

## **SETTLEMENT AND RELEASE AGREEMENT**

Center for Consumer Safety (“CCS”), a California Corporation, and Grupo La Moderna, S.A. de C.V. (“La Moderna”), a Mexican stock company, enter into this Settlement and Release Agreement (“Agreement”) to resolve CCS’s allegation that La Moderna has violated 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”), pursuant to the CCS’s and La Moderna’s (collectively, the “Parties”) Recitals and Terms set forth below.

### **RECITALS**

WHEREAS, CCS seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products; and

WHEREAS, CCS alleges that La Moderna is a person in the course of doing business for purposes of Proposition 65; and

WHEREAS, La Moderna manufactures, sells, and/or distributes for sale in the State of California, and elsewhere, a product known as Tres Estrellas Rice Flour - Harina de Arroz (the “Product”); and

WHEREAS, CCS purchased an exemplar of the Product on Amazon and, upon testing it, alleges that the Product contains lead and does not include adequate warnings in violation of Proposition 65; and

WHEREAS, on or about July 15, 2015, La Moderna entered into a settlement agreement with Consumer Advocacy Group, Inc. (“CAG”), another California Corporation, which resolved similar claims with respect to the Product (the “2015 Settlement”), which is attached as Exhibit A and incorporated hereto; and

WHEREAS, pursuant to Section 4 of the 2015 Settlement, La Moderna agreed to label all products it manufactured for sale into California with a warning under Proposition 65; and

WHEREAS, pursuant to Section 7 of the 2015 Settlement, CAG undertook the obligation to report the 2015 Settlement to the Attorney General’s Office for the State of California; and

WHEREAS, La Moderna asserts that it has complied with the 2015 Settlement by labeling all products it has sold into California with the required warning, and has labeled all other units of the Product with an instruction that they are not labeled for sale in the State of California; and

WHEREAS, La Moderna asserts that the unit of the Product purchased by CCS was sold and delivered to Amazon.com Services LLC entirely outside of the State of California, contained a warning that it was not labeled for sale in the State of California, and that La Moderna played no part in Amazon’s sale and shipment of the subject unit into California; and

WHEREAS, CCS alleges that La Moderna is nevertheless in violation of Proposition 65; and

WHEREAS, On August 15, 2025, CCS served La Moderna, Amazon.com Services LLC and the requisite public enforcement agencies with a 60-Day Notice of Violation, entitled “Notice of Violation of California Health & Safety Code § 25249.6 et. seq.” (“Notice”); and

WHEREAS, no public enforcer has commenced or is prosecuting the allegations set forth in the Notice; and

WHEREFOR, the Parties have agreed to enter into this Agreement for the purpose of avoiding the cost and inconvenience associated with litigating CCS’s claims against La Moderna and Amazon.com Services LLC, pursuant to the following

## **TERMS**

### **1. GENERAL MATTERS**

#### 1.1. Product Description.

The products covered by this Agreement (the “Covered Product,” used interchangeably herein with the “Product” and “Products”) are defined as rice flour products that La Moderna manufactured, sold, or distributed in California, including but not limited to Tres Estrellas Rice Flour - Harina de Arroz (Amazon ASIN B008CE6V2W), as identified in the Notice.

#### 1.2. No Admission.

La Moderna denies the material, factual, and legal allegations contained in the Notice and maintains that it did not sell the subject unit of the Product in California, and that the units of Product it has sold and distributed in California have been, and are, in compliance with all laws. Nothing in this Agreement shall be construed as an admission by La Moderna of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by La Moderna of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by La Moderna. This Section shall not, however, diminish or otherwise affect La Moderna’s obligations, responsibilities, and duties under this Agreement.

#### 1.3. Effective Date.

For the purposes of this Agreement, the term “Effective Date” shall mean the date that both Parties received the fully executed Agreement.

### **2. INJUNCTIVE RELIEF**

#### 2.1. Reformulation Standard

Beginning on or before the 30<sup>th</sup> day following the Effective Date, La Moderna shall be permanently enjoined from manufacturing, distributing, or directly selling in the State of California any Covered Product that results in a “Daily Lead Exposure Level” exceeding 0.5 micrograms of Lead per person per day, based on a single serving, unless the product complies with the warning requirements set forth in Section 2.2. The “Daily Lead Exposure Level” shall be calculated by multiplying the recommended serving size of the Covered Product by its lead

concentration.

2.2. Clear and Reasonable Warning

As an alternative to Section 2.1, beginning on or before the Effective Date, La Moderna shall label all units of the Products manufactured for export into the United States, regardless of whether exported to the State of California or elsewhere, and shall be in compliance with the requirements of the California Code of Regulations, Title 27, Article 6, Clear and Reasonable Warning Requirements §§ 25601-25602, 25607.1 and 25607.2. La Moderna shall display the following warning statement on the website and on packaging according to §§ 2.3 and 2.4 below:

(a) **Warning.** The “Warning” shall consist of the statements:

“**WARNING:**” [or] “**CA WARNING:**” [or] “**CALIFORNIA WARNING:**” Consuming this product can expose you to chemicals including lead, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

AND

“**ADVERTENCIA:**” [or] “**CA ADVERTENCIA:**” [or] “**CALIFORNIA ADVERTENCIA:**” El consume de este product puede exponerle sabe que causan defectos de Nacimiento u otro daño reproductivo. Para más información, visite [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

(b) **Alternative Warning:**

La Moderna may, but is not required to, use the alternative short-form warning as set forth in this § 2.2(b) (“**Alternative Warning**”) as follows:

1. “**WARNING:**” [or] “**CA WARNING:**” [or] “**CALIFORNIA WARNING:**” Risk of reproductive harm from exposure to lead. See [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

AND

“**ADVERTENCIA:**” [or] “**CA ADVERTENCIA:**” [or] “**CALIFORNIA ADVERTENCIA:**” Riesgo de daño reproductivo por exposición al plomo. Ver [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

OR

2. “**WARNING:**” [or] “**CA WARNING:**” [or] “**CALIFORNIA WARNING:**” Can expose you to lead, a reproductive toxicant. See [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

AND

**“ADVERTENCIA:” [or] “CA ADVERTENCIA:” [or] “CALIFORNIA ADVERTENCIA:”** Puede exponerle al plomo, un tóxico reproductivo. Ver [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

OR

3. **WARNING:** Reproductive Harm - [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

AND

**ADVERTENCIA:** Daño Reproductivo - [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

Where the third form may be used for a Covered Product manufactured or labeled prior to January 1, 2028, regardless of the date of sale.

2.3. E-Commerce.

The warning shall be posted on websites where La Moderna offers Products for sale to consumers in California. This Section shall be satisfied if the Warnings or Alternative Warnings, or a clearly marked hyperlink using the word “WARNING” and “ADVERTENCIA,” or the words “CA WARNING” and “CA ADVERTENCIA,” or “CALIFORNIA WARNING” and “CALIFORNIA ADVERTENCIA” appears on the product display page, or by otherwise prominently displaying the warnings to the purchaser prior to completing the purchase. To comply with this Section, La Moderna shall (a) post the Warnings on its own U.S. website in both English and Spanish and, if it has the ability to do so, on the websites of its third-party internet sellers; and (b) if it does not have the ability to post the Warnings on the websites of its third-party internet sellers, provide such sellers with written notice as laid out in California Health and Safety Code § 25600.2(b).

2.4. Packaging Requirements.

La Moderna shall print or affix the warning statements to the packaging of the products in accordance with § 2.2. The Warnings shall be affixed to, displayed, or printed on the Products’ packaging or labeling, or on a place card, shelf tag, sign or electronic device or automatic process, provided that the Warnings are displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read understood by an ordinary individual under customary condition of purchase or use. The Warnings may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Products.

2.5. Compliance with Warning Regulations.

La Moderna shall be deemed to be in compliance with Proposition 65 and this Agreement by either adhering to section 2 of this Agreement or by complying with warning regulations adopted by the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”) applicable to the Products and the exposures at issue.

2.6. Grace Period for Existing Inventory of Products

The injunctive requirements of Section 2 shall not apply to Products that are already in the stream of commerce as of the Effective Date, which Products are expressly subject to the releases provided in Section 4 of this Settlement Agreement.

### **3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

In settlement of all claims referred to in this Agreement, La Moderna shall pay a total of \$25,000.00, of which \$2,500.00 shall be paid as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to CCS. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.3 below. For all amounts due and owing that are not sent within the payment times set forth below, La Moderna shall pay a late civil penalty payment fee equal to \$100/day to be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d).

#### **3.1. Civil Penalty.**

Within ten (10) business days of the Effective Date, La Moderna shall issue two (2) separate checks for the Civil Penalty payment (a) one to “OEHHA” in the amount of \$1,875; and one to (b) Center for Consumer Safety in the amount of \$625. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.3, below.

#### **3.2. Reimbursement of Fees and Costs.**

The Parties reached an accord on the compensation due to CCS and its counsel under the general contract principle and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the Effective Date. Under these legal principles, La Moderna shall reimburse CCS’s counsel for fees and costs incurred as a result of investigating and bringing this matter to the attention of La Moderna, and negotiating a settlement in the public interest. Within ten (10) business days of the Effective Date, La Moderna shall send a check payable to “Coastal Aegis Law, APC,” in the amount of \$22,500.00 for delivery to the address identified in § 3.3, below.

Payment to Coastal Aegis Law, APC shall relieve La Moderna of any obligation to Sentinel Law, CCS’s previous counsel, and CCS agrees to defend, indemnify and hold La Moderna harmless against any claim by Sentinel Law or Shannon Wilhite arising out of or relating to the Notice or this Agreement.

#### **3.3. Payment Procedures.**

Payments shall be delivered as follows:

- (a) All payments owed to CCS, pursuant to § 3.1 above, shall be delivered to the following payment address:

Jordan Trent Jones  
Coastal Aegis Law, APC  
1041-B Morse Dr.

Pacific Grove, CA 93950-4912

- (b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 above shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following address:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

- (c) Copy of Payments to OEHHA. La Moderna agrees to provide CCS’s counsel with a copy of the check payable to OEHHA, simultaneously with its penalty payment to CCS, to be delivered to the address provided in § 3.3, as proof of payment to OEHHA.

- (d) Tax Documentation.

Coastal Aegis Law, APC shall provide an IRS W-9 form for each payee under this Agreement. The Parties acknowledge La Moderna cannot issue the Settlement Payment until La Moderna receives the requisite W-9 forms from counsel. The Parties further acknowledge that they will cooperate in good faith to extend La Moderna’s payment deadline as set forth in section 3.2 herein, if counsel fails timely to provide the requisite W-9 tax forms to La Moderna.

The Parties acknowledge that no representations have been made by the other Party regarding the taxability of all or any portion of this Agreement. The Parties hereby acknowledge that they have had the opportunity to seek independent advice regarding the tax consequences of this Agreement and accept each responsibility for satisfaction of their own tax obligation(s) and/or liability(ies) that may result from this Agreement.

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

##### **4.1. Release of La Moderna, Downstream Customers and Upstream Vendors**

CCS, for itself and on behalf of all persons claiming by, through or under it, including without limitation, CCS’s past and current heirs, agents, representatives, attorney, successors, and/or assignees (collectively, the “**Releasors**”), hereby releases, acquits, and forever discharges (i) La Moderna, and its members, owners, officers, insurers, agents, representatives, contractors, affiliates, subsidiaries, successors, and assigns and all persons acting by, through, under, or in concert with any of them; (ii) all downstream entities engaged in the distribution chain of the Products, including, but not limited to, distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, third-party re-sellers, and users, including Interamerican Foods Corporation and Amazon.com Services LLC; and (iii) all employees, agents, representatives, indemnitees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors, and assigns of the entities described in subsections (i) and (ii) hereof (the persons and entities described in subparagraphs

(i) through (iii) of this section 4.1 shall be collectively referred to herein as the “**Releasees**”), of and from any and all claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or of any relationship, acts, omissions, misfeasance, malfeasance, causes of action, defenses, offsets, debts, sums of money, accounts, compensation, contracts, controversies, promises, damages, costs, losses and expenses, of every type, kind, nature, description, or character, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, each as though fully set forth herein at length (collectively, “**Claims**”), that the Releasor now has or may acquire against the Releasees as of the Effective Date in any way arising out of, connected with, or related to the Dispute, the Notice, and/or the Products (each, a “**Released Claim**” and collectively, the “**Released Claims**”).

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured the Product or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to La Moderna.

In addition to Section 5.2 below, the Released Parties hereby acknowledge, represent, and warrant to the Releasees that they agree to assume the risk of any and all unknown, unanticipated, or misunderstood defenses and the Released Claims that are released by the provisions of the Release in favor of the Releasees, and the Released Parties waive and release all rights and benefits they might otherwise have under any state or local laws or statutes with regard to the release of such unknown, unanticipated, or misunderstood defenses and Released Claims.

Notwithstanding the foregoing, the Release does not relieve the Released Parties of their duty to fulfill their obligations, conditions, covenants, warranties, and representations under this Agreement and indemnification for claims asserted by third parties.

#### 4.2. La Moderna Release of Center for Consumer Safety

La Moderna, on its own behalf, and on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Center for Consumer Safety and its attorneys and other representatives, whether in the course of investigating claims, seeking to enforce Proposition 65 against it in this matter, or with respect to the Product.

### 5. GOVERNING LAW

The terms of this Agreement shall be governed by the law of the State of California and shall 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 La Moderna shall provide written notice to CCS of any asserted change in the law and shall have no further obligations pursuant to this Agreement with respect to the Product that is affected. This Agreement is enforceable solely by the Parties hereto.

## 6. COMMUNICATIONS

Unless otherwise specified herein, all correspondences and notices required to be provided pursuant to this Agreement shall be in writing and sent by electronic email or priority mail as follows:

**For: La Moderna**

Esteban Abascal  
Interamerican Foods Corp.  
1929 Sparks Dr.  
Cleburne, TX 76033

**For: Center for Consumer Safety:**

Jordan Trent Jones  
Coastal Aegis Law, APC  
1041-B Morse Dr.  
Pacific Grove, CA 93950-4912  
jtjones@coastalaeigislaw.com

**With a copy to:**

Ilan Rosenberg  
Freiwald Law, P.C.  
123 S. Broad Street, Suite 2170  
Philadelphia, PA 19109  
ir@freiwalddlaw.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.

## 7. ENTIRE AGREEMENT

This 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.

## 8. SEVERABILITY & MODIFICATION

If after execution of this Settlement Agreement, any provision of this Settlement Agreement is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

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

## 9. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, but when taken together shall constitute one and the same agreement, with the same effect as if the signatures were placed on one original. This Agreement may be executed by electronic signature.

## 10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

CCS agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f), and will provide evidence thereof to La Moderna within five (5) days of its compliance.

#### **11. AUTHORIZATION**

Each Party represents that its signatory to this Settlement Agreement has full legal authority to enter into and legally bind it to the terms herein. Each Party further represents that it has read, understood, and agreed to all of the terms and conditions of this Settlement Agreement.

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*[intentionally left blank; signatures on following page]*

IN WITNESS WHEREOF, the undersigned have caused this Settlement and Release Agreement to be duly executed, effective as of the Effective Date first set forth above.


**AGREED TO:**

**AGREED TO:**

Date: June 1, 2026

Date: June 2nd, 2026

By:   
Center for Consumer Safety

By:  7.  
Grupo La Moderna, S.A. de C.V.

# **EXHIBIT A**

## **1.0 SETTLEMENT AGREEMENT**

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

GRUPO LA MODERNA S.A.B. DE C.V.

Consumer Advocacy Group, Inc. (“CAG”) and Grupo La Moderna S.A.B. de C.V. (hereto referred to as “LA MODERNA”), (CAG and LA MODERNA collectively referred to as, the “Parties”) enter into this agreement (“Settlement Agreement”) for the purpose of avoiding prolonged and costly litigation to settle CAG’s allegations that LA MODERNA violated Proposition 65. The effective date of this Settlement Agreement shall be the last date upon which it is fully executed by all Parties hereto (the “Effective Date”).

### **2.0 Introduction**

2.1 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. LA MODERNA previously sold, at various times, Cooking Ingredients, including but not limited to “TRES ESTRELLAS® RICE Flour “Harina de ARROZ”; “ENRICHED”; NET WT 17.6 OZ (1.1 LB) 500g; MANUFACTURED BY: MOLINOS DEL SUDESTE, S.A. DE C.V. BOULEVARD ISIDRO FABELÁ NORTE 1000 COL. TLACOPA C.P. TOLUCA MEXICO; “UCP: 6 13522 02100

4” (“RICE FLOUR”) (RICE FLOUR referred to throughout as the “Covered Product”). The Covered Product is limited to those sold by LA MODERNA only.

2.2 CAG alleges (and LA MODERNA disputes) the that Covered Product contains Lead and that LA MODERNA did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code* § 25249.5, *et seq.* (“Proposition 65”)).

2.3 On February 27, 1987, the Governor of California added Lead to the list of chemicals known to the State to cause reproductive toxicity, developmental, female, male, and on October 1, 1992, the Governor added Lead and Lead compounds to the list of chemicals known to the State to cause cancer. These additions took place more than twenty (20) months before CAG served its “Sixty-Day Notice of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which is further described below.

2.4 Lead is referred to hereafter as the “Listed Chemical”.

2.5 On or about January 23, 2015, CAG served, LA MODERNA, Fabrica de Galletas La Moderna S.A. de C.V., Productos Alimenticios La Moderna S.A. de C.V. 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 the Covered Product containing the Listed Chemical.

2.6 The Sixty-Day Notices above (referred to as the “Notices”) alleged that the Noticed parties violated Proposition 65 by failing to warn consumers in California that use of Covered Product exposed persons to the Listed Chemical.

2.7 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties and to resolve and moot the allegations CAG presented to the Noticed parties concerning the Covered Product's compliance with Proposition 65 (the "Dispute") based on the terms set forth below.

2.8 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 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 LA MODERNA or the Noticed parties or their respective 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, LA MODERNA or the Noticed parties may have against one another in any other legal proceeding as to allegations unrelated to the Dispute or claims released herein.

### **3.0 Release**

This Settlement Agreement is a full, final, and binding resolution between CAG, acting in its individual capacity, on the one hand, and (a) LA MODERNA, and its

owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively “Releasees”) and (b) all entities to whom Releasees directly or indirectly provide, distribute, or sell the Covered Product, including but not limited to the Noticed parties and other distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (“Downstream Releasees”), on the other hand, of any violation(s) or claimed violation(s) of Proposition 65 or any statutory or common law claim that has been, could have been or may in the future be asserted against the Releasees and Downstream Releasees regarding exposing persons to the Listed Chemical and the failure to warn about exposure to the Listed Chemical arising only in connection with the Covered Product manufactured, shipped, and/or otherwise distributed by LA MODERNA or the Releasees prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. The Covered Product is limited to those manufactured, distributed or sold by LA MODERNA and Releasees only. CAG, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases, with respect to the Covered Product, 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, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not limited to, investigation fees, expert fees, and attorneys’ fees) (collectively “Claims”), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law

claims that were or could have been asserted in respect of any Covered Product manufactured, distributed or sold by LA MODERNA or its Releasees up to the Effective Date, including without limitation to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Listed Chemical contained in the Covered Product or any failure by Releasees and Downstream Releasees to warn about exposures to the Listed Chemical contained in the Covered Product.

CAG acknowledges that it is familiar with Section 1542 of Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

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 5.0 below are paid in full.

#### **4.0 LA MODERNA's Duties**

4.1 LA MODERNA, promises, and represents that within sixty (90) days from the Effective Date LA MODERNA shall redesign its packaging to provide warnings on such Covered Product that comply with Proposition 65. The warnings shall be provided in such a conspicuously and prominent manner that will assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. The Parties agree that product labeling stating that "WARNING: This product may contain chemicals known to the State of California to cause cancer, and birth defects, or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemical in the Covered Product for any Covered Product as of the Effective Date.

#### **5.0 Payments**

5.1 LA MODERNA agrees to pay a total of Thirty-eight thousand dollars (\$38,000.00) by separate checks apportioned as follows:

5.1.1 Payment to CAG: Six thousand dollars (\$6,000.00) shall be paid to Consumer Advocacy Group, Inc. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, CAG shall provide LA MODERNA with CAG's Employer Identification Number.

5.1.2 Attorneys' Fees and Costs: Twenty-six thousand dollars

(\$26,000.00) of such payment shall be paid to Yeroushalmi & Associates, 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 LA MODERNA's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 240W, Beverly Hills, California 90212. By the Effective Date, Yeroushalmi & Associates shall provide LA MODERNA with its Employer Identification Number.

5.1.3 Penalty: LA MODERNA shall issue two separate checks for a total amount of Six thousand dollars (\$6,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of Four thousand Five hundred dollars (\$4,500.00), representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of One thousand Five hundred dollars (\$1,500.00), representing 25% of the total penalty. Both checks shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 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 95184 (EIN: 68-0284486) in the amount of \$4,500.00. The second 1099 shall be issued in the amount of \$1,500.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire

Boulevard, Suite 240W, Beverly Hills, California 90212.

**6.0 Authority to Enter Into Settlement Agreement**

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

6.2 LA MODERNA represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind LA MODERNA to this Settlement Agreement.

**7.0 Report of the Settlement Agreement to the Office of the Attorney General Of California**

7.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement and shall provide LA MODERNA with proof thereof.

**8.0 Execution in Counterparts and Facsimile**

8.1 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.

**9.0 Entire Agreement**

9.1 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.

**10.0 Modification of Settlement Agreement**

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

**11.0 Application of Settlement Agreement**

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

**12.0 Enforcement of Settlement Agreement**

12.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 11.2 and 11.3 of this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

12.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Product may be served or filed against LA MODERNA by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 11.3 below. Any notice to LA MODERNA, the Releasees, or the Downstream Releasees must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without warning, (c) the store or other place at which

the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

12.3 Within 30 days of receiving the notice described in Section 11.2, LA MODERNA shall either (1) send the store or other place at which the product was available for sale to the public a letter directing that the offending product be immediately removed from inventory and returned to LA MODERNA for full credit, including shipping costs, or (2) refute the information provided under Section 11.2. Should the parties be unable to resolve the dispute, any party may seek relief under Section 11.1.

**13.0 Notification Requirements**

13.1 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 Consumer Advocacy Group, Inc.:

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

For LA MODERNA:

Ilan Rosenberg  
GORDON & REES LLP  
2005 Market Street, Suite 2900  
Philadelphia, PA 19103

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 Product, then LA MODERNA shall provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Product are so affected.

CONSUMER ADVOCACY GROUP, INC.

Dated: 7-16-15

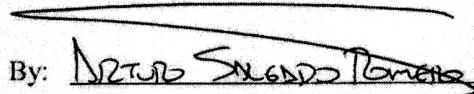
By: 

Printed Name: MICHEL SASSEON

Title: BREWING DIRECTOR

GRUPO LA MODERNA S.A.B. DE C.V.

Dated: JULY 15, 2015

By: 

Printed Name: ARTURO R. SALGADO ROMERO

Title: MANAGING DIRECTOR