

STAFF CHARGES

5. Between 2018 and 2022, JHTT imported and distributed in the United States approximately 192,000 Horizon T101-05 treadmills (the “Subject Products”).

6. JHTT is responsible for the distribution and marketing of the Horizon T101-05 treadmills in the United States.

7. The Subject Products are “consumer products” that were “manufactured” and “import[ed]” and “distribut[ed] in commerce,” as those terms are defined or used in sections 3(a)(5), (8), and (9) of the CPSA, 15 U.S.C. § 2052(a)(5), (8), and (9). JHTT is a “manufacturer” and “distributor” of the Subject Products, as such terms are defined in sections 3(a)(8) and (11) of the CPSA, 15 U.S.C. § 2052(a)(8) and (11).

Violation of CPSA Section 19(a)(4)

8. The Subject Products contain a defect which could create a substantial product hazard or create an unreasonable risk of serious injury because the machines could unexpectedly accelerate, stop, or change speed, posing a fall hazard to consumers.

9. Between March 2018 and October 2022 JHTT received at least 874 reports of the treadmills unexpectedly accelerating, stopping, or changing speed, including at least 71 reports of consumer injury.

10. In September 2020, JHTT began a root-cause investigation, leading to the adoption of production changes in February 2021 and September 2021 to reduce the fall hazard. However, JHTT continued to receive reports of unexpected accelerations, stoppages, or speed changes in the treadmills, including two reports of consumers who fell and suffered a broken bone.

11. JHTT did not immediately inform the Commission under 15 U.S.C. § 2064(b) regarding the defect and risk posed by the Subject Products and did not file a Full Report as required by 16 C.F.R. § 1115.13(d) until March 9, 2022, following a request from Commission staff.

12. JHTT and the Commission jointly announced a recall of approximately 192,000 Horizon T101-05 treadmills on October 27, 2022, offering a software update to consumers that addressed the hazard.

Failure to Timely Report

13. Despite having information that reasonably supported the conclusion that the Subject Products contained a defect that could create a substantial product hazard or created an unreasonable risk of serious injury, JHTT did not immediately inform the Commission of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3) and (4), in violation of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4).

14. Because the information in JHTT's possession constituted actual and presumed knowledge, JHTT knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), as the term "knowingly" is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

15. Pursuant to Section 20 of the CPSA, 15 U.S.C. § 2069, JHTT is subject to civil penalties for its knowing violations of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4).

RESPONSE OF FIRM

16. This Agreement does not constitute an admission to the staff's charges as set forth in paragraphs 4 through 15 above, including without limitation that the Subject Products in fact contained a defect that could create a substantial product hazard or created an unreasonable risk of serious injury or death; that Johnson Health Tech had an obligation to, and failed to, notify the

Commission in a timely manner in accordance with section 15(b) of the CPSA, 15 U.S.C. 2064(b); and that Johnson Health Tech knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. 2068(a)(4), as the term “knowingly” is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

17. JHTT asserts that at all relevant times, it had a compliance program and took reasonable steps to monitor, evaluate, and address reports associated with the Horizon T101-05 treadmill.

18. Prior to the recall and thereafter, JHTT has maintained the position that it did not agree with the incident and injury counts or the inclusion of a stop hazard in the recall announcement. The Firm did not object to the publication of this information in the recall announcement for the purpose of expeditiously announcing the recall. Johnson Health Tech further enters into this Agreement to settle this matter and to avoid the cost, distraction, delay, uncertainty, and inconvenience of protracted litigation or other proceedings. Johnson Health Tech does not admit that it violated the CPSA or any other law, or that reportable information or a substantial product hazard existed. Johnson Health Tech’s willingness to enter into this Agreement and Order does not constitute, nor is it evidence of, an admission by Johnson Health Tech of liability, or violation of any law.

AGREEMENT OF THE PARTIES

19. Under the CPSA, the Commission has jurisdiction over the matter involving the Subject Products and over Johnson Health Tech.

20. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by Johnson Health Tech or a determination by the Commission that Johnson Health Tech violated the CPSA.

21. In settlement of staff's charges regarding the Subject Products, Johnson Health Tech shall pay a civil penalty in the amount of sixteen million, eight-hundred-seventy-five-thousand dollars (\$16,875,000) within thirty (30) calendar days after receiving service of the Commission's final Order accepting the Agreement. All payments to be made under the Agreement shall constitute debts owing to the United States and shall be made by electronic wire transfer to the United States via <http://www.pay.gov>, for allocation to, and credit against, the payment obligations of Johnson Health Tech under this Agreement. Failure to make such payment by the date specified in the Commission's final Order shall constitute Default.

22. After receipt of the payment set forth in paragraph 21, the Commission releases and agrees that it will not seek civil penalties from Johnson Health Tech for any violation of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), regarding any defect or risk posed by a consumer product for which Johnson Health Tech, as of March 1, 2026, had submitted an Initial or Full Report under CPSA section 15, 2064(b) and 16 C.F.R. §§ 1115.13 (c) and (d). This paragraph does not relieve Johnson Health Tech from the continuing duty to report to the Commission any new, additional, or different information as required by CPSA section 15.

23. The Commission or the United States may seek enforcement for any breach of, or any failure to comply with, any provision of this Agreement and Order in United States District Court, to seek relief including, but not limited to, collecting amounts due.

24. All unpaid amounts, if any, due and owing under the Agreement, shall constitute a debt due and immediately owing by Johnson Health Tech to the United States, and interest shall accrue and be paid by JHTT at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b) from the date of Default, until all amounts due have been paid in full (hereinafter "Default Payment Amount" and "Default Interest Balance"). Johnson Health Tech shall consent

to a Consent Judgment in the amount of the Default Payment Amount and Default Interest Balance, and the United States, at its sole option, may collect the entire Default Payment Amount and Default Interest Balance, or exercise any other rights granted by law or in equity, including, but not limited to, referring such matters for private collection, and Johnson Health Tech agrees not to contest, and hereby waives and discharges any defenses to, any collection action undertaken by the United States, or its agents or contractors, pursuant to this paragraph. Johnson Health Tech shall pay the United States all reasonable costs of collection and enforcement under this paragraph, respectively, including reasonable attorney's fees and expenses.

25. After staff receives this Agreement executed on behalf of Johnson Health Tech, staff shall promptly submit the Agreement to the Commission for provisional acceptance. Promptly following provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date the Agreement is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

26. This Agreement is conditioned upon, and subject to, the Commission's final acceptance, as set forth above, and it is subject to the provisions of 16 C.F.R. § 1118.20(h). Upon the later of: (i) the Commission's final acceptance of this Agreement and service of the accepted Agreement upon Johnson Health Tech, and (ii) the date of issuance of the final Order, this Agreement shall be in full force and effect, and shall be binding upon the parties.

27. Effective upon the later of: (1) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon Johnson Health Tech and (2) the date of

issuance of the final Order, for good and valuable consideration, Johnson Health Tech hereby expressly and irrevocably waives and agrees not to assert any past, present, or future rights to the following, in connection with the Horizon T101-05 matter described in this Agreement:

- (i) an administrative or judicial hearing;
- (ii) judicial review or other challenge or contest of the Commission's actions;
- (iii) a determination by the Commission of whether Johnson Health Tech failed to comply with the CPSA and the underlying regulations;
- (iv) a statement of findings of fact and conclusions of law; and
- (v) any claims under the Equal Access to Justice Act.

28. Johnson Health Tech has, and shall maintain, a compliance program ("Compliance Program") designed to ensure compliance with the CPSA with respect to any consumer product imported, manufactured, distributed or sold by Johnson Health Tech. This program has, or will be modified to include, the following elements:

- (i) written standards, policies, and procedures, including those designed to ensure that information that may relate to or impact CPSA compliance is conveyed effectively to Johnson Health Tech personnel responsible for CPSA compliance, including the individual appointed pursuant to (viii) of paragraph 28, whether or not an injury has been reported;
- (ii) procedures and systems for tracking and reviewing claims, including warranty claims, and reports for safety concerns and for implementing corrective and preventive actions when compliance deficiencies or violations are identified;

- (iii) procedures requiring that information required to be disclosed by Johnson Health Tech to the Commission is recorded, processed, and reported in accordance with applicable law;
- (iv) procedures requiring that all reporting made to the Commission is timely, truthful, complete, accurate, and in accordance with applicable law;
- (v) procedures requiring that prompt disclosure is made to the individual appointed pursuant to (viii) of paragraph 28 and to Johnson Health Tech management of any significant deficiencies or material weaknesses in the design or operation of such internal controls that are reasonably likely to affect adversely, in any material respect, the Johnson Health Tech's ability to record, process and report to the Commission in accordance with applicable law;
- (vi) mechanisms to effectively communicate to all applicable Johnson Health Tech employees, through training programs or other means, compliance-related company policies and procedures to prevent violations of the CPSA;
- (vii) a mechanism for confidential employee reporting of compliance-related questions or concerns to either a compliance officer or to another senior manager with authority to act as necessary;
- (viii) Johnson Health Tech's senior management responsibility for, and general board oversight of, CPSA compliance, including the appointment of a product safety professional who will supervise compliance with the CPSA and make recommendations on timely section 15(b) reporting, and

implementation of steps to ensure that incident and injury data is reviewed and analyzed for purposes of CPSA Section 15(b) reporting;

- (ix) an annual internal audit for 3 years of the effectiveness of policies, procedures, systems, and training related to CPSA compliance that evaluates opportunities for improvement, deficiencies or weaknesses, and the Johnson Health Tech's overall culture of compliance; and
- (x) retention of all CPSA compliance-related records for at least five (5) years, and availability of such records to CPSC staff upon request.

29. Johnson Health Tech, in coordination with the individual appointed pursuant to paragraph (viii) above, shall submit a report under CPSA Section 16(b), sworn to under penalty of perjury:

- (i) describing in detail its compliance program and internal controls and the actions Johnson Health Tech has taken to comply with each subparagraph of paragraphs 28-29:
- (ii) affirming that during the reporting period, Johnson Health Tech has reviewed its compliance program and internal controls, including the actions referenced in subparagraph (i) of this paragraph, for effectiveness, and that it complies with each subparagraph of paragraphs 28-29, or describing in detail any non-compliance with any such subparagraph; and
- (iii) identifying the results of the annual internal audit referenced in paragraph 28(ix) and any changes or modifications made during the reporting period to Johnson Health Tech's compliance program or internal controls to

ensure compliance with the terms of the CPSA and, in particular, the requirements of CPSA Section 15 related to timely reporting.

Such reports shall be submitted annually to the Director, Office of Compliance, Division of Enforcement and Litigation, for a period of three (3) years. The first report shall be submitted 30 days after the close of the first 12-month reporting period, which begins on the date of the Commission's Final Order of Acceptance of the Agreement, and successive reports shall be due annually on the same date thereafter. Without limitation, Johnson Health Tech acknowledges and agrees that failure to make such timely and accurate reports, as required by this Agreement and Order, may constitute a violation of Section 19(a)(3) of the CPSA, 15 U.S.C. § 2068(a)(3), and may subject Johnson Health Tech to enforcement under Section 22 of the CPSA, 15 U.S.C. § 2071.

30. Johnson Health Tech shall cooperate fully and truthfully with staff and shall make available all non-privileged information and materials and personnel deemed necessary by staff to evaluate Johnson Health Tech's compliance with the terms of the Agreement.

31. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order.

32. Johnson Health Tech represents that the Agreement:

- (i) is entered into freely and voluntarily, without any degree of duress or compulsion whatsoever;
- (ii) has been duly authorized; and
- (iii) constitutes the valid and binding obligation of JHTT and JHTNA respectively, as set forth in the Agreement, enforceable against JHTT and JHTNA in accordance with its terms. The individuals signing the

Agreement on behalf of Johnson Health Tech represent and warrant that they are duly authorized by Johnson Health Tech to execute the Agreement.

33. The signatories represent that they are authorized to execute this Agreement.

34. The Agreement is governed by the laws of the United States.

35. The Agreement and the Order shall apply to, and be binding upon, Johnson Health Tech and each of its successors, transferees, and assigns; and a violation of the Agreement or Order may subject Johnson Health Tech, and each of its successors, transferees, and assigns, to appropriate legal action.

36. The Agreement, any attachments, and the Order constitute the complete agreement between the parties on the subject matter contained therein.

37. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. For purposes of construction, the Agreement shall be deemed to have been drafted by both of the parties and shall not, therefore, be construed against any party, for that reason, in any subsequent dispute.

38. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 C.F.R. § 1118.20(h). The Agreement may be executed in counterparts.

39. If any provision of the Agreement or the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall

remain in full force and effect, unless the parties agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

(Signatures on next page)

JOHNSON HEALTH TECH TRADING, INC.

Dated: July 28, 2026

By: Ryan Hoodjer
Ryan Hoodjer
Johnson Health Tech Trading, Inc.
Vice President of E-Commerce and Operations

Dated: July 27, 2026

By: Matt Howsare
Matthew R. Howsare
Cooley LLP
Counsel to Johnson Health Tech

JOHNSON HEALTH TECH NORTH AMERICA, INC.
(agreed where applicable)

Dated: July 28, 2026

By: Robert Hoge
Robert Hoge
Johnson Health Tech North America, Inc.
General Counsel – US Region

U.S. CONSUMER PRODUCT SAFETY
COMMISSION

Mary B. Murphy, Director
Leah Wade, Supervisory Attorney

Dated: July 28, 2026

By: Mark Raffman
Mark Raffman
Senior Trial Attorney

Division of Enforcement and Litigation
Office of Compliance and Field Operations

In the Matter of:

CPSC Docket No.: 26-C0004

Upon consideration of the Settlement Agreement entered into between Johnson Health Tech Trading, Inc. and Johnson Health Tech North America, Inc. (collectively, “Johnson Health Tech”) and the U.S. Consumer Product Safety Commission (“Commission” or “CPSC”), and the Commission having jurisdiction over the subject matter and over Johnson Health Tech, and it appearing that the Settlement Agreement is in the public interest, the Settlement Agreement is incorporated by reference and it is:

BY ORDER OF THE COMMISSION:

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