# SETTLEMENT AGREEMENT

## 1. INTRODUCTION

### 1.1 Parties

This Settlement Agreement is entered into by and between Dennis Johnson ("Johnson") and Wondertreats, Inc. ("Wondertreats"), with Johnson and Wondertreats 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 Wondertreats 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 Wondertreats manufactures, sells, and/or distributes for sale in California, ceramic bowls 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 Wondertreats 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, *Wondertreats Chili Beans Gift Set, UPC 7 52041 30434 9,* that are manufactured, sold, or distributed for sale in California by Wondertreats (hereinafter referred to as "Products").

### 1.4 Notice of Violation

On March 7, 2025, Johnson served Wondertreats, Walmart Inc., 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 the 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 Notice.

### 1.5 No Admission

Wondertreats denies the material, factual, and legal allegations contained in the Notice 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 Wondertreats 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 Wondertreats of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Wondertreats. This Section shall not, however, diminish or otherwise affect Wondertreats' obligations, responsibilities, and duties under this Settlement Agreement.

### 1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean January 30, 2026.

## 2. INJUNCTIVE RELIEF

### 2.1 Reformulation

As of the Effective Date, Wondertreats shall not manufacture, import, distribute, sell, or offer the Products for sale in the State of California unless they are Reformulated Products pursuant to Section 2.2. The parties acknowledge that Wondertreats' commitment to reformulate the Products, in lieu of providing a clear and reasonable warning, is not the exclusive method of complying with Proposition 65. The Parties agree and intend that Wondertreats' compliance with the terms of this Settlement Agreement shall constitute compliance by Wondertreats 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; (b) yield no more than 1.0 microgram of lead on any surface sampled and analyzed pursuant to the NIOSH 9100 testing protocol; and (c) yield a result of non-detect (defined as no more than 25 ppm by weight of lead) for any decorations located in the upper 20 millimeters of a Product, i.e., the "Lip-and-Rim" area when analyzed pursuant to EPA testing methodologies 3050B and 6010B, or equivalent methodologies used by state and federal agencies to determine lead content in 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).

**3. <u>MONETARY SETTLEMENT TERMS</u>**

**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, Wondertreats agrees to pay $2,500.00 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. Wondertreats will make its payment in two checks, delivered to the address in Section 3.3, as follows: (1) to "OEHHA" in the amount of $1,875.00; and (2)

to "Dennis Johnson" in the amount of $625.00.

### 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, Wondertreats expressed a desire to resolve Johnson's 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, Wondertreats agrees to pay, no later than the Effective Date, $12,000.00, 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 Wondertreats' management, and negotiating a settlement.

### 3.3 Payment Address and Tax Documentation

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
27 Pine Street; Suite 50
New Canaan, CT 06840

Johnson shall provide IRS W-9 forms for: (i) "Office of Environmental Health Hazard Assessment"; (ii) Dennis Johnson; and (iii) Voorhees & Bailey, LLP. Wondertreats shall issue complete IRS 1099 forms to each payee for their respective payment amount, including an IRS Form 1099-MISC to Johnson.

## 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 Wondertreats, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Wondertreats

directly or indirectly distributes or sells Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers including, but not limited to Walmart Inc., franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to lead in the Products. The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Wondertreats.

**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, limited to and arising out of alleged or actual exposures to lead in the Products manufactured, imported, distributed, or sold by Wondertreats prior to the Effective Date. The Parties further understand and agree that this Section 4.2 release shall not extend upstream to any entities that manufactured the Products, or any component parts thereof, or any distributors or suppliers who sold the Products, or any component parts thereof to Wondertreats. Nothing in this Section affects Johnson's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Wondertreats' Products.

**4.3 Wondertreats' Release of Johnson**

Wondertreats, 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.

## 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 Wondertreats 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 Wondertreats:**

Robert A. Randick
Randick O'Dea Tooliatos
Vermont & Sargent, LLP
5000 Hopyard Road, Suite 225
Pleasanton, CA 94588-3348

**For Johnson:**

Dennis Johnson
c/o Voorhees & Bailey, LLP
Proposition 65 Coordinator
27 Pine Street; Suite 50
New Canaan, CT 06840

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 hereof.

## 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: 1/20/2026

By: _____
DENNIS JOHNSON

**AGREED TO:**

Date: 1/22/2026

By: Michael W Stevenson
WONDERTREATS, INC.