

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Consumer Protection Group, LLC and Tonali Corporation

This Settlement Agreement is entered into by and between Consumer Protection Group, LLC (“CPG”), on the one hand, and Tonali Corporation (“Tonali”), on the other hand, with CPG and Tonali collectively referred to as “Parties”.

1.2 General Allegations

CPG alleges that Tonali manufactured, distributed, and/or offered a Salsero De Barro for sale in the State of California allegedly containing Lead, which did not include warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). Lead is known to the State of California to cause developmental toxicity, male reproductive toxicity, male reproductive toxicity, and cancer.

1.3 Product Description

The products covered by this Settlement Agreement are defined as Salsero De Barro that contain Lead (the “Covered Products”) that Tonali manufactured, imported, distributed, and/or sold in California.

1.4 Notices of Violation

On July 22, 2024, CPG served Tonali, Super Center Concepts, Inc. (“SCC”), 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” that provided SCC, and such public enforcers with notice that SCC was

allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn California consumers and customers that the Covered Products can expose users in California to Lead.

To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the July 22, 2024, notice.

1.5 No Admission

Tonali enters into this Settlement Agreement as a full and final settlement of all claims that were raised in the Notices as to the Covered Products, and solely to avoid potentially prolonged and costly litigation. Tonali denies the material factual and legal allegations contained in the Notices, maintains that it is not subject to personal jurisdiction in California, and that the Covered Products sold/distributed, have been and are in compliance with all laws, and are completely safe for their intended use. Nothing in this Settlement Agreement shall be construed as an admission against interest by Tonali of any fact, finding, issue of law, or violation of law; including, but not limited to any fact or conclusion of law suggesting or demonstrating that Tonali has sold the Covered Products in California, or that it has violated Proposition 65, or that it is subject to personal jurisdiction in California, nor shall compliance with this Settlement Agreement constitute or be construed as an admission against interest by Tonali of any of the above, such being specifically denied by Tonali. Nothing in this Settlement Agreement shall prejudice, waive or impair any right, remedy, argument or defense Tonali may have in this or any other future legal proceedings, including Tonali's position that it is not a person in the course of doing business under Proposition 65, nor that it is not subject to personal jurisdiction in California. This Settlement Agreement is the product of negotiation and compromise and

is accepted by Tonali solely for purposes of settling, compromising, and resolving issues disputed in the Notices. However, this Section 1.5 shall not diminish or otherwise affect the Parties' obligations, responsibilities and duties under this Settlement Agreement.

1.6 **Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this agreement has been fully executed by the Parties.

2. **INJUNCTIVE RELIEF: WARNING**

2.1 **Commitment to Reformulate or Warn**

As of 30 days after the Effective Date, Tonali shall not sell or offer the Covered Products for sale in the State of California unless they are "Reformulated Products" as defined in Section 2.2 or Tonali provides warnings as outlined in Section 2.3.

2.2 **Reformulation Standards**

Reformulated Covered Products" means Covered Products that contain concentrations less than or equal to 10 ppb (parts per billion) of Lead in any accessible components when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodologies utilized by federal or state government agencies for the purpose of determining the phthalate content in a solid substance. Reformulated Covered Products do not require a Proposition 65 warning hereunder.


2.3 **General Warning Requirements**

The warning requirements set forth in this Section 2 shall apply only to Covered Products that Tonali distributes, markets, sells, or ships for sale in the State of California


more than 30 days after the Effective Date that have not been reformulated as set forth in Section 2.2. There shall be no obligation for Tonali to provide a warning for any Covered Products that are not Reformulated Products that are manufactured or otherwise enter the stream of commerce prior to 30 days after the Effective Date.

2.4 **Warning Language Requirements**

Any warnings provided pursuant to this Section 2 shall be provided with such conspicuousness, as compared with other words, statements, or designs as to render it reasonably likely to be read and understood by an ordinary individual under customary conditions of purchase or use. Where required, Tonali must provide any one of the following Proposition 65 warnings:

 **[CALIFORNIA PROP. 65] WARNING:** This product can expose you to chemicals including Lead which is [are] 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

 **CALIFORNIA WARNING:** Can expose you to Lead a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov

This shall constitute compliance with Proposition 65 with respect to Lead in the Covered Products. The provisions of Section 2 shall not apply to any of the Covered Products that are already in the stream of commerce or existing inventory. Where a warning label is used for a Covered Product whose labeling includes consumer information as defined by California Code of Regulations title 27 §25600.1(c) in a language other than English, the warning must also be provided in that language in

addition to English. Should Tonali sell or distribute any Covered Products that are not reformulated through the internet to California the warning will be provided in the manner set forth in 27 CCR sections 25601 and 25602, or as either section may be subsequently amended.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)

In settlement of all the claims for monetary relief of any kind referred to in this Settlement Agreement and the Notices (except for CPG's attorney's fees set forth in Section 4 below), Tonali shall pay a total of two thousand dollars (\$2,000) 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 CPG. CPG's counsel shall be responsible for delivering OEHHA's portion and CPG's portion of any penalty payment made under this Settlement Agreement.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to CPG and its counsel under the Private Attorney General doctrine and principles of contract law. Under these legal principles, Tonali shall reimburse CPG's counsel for fees and costs incurred as a result of investigating and bringing this matter to Tonali's attention and negotiating this settlement agreement. Tonali shall pay Consumer Protection's counsel a total of twenty-eight thousand dollars (\$28,000) in complete resolution of any claim for attorneys' fees,

expert and investigation fees, and all costs and expenses of any kind incurred in this matter, including, but not limited to all attorney's fees and costs incurred for investigating, testing, consulting with experts, bringing this matter to the attention of Tonali, and negotiating this settlement agreement.

5. PAYMENT INFORMATION

Within forty-five (45) days of the Effective Date, Tonali shall make a total payment of thirty thousand dollars (\$30,000) for the civil penalties and attorney's fees/expenses set forth above to Plaintiff's counsel, Blackstone Law APC by wire transfer. Plaintiff's counsel will provide Tonali with wire instructions and tax forms concurrent with the full execution of this settlement agreement. The Parties acknowledge that Tonali cannot issue any settlement payments until after Tonali receives the requisite wire instructions and W-9 forms from CPG's counsel. Other than this payment, each side is to bear its own attorneys' fees and costs.

6. RELEASE OF ALL CLAIMS

6.1 CPG's Release of Tonali, Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3, 4 and 5 above, CPG, in its individual capacity, and 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 Covered 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: (a) Tonali including its parents, shareholders, members, directors, officers, managers, employees, representatives, agents, attorneys, divisions, subdivisions, subsidiaries, partners, sister companies, and affiliates, and their predecessors, successors and assigns; and (b) each of Tonali's suppliers, vendors, downstream distributors, retailers (including but not limited to SCC and its affiliates), wholesalers, licensors, licensees, auctioneers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users (collectively the "Releasees").

CPG also, in its individual capacity, on behalf of itself, its past and current agents, attorneys, successors, and/or assignees and *not* in its representative capacity, 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, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against Tonali and the Releasees with regards to the Covered Products. CPG 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 RELEASING PARTY.

CPG in its individual 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. The release in this section shall have no force or effect until payments for the full amount set forth in above Sections 3, 4 and 5 are paid in full to Blackstone Law, APC by Tonali.

6.2 Tonali's Release of Consumer Protection Group, LLC.

Tonali waives any and all claims against CPG, its attorneys and other representatives, for any and all actions taken, or statements made (or those that could have been taken or made) by CPG 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 Covered Products. Tonali represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Tonali to this Settlement Agreement.

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. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then Tonali shall have no further obligations pursuant to this Settlement Agreement, but shall have no recourse to claw back payments already made in accordance with Section 3, 4 and 5 of 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 email at the following addresses:

For Tonalis: Michael Gleason, Esq.
mgleason@hahnlaw.com

For CPG: Jonathan M. Genish, Esq.
jgenish@blackstonepc.com

Any party, from time to time, may specify in writing to the other party a change of email 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)

CPG agrees to comply with the reporting requirements referenced in California Health & Safety Code § 25249.7(f).

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.

<p style="text-align: center;">AGREED TO:</p> <p>Date: May 30, 2025</p> <p style="text-align: center;"></p> <p>By: _____ On Behalf of Consumer Protection Group, LLC</p>	<p style="text-align: center;">AGREED TO:</p> <p>Date: May 30, 2025</p> <p style="text-align: center;"></p> <p>By: _____ On Behalf of Tonal Corporation</p>
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