

## SETTLEMENT AND RELEASE AGREEMENT

### 1. **INTRODUCTION**

#### 1.1. **Consumer Rights Advocates, LLC and Lotte International America Corp.**

This Settlement Agreement is entered into by and between Consumer Rights Advocates, LLC ("CRA"), on the one hand, and Lotte International America Corp. ("LOTTE"), on the other hand, with CRA and LOTTE collectively referred to as the "Parties."

#### 1.2. **General Allegations**

CRA alleges that Milkis Flavored Soft Drinks ("Milkis Soft Drinks") were previously sold on the Instacart platform. These products include, but are not limited to: "Milkis Brand," "Milkis Strawberry Flavor," "8.45 FL OZ (250 mL)," labeled as a "Product of Korea," "Produced by LOTTE CHILSUNG BEVERAGE CO., LTD.," and "Distributed by LOTTE International America Corp." with the "UPC 8 801056 791018".

CRA further alleges that Milkis Soft Drinks ("Products") contain Perfluorooctanoic Acid (PFOA) 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.* ("Proposition 65"). California has identified and listed PFOA 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 Milks Soft Drinks alleged to contain PFOA, and that were manufactured, sold, offered for sale, or distributed for sale in California.

#### 1.4. **Notice of Violation**

On December 5, 2024, CRA served Lotte Chilsung Beverage Co., Ltd.; Lotte International America Corp.; Lotte International Co., Ltd.; Lotte Corporation; H Mart, Inc.; Hanahreum Group, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with documents entitled "60-Day Notice of Violation" ("Notice") that provided LOTTE and such public enforcers with notice that LOTTE was allegedly in violation of California Health & Safety Code

section 25249.6 for failing to warn consumers and customers that the Product exposed users in California to PFOA. 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 LOTTE's compliance with Proposition 65. Specifically, LOTTE denies the material factual and legal allegations contained in CRA'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 every applicable other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by LOTTE 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 LOTTE of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by LOTTE. LOTTE enters into this Agreement merely to avoid the expense litigation. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of LOTTE 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: WARNING AND REFORMULATION**

**2.1. Warning**

LOTTE shall not sell into, nor manufacture, distribute, or offer for sale in, California any Products that knowingly contain any intentionally added PFOA unless LOTTE complies with Section 2.2 below. Notwithstanding the foregoing, Products manufactured on or after 60 days from the Effective Date shall be Reformulated Products unless labeled with a clear and reasonable Proposition 65 warning. "Reformulated Products" means any of the following: (a) Products that satisfy the applicable safe harbor levels for PFOA under Prop 65, (b) Products for which PFOA levels do not exceed

applicable method detection limit or MDL, and (c) Products which are exempt from the Prop 65 warning requirement pursuant to California Health and Safety Code Section 25149.10 or such other code or applicable law now or hereafter existing.

## **2.2. Warning Language**

Where required, LOTTE shall provide Proposition 65 warnings as follows on the Products:

- (a) LOTTE shall use the following warning statement in full compliance with this Section:

**WARNING:** Consuming this product can expose you to chemicals, including Perfluorooctanoic Acid [PFOA], which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more info, go to [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

Or,

**CALIFORNIA WARNING:** Risk of cancer and reproductive harm from exposure to Perfluorooctanoic Acid (PFOA). See [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

- (b) The requirement for warning, set forth in subsection (a) above, is imposed pursuant to the terms of this Settlement Agreement. LOTTE may include the names of additional chemicals in the warning if they are present in the Product at levels that LOTTE reasonably believes would require a Proposition 65 warning.
- (c) Foreign Languages. If a Product's labeling is provided in a language other than English, the warning will be provided in that language in addition to English.
- (d) Online Sales. If LOTTE sells Products via an internet website it controls to customers located in California, the warning requirements of this section shall be satisfied if the foregoing warning appears either: (a) on the same web page on which a Product is displayed and/or described; (b) on the same page as the price for the Products; (c) on one or more web pages displayed to a California purchaser prior to purchase during the checkout process; or (d) via a hyperlink taking the customer to a separate page containing

the warning language, provided that the hyperlink appears on the same page as either the product description or product price are displayed, or appears prior to completion of the sale at checkout. 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 checkout listing of the Products, if the warning statement appears elsewhere on the same web page in a manner that clearly associates it with the product(s) to which the warning applies.

(e) If Proposition 65 warnings for PFOA should no longer be required, LOTTE shall have no further obligations pursuant to this Settlement Agreement.

### **3. CONSIDERATION**

In full satisfaction of all potential civil penalties, attorneys' fees, costs, and other expenses incurred by CRA and its counsel in connection with the Notice, and in exchange for CRA's release of all liability in connection with the Covered Product, LOTTE shall pay a total of \$20,000 (Total Settlement Amount) as set forth below. No other payment is required by LOTTE under this Settlement Agreement.

#### **3.1 PENALTIES PURSUANT TO HEALTH AND SAFETY CODE 25249.7(b)**

In settlement of all the claims referred to in this Settlement Agreement, LOTTE shall pay a total of \$1,500 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to CRA. LOTTE's counsel shall be responsible for delivering OEHHA's portion of the penalty payment made under this Settlement Agreement and provide CRA's counsel with confirmation of such delivery. LOTTE shall have two separate checks issued within seven (7) days of the Effective Date, and all payments shall be made as follows:

(a) One check made payable to California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of one thousand one hundred twenty-five dollars (\$1,125), which represents seventy-five percent (75%) of the civil penalties; and

(b) One check made payable to Consumer Rights Advocates, LLC in the amount of one thousand three hundred seventy-five dollars (\$375), which represents the remaining twenty-five percent (25%) of the civil penalties.

(c) All civil penalty payments to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered to OEHHA (memo line to read: "Proposition 65 Penalties") at the following address(es):

For the United States Postal Delivery Service:

Attn: 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:

Attn: Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street MS #19B  
Sacramento, CA 95814

All payments to Consumer Rights Advocates, LLC shall be sent to:

Cornerstone Law Firm, PC  
357 S. Robertson Blvd, Second Floor  
Beverly Hills, CA 90211

### **3.2 REIMBURSEMENT OF FEES AND COSTS**

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, LOTTE shall reimburse CRA's counsel for fees and costs incurred because of investigating and bringing this matter to LOTTE's attention. LOTTE shall make a total payment of eighteen thousand five Dollars (\$18,500) for the attorney's fees and costs by wire transfer within seven (7) days from the date this Settlement Agreement is fully executed, to Plaintiff's counsel Cornerstone Law Firm, PC as follows:

Cornerstone Law Firm, PC  
357 S. Robertson Blvd, Second Floor  
Beverly Hills, CA 90211

Other than this payment, each side is to bear its own attorneys' fees and costs.

#### **4. RELEASE OF ALL CLAIMS**

##### **4.1. Release of LOTTE. Downstream Customers and Upstream Vendors**

In further consideration of the promises and agreements herein contained, including but not limited to the payments to be made pursuant to Sections 3 above, CRA, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and 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 LOTTE and all entities and individuals to whom LOTTE directly or indirectly distributes or sells the Products, including but not limited to: distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, marketplace hosts, internet/e-commerce marketplaces, and downstream entities in the distribution chain, whether online or offline. Without limiting the foregoing, this release includes Lotte Chilsung Beverage Co., Ltd.; Lotte International America Corp.; Lotte Corporation; H Mart, Inc.; Hanahreum Group. (collectively with LOTTE, the "Releasees"). This release also extends to each of the Releasees' respective sister and parent entities, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, predecessors, successors, and assigns, and any other party acting on their behalf. It applies solely to Claims arising from Products manufactured prior to the date that is sixty (60) days after the Effective Date, even if such Products are sold after that date.

##### **4.2 CRA's California Civil Code Section 1542 Waiver**

CRA in its capacity, 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, attorney's fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or

unknown, suspected or unsuspected, against the Releasees. CRA acknowledges that it is familiar with California Civil Code section 1542, 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.**

CRA, in its capacity only, and on behalf of itself, 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 California Civil Code section 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.

#### **4.3 LOTTE's Release of CRA**

LOTTE waives any and all claims against CRA, its attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by CRA and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

#### **5. Public Benefit**

It is the Parties' belief that the terms of this Settlement Agreement confer a significant benefit to the general public as set forth in California Code of Civil Procedure section 1021.5 and California Administrative Code title 11, section 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging that the Covered Product is somehow in violation of Proposition 65, such private party action would not confer a significant benefit on the general public, so long as LOTTE is in material compliance with the terms of this Settlement Agreement.

#### **6. CONFIDENTIALITY**

The Parties agree that the terms and existence of this Settlement Agreement, and any and all communications, negotiations, and documents relating to its formation, shall be kept strictly confidential and shall not be disclosed to any third party, except as required by law, regulation, or court order, or as

necessary to effectuate or enforce the terms of this Agreement. Notwithstanding the foregoing, the Parties may disclose this Settlement Agreement to their respective counsel, accountants, auditors, tax advisors, insurers, and as necessary for required governmental filings or reporting (including submission to the California Attorney General pursuant to Proposition 65 requirements). Each recipient of such confidential information shall be advised of the confidential nature of this Agreement and shall be bound by the same confidentiality obligations.

7. **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. If Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then LOTTE shall have no further obligations pursuant to this Settlement Agreement.

8. **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: (a) first- class, (registered or certified mail) return receipt requested; (ii.) email; or (iii) overnight courier on any party by the other party at the following addresses:

For LOTTE:

J.J. Kim, Esq.  
ACI Law Group, PC  
6 Centerpointe Drive, Suite 630  
La Palma, CA 90623  
Tel: 714- 522-3300  
Email: pa@acilawgroup.com

For CRA:

Davar (David) Danialpour, Esq.  
Cornerstone Law Firm, PC  
357 S. Robertson Blvd. 2<sup>nd</sup> Floor  
Beverly Hills, CA 90211  
Tel: (310) 444-0055  
david@davarlaw.com

Any party, from time to time, may specify in writing to the other party a change of address to which all

notices and other communications shall be sent.

9. **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.

10. **COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

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

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, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

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.

**AGREED TO:**

**CONSUMER RIGHTS ADVOCATES, LLC**

Date: 04/14/2025

By: Faraz Adjnasian

Signature:



Consumer Rights Advocates, LLC

**AGREED TO:**

**LOTTE INTERNATIONAL  
AMERICA CORP.**

Date: Apr. 14, 2025

By: Sungsik Eum

Signature:



Lotte International America Corp.