

SETTLEMENT AND GENERAL RELEASE AGREEMENT

1. INTRODUCTION

1.1. Clean Product Advocates, LLC and Blue Chip Group LLC dba Augason Farms

For the consideration herein stated and intending to be legally bound hereby, this Settlement and General Release Agreement (“Settlement Agreement”) is entered into by and between Clean Products Advocates, LLC ("CPA"), on the one hand, and Blue Chip Group LLC dba Augason Farms (“Blue Chip Group”), on the other hand, with CPA and Blue Chip Group collectively referred to as the "Parties."

1.2. General Allegations

CPA alleges that Blue Chip Group manufactured and distributed and offered for sale in the State of California “Augason Farms Cheezy Broccoli Rice” 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 and birth defects or other reproductive harm.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as Augason Farms Cheezy Broccoli Rice that Blue Chip Group has manufactured, imported, sold, offered for sale or distributed in California. All such items shall be referred to herein as the “Product” or “Products.”

1.4. Notice of Violation

On 05/08/2024 CPA served Blue Chip Group LLC dba Augason Farms and Costco Wholesale Corporation 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 Blue Chip Group and such public enforcers with notice that Blue Chip Group 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 concerning Blue Chip Group’s compliance with Proposition 65. Blue Chip Group 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 or any other

statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by Blue Chip Group of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Blue Chip Group of any fact, binding, conclusion, issue of law, or violation of law, such being specifically denied by Blue Chip Group on its behalf. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Blue Chip Group under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean ninety (90) days after the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

As of the Effective Date, Blue Chip Group, at its sole discretion, agrees to either (a) cease selling, offering for sale or distributing the Products in California, (b) manufacture, import, or otherwise source for authorized sale in California only Reformulated Products, as defined pursuant to Section 2.1 below, or (c) provide a clear and reasonable Proposition 65 warning on the Products pursuant to Section 2.2 below.

2.1. Reformulation Standards

The Products shall be deemed to comply with Proposition 65 with regard to Lead and be exempt from any Proposition 65 warning requirements for Lead in the Products if the exposure does not exceed 0.5 micrograms of Lead per day as calculated below (hereinafter, the "Reformulated Products").

For the purpose of this Agreement, the amount of Lead a person is exposed to from the Product shall be calculated using the following formula: micrograms of Lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in recommended dosage appearing on the product label), which equals micrograms of Lead exposure per day.

Products that were supplied or contracted to be supplied to third parties by Blue Chip Group prior to 6 months after the Effective Date shall be deemed exempted from the requirements of this Section 2 and shall be permitted to be sold through as previously manufactured, packaged and labeled.

2.2. Warning Option

Products that do not meet the warning exemption standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. This warning requirement shall only be required as to Products that are manufactured, distributed, marketed, imported, sold,

shipped for sale or offered for sale to consumers by Blue Chip Group in the State of California. No Proposition 65 warning shall be required for any Products that are supplied or contracted to be supplied to third parties by Blue Chip Group prior to 6 months after the Effective Date, and all such Products are hereby deemed to be exempt from Proposition 65 enforcement.


2.3. Warning Language

2.3.1. A clear and reasonable exposure Warning must be provided for Covered Product(s) with Violative Daily Exposure Level that Blue Chip Group distributes into the State of California after the Effective Date. The Warning shall consist of either the Standard Warning (under 2.3.1. (a)) or the Short-Form Warning (under 2.3.1. (b)).

a. Standard Warning. The Standard Warning shall consist of the statement:

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

b. Short-Form Warning. The Short-Form Warning shall consist of the statement:

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

The font size of the Short-Form warning must be a minimum of 6 points, and it cannot be smaller than the largest size font used for Consumer Information.

2.3.2. Print Warning. Standard Warning or Short-Form Warning provided pursuant to Section 2.3 in print form must:

- a. contain the word “WARNING:” in all capital letters, in bold font, followed by a colon;
- b. display the Warning Symbol to the left of the word “WARNING:”;
- c. display the Warning Symbol in a size no smaller than the height of the word “WARNING:”;
- d. be affixed to or printed on the Products’ label, or on a placard, shelf tag, sign or electronic device;
- e. be displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use;
- f. be set off from other surrounding information;
- g. be enclosed in a box with a black, bold border.

2.3.3. Online/Internet Warning. If Blue Chip Group or a Distributor sells the Product via internet websites to customers located in California, the warning requirements of this section

shall be satisfied by (1) on-label warning and (2) the Warning also must be displayed online prior to the purchase, either on one or on all of the below:

- (a) on the same web page on which the Product is displayed and/or described;
- (b) on the same page as the price for the Product is displayed; or
- (c) on one or more web pages displayed to a purchaser prior to completion of purchase during the checkout process.

2.3.4. Online Warning must comply with all requirements of Section 2.3.2 of this Agreement, except 2.3.2.(d).

2.3.5. Online Warning must be visible for an ordinary consumer without scrolling a page past the Product's image or price. Warning must be displayed next to the Covered Product's image or price, in a manner that clearly associates it with the Product to which the Warning applies.

2.3.6. Online Short Term Warning, in addition to other requirements, must display a Warning Symbol with the clickable word "WARNING" in bold, black font, in the font size no less than the largest font in the Consumer Information; must link to the text of the Standard Warning; and must link to the website <http://www.P65Warnings.ca.gov/food>

2.4. For any Product sold by Blue Chip Group to a Distributor, Blue Chip shall provide the written [Notice to Distributors and Retailers](#) attached hereto as Exhibit A. Confirmation of receipt of the Notice to Distributors and Retailers must be received electronically or in writing from a Distributor.

2.5 FOREIGN LANGUAGE - If the Product has consumer information in a foreign language, then the package must also contain the WARNING in the foreign language.

2.6 The Parties agree that the foregoing are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations. Blue Chip Group shall be deemed to be in compliance with the warning requirements of this Settlement Agreement by either adhering to this Section 2 or by complying with the Proposition 65 warning requirements adopted by the State of California Office of Environmental Health Hazard Assessment ("OEHHA") as of or after the Effective Date. If Proposition 65 warnings for Lead should no longer be required, Blue Chip Group 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 or otherwise related to the Products or the Notice, Blue Chip Group shall pay the total Settlement amount of Twenty Two Thousand Dollars (\$22,000) (the "Settlement Amount") within thirty (30) days of the Effective Date by wire transfer or check

delivered to Cliffwood Law Firm, PC as CPA's attorneys. CPA shall be solely responsible for allocating the Settlement Amount pursuant to this Section 3 as set forth below.

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

One Thousand Five Hundred Dollars of the Settlement Amount shall be considered a "civil penalty" pursuant to California Health and Safety Code. Blue Chip Group shall issue two separate checks within ten (10) days of the Effective Date for a total amount of One Thousand Five Hundred Dollars (\$1,500) 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 One Thousand One Hundred Twenty Five Dollars (\$1,125), representing 75% of the total civil penalty; and

3.1 (b) One check payable to "Clean Product Advocates, LLC" in the amount of Three Hundred Seventy Five Dollars (\$375), representing 25% of the total civil penalty.

3.2 Attorney's Fees and Costs:

Twenty Thousand Five Hundred Dollars (\$20,500) of the total Settlement Amount shall be paid to Cliffwood Law Firm, PC within thirty (30) 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 Blue Chip Group's attention.

4. PAYMENT PROCEDURES

4.1 All Payments owed to OEHHA, pursuant to section 3.1(a) shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties NOV #2024-01754") 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

5. RELEASE OF ALL CLAIMS

5.1. Release of Blue Chip Group , Downstream Customers, Distributors, and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Section 3 above, 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 (a) Blue Chip Group (b) each of Blue Chip Group 's downstream distributors in the stream of commerce (including but not limited to Costco Wholesale Corporation 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 (collectively, "Distributors"), (c) Distributor's and Blue Chip Group's parent companies, corporate affiliates, subsidiaries, affiliates, doing business as entities ("DBAs"), successor companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, and 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 and *not* in its representative capacity, 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 Blue Chip Group and the Releasees.

5.2 Blue Chip Group's Release of CPA

Blue Chip Group , on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against CPA, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CPA and/or its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to the Products.

5.3 California Civil Code § 1542.

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 Blue Chip Group, 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 thereof. 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 Blue Chip Group each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

6. NOTICE AND CURE

If CPA alleges that Blue Chip Group has failed to comply with this Settlement Agreement, prior to filing an action or a notice of violation as to any Releasees, CPA shall first provide Blue Chip Group with sixty (60) days' advance written notice of the alleged violation. CPA shall provide testing results, lot numbers, and photographs of the Product packaging for the Product at issue. The Parties shall meet and confer during such sixty (60) day period in an effort to resolve the matter informally without the need for litigation. If the matter is not resolved within 60 days, CPA can file a claim or lawsuit against Blue Chip Group.

7. REPRESENTATIONS AND WARRANTIES

7.1 The Parties represent and warrant to each other that each has the full power, capacity, authority, and right to enter into this Settlement Agreement, and that none of them has done or permitted anything to be done that may curtail or impair any of the rights of any other Party under this Agreement.

7.2 CPA represents and warrants that it has not assigned or otherwise transferred, or attempted to assign or transfer, any Claim or Claims against Releasees and that no other person or legal entity has any interest in any such Claim or Claims except as otherwise specified herein.

7.3 CPA represents and warrants that it (i) has not filed any complaint or other claims in any court relating or similar to the allegations in the Notice; (ii) is not aware of any other individuals or entities who has or may have claims against the Releasees involving or similar to the allegations in the Notice; (iii) is not aware of any other plaintiff or attorney who intends to bring litigation against the Releasees involving or similar to the allegations in the Notice; and (iv) is not and will not, directly or indirectly, alone or by, with or through others, cause, induce,

participate, encourage or provide assistance to any other person or entity to bring any claim, action, proceeding or litigation against the Releasees involving or similar to the allegations in the Notice.

7.4 CPA's legal counsel herein represents and warrants that, other than CPA, it (i) has not been retained or consulted by any other individuals or entities in connection with or similar to the subject matter in the Notice; (ii) is not aware of any other plaintiff or attorney who intends to make demands or bring litigation based upon or similar to the subject matter in the Notice; (iii) has not been notified or otherwise informed of any intention or consideration to bring litigation against the Releasees based upon or similar to the subject matter in the Notice; and (iv) has not and will not, directly or indirectly, alone or by, with or through others, cause, induce, participate, encourage or provide assistance to any other person or entity to bring any claim, action, proceeding or litigation against the Releasees involving or similar to the allegations in the Notice. Nothing in this Section shall be construed to restrict the right of CPA's legal counsel to practice law in contravention of the laws or rules of professional conduct of any U.S. state.

7.5 As a further condition of settlement, CPA and its legal counsel represent and warrant that they have no present plan or present intention, as of the date of the execution of this Settlement Agreement, to serve as plaintiff or claimant or represent any other clients, or refer any other clients to any other attorney regarding any claims against Releasees regarding any product manufactured, sold, or distributed by Blue Chip Group.

8. 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 Blue Chip Group shall have no further obligations pursuant to this Settlement Agreement.

9. NOTICES

Unless 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 Blue Chip Group LLC dba Augason Farms:

Joshua D. Baker, Esq.
Metz Lewis Brodman Must O'Keefe LLC
444 Liberty Avenue, Suite 2100
Pittsburgh, PA 15222
jbaker@metzlewis.com

For Clean Product Advocates, LLC:

Elham Shabatian Esq.

Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025
ellie@cliffwoodlaw.com

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.

10. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, DocuSign 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.

11. 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

12. MODIFICATION

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


13. 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.

CLEAN PRODUCTS ADVOCATES, LLC:

Date: November ____, 2024
11/18/2024

Signature: _____


JERI YANGZOM, DIRECTOR

Name:

Title:

BLUE CHIP GROUP, LLC d/b/a AUGASON FARMS

Date: November 18, 2024

Signature: _____



Name: Nathan Yearsley

Title: President & Chief Financial Officer