

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and KT Health, LLC (“KT Health”), on the other hand, with EHA and KT Health each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that KT Health is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

EHA alleges that KT Health manufactured, sold, and/or distributed for sale in California, the Covered Products (defined below) that allegedly contain elevated Di(2-ethylhexyl) phthalate (“DEHP”) and that it did so without first providing the health hazard warning required by Proposition 65. KT Health contends that the Covered Products (defined below) do not contain elevated levels of DEHP, do not require health hazard warnings as required by Proposition 65, and are in compliance with Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and developmental/reproductive harm.

1.3 Product Description

The products covered by this Settlement Agreement are defined as, and expressly limited to KT Recovery + Ice/Heat Wrap System - KT Health (“Covered Products”), that are sold and/or distributed for sale in California by KT Health.

1.4 Notice of Violation

On or around March 22, 2024, EHA served KT Health, the California Attorney General, and certain other public enforcement agencies with a 60-Day Notice of Violation of Proposition 65

(“Notice”). The Notice alleged that KT Health had violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to DEHP contained in Covered Products.

To the best of the parties’ knowledge, no public enforcer has commenced or is otherwise prosecuting an action to enforce the violations alleged in the Notice.

1.5 No Admission

KT Health denies the material, factual, and legal allegations in the Notice and maintains that all of the products that it has sold and/or distributed for sale in California, including Covered Products, have been, and are, in compliance with all laws, including Proposition 65. Nothing in this Settlement Agreement shall be construed as an admission by KT Health of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by KT Health of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by KT Health.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” means the date this Settlement Agreement is executed by the Parties.

2. INJUNCTIVE RELIEF


2.1 As of the Effective Date, KT Health discontinued and stopped all manufacture, distribution and sale of the Covered Products. If KT Health decides to manufacture, distribute or sell the Covered Product in California in the future, KT Health may (in its sole discretion) provide Proposition 65 warning labels on the Covered Products in accordance with this Section 2 below.

General Warning Requirements


Commencing after the Effective Date, if KT Health decides to manufacture, distribute or sell the Covered Products in California and decides to provide Proposition 65 warning labels on the Covered Products, KT Health shall provide warnings in accordance with Proposition 65 and consistent with the following: Each warning shall be prominently placed with such conspicuousness, as compared with other words, statements, designs, or devices as to render it

likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Covered Products the warning applies, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Covered Products shall consist of a warning affixed to the packaging, label, tag, directly to each Covered Products sold in California by KT Health, or on a placard, shelf tag, sign or electronic device or automatic process that contains one of the following statements:

1)  **WARNING:** This product can expose you to chemicals including Di(2-ethylhexyl)phthalate (DEHP), 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

OR

2)  **WARNING:** Cancer and Reproductive Harm – www.P65Warnings.ca.gov.

The triangle above shall be yellow on the warning statement. This warning statement shall be prominently displayed on the Covered Products, on the packing of the Covered Products, or on a placard, shelf tag, or sign provided that the statement is displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual prior to sale. If the warning statement is displayed on the Covered Products' packaging, it must be in a type size no smaller than the largest type size used for other consumer information on the product. In no case shall a warning statement displayed on the Covered Products' packaging appear in a type size smaller than 6-point type. If the Covered Products' packaging contains consumer information in a foreign language, a warning statement in that language is required.

As set forth in Cal. Code Regs. Tit. 27, § 25602(b), to the extent Covered Products are sold online, a warning that complies with the content requirements of Cal. Code Regs Tit. 27, § 25603(a)

must be provided by including either the warning or a clearly marked hyperlink using the word “**WARNING**” on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. If an on-product warning is provided pursuant to Cal. Code Regs. Tit. 27, § 25603(a), the warning provided on the website may use the same content as the on-product warning. For purposes of this section, a warning is not prominently displayed if the purchaser must search for it in the general content of the website. These requirements extend to any websites under the exclusive control of KT Health where Covered Products are sold into California. To the extent that the warning requirements of this Section 2 conflict with Proposition 65, Proposition 65 controls.

There shall be no obligation for KT Health to provide a warning for Covered Products that entered the stream of commerce prior to the Effective Date, and the Section 4 release applies to all such Covered Products.

Notwithstanding the foregoing, some existing inventory of the Covered Products may be in the stream of commerce as of the Effective Date. These Covered Products that are in the stream of commerce as of the Effective Date are expressly covered by the releases provided in Section 4.1. For the avoidance of doubt, the Covered Products in the stream of commerce specifically include, but are not limited to, the Covered Products in the process of manufacture, distribution or sale.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, KT Health agrees to pay two thousand (\$2,000.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by EHA. Shall issue two separate checks for the initial civil penalty payment to (a) “OEHHA” and (b) Environmental Health Advocates, Inc. as follows:

- One payment of \$1,500.00 to OEHHA, due fourteen (14) days after the Effective Date.

- One payment of \$500.00 to EHA, due fourteen (14) days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

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

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

All penalty payments owed to EHA shall be sent to:

Isaac Fayman
Environmental Health Advocates
225 Broadway, Suite 1900
San Diego, CA 92101

3.2 Attorney Fees and Costs

The Parties reached an accord on the compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, KT Health agrees to pay eighteen thousand dollars (\$18,000.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter the attention of KT Health, and negotiating a settlement. The eighteen thousand dollars (\$18,000.00) in attorney's fees and costs shall be payable to Entorno Law, LLP as one payment of \$18,000.00, due fourteen (14) days after the Effective Date.

All payments required under this Section shall be delivered to:

Noam Glick
Entorno Law, LLP
225 Broadway, Suite 1900

San Diego, CA 92101

3.3 Tax Documentation

KT Health agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that KT Health cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after KT Health receives the requisite W-9 forms from EHA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of KT Health

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA, on its own behalf and not on behalf of the public, on one hand, and KT Health for all claims that can or could have been asserted by EHA, on its own behalf, on behalf of its past and current agents, representatives, attorneys, affiliates, successors and assignees, against KT Health and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom KT Health directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers (including but not limited to Amazon.com, Inc.), franchisees, cooperative members and licensees (collectively, "Releasees"), based on the alleged failure to warn about exposures to DEHP required under Proposition 65 in the Covered Products manufactured, sold or distributed for sale in California by KT Health before the Effective Date.

In further consideration of the promises and agreements herein contained, EHA on its own behalf and not on behalf of the public, and on behalf of its past and current agents, representatives, attorneys, successors affiliates, and assignees hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims against KT Health and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising under Proposition 65

with respect to the alleged failure to warn about exposures to DEHP required under Proposition 65 in the Covered Products before the Effective Date.

4.2 KT Health's Release of EHA

KT Health, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, parents, affiliates and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Products.

4.3 California Civil Code Section 1542

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Products will develop or be discovered. EHA on behalf of itself only, on one hand, and KT Health on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and Section 4.2 may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

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

EHA and KT Health each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5 PUBLIC BENEFIT

It is KT Health's understanding that the commitments it has agreed to herein, and actions to be taken by KT Health under this Settlement Agreement confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of KT Health that to the extent any other private party serves a notice and/or

initiates an action alleging a violation of Proposition 65 with respect to KT Health's alleged failure to provide a warning concerning actual or alleged exposure to DEHP prior to use of the Covered Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Covered Products addressed in this Settlement Agreement, provided that KT Health is in material compliance with this Settlement Agreement.

6. SEVERABILITY

If, subsequent to the 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.

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.

8. ENFORCEMENT

In any action to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

9. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement 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 on any Party by the other at the following addresses:

For KT Health:

Tyler Cahoon
Dentons Durham Jones Pinegar P.C.
111 South Main Street, Suite 2400
Salt Lake City, Utah 84111
tyler.cahoon@dentons.com

For EHA:

Noam Glick
Entorno Law, LLP
225 Broadway, Suite 1900
San Diego, CA 92101

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

10. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed electronically 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.

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

EHA and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

12. MODIFICATION

This Settlement Agreement may be modified only by written agreement of 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.

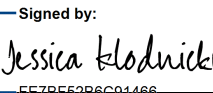
AGREED TO:

AGREED TO:

Date: 09/16/2024

Date: 9/17/2024

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

Signed by:

KT HEALTH, LLC