

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Dennis Johnson (“Johnson”) and Sino Gifts Co., Ltd. (“Sino Gifts”), with Johnson and Sino Gifts each individually referred to as a “Party” and collectively as the “Parties.” Johnson is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. Johnson alleges that Sino Gifts 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 section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Johnson alleges that Sino Gifts manufactures, sells, and/or distributes for sale in California, ceramic pots with exterior designs containing lead. Lead is listed pursuant to Proposition 65 as a chemical known to cause birth defects and other reproductive harm. Johnson alleges that Sino Gifts failed to provide the health hazard warning required by Proposition 65 for exposures to lead.

1.3 Product Description

The products covered by this Settlement Agreement are specifically defined as, and limited to, the *At Home Sunny Club Ceramic Pot, UPC: 1 97154 13569 3*, that have been manufactured, sold, or distributed for sale in California by Sino Gifts (hereinafter referred to as “Products”).

1.4 Notices of Violation

On July 24, 2024, Johnson served At Home Stores LLC, and the requisite public enforcement agencies with a 60-Day Notice of Violation, alleging that the notice recipients violated Proposition 65 by failing to warn customers and consumers in

California of alleged health hazards associated with exposures to lead from the Products. Sino Gifts was subsequently identified as the manufacturer/supplier of the Products.

On October 10, 2024, Johnson served Sino Gifts and the requisite public enforcement agencies with a 60-Day Notice of Violation, alleging that the notice recipients violated Proposition 65 by failing to warn customers and consumers in California of alleged health hazards associated with exposures to lead from the Products. No public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notices.

1.5 No Admission

Sino Gifts denies the material, factual, and legal allegations contained in the Notices and maintains that all of the products that it has sold and distributed in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Sino Gifts 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 Sino Gifts of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Sino Gifts. This Section shall not, however, diminish or otherwise affect Sino Gifts' obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean March 14, 2025.

2. INJUNCTIVE RELIEF

2.1 Reformulation/Warning Commitment

As of the Effective Date, Sino Gifts shall not manufacture, import, distribute, sell or offer the Products for sale in the State of California unless: (i) the Products are Reformulated Products pursuant to Section 2.2; or (ii) Sino Gifts provides a clear and reasonable warning pursuant to Section 2.3. The Parties agree and intend that Sino Gifts'

compliance with the terms of this Settlement Agreement shall constitute compliance by Sino Gifts with Proposition 65 with respect to exposures to lead from the Products.

2.2 Reformulated Products.


“Reformulated Products” are defined as those Products that: (a) contain no more than 90 parts per million (“ppm”) lead in any decoration, colored artwork, designs and/or marking on the surface of the Products when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3050B or equivalent methodologies utilized by federal or state agencies for the purpose of determining lead content in a solid substance; and (b) yield no more than 1.0 microgram of lead on any surface sampled and analyzed pursuant to the NIOSH 9100 testing protocol or equivalent methodologies utilized by state or federal agencies for purposes of determining lead content on a solid substance.

If the decoration is tested after it is affixed to the Product, the percentage of the lead by weight must relate only to the decorating materials and must not include any quantity attributable to non-decorating material (e.g., ceramic substrate).


2.3 Warnings.

To the extent that Products manufactured, imported, or otherwise acquired by Sino Gifts after the Effective Date do not meet the standard for Reformulated Products, a clear and reasonable warning shall be provided, as set forth herein.


2.3.1 Warning Content. For purposes of this Settlement Agreement, the Parties agree that a clear and reasonable warning shall consist of one of the following warning statements:

 **WARNING:** Cancer and Reproductive Harm- www.P65Warnings.ca.gov
[this warning may be used only for Products labeled and manufactured prior to January 1, 2028]


OR

 **WARNING:** Risk of cancer and reproductive harm from exposure to lead.
See www.P65Warnings.ca.gov

OR

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

OR

 **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

The above warning statements must print the word “**WARNING:**”, “**CA WARNING:**”, or “**CALIFORNIA WARNING:**”, in all capital letters and in bold font, followed by a colon. The warning symbol to the left of the word “**WARNING:**”, “**CA WARNING:**”, or “**CALIFORNIA WARNING:**”, must be a black exclamation point in a yellow equilateral triangle with a black outline, except that if the sign or label for the Products does not use the color yellow, the symbol may be in black and white. The symbol must be in a size no smaller than the height of the word “**WARNING:**”, “**CA WARNING:**”, or “**CALIFORNIA WARNING:**”.

2.3.2 Method of Transmission

Product Labeling. Sino Gifts shall affix one of the foregoing warning statements to the packaging, labeling or directly to a specific Product. The warning statement shall be affixed to the Product, Products’ packaging or labeling and placed 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 under customary conditions of purchase or use. Where the short-form warning statement is provided on the label, the entire warning must be in a type size no smaller than the largest type size used for other consumer information on the product label. In no case shall the short-form warning statement appear in a type size smaller than six-point type.

Internet. In addition to the product labeling, where Sino Gifts offers Products to California customers via its own proprietary internet website or any third-party website over which Sino Gifts has control, Sino Gifts shall provide a clear and reasonable internet web page warning to customers located in California. The warning

statement shall appear either: (i) on the same web page on which a Product is displayed and/or described; (ii) on the same page as the price for the Product; or (iii) on one or more web pages displayed to a California purchaser prior to completion of the checkout process. Alternatively, the warning statement shall be provided using 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 the product label warning is provided using the short-form warning statement, the warning provided on the website may use the same content. A warning is not prominently displayed if the purchaser must search for it in the general content of the website. Where Sino Gifts does not have control over the content of third-party internet sellers, Sino Gifts shall provide such sellers with written notice, in accordance with Title 27, California Code of Regulation, Section 25600.2, of their warning obligations.

Catalog. In addition to the product labeling, if Sino Gifts sells Products via its own proprietary catalog or any third-party catalogue over which Sino Gifts has control, to customers located in California, one of the foregoing warnings statements must also be provided in the catalog in a manner that clearly associates it with the *specific* item being purchased. The catalog warning statement shall be placed 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 under customary conditions of purchase. If a short-form warning is being provided on the label, the warning provided in the catalog may use the same content. Where Sino Gifts does not have control over the content of third-party catalog sellers, Sino Gifts shall provide such sellers with written notice, in accordance with Title 27, California Code of Regulation, Section 25600.2, of their warning obligations.

Languages. Where a label or tag used to provide a warning statement includes consumer information about a product in a language other than English, the warning must also be provided in that language in addition to English.

2.3.3 Safe Harbor Warnings. The parties acknowledge that the warnings required by this section are not the exclusive methods of providing Proposition 65 warnings and agree that Sino Gifts may utilize “safe harbor” warning language and methods promulgated by the Office of Environmental Health Hazard Assessment and contained in 27 CCR §§ 25602-25603, applicable to lead and the Products, in effect on or after the Effective Date, without being deemed in breach of this Settlement Agreement.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code section 25249.7(b)(2), and as consideration for the releases contained in Sections 4.1 and 4.2 below, Sino Gifts agrees to pay \$800 in civil penalties no later than the Effective Date. The penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount paid to Johnson. Sino Gifts shall make its payment in two checks, delivered to the address in Section 3.3, as follows: (1) “OEHHA” in the amount of \$600; and (2) “Dennis Johnson” in the amount of \$200.

3.2 Attorneys’ Fees and Costs

The Parties acknowledge that Johnson and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to his counsel, thereby leaving the issue to be resolved after the material terms of the Agreement had been settled. Shortly after the other settlement terms had been reached, Sino Gifts expressed a desire to resolve the attorneys’ fees and costs. The Parties reached an accord on the compensation due to Johnson’s counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Under these legal principles, Sino Gifts agrees to pay, no later than the Effective Date, \$11,200, in the form of a check

made payable to “Voorhees & Bailey, LLP,” for all fees and costs incurred investigating, bringing this matter to the attention of Sino Gifts’ management, and negotiating a settlement.

3.3 Payment Address and Tax Documentation

Sino Gifts may also make the above payments via wire transfer, no later than the Effective Date, with the wire instructions to be provided by Johnson to Sino Gifts. Otherwise, all checks under this Settlement Agreement shall be delivered to the following address and shall, thereafter, be delivered by Johnson to the respective payees:

Voorhees & Bailey, LLP
839 Emerson Street
Palo Alto, CA 94301

Johnson shall provide IRS W-9 forms for: (i) “Office of Environmental Health Hazard Assessment”, (ii) Dennis Johnson, and (iii) Voorhees & Bailey, LLP. Sino Gifts will have no obligation to make the settlement payments until Johnson’s counsel provides the foregoing W-9 forms to Sino Gifts.

4. CLAIMS COVERED AND RELEASED

4.1 Johnson’s Release of Proposition 65 Claims

Johnson acting on his own behalf, and not on behalf of the public, releases Sino Gifts, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Sino Gifts directly or indirectly distributes or sells the Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers including, but not limited to, At Home Stores LLC, franchisees, cooperative members, importers, and licensees and any upstream entity that manufactured the Products or any component parts thereof used in the Products, or any distributors or suppliers who sold the Products or any component parts thereof to Sino Gifts (collectively, “Releasees”), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to lead in the Products.

4.2 Johnson's Individual Release of Claims

Johnson, in his individual capacity only and not in his representative capacity, provides a 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 Johnson of any nature, character, or kind, whether known or unknown, suspected or unsuspected, including but not limited to all failure to warn claims, arising out of alleged or actual exposures to lead in the Products manufactured, imported, distributed, or sold by Sino Gifts or Releasees prior to the Effective Date.

Johnson acknowledges that he is familiar with Section 1542 of the California Civil Code, which provides as follows:

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

Johnson, as an individual and not on behalf of the public, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to lead in the Products manufactured, imported, distributed or sold by Sino Gifts or Releasees prior to the Effective Date.

Nothing in this Section affects Johnson's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Sino Gifts' Products.

4.3 Sino Gifts' Release of Johnson

Sino Gifts, 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 Johnson and his attorneys and other representatives, for any and all actions taken or statements made by Johnson and his 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 Products.

4.4 Public Benefit

The Parties enter into this Settlement Agreement with the understanding that the commitments made herein, and actions to be taken by Sino Gifts under this Settlement Agreement, confer a significant benefit to the general public, as set forth in Code of Civil Procedure section 1021.5 and Cal. Admin. Code tit. 11, section 3201. As such, it is Sino Gift's intent by entering into this Settlement Agreement that to the extent any other private party initiates an action against Sino Gifts alleging a violation of Proposition 65 with respect to failure to provide a clear and reasonable warning concerning exposure to lead from the Products manufactured, distributed, sold or offered for sale by Sino Gifts in California, and subject to Sino Gift's material compliance with this Settlement Agreement, such action by another private party would not confer a significant benefit on the general public as to those Products and Proposition 65-listed chemicals addressed under this Settlement Agreement.

5. SEVERABILITY

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

6. 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 Products, then Sino Gifts may provide written notice to Johnson of any asserted change

in the law and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

7. 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 Sino Gifts:

Rohit A. Sabnis
Keller And Heckman
Three Embarcadero Center Suite 1420
San Francisco, CA 94111

For Johnson:

Dennis Johnson
c/o Voorhees & Bailey, LLP
Proposition 65 Coordinator
839 Emerson Street
Palo Alto, CA 94301

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.

8. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement 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.

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

Johnson and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

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

11. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those

contained herein exist or have been made by any Party with respect to the other Party or the subject matter of this Settlement Agreement.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

Date: _____

By: _____
DENNIS JOHNSON

AGREED TO:

Date: Mar.10, 2025

By: _____
SINO GIFTS CO., LTD.

上海综礼礼品有限公司
SINO GIFTS CO., LTD.



contained herein exist or have been made by any Party with respect to the other Party or the subject matter of this Settlement Agreement.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 3/10/2025

Date: _____

By:  _____
DENNIS JOHNSON

By: _____
SINO GIFTS CO., LTD.