

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between EnviroProtect, LLC (“EP”) on the one hand and PLAY BY MAGIC PLAYBOOK LLC (“MAGIC PLAYBOOK”) on the other hand, with MAGIC PLAYBOOK and EP each individually referred to as a “Party” and collectively as the “Parties.”

1.2 Introduction and General Allegations.

1.2.1 EP is a limited liability company duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 EP alleges that MAGIC PLAYBOOK and/or Paper Source LLC (together with its affiliates, “Paper Source”) employ ten or more persons, and EP alleges that MAGIC PLAYBOOK 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”).

1.2.3 EP alleges that MAGIC PLAYBOOK and Paper Source imported, sold, and/or distributed for sale in California Covered Products, as defined below, that contain Di-(2-ethylhexyl) phthalate (“DEHP”), a chemical pursuant to Proposition 65 listed by the State of California to cause cancer and reproductive toxicity. EP further alleges that MAGIC PLAYBOOK failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP from the Covered Products. MAGIC PLAYBOOK denies these allegations on behalf of itself and Paper Source.

1.3 Product Description.

The products covered by this Settlement Agreement are the Wild with Washi Tape Set and bags, which were imported, sold and/or distributed for sale in California by MAGIC PLAYBOOK (“Covered Products”).

1.4 60 Day Notice of Violation and Exchange of Information.

On September 6, 2024, EP served MAGIC PLAYBOOK, Paper Source, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), related to the Covered Products, alleging that MAGIC PLAYBOOK and Paper Source violated Proposition 65. The Notice alleged that MAGIC PLAYBOOK and Paper Source had failed to warn their customers and consumers in California of the health hazards associated with exposures to DEHP from the import, sale and/or distribution of the Covered Products.

EP subsequently provided MAGIC PLAYBOOK with test results in EP’s possession concerning its allegations. MAGIC PLAYBOOK provided EP with sales data related to the Covered Products. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission.

The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65. Specifically, EP alleges that MAGIC PLAYBOOK and Paper Source imported, manufactured, sold or distributed for sale in the state of California, Covered Products which contained DEHP without first providing the clear and reasonable exposure warning required by Proposition 65. MAGIC PLAYBOOK, on behalf of itself and Paper Source, denies that such a warning is required under Proposition 65 or any otherwise applicable law.

MAGIC PLAYBOOK, on behalf of itself and Paper Source, further denies each and every material, factual, and legal allegation contained in the Notice and maintains that all of the products that it has imported, manufactured and/or sold and distributed in California, including the 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 MAGIC PLAYBOOK or Paper Source 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 MAGIC PLAYBOOK or Paper Source of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by MAGIC PLAYBOOK and Paper Source, as applicable. This Section shall not, however, diminish or otherwise affect MAGIC PLAYBOOK’s obligations, responsibilities, and duties under this Settlement Agreement. The Parties agree that MAGIC PLAYBOOK is fully defending, indemnifying and holding Paper Source harmless with respect to any and all claims set forth in the Notice and that MAGIC

PLAYBOOK is responsible to EP for all matters set forth therein.

1.6 Effective Date.

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

2. INJUNCTIVE RELIEF: REFORMULATED PRODUCTS

2.1 Reformulation Standard. Commencing on the Effective Date, and continuing thereafter, Covered Products that MAGIC PLAYBOOK imports, manufactures, ships to be sold or offers for sale or purchase in or into California, or sells in California shall be deemed to comply with Proposition 65, and be exempt from any Proposition 65 warning requirements with respect to DEHP if the Products meet the standard of "Reformulated Products." "Reformulated Products" shall mean Covered Products containing less than or equal to 1,000 parts per million (0.1%) DEHP when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C, CPSC-CH-C1001-09.3 or equivalent methodologies utilized by federal or state agencies for the purpose of determining DEHP content in a solid substance ("Reformulation Standard"). Covered Products currently in the channels of distribution with distributors and retailers may continue to be sold-through without any liability under Proposition 65 claimed by EP.

2.2 Warning Option. Covered Products that are not reformulated or do not meet the Reformulation Standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 within 60 days of the Effective Date. This warning shall only be required as to Covered Products that are sold or shipped out to consumers, retailers, or distributors in California after the Effective Date. No Proposition 65 warning for DEHP shall be required as to any Covered Products that are already in the stream of commerce as of the Effective Date.

2.3 Warning Language. Commencing within 60 days of the Effective Date, MAGIC PLAYBOOK shall ensure that any unreformulated Covered Products that it ships to California retailers or for sale in California include a clear and reasonable warning. The warning shall be affixed to the packaging or labeling using the language below:

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

⚠ **WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov.

The warning shall be prominently displayed 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 is reasonably likely to understand to which specific Product the warning applies, so as to minimize the risk of consumer confusion. If the product contains consumer information in a language other than English, the company must provide the warning in the other language(s). In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, MAGIC PLAYBOOK shall be entitled to use, at its discretion, such other warning text and/or methods of transmission without being deemed in breach of this Agreement.

2.4 **Internet Warnings.** For any Covered Products sold by MAGIC PLAYBOOK through the internet, the relevant warnings shall comply with the requirements of 27 Cal. Code Regs. § 25602(b), effective August 30, 2018.

3. **CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

MAGIC PLAYBOOK shall pay a civil penalty of \$500 to be apportioned in accordance with California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to EP. MAGIC PLAYBOOK shall issue two separate checks for the penalty payment: (a) one check made payable to the AXS Law Group LA LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment ("in Trust for OEHHA") in the amount of \$375 representing 75% of the initial civil penalty and (b) one check to "AXS Law Group LA LLP in Trust for EnviroProtect" in the amount of \$125, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to AXS Law Group LA LLP, who shall furnish a W9 at least five calendar days before payment is due. The payment shall be delivered within 10 business days of the Effective Date to the following address:

James Kawahito, Esq.
AXS Law Group LA LLP
6080 Center Dr. Suite 210
Los Angeles, CA 90045

Payment may also be made by wire or ACH or wire transfer. Instructions will be provided separately upon request.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that EP and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee reimbursement issue to be resolved after the material terms of the agreement had been settled. The parties reached an accord on the compensation due to EP and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement. More specifically, MAGIC PLAYBOOK shall pay the total amount of \$16,500 for fees and costs incurred by EP as a result of investigating, bringing this matter to the attention of MAGIC PLAYBOOK, and negotiating a settlement. MAGIC PLAYBOOK shall wire the funds (instructions will be provided upon request) or make payment by check payable to “AXS Law Group LA LLP.” The payment shall be made on the following schedule to the address below: within 10 business days of the Effective Date, MAGIC PLAYBOOK shall make an initial payment of \$8,500.00. Thereafter, Magic Playbook Thereafter, Magic Playbook shall make 4 monthly payments of \$2,000 beginning on December 15, 2024 and continuing through March 2025, for a total of \$16,500.

James Kawahito, Esq.
AXS Law Group LA LLP
6080 Center Dr. Suite 210
Los Angeles, CA 90045

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.

EP, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, releases MAGIC PLAYBOOK of any violation of Proposition 65 that was or could have been asserted by EP against MAGIC PLAYBOOK, Paper Source, and their parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees,

agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, licensors, each manufacturer or other entity supplying MAGIC PLAYBOOK with the Covered Products, and each entity to which MAGIC PLAYBOOK directly or indirectly distributes, ships or sells the Covered Products, including, but not limited to Paper Source, its owners, affiliates, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees and their owners, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, and assignees (collectively "Releasees") for any and all claims based on their alleged or actual failure to warn about alleged exposures to DEHP contained in the Covered Products that were allegedly manufactured, imported, distributed, sold and/or offered for sale by MAGIC PLAYBOOK and Paper Source either directly or through the Releasees) in California before the Effective Date. The Release shall also cover any Covered Products that were in the stream of commerce prior to the Effective Date. However, as of 60 days of the Effective Date, no new Products shall be shipped to or distributed in California that are not Reformulated Products or contain the warnings set forth in Sections 2.2 and 2.3. This release is provided in EP's individual capacity and is not a release on behalf of the public.

In further consideration of the promises and agreements herein contained, EP on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, also hereby waives all of its rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims against MAGIC PLAYBOOK and Releasees including, but not limited to Paper Source, that it or they may have including, without limitation, all actions, and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigative fees, expert fees, and attorneys' fees for any and all claims arising under Proposition 65 regarding the alleged or actual failure to warn about exposures to DEHP in the Covered Products allegedly manufactured, sold, or distributed for sale before the Effective Date by MAGIC PLAYBOOK or Releasees.

5.2 MAGIC PLAYBOOK'S Release of EP.

MAGIC PLAYBOOK on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against EP, its attorneys and other representatives, for any and all actions taken or statements made by EP and its attorneys and other representatives, whether in the course of investigating claims or otherwise

seeking to enforce Proposition 65 against it in this matter with respect to the Covered Products.

5.3 California Civil Code § 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. EP on behalf of itself only, on one hand, and MAGIC PLAYBOOK, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through 60 days after the Effective Date, including all rights of action therefor, including all rights of action therefor, including, without limitation, any claims by EP and its attorneys and other representatives, against Paper Source related to the Covered Products and the Notice. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims related to the Covered Products and the Notice. California Civil Code § 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 HER OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HER OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

EP and MAGIC PLAYBOOK each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65.

The Parties agree that compliance by MAGIC PLAYBOOK with this Settlement Agreement constitutes compliance by each of MAGIC PLAYBOOK and Paper Source and its affiliates with Proposition 65 with respect to exposure to lead from use of the Products.

5.5 Public Benefit.

It is MAGIC PLAYBOOK's contention that the commitments it has agreed to herein, and actions to be taken by MAGIC PLAYBOOK under this Settlement Agreement, would 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 MAGIC PLAYBOOK that to the extent any other private party initiates any action alleging a violation of Proposition 65 with respect to MAGIC PLAYBOOK and/or the Releasees relating to the Covered Products they have

manufactured, distributed, sold, or offered for sale in California and that are subject to this Settlement, such private party action would not confer a significant benefit on the general public provided that MAGIC PLAYBOOK is in material compliance with this Settlement Agreement.

5.6 Enforcement of Settlement Agreement.

Any party may file suit before the Superior Court of the County of Los Angeles to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

6. 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.

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. 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 with a courtesy copy by email to designated agent of Party indicated below, to the other Party at the following addresses:

Notices to MAGIC PLAYBOOK: Lynn R. Fiorentino
ArentFox Schiff LLP
44 Montgomery Street, 38th Floor
San Francisco, CA 94104
Email: lynn.fiorentino@afslaw.com

Notices to EP: EnviroProtect, LLC.
3142 W. 59th Pl.
Los Angeles, CA 90043
Email: enviroprotectca@gmail.com

with a copy to: James K. Kawahito, Esq.
AXS Law Group LA LLP

Attn. EP v. Magic Playbook
6080 Center Dr. Ste 210
Los Angeles, CA 90045
james@axslawgroup.com

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.

9. 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.

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

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

11. MODIFICATION

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

12. 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. The Parties agree that Paper Source and its affiliates shall be third party beneficiaries of this Agreement.

13. 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: 12/30/24

By: *Emilio Zelaya*
EnviroProtect, LLC

AGREED TO:

Date: 12-30-24

By: *[Signature]*
Magic by Magic Playbook, LLC