Penalties and Injunctive Relief (the "Complaint") pursuant to *Health & Safety Code* § 25249.5 *et seq.* ("Proposition 65") against Cordialsa. In this action, Calsafe alleges that Cordialsa's "Zuko, Horchata Morro (UPC# 830108001032)" (the "Covered Products"), contain lead, a chemical listed under Proposition 65 as a carcinogen and reproductive toxin. Calsafe alleges that the Covered Products expose consumers to lead at a level requiring a Proposition 65 warning. Calsafe alleges that Cordialsa qualifies as a "Person" within the meaning of Proposition 65, and that Cordialsa manufactures, distributes, and/or offers for sale in the State of California the Covered Products.
- 1.3 Notice of Violation. The Complaint is based on allegations contained in Calsafe's Notice of Violation dated January 27, 2023 (the "Notice"), that was served on the California Attorney General, other public enforcers, and Cordialsa. 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 Cordialsa; no designated governmental entity has filed a Complaint against Cordialsa with regard to the Covered Products or the alleged violations.
- 1.4 Calsafe's Notice and Complaint allege that the use of the Covered Products by California consumers expose them to lead in concentrations exceeding the limits set forth in the regulations governing Proposition 65 without first receiving a clear and reasonable warning from Cordialsa, which is a violation of California *Health & Safety Code* § 25249.6. Cordialsa denies all material allegations contained in the Notice and Complaint. Cordialsa specifically denies that the Covered Products contain lead in excess of the limits for such substance contained in the regulations governing Proposition 65. Cordialsa further specifically denies that the method of

measuring servings set forth in paragraph 3.1 is the correct method of measurement under Proposition 65. However, this denial shall not diminish or otherwise affect Cordialsa's obligations, responsibilities, and duties under this Consent Judgment

- 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. Cordialsa denies the material, factual, and legal allegations in the Notice and Complaint and maintains that all of the Covered Products that it sold and/or distributed for sale in California have been and are in compliance with all laws. Nothing in this Consent Judgment nor compliance with this Consent Judgment shall constitute or be construed as an admission by Cordialsa or by any of their respective 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, each specifically denied by Cordialsa. This Section shall not, however, diminish or otherwise affect Cordialsa's obligations, responsibilities, and duties under this Consent Judgment.
- 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 other than in this proceeding.
- **1.7 Effective Date.** For purposes of this Consent Judgment, the "Effective Date" shall be the date the 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 Cordialsa as to the acts alleged in the Complaint.
- **2.2** For purposes of this Consent Judgment only, 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 the Effective Date, Cordialsa shall cause the manufacturer of the Covered Products to reduce the level of lead in the Covered Products, if necessary, Shipped for Sale in California to an exposure level of no more than 0.5 micrograms of lead per serving, with serving size measured by the serving size specified on the label for the Covered Products (the "Target Level"), or be subject to the provisions of Paragraphs 3.3 through 3.6.
- 3.2 Shipped for Sale in California. "Shipped for Sale in California" means the Covered Products that Cordialsa either directly ships to California for sale in California, or that it sells to a distributor or retailer who Cordialsa knows will sell the Covered Products to consumers in California. Where a retailer or distributor sells the Covered Products both in California and other states, Cordialsa shall take commercially reasonable steps to ensure that the Covered Products that are sold in California are in compliance with Paragraph 3.1 through 3.6. Cordialsa shall have no obligation under this Consent Judgment with respect to any Covered Products that are not Shipped for Sale in California.
- 3.3 Clear and Reasonable Warnings, When Required. Cordialsa agrees by the Effective Date that all Covered Products Shipped for Sale in California either comply with the level of lead set forth in Paragraph 3.1 or cause such Covered Products to contain a warning as provided for in Paragraphs 3.4 through 3.6.
- **3.4 Warning Requirements.** A clear and reasonable warning for the Covered Products shall consist of a warning affixed to the packaging, label, tag, or directly to each Covered Products Shipped for Sale in California by Cordialsa 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 Products. "Consumer information" includes warnings, directions for use, ingredient lists, and nutritional information. "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.

- 3.5 Warnings for Internet Sales. For any Covered Products sold over the internet where it will be Shipped for Sale in California, the warning shall be displayed as follows: (A) on the primary display page for the Covered Products; (B) as a clearly marked hyperlink using the word "WARNING" in all capital and bold letters on the Covered Products' 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 Products and with the warning clearly associated with the Covered Products to indicate that the Covered Products are subject to the warning; or (D) by otherwise prominently displaying the warning to the purchaser prior to completing the purchase of the Covered Products. The warning is not prominently displayed if the purchaser must search for it in the general content of the website.
- **3.6 Warning Prominence.** Cordialsa agrees that each warning shall be prominently placed with such conspicuousness, as compared with the other words, statements, designs, or

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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. Cordialsa 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 the Covered Products and chemical at issue. If regulations or legislation are enacted or issued providing that a Proposition 65 warning for the Covered Products is no longer required, a lack of warning 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 shall not apply to the Covered Products that are already in the stream of commerce as of the Effective Date or to any inventory of Covered Products already possessed in final form by Cordialsa, which Covered Products are 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).
- **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.
- Void if Not Approved. If this Consent Judgment is not approved by the Court, it 3.11 shall be void and have no force or effect.

IV. MONETARY TERMS

4.1 Total Settlement Amount. In full satisfaction of all potential civil penalties, additional settlement payments, attorney fees, and costs, Cordialsa shall make a total payment of Thirty-Five Thousand Dollars (\$35,000.00) (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 1 2 § 25249.7(b)(2) and in settlement of all claims alleged in the Notice and Complaint, Cordialsa 3 agrees to pay Three Thousand and Five Hundred Dollars (\$3,500.00) in Civil Penalties. The Civil Penalty payment will be apportioned in accordance with California Health & Safety 4 Code§§ 25249(c)(1), (d), with seventy-five (75) percent of these funds remitted to OEHHA, and 5 the remaining twenty-five (25) percent of the funds retained by CalSafe. Within ten (10) business 6 7 days of Cordialsa's receipt of notice of the Court's entry of this Consent Judgment, Cordialsa shall issue a check to "OEHHA" in the amount of Two Thousand Six Hundred and Twenty-Five 8 9 Dollars (\$2,625.00), with "Prop 65 Penalties" written in the Memo Line; and Cordialsa shall, pursuant to the instructions below, wire to Calsafe the amount of Eight Hundred and Seventy-10 Five Dollars (\$875.00). 11 All payments made to OEHHA (EIN: 68-0284486) pursuant to this Paragraph shall be 12 delivered directly to OEHHA at the following address: 13 For United States Postal Delivery Service: 14 Mike Gyurics 15 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 16 P.O. Box 4010 17 Sacramento, CA 95812-4010 18 For Non-United States Postal Delivery Service: 19 Mike Gyurics 20 Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment 21 1001 I Street MS #19B Sacramento, CA 95814 22 23 All penalty payments owed to Calsafe shall be sent via wire to: 24 Wire & ACH Instructions: 25 Account Name: The Law Offices of Joseph R. Manning 26 Bank Name: J.P. Morgan Chase Bank, N.A. 27 Bank Address: 270 Park Ave. New York, NY. 10017 ACH Routing / ABA Number: 322271627

Wire Routing / ABA Number: 021000021

Account Number: 802922919

For further benefit of: Civil Penalty Payment Case No. 23TRCV01166

4.3 Attorney Fees and Costs. Within ten (10) days of the Effective Date, Cordialsa agrees to pay Thirty-One Thousand and Five Hundred Dollars (\$31,500.00) to CalSafe and its counsel of record for all fees and costs incurred in investigating, bringing this matter to the attention of Cordialsa, litigating, negotiation, and obtaining judicial approval of a settlement in the public interest.

Wire & ACH Instructions:

Account Name: The Law Offices of Joseph R. Manning

Bank Name: J.P. Morgan Chase Bank, N.A.

Bank Address: 270 Park Ave. New York, NY. 10017

ACH Routing / ABA Number: 322271627 Wire Routing / ABA Number: 021000021

Account Number: 802922919

For further benefit of: Attorney's Fees Case No. 23TRCV01166

With respect to Cordialsa's payments of Calsafe's portion of the Civil Payment and Attorneys'
Fees and Costs, Cordialsa shall have no obligation to effect such payments unless and until it has
received executed IRS W-9 forms from both CalSafe and from its counsel. In addition,
Cordialsa may effect payment of Calsafe's portion of the Civil Payment and the Attorneys' Fees
and Costs by way of a single wire or electronic transfer of the combined amounts of such
payments.

4.4 In the event that Cordialsa fails to remit the Total Settlement Amount or any portion thereof owed under Paragraphs 4.1 through 4.3 of this Consent Judgment before the due date, Cordialsa shall be deemed to be in material breach of its obligations under this Consent Judgment. CalSafe shall provide written notice of delinquency to Cordialsa via electronic mail to Cordialsa's counsel of record. If Cordialsa fails to deliver any portion of or all of the Total Settlement Amount within five (5) business days from the written notice, the Total Settlement

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Amount shall accrue interest at the statutory judgment interest rate provided in California Code of Civil Procedure § 685.010.

Additionally, Cordialsa agrees to pay Calsafe's reasonable attorney fees and costs for any efforts to collect the payment due under this Consent Judgment.

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 5.1andupon entry by the Court of a modified consent judgment.
- 6.2 If Cordialsa seeks to modify this Consent Judgment under Paragraph 5.1, then Cordialsa must provide written notice to Calsafe of its intent ("Notice of Intent"). If Calsafe seeks to meet and confer regarding the proposed modification in the Notice of Intent, then Calsafe shall provide written notice of intent to meet and confer to Cordialsa 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 Calsafe's written notice of intent to meet and confer. Within thirty (30) days of such a meeting, if Calsafe disputes the proposed modification, Calsafe shall provide Cordialsa 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 meetand-confer period.

BINDING EFFECT, CLAIMS COVERED, CLAIMS RELEASED

7.1 This Consent Judgment shall have no application to any Covered Products that are distributed or sold exclusively outside the State of California and/or that are 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 Cordialsa

products other than the Covered Products, which include Zuko beverage products that are of the same category or type of products and are related to the Covered Products.

- 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 on behalf of the public interest, and Cordialsa 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 Products 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 the Covered Products as set forth in the Notice and Complaint.
- 7.4 Calsafe Release of Cordialsa. Calsafe, on behalf of itself and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, and affiliates 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 Products in California, as to any alleged violation of Proposition 65 or its implementing regulations up through the Effective Date, based on a failure to provide Proposition 65 warning on the Covered Products with respect to lead as set forth in the Notice and Complaint.
- 7.5 Calsafe on its own behalf only, and Cordialsa 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.

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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 Products, will develop or be discovered. Calsafe on behalf of itself only, and Cordialsa 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 Cordialsa 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.

VIII. SEVERABILITY

8.1 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

9.1 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

10.1 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. Said change shall take effect on the date the return receipt is signed by the Party receiving the change.

Notice for Calsafe shall be sent to:

Joseph R. Manning, Jr. 26100 Towne Center Drive

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Foothill Ranch, CA 92610 Tel: Office (949) 200-8757 Fax: (866) 843-8309 p65@manninglawoffice.com

Notice for Cordialsa shall be sent to:

Henry Ben-Zvi 3231 Ocean Park Boulevard, Suite 212 Santa Monica, CA 90405 Tel: Office (310) 664-1570 Fax: (310) 664-1571 henry@ben-zvilaw.com

XI. EXECUTED IN COUNTERPARTS

11.1 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.

XII. DRAFTING

12.1 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.

XIII. GOOD FAITH ATTEMPT TO RESOLVE DISPUTES

13.1 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 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.

XIV. ENFORCEMENT

14.1 The Parties may, by motion or order to show cause before the Superior Court of Los Angeles County, enforce the terms and conditions of this Consent Judgment. In any successful action brought by Calsafe to enforce this Consent Judgment, Calsafe may seek whatever fines, costs, penalties, or remedies as are provided by law for failure to comply with this Consent Judgment.

XV. 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.

XVI. REQUEST FOR FINDINGS, APPROVAL, AND ENTRY.

16.1 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.

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3	DATED: November 16	_, 2023	MANNING LAW, APC
4			By:
5			Joseph Manning, fr.
6			Attorney for Plaintiff Calsafe Research Center, Inc.
7			consequences contained in the contained
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9	11 (0 (000		CALSAFE RESEARCH CENTER, INC.
10	DATED:11/6/2023	_, 2023	By: Line Fairon Eric Fairon, CEO
11			Calsafe Research Center, Inc.
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13			
14	DATED:	_, 2023	
15			By:
16			Henry Ben-Zvi
17			Attorney for Defendant Cordialsa USA, Inc.
18			Cordiuisa OSA, Inc.
19			
20			CORDIALSAUSA, INC.
21	DATED:	_, 2023	By: Luis A. Arango, Managing Director
22 23			Cordialsa USA, Inc.
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1 IT IS SO STIPULATED. 2 DATED: _______, 2023 MANNING LAW, APC 3 4 Joseph Manning, Jr. 5 Attorney for Plaintiff 6 Calsafe Research Center, Inc. 7 8 CALSAFE RESEARCH CENTER, INC. 9 10 DATED: ______, 2023 By:_____ Eric Fairon, CEO 11 Calsafe Research Center, Inc. 12 13 14 15 16 Henry Ben-Zvi 17 Attorney for Defendant Cordialsa USA, Inc. 18 19 20 CORDIALSAUSA, INC. Luis Al Jones Arrango B 21 DATED: November 13 , 2023 22 Luis A. Arango, Managing Director Cordialsa USA, Inc. 23 24 25 26 27 28

1	IT IS HEREBY ORDERED, ADJUDGED AND DECREED that, pursuant to Health & Safety
2	Code § 25249.7(f)(4) and Code of Civil Procedure § 664.6, judgment is hereby entered.
3	Dated:
4	JUDGE OF THE SUPERIOR COURT
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