| 1 2 3 4 5 6 7 8 9 | CHANLER, LLC 72 Huckleberry Hill Road New Canaan, CT 06840 Telephone: (475) 277-2932 Facsimile: (203) 702-5011 Email: Clifford@ChanlerLLC.com Steven Y. Chen, State Bar No. 243200 STEVEN Y. CHEN, APLC 2650 River Avenue, Unit A Rosemead, CA 91702 Telephone: (626) 782-5017 Facsimile: (626) 307-1657 Email: Schen@Schenlaw.com | | |
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| 10 | PAUL WOZNIAK | | |
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| 12 | SUPERIOR COURT OF THE STATE OF CALIFORNIA | | |
| 13 | COUNTY OF SAN FRANCISCO | | |
| 14 | UNLIMITED CIVIL JURISDICTION | | |
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| 16 | PAUL WOZNIAK, | Case No. CGC-23-608727 | |
| 17 | , | PROPOSED CONSENT JUDGMENT | |
| 18 | WHALECO INC. DBA TEMU, | TROTOSED CONSERT GODGMENT | |
| 19 | $ O_{ij} $ | Health & Safety Code §25249.6, et seq. and Code of Civil Procedure §664.6) | |
| 20 | | vode of Civil Procedure 300 1.0) | |
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| | [PROPOSED] CONSENT JUDGMENT | | |

1. **INTRODUCTION**

1.1 Parties

This Consent Judgment is entered into by and between plaintiff Paul Wozniak (Wozniak or Plaintiff) and defendant Whaleco Inc. DBA Temu (Temu), with Wozniak and Temu each referred to individually as a "Party" and collectively as the "Parties."

1.2 **Plaintiff**

Plaintiff is a resident of the State of California who seeks to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating harmful substances contained in consumer products.

1.3 Defendant

Temu employs ten or more persons. Further, for the purposes of this litigation only, Plaintiff alleges that Temu is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §25249.5, et seq. (Proposition 65).

1.4 **General Allegations**

Plaintiff alleges that Temu imports, sells and/or distributes for sale in California certain solder wire and fishing sinkers containing lead, and that it does so without providing the health hazard warning that Plaintiff alleges is required by Proposition 65. Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.5 **Product Description**

The products covered by this Consent Judgment specifically include solder wire and fishing sinkers (including fishing sinkers/weights sold as part of tackle boxes kits or sets) that contain lead and are offered for sale on temu.com to consumers in California (hereinafter referred to as the "Product" or "Products").

1.6 **Notices of Violation**

On June 7, 2023, Wozniak alleges that he served Temu and requisite public enforcement agencies with two 60-Day Notices of Violation (hereinafter referred to as the "the Notices"),

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alleging that Temu violated Proposition 65 when it failed to warn its customers or other consumers in California that solder wire and certain fishing sinkers and weights offered for sale on temu.com to consumers in California contain and expose users to lead. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notices.

1.7 Complaint

On August 30, 2023, Wozniak commenced the instant action, naming Temu for the alleged violations of Proposition 65 (herein referred to as "the Complaint"). Defendant filed its answer on October 16, 2023.

The Complaint, including any amendment to any of them, are collectively referred to as "Complaints." This enforcement action is referred to as "Action."

1.8 No Admission

Temu denies all material, factual and legal allegations contained in the Notices and Complaints and maintains that all Products that were sold and distributed in California have been and are in compliance with all laws and further contends that it has no obligations under Proposition 65 to provide warnings on any third-party sellers' Products. Nothing in this Consent Judgment shall be construed as an admission by Temu of any fact, finding, issue of law or violation of law; nor shall compliance with this Consent Judgment constitute or be construed as an admission by Temu of any fact, finding, conclusion, issue of law or violation of law. This Section 1.8 shall not, however, diminish or otherwise affect the obligations, responsibilities, and duties under this Consent Judgment.

1.9 Jurisdiction

For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over Temu as to the allegations contained in the Complaint, that venue is proper in the County of San Francisco, and that the Court has jurisdiction to enter and enforce the provisions of this Consent Judgment pursuant to law including Proposition 65 and Code of Civil Procedure §664.6.

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1.10 **Effective and Compliance Dates**

For purposes of this Consent Judgment, the term "Effective Date" shall mean the date this Consent Judgment is approved by the Court. For purposes of this Consent Judgment, the term "Compliance Date" shall mean December 31, 2023.

2. INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS

2.1 **Injunctive Relief**

Pursuant to the terms set forth below, with respect to Products sold in California that do not have a clear and reasonable Proposition 65 warning by the Compliance Date, Temu agrees to require any person or entity offering for sale or selling Products on temu.com ("Third-Party Sellers") that are shipped to a California address either to: (1) reformulate the Products, as set forth in Section 2.2 below; or (2) provide a clear and reasonable warning on the label of Products sold or shipped to a California address that complies with the requirements of Cal. Code Regs. tit. 27, §25601 et seq. Temu further agrees, at its option, either to: (3) require Third-Party Sellers offering for sale or selling non-Reformulated Products on temu.com that are shipped to a California address to provide a clear and reasonable Proposition 65 warning for the non-Reformulated Products, as set forth in Section 2.3 below, or Temu will provide such a clear and reasonable warning for the non-Reformulated Products, as set forth in Section 2.3 below; or (4) cease selling the non-Reformulated Products in California or prohibit the shipment of non-Reformulated Products to California addresses with regard to non-Reformulated Products sold on temu.com. The Parties understand and agree that some non-Reformulated Products may appear on temu.com that contain no warning but are not able to be shipped to California addresses (so sales cannot be completed) and that this complies with this Section 2.1.

2.2 Reformulation Standards

A "Reformulated Product" (a) contains lead in concentrations that do not exceed 90 parts per million, equivalent to 0.009%, in any exterior parts analyzed pursuant to U.S. Environmental Protection Agency (EPA) methodologies 3050B and 6010B, or (b) yields a result of no more than 1.0 micrograms of lead when sampled according to NIOSH 9100 protocol and analyzed according to EPA 6010B. In addition to the above tests, Temu may use equivalent methods utilized by any

California or federal agency to determine lead content in a solid substance or the amount of the bioavailability of the toxicant through a wipe test, respectively.

2.3 Clear and Reasonable Warnings (Products Sold Online)

On or before the Compliance Date, with regard to Products sold on temu.com for which a clear and reasonable Proposition 65 warning does not appear on temu.com and the Product is not a Reformulated Product, as described in Section 2.2 above, Temu shall at its option for each of the Products either (1) request and require any vendors of a Product it sells on temu.com, as well as any other Third-Party Seller, to provide a clear and reasonable warning on temu.com for the Product sold on temu.com and shipped to a California address, or Temu will provide such a clear and reasonable warning for the Product sold on temu.com and shipped to a California address; or (2) cease selling the Product in California or prohibit the Product from being shipped to California addresses with regard to products sold on temu.com.

- (a) Warning. The warning shall consist of the following or other substantially similar language that is in compliance with Proposition 65 (Warning):
 - ▲ WARNING: 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.
- **(b) Short-Form Warning.** Products sold on temu.com may use the following short-form warning as set forth in this Section 2.3 (Short-Form Warning) or any substantially similar language so long as it is allowed under Proposition 65's implementing regulations:
 - ▲ WARNING: Cancer and Reproductive Harm www.P65Warnings.ca.gov

For any of the Products that are not Reformulated Products pursuant to Section 2.2 and are offered for sale on temu.com to California consumers after the Compliance Date, such online Product listings shall contain a Warning or Short-Form Warning (as set forth above) which is displayed to the purchaser prior to completion of the transaction without requiring the potential buyer to use considerable effort to be made aware of the health hazard advisory. The warning or a

clearly and reasonably marked hyperlink to the warning using the signal word "Warning" or "Product Warning" given in conjunction with the online sale of the Products may appear either:

(a) prominently placed on a webpage in which the Product's photograph, price, or "add to cart" section are displayed; (b) on the same webpage as the order form for the Product; or (c) on any webpage displayed to the purchaser during the checkout process and prior to its completion for any purchaser with a California shipping address. The symbol "A" may be placed adjacent to the signal word. The internet warning may use the Short-Form Warning content described in subsection 2.3(b).

2.4 Foreign Language Requirement

Temu shall comply with the requirements set forth in 27 California Code of Regulations §25602(d) if and to the extent it applies to any sale of any of the Products to any purchaser with a California shipping address.

2.5 Option to Delist

On or before the Compliance Date, Temu may, at its option, comply with the injunctive commitments set forth in Section 2.3 above by delisting a Product from temu.com such that the item is then unavailable in general or for online sale for shipment to an address in California. If it does so, the previously delisted Product may be reinstated for sale online to California consumers if it complies with Sections 2.1 through 2.4 prior to the date of such relisting.

2.6 Right to Cure (No Assignment or Transfer of Claims)

As of the time of this Consent Judgment, neither Plaintiff nor his counsel has any specific knowledge of the presence of any other Products sold on temu.com that, in his opinion, fails to comply with Proposition 65's warning requirements, other than those previously disclosed to Temu. Plaintiff represents and warrant that neither he nor his agents or attorneys have assigned or otherwise transferred, or attempted to assign, or transfer, any claim or claims against Temu. Plaintiff further warrants that neither he nor his agents or attorneys are aware of any other potential private enforcer or attorney who intends to bring litigation based on the subject matter of the Consent Judgment.

To the extent Plaintiff identifies any Product in the future, which he believes is not in

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compliance with this Consent Judgment, Plaintiff agrees to advise Temu of such potential violation in the manner set forth in Section 8, and provide Temu with 45 calendar days (calculated from the date written notice is provided electronically) to cure any alleged violation, including by providing a Proposition 65 warning or taking action to ensure that the Product is not sold to any purchaser with a shipping address in California. Such notice to Temu shall contain information sufficient for Temu to identify the product and the product's seller, which shall include the Item ID (ID), the name of the product, the seller of the product, as well as a screenshot of the product's online listing. If the alleged non-compliance is cured within the 45 calendar days, then Temu shall not be deemed in breach or violation of Proposition 65 or this Consent Judgment in any respect and Plaintiff shall take no further action to enforce Proposition 65 or this Consent Judgment, Plaintiff shall not be entitled to seek or recover any civil penalties, and Plaintiff and his counsel shall not be entitled to seek or recover any attorneys' fees or costs, or any other available remedies arising from or relating to the alleged failure to comply with Proposition 65 or the terms of this Consent Judgment, and the matter shall be deemed to be resolved by and between Temu and Plaintiff as to such products. If, however, the alleged non-compliance is not cured with the 45 calendar days, then Plaintiff reserves the right to seek additional civil penalties, reimbursement of reasonable attorney's fees, and any other available remedies arising from or related to notices of noncompliance associated with Products covered by the Consent Judgment or any other Product. This right to cure provision may expire on a date to be negotiated within 30 days of the Court's approval of this Consent Judgment.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Within 10 business days of the Effective Date, and Temu's receipt of a current W-9 from Wozniak and California's Office of Health Hazard Assessment (OEHHA) whichever date is later, pursuant to California Health & Safety Code §25249.7(b), and in settlement of all alleged violations and claims referred to in the Notices, Complaints, Action, and this Consent Judgment, Temu agrees to pay \$200,000 in civil penalties. Temu's civil penalty payment will be allocated according to California Health & Safety Code §25249.12(c)(1) and (d), with seventy-five percent

(75%) of the penalty paid to OEHHA, and the remaining twenty-five percent (25%) of the penalty paid to Wozniak. Temu shall pay either in two checks made payable to (a) "Paul Wozniak" in the amount of \$50,000 and "OEHHA" in the amount of \$150,000; or may pay (b) via electronic transfer to "Chanler, LLC" in the amount of \$200,000, and Plaintiff's counsel shall send the portions of the penalties paid by Temu to OEHHA and Plaintiff.

3.2 Reimbursement of Attorneys' Fees and Costs

The Parties acknowledge that Plaintiff and his counsel offered to resolve this dispute without reaching terms on their fees and costs and allowing this provision to be adjudicated by the court. The Parties then negotiated the reasonable compensation to be paid to Plaintiff's counsel under general contract principles, Proposition 65 implementing regulation for fee awards at 11 California Code of Regulations §3201 and the private attorney general doctrine codified at California Code of Civil Procedure §1021.5 for all work performed through the mutual execution of this Consent Judgment and court approval of the same. Under these legal principles, within 10 business days of the Effective Date and Temu's receipt of a current W-9 from Chanler LLC, whichever date is later, Temu agrees to pay \$420,000, by electronic transfer, as set forth in Section 3.3 below, or by check made payable to "Chanler, LLC" for reasonable fees and costs incurred by Plaintiff and his counsel in investigating, bringing this matter to Temu's attention, litigating, and negotiating a settlement in the public interest.

3.3 Form of Settlement Proceeds

As noted above in Sections 3.1 and 3.2, Temu may transmit the settlement proceeds for the civil penalties and reasonable attorneys' fees and costs by wire transfer to "Chanler, LLC," in accordance with the wire instructions to be provided by Plaintiff or his counsel on or before the Effective Date.

4. <u>CLAIMS COVERED AND RELEASED</u>

4.1 Plaintiff's Release of Proposition 65 Claims

This Consent Judgment is a full, final, and binding resolution between Plaintiff, acting on his own behalf and in the public interest, on behalf of himself, each of his past, current, and future agents, representatives, attorneys, successors, and/or assignees, and Temu and its past, current, and

future direct and indirect subsidiaries, affiliated entities under common ownership, predecessors, successors, directors, officers, managers, shareholders, members, employees, agents, assignees, and attorneys (collectively, Releasees) and each person or entity to whom any of the Releasees directly or indirectly distributes or sells, or in the past directly or indirectly distributed or sold, the Products including, but not limited to, any downstream distributors, wholesalers, customers, retailers, franchisers, cooperative members, licensors and licensees (collectively, Downstream Releasees) of, from, and with regard to any and all alleged or actual violations of Proposition 65 for a failure to warn about exposures to lead from the Products that were manufactured, produced, packaged, imported, supplied, distributed, sold on temu.com, or offered for sale on temu.com prior to the Compliance Date, including as set forth in any of the Notices, Complaints, and/or Action.

Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 by Temu, each of the Releasees, and/or each of their Downstream Releasees, with respect to the alleged or actual failure to warn about exposures to lead from the Products. Including as set forth in any of the Notices, Complaints, and/or Action.

Plaintiff, acting on his own behalf and in his personal capacity, and not in his representative capacity, on behalf of himself, each of his past, current, and future agents, representatives, attorneys, successors, and/or assignees, further release, waive, and fully discharge Temu, each of the Releasees, and/or each of their Downstream Releasees from any and all claims, actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Plaintiff, of any nature, character or kind, whether arising in law or equity, known or unknown, suspected or unsuspected, asserted or unasserted, including as set forth in any of the Notices, Complaints, and/or Action, arising from or related to any alleged or actual exposures to lead from Products that were manufactured, produced, packaged, imported, supplied, distributed, sold on temu.com, or offered for sale on temu.com prior to the Compliance Date (Released Claims). Plaintiff, in his personal capacity only, specifically waives any and all rights and benefits related to the Released Claims that either of them now has, or in the future may have, conferred by virtue of the provisions of Section 1542 of the California Civil Code, which 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.

4.2 Temu's Release of Plaintiff

Temu, on its own behalf and on behalf of its past, current, and future agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Plaintiff and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Plaintiff and his attorneys and other representatives in the course of investigating the claims at issue in this matter, seeking to enforce Proposition 65 against it in this matter, or with respect to the Products as set forth in in any of the Notices, Complaints, or Action.

5. <u>COURT APPROVAL</u>

This Consent Judgment shall be null and void and shall never be introduced into evidence or otherwise used in any proceeding for any purpose (other than to allow the Court to determine if there was a material breach of the following paragraph of this Section 5) if, for any reason, it is not approved and entered by the Court within one year after it has been fully executed by all Parties.

Plaintiff and Temu agree to support the entry of this agreement as a judgment, and to obtain the Court's approval of their settlement in an expedited manner as allowed by law. The Parties acknowledge that, pursuant to California Health & Safety Code §25249.7(f)(4), a noticed motion is required for judicial approval of this Consent Judgment, which Defendant shall primarily draft and file. Defendant shall be primarily responsible for seeking the Court's approval to have any motions to approve heard on shortened time. In furtherance of obtaining such approval, the Parties agree to employ their mutual reasonable best efforts, and those of their counsel, to support the entry of this agreement as a judgment, and to obtain judicial approval of related settlements, if needed, in a timely manner. For purposes of this section, "best efforts" shall include, at a minimum, supporting the motion for approval, assisting in drafting the motion as needed, jointly requesting the Court to have the motion heard on shortened time as allowed and, if requested by

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Plaintiff, responding to any objection that any third-party may file and appearing at the hearing before the Court.

6. **SEVERABILITY**

If, subsequent to the Court's approval and entry of this Consent Judgment as a judgment, any provision of this Consent Judgment is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

7. **GOVERNING LAW**

The terms of this Consent Judgment 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 amended or rendered inapplicable by reason of law generally, or as to any of the Products or any of the alleged violations set forth in any of the Notices, Complaints, and Action, then Temu may provide Plaintiff with written notice of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Consent Judgment, with respect to, and to the extent that, the Products and/or any requirement set forth in this Consent Judgment is affected by such a change in the law. Nothing in this Consent Judgment shall be interpreted to relieve Temu from its obligation to comply with any other applicable state or federal law or regulation.

The Parties agree that if the Office of Environmental Health Hazard Assessment changes any of its applicable regulations, including its warning regulations, then Temu may either conform with the revised regulations or continue to conform with the terms provided in this Consent Judgment if the new implementing regulations so allow.

8. **NOTICE**

Unless specified herein, all correspondence and notice required or permitted by this Consent Judgment shall be in writing and sent by: (a) personal delivery; (b) first-class registered or certified mail, return receipt requested; or (c) a recognized overnight courier to any Party by the other at the following addresses. In addition to (a), (b), or (c) above, any notice required or permitted by this Consent Judgment shall also be provided via electronic mail if an email address is provided for the recipient below:

To Plaintiff:

Attn: Proposition 65 Coordinator Chanler, LLC 72 Huckleberry Hill Road New Canaan, CT 06840 clifford@chanlerllc.com

Any Party may, from time to time, specify in writing to the other Party a change of address to which all notices and other communications shall be sent.

COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

This Consent Judgment may be executed in counterparts and by facsimile or portable document format (pdf) signature, each of which shall be deemed an original and, all of which, when taken together, shall constitute one and the same document.

COMPLIANCE WITH REPORTING REQUIREMENTS

Plaintiff and his counsel agree to comply with the reporting form requirements referenced

This Consent Judgment contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties or any of their counsel except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically contained or referred to in this Consent Judgment have been made by any Party hereto or any of their counsel. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto or any of their counsel.

| 1 | 1 12. MODIFICATION | |
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| 2 | This Consent Judgment may be modified only by: (a) a written agreement of the Parties | |
| 3 | and the entry of a modified Consent Judgment by the Court thereon; or (b) upon a successful | |
| 4 | motion of any party and the entry of a modified Consent Judgment by the Court thereon. Any | |
| 5 | Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with | |
| 6 | all affected Parties prior to filing a motion to modify the Consent Judgment. | |
| 7 | 7 13. <u>AUTHORIZATION</u> | |
| 8 | The undersigned are authorized to execute this Consent Judgment on behalf of their | |
| 9 | respective Parties and have read, understood, and agreed to all of the terms and conditions | |
| 10 | 10 contained herein. | |
| 11 | 11 AGREED TO: AGREED T | · O: |
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| 13 | Date: October 26, 2023 Date: Octob | er <u>26</u> , 2023 |
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| 1 | APPROVED AS TO FORM: |
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| 3 | Date: October 26, 2023 |
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| 5 | By: CLASTIC COLLEGE OF THE STATE OF THE STAT |
| 6 | CLIFFORD A. CHANLER Counsel for Plaintiff |
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| 8 | Date: October <u>26</u> , 2023 |
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| 10 | By: |
| 11 | AARON BELZER Counsel for Defendant |
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| 13 | IT IS SO ORDERED, ADJUDGED, AND DECREED: |
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| 15 | Dated:, 2023 |
| 16 17 | Judge of the Superior Court of the State of California |
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