

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

JETRO CASH & CARRY ENTERPRISES, INC. AND JRD IMC, LLC

Consumer Advocacy Group, Inc. (“CAG”), on the one hand, and Jetro Cash & Carry Enterprises, Inc. and JRD IMC, LLC (hereinafter collectively referred to as “Jetro”), on the other hand, (CAG and Jetro are collectively referred to hereinafter as, the “Parties” or sometimes individually as a “Party”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that Jetro violated Proposition 65. The effective date of this Settlement Agreement shall be the date upon which it is fully executed by all Parties hereto (the “Effective Date”).

1.0 Introduction

1.1 CAG is a California-based entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 Jetro previously sold, at various times, Escargots, including but not limited to “CHEF’S QUALITY”; “8 dozen – 96 count”; “VERY LARGE SNAILS (ESCARGOTS”); “NET WT 28 OZ. (800 g)”; “X003PXCNRN”; “Chefs Quality Escargots ...) 8 Dozen/96 Count 1 Can”; “Best By: 03/29/2027” (referred to throughout as the “Covered Products”). The Covered Products are limited to those

sold by or through Jetro including Upstream Releasees and Downstream Releasees (defined *infra*) only.

1.3 On February 27, 1987, the Governor of California added lead to the list of chemicals known to the State to cause reproductive toxicity (*Cal. Code Regs. tit. 27, § 27001(c)*). Lead is known to the State to cause developmental, female, and male reproductive toxicity. On October 1, 1992, the Governor of California added lead and lead compounds to the list of chemicals known to the State to cause cancer (*Cal. Code Regs. tit. 27, § 27001(b)*). Pursuant to Health and Safety Code sections 25249.9 and 25249.10, twenty (20) months after addition of lead and lead compounds to the list of chemicals known to the State to cause cancer and reproductive toxicity, lead and lead compounds became fully subject to Proposition 65 warning requirements and discharge prohibitions.

1.4 On October 1, 1987, the Governor of California added Cadmium and Cadmium Compounds to the list of chemicals known to the State to cause cancer and on May 1, 1997 the Governor of California added Cadmium to the list of chemicals known to the State to cause developmental and reproductive toxicity (*Cal. Code Regs. tit. 27, § 27001(c)*). Cadmium and Cadmium Compounds is known to the State to cause cancer and developmental, male reproductive toxicity. Pursuant to Health and Safety Code sections 25249.9 and 25249.10, twenty (20) months after addition of Cadmium and Cadmium Compounds to the list of chemicals known to the State to cause cancer and reproductive toxicity, Cadmium and Cadmium Compounds became fully subject to Proposition 65 warning requirements and discharge prohibitions.

1.5 Lead and Lead Compounds and Cadmium and Cadmium Compounds are referred to hereinafter as the “Listed Chemicals”.

1.6 On or about December 12, 2023 (Attorney General Notice #2023-03942), CAG served Jetro and Amazon.com Services LLC and Amazon.com, Inc. (collectively “Amazon”), and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemicals.

1.7 On or about November 4, 2024 (Attorney General Notice # 2024-04677), CAG served Jetro Holdings, LLC (“Jetro Holdings”), Restaurant Depot, LLC (“Restaurant Depot”), J.A. Kirsch Corporation (“Kirsch”), Atalanta Corporation (“Atalanta”), and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemicals.

1.8 On or about November 12, 2024 (Attorney General Notice # 2024-04767), CAG served Jetro, Jetro Holdings, Restaurant Depot, Kirsch, Atalanta, Amazon and certain relevant public enforcement agencies with documents entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” regarding Covered Products containing the Listed Chemicals.

1.9 The three Sixty-Day Notices, Numbers 2023-03942, 2024-04677, and 2024-04767 (collectively referred to hereinafter as the “Notices”) alleged that

Jetro and the other noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Products exposes persons to the Listed Chemicals.

1.10 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Notices and the Parties' and the Covered Products' compliance with Proposition 65 (the "Dispute").

1.11 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Parties or other noticed parties 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 Jetro and the other noticed parties, their officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Jetro or the other noticed parties may have against one another in any other pending legal proceeding as to allegations unrelated to the Notices, Dispute or claims released herein.

2.0 **Release**

2.1.1. This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, on the one hand, and (a) Jetro, and their owners, parents, subsidiaries, affiliates, sister and related companies, including Jetro Holdings and Restaurant Depot, agents, principals, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively “Releasees”) and (b) all of the upstream harvesters, suppliers, manufacturers, distributors and wholesalers, including Kirsch and Atalanta (“Upstream Releasees”) and all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Products, including but not limited to suppliers, distributors, wholesalers, vendors, customers, retailers, auctioneers, franchisees, dealers, cooperative members, licensors, licensees, owners, purchasers, third party resellers, and users, including Amazon (“Downstream Releasees”), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65, including the Notices and the Dispute or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees, Upstream Releasees and Downstream Releasees regarding exposing persons to the Listed Chemicals and the failure to warn about exposure to the Listed Chemicals arising only in connection with the Covered Products manufactured, shipped, and/or otherwise distributed prior to the Effective Date, even if sold by Releasees, Upstream Releasees and Downstream Releasees after the Effective Date. The Covered Products are limited to those

sold or distributed for sale by Releasees, Upstream Releasees and Downstream Releasees.

2.1.2. CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products all rights to institute or participate in, directly or indirectly, any form of legal action, including, without limitation, all actions, and causes of action, in law or in equity, suits, claims, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, the Notices, the Dispute, investigation fees, expert fees, and attorneys' fees) (collectively "Claims"), against Releasees, Upstream Releasees and/or Downstream Releasees that arise under Proposition 65, the Notices, the Dispute or any other statutory or common law claims that were or could have been asserted in respect of any Covered Products sold up to the Effective Date, only to the extent that such Claims relate to Releasees', Upstream Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemicals contained in the Covered Products or any failure by Releasees, Upstream Releasees and/or Downstream Releasees to warn about exposures to the Listed Chemicals contained in the Covered Products.

2.1.3. CAG acknowledges that it is familiar with Section 1542 of Civil Code, which provides 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.

2.1.4. CAG, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. The release in this section shall have no force or effect until the full amount of payments set forth in Section 4.0 below are paid in full.

3.0 Jetro's Duties

3.1 Jetro agrees, promises, and represents that after the Effective Date, Jetro shall not sell in California, offer for sale in California, or ship for sale in California any Covered Products unless the level of Lead and the level of Cadmium do not exceed the levels ("Reformulation Standard(s)") specified below unless Proposition 65 compliant warnings are used as set forth in the following paragraphs.

3.1.1 Lead: an exposure of no more than 0.5 micrograms per gram of Lead based on a single serving per day. For purposes of assessing compliance with this reformulation level, the exposure shall be calculated by

multiplying the recommended serving size of the Covered Products by the concentration of Lead in the Covered Products.

3.1.2 Cadmium: an exposure of no more than 4.1 micrograms per gram of Cadmium based on a single serving per day. For purposes of assessing compliance with this reformulation level, the exposure shall be calculated by multiplying the recommended serving size of the Covered Products by the concentration of Cadmium in the Covered Products.

3.2 Jetro agrees, promises, and represents that, as of the Effective Date, it shall sell or otherwise distribute only Covered Products that are manufactured after the Effective Date that meet the “Reformulation Standards” or provide Proposition 65 warnings, as specified herein. Any Covered Product in Jetro’s existing inventory that does not meet the Reformulation Standards shall contain a warning that shall comply with the warning requirements under Title 27, California Code of Regulations, § 25607.2. The warning shall be provided for cancer and reproductive toxicity.

3.3 As to Covered Products manufactured after the Effective Date, if such Covered Products do not meet the Reformulation Standards, Jetro shall provide warnings consistent with Title 27 California Code of Regulations, , § 25607.2. The warning shall be provided for cancer and reproductive toxicity. Should Jetro sell any Covered Products online, the warning will be posted in the manner provided for with respect to internet sales, as provided for in Title 27, California Code of Regulations, §§ 25601 and 25602, including as they may be subsequently amended. Where the Covered Products include consumer information as defined

by California Code of Regulations Title 27, California Code of Regulations §25600.1(c) in a language other than English, the warning if required must also be provided in that language in addition to English.

4.0 Payments

4.1 Jetro shall cause to be paid by Kirsch and/or Atalanta a total of sixty-five thousand dollars (\$65,000.00) by November 25, 2024 by separate checks apportioned as follows:

4.1.1 Penalty: Two separate checks shall be issued for a total amount of twelve thousand dollars (\$12,000.00) as follows: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of nine thousand dollars, (\$9,000.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of three thousand dollars (\$3,000.00), representing 25% of the total penalty. OEHHA's check shall be delivered to Office of Environmental Health Hazard Assessment P.O. Box 4010 Sacramento, CA 95812-4010, Attn: Mike Gyurics. CAG's check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. Additionally, two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010 Sacramento, CA 95812-4010, Attn: Mike Gyurics (EIN: 68-0284486) in the amount of \$9,000.00. The second 1099 shall be issued in the amount

of \$3,000.00 to CAG and delivered to Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, CA 90212.

4.1.2 Attorneys' Fees and Costs: Fifty-three thousand dollars (\$53,000.00) of such payment shall be paid to Yeroushalmi & Yeroushalmi, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Jetro's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Yeroushalmi, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Yeroushalmi shall provide Jetro, Kirsch or Atalanta as instructed with its Employer Identification Number.

5.0 Authority to Enter Into Settlement Agreement

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 Jetro represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Jetro to this Settlement Agreement.

6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California

6.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

7.0 Execution in Counterparts and Facsimile

7.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (PDF) signature shall be as valid as the original.

8.0 Entire Agreement

8.1 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.

9.0 Modification of Settlement Agreement

9.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

10.0 Application of Settlement Agreement

10.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Releasees, Upstream Releasees and Downstream Releasees identified in Section 2 above.

11.0 Enforcement of Settlement Agreement

11.1 Any party may file suit before the Superior Court of the County of Los Angeles, to enforce the terms and conditions contained in this Settlement Agreement after thirty (30) day notice in writing to Jetro of violation of the Settlement Agreement, unless the violation has been remedied. The prevailing

party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

12.0 Notification Requirements

12.1 Any notice required or permitted hereunder shall be effective only if given in writing and delivered in person, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi, Esq.
YEROUSHALMI & YEROUSHALMI
9100 Wilshire Boulevard, Suite 240W
Beverly Hills, CA 90212

For Jetro:

Robert Parks, Esq.
PARKS & SOLAR, LLP
600 West Broadway, Suite 1200
San Diego, CA 92101

Any party may change its designee(s) for purposes of notification by providing written notice of such change pursuant to this section.

13.0 SEVERABILITY


13.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

14.0 GOVERNING LAW

14.1 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, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Products, then Jetro shall provide written notice to CAG of any asserted change in the law, and Parties shall modify this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: November 22, 2024 By: 
Printed Name: Willard T. Bayer
Title: President

JETRO CASH & CARRY ENTERPRISES, INC.

Dated: _____ By: _____
Printed Name: _____
Title: _____

JRD IMC, LLC

Dated: _____ By: _____
Printed Name: _____
Title: _____

the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Listed Chemical and/or the Covered Products, then Jetro shall provide written notice to CAG of any asserted change in the law, and Parties shall modify this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: _____ By: _____
Printed Name: _____
Title: _____

JETRO CASH & CARRY ENTERPRISES, INC.

Dated: 11/22/24 By: [Signature]
Printed Name: Ruben Vogel
Title: COO

JRD IMC, LLC

Dated: 11/22/24 By: [Signature]
Printed Name: Ruben Vogel
Title: COO