

SETTLEMENT AGREEMENT

AG Notice Nos. 2025-02131, 2024-05259, 2024-04968, and 2024-03962

1. INTRODUCTION

1.1 The Parties

This settlement agreement (Settlement Agreement) is entered into by and between Jay Epps (Epps) and Michaels Stores, Inc., and The Michaels Companies, Inc., (collectively, “Settling Entity” or Michaels), with Epps and the Settling Entity referred to as the “Parties.”

Epps is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Michaels employs ten or more persons. Epps alleges that Michaels is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5, *et seq.* (Proposition 65).

1.2 General Allegations

Epps alleges that the Settling Entity distributes, retails, and/or otherwise facilitates the sale of the products defined in subsection 1.3 below to (a) California consumers or (b) non-California consumers for which the products are shipped to an address in California (collectively, Customers), and that it does so without providing the online health hazard warning he contends is required by Proposition 65 for consumer exposures to lead, cadmium, and cadmium compounds (the “Listed Chemicals”). Cadmium and cadmium compounds is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer. Cadmium is listed pursuant to Proposition 65 as a chemical known to the State of California to cause developmental and male reproductive harm (reproductive toxicity). Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

1.3 Covered Products

The products covered by this Settlement Agreement are (i) artist paste paints containing cadmium and cadmium compounds (cadmium paint), including but not limited to the Gamblin

1980 Oil Color, 37ml – Cadmium Red Light (SKU: 10576954), the Gamblin 1980 Oil Color, 37ml – Cadmium Yellow Medium (SKU: 10576960), and the Gamblin 1980 Oil Color, 37ml – Cadmium Orange (SKU 10576952); (ii) lead came, including but not limited to the Variety Lead Came for Stained Glass Works, 3/16 Round U Lead (RU80), 6ft x 2 (SKU: 152398717820321805); (iii) artist paste paints containing lead (lead paint), including but not limited to the MH Michael Harding Handmade Artists Oil Colors Genuine Naples Yellow Dark, No. 606 Series 6 PY41, 40ml (SKU: 374026436721295384), the Michael Harding Handmade Artists Oil Colors Cremnitz White, No. 308 Series 3, PW1, 40ml (SKU: 374027665081942085), and the Old Holland Classic Oil Color - Flake White No. 1, 125ml (SKU: 181698499378216986); and (iv) oil-based grounds containing lead (lead oil grounds), including but not limited to the Williamsburg Artist Oil Colors Lead Oil Ground, 473ml (UPC: 7 38797 96440 2), expressly limited to items offered for sale by Michaels or third-party sellers on michaels.com (collectively referred to as the “Covered Product” or “Covered Products”). Covered Products include, but are not limited to, the exemplar product(s) expressly listed in the Notices of Violation described in Section 1.4.

1.4 Notices of Violation

On June 28, 2025, Epps served the Settling Entity and certain requisite public enforcement agencies with a 60-Day Notice of Violation (Cadmium Paint Notice) alleging that Michaels violated Proposition 65 when it failed to warn Customers that certain artist paste paints products expose users to cadmium and/or cadmium compounds. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Cadmium Paint Notice.

On December 16, 2024, Epps served the Settling Entity and certain requisite public enforcement agencies with a 60-Day Notice of Violation (Lead Came Notice) alleging that Michaels violated Proposition 65 when it failed to warn Customers that certain lead came products expose users to lead. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Lead Came Notice.

On November 22, 2024, Epps served the Settling Entity, and the requisite public enforcement agencies with a 60-Day Notice of Violation (Lead Paint Notice) alleging that Michaels violated Proposition 65 when it failed to warn Customers that certain artist paste paint products expose users to lead. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Lead Paint Notice.

On September 23, 2024, Epps served the Settling Entity and certain requisite public enforcement agencies with a 60-Day Notice of Violation (Lead Oil Grounds Notice) alleging that Michaels violated Proposition 65 when it failed to warn Customers that certain oil-based grounds products expose users to lead. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Lead Oil Grounds Notice.

The Cadmium Paint Notice, Lead Came Notice, Lead Paint Notice, and Lead Oil Grounds Notice are hereinafter collectively referred to as the "Notices."

1.5 No Admission

The Settling Entity denies the material, factual and legal allegations contained in the Notices and maintains that all Covered Products have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as either a waiver or admission by the Settling Entity of any fact, finding, conclusion of law, issue of law, or violation of law, in this or any other matter, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by the Settling Entity of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Michaels. This Settlement Agreement is the product of negotiation and compromise and is accepted by Settling Entity solely for purposes of settling, compromising, and resolving issues disputed in the Notices. This subsection shall not, however, diminish or otherwise affect the 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 the Settlement Agreement is fully executed by the Parties. The term “Compliance Date” shall refer to April 15, 2026.

2. INJUNCTIVE RELIEF: WARNINGS

2.1 Covered Product Warnings


(a) Michaels agrees, promises, and represents that, by the Compliance Date, to the extent it ships or sells Covered Products to California consumers, Michaels will either:

(1) provide the Section 2.1(b) warning on each Covered Product’s online product page by (i) Michaels applying the Section 2.1(b) warning itself, or (ii) Michaels instructing vendors and third-party sellers of the Covered Products to fulfill their existing contractual obligation by providing the Section 2.1(b) warning on each Covered Product’s online product page on michaels.com and Michaels confirming prompt placement of the Section 2.1(b) warning on each Covered Product’s online product page on michaels.com; or


(2) cease allowing the Covered Products to be offered without a Section 2.1(b) warning for sale in California on michaels.com.

(b) The warnings required by Section 2.1(a) shall be provided in a conspicuous and prominent manner such that they will be likely to be read or seen by the consumer prior to or at the time of the sale or purchase:

For Covered Products containing Lead:

 **WARNING:** This product can expose you to chemicals including lead, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.


For Covered Products containing Cadmium and/or Cadmium Compounds:

 **WARNING:** This product can expose you to chemicals including cadmium and cadmium compounds, 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.

Michaels may alternatively use a short-form warning (Short-Form Warning) language so long as it is allowed under Proposition 65's implementing regulations. For Covered Products manufactured and labeled after January 1, 2028, the Short-Form Warning shall consist of the following statement:

For Covered Products containing Lead:

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

For Covered Products containing Cadmium and/or Cadmium Compounds:

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

(c) Michaels shall notify in writing all vendors and third-party sellers of the Covered Products of the legal requirement to provide the Section 2.1(b) warning statement for each Covered Product online, and that the California Attorney General requires that vendors and third-party sellers of the Covered Products that are subject to Proposition 65 also apply the Section 2.1(b) warning statement, or a Proposition 65 compliant warning, directly on the packaging of the Covered Products. Michaels shall not be responsible or liable for failures of any vendors or third-party sellers of the Covered Products to fulfill their independent Proposition 65 obligations.

(d) To the extent that the product information for any of the Covered Products appears in a foreign language (e.g., if a potential purchaser chooses to review michaels.com's website in Spanish, using michaels.com's translation feature), the Proposition 65 warning shall appear in the same foreign language.

(e) The Parties understand and agree that some Covered Products may be offered for sale on michaels.com without the Section 2.2 warning, if the shipping address entered by a

customer is not in California, and that the lack of a warning under such circumstances is not a breach of this Settlement Agreement or a violation of Proposition 65.

2.2 Covered Products in the Stream of Commerce

Any Covered Products sold prior to the Compliance Date shall not be subject to the requirements of Section 2.1.

2.3 Right to Cure (No Assignment or Transfer of Claims)

As of the time of this Settlement Agreement, neither Epps nor his counsel have any specific knowledge of the presence of any other Covered Products listed to be sold and to be shipped to an address in California that, in their opinion, fail to comply with Proposition 65's warning requirement. Epps represents and warrants neither he nor his agents or attorneys have assigned or otherwise transferred, or attempted to assign, or transfer, any claim or claims against Michaels based on the Notices or the subject matter of the Notices. Epps further warrants that neither he nor his agents or attorneys are aware of any other potential private enforcer or attorney who intends to bring litigation based on the subject matter of the Settlement Agreement.

To the extent Epps, his agents, or his attorneys identify any Covered Product for sale on michaels.com to consumers in California, which they believe is not in compliance with this Settlement Agreement, Epps agrees to advise Michaels of such alleged breach in the manner set forth in Section 7, and provide Michaels with forty-five (45) calendar days (calculated from the date written notice is provided electronically) to cure any alleged violation, including by providing a Proposition 65 warning or taking action to ensure that the product is not sold to any purchaser with a shipping address in California. Such notice to Michaels shall contain information sufficient for Michaels to identify the product(s) and the product's seller, which shall include the Universal Product Code (UPC) Number, the name of the product, a screenshot of the product's online listing, and at least a summary explanation as to why Epps believes it is a Covered Product not in compliance.

If the alleged non-compliance is cured within the forty-five (45) calendar days, then Michaels shall: (i) not be deemed in breach or violation of Proposition 65 based on the Notices, or in breach of this Settlement Agreement in any respect; (ii) Epps shall take no further action to enforce Proposition 65 based on the Notices or this Settlement Agreement; (iii) Epps shall not be entitled to seek or recover any civil penalties; (iv) Epps and his counsel shall not be entitled to seek or recover any attorneys' fees or costs, or any other available remedies arising from or relating to the alleged failure to comply with Proposition 65 or the terms of this Settlement Agreement; and (v) the matter shall be deemed to be resolved by and between Michaels and Epps as to such products.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Fines

Pursuant to Health & Safety Code §25249.7(b), and in settlement of all claims alleged in the Notices, the Settling Entity agrees to pay a total of \$8,200 in civil fines. This payment will be allocated in accordance with Health & Safety Code §25249.12(c)(1) and (d), with 75% of the penalty amount paid to the Office of Environmental Health Hazard Assessment (OEHHA), and the remaining 25% of the penalty amount paid to and retained by Epps.

Within forty-five (45) calendar days of the Effective Date and Michaels' receipt of a current W-9 from Plaintiff, whichever date is later, Michaels will deliver its civil penalty payment to the address in Section 3.3 by overnight courier, with a tracking number, or through an automatic electronic transfer. Michaels acknowledges that it has received the requested W-9s as of March 9, 2026. For non-electronic payments, the Settling Entity shall provide two checks made payable to: (a) "OEHHA" in the amount of \$6,150; and (b) "Jay Epps" in the amount of \$2,050. Thereafter, Epps' counsel shall send the portions of the penalties paid by the Settling Entity to OEHHA and Epps.

3.2 Reimbursement of Attorneys' Fees and Costs

The Parties acknowledge that Epps and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, 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 finalized, the Settling Entity expressed a desire to resolve Epps' fees and costs. The Parties then negotiated a resolution of the compensation due to Epps' counsel under general contract principles, Proposition 65 implementing regulation for fee awards at 11 California Code of Regulations §3201 and/or the private attorney general doctrine codified at California Code of Civil Procedure §1021.5. For all work performed in connection with the claims alleged in the Notices through the mutual execution of this agreement, the Settling Entity shall reimburse Epps' counsel \$31,800.

Within forty-five (45) calendar days of the Effective Date and Michaels' receipt of a current W-9 from Plaintiff and Plaintiff's counsel, whichever date is later, Michaels will deliver its payment to the address in Section 3.3 by courier, with a tracking number, or through an automatic electronic transfer. For non-electronic payments, Michaels shall provide a check made payable to "Chanler, LLC." Michaels acknowledges that it has received the requested W-9s as of March 9, 2026.

This reimbursement shall cover all fees and costs incurred by Epps investigating, bringing this matter to the Settling Entity's attention, and negotiating a settlement for the claims alleged in the Notices in furtherance of the public interest for the Covered Products.

3.3 Payment Address

All non-electronic payments required by this Settlement Agreement shall be delivered to the following address:

Chanler, LLC
Attn: Proposition 65 Controller
72 Huckleberry Hill Road
New Canaan, CT 06840

4. CLAIMS COVERED AND RELEASED

4.1 Epps' Release of the Settling Entity and Releasees

This Settlement Agreement is a full, final and binding resolution between Epps, as an individual (and not on behalf of the public yet furthers its health interest), and the Settling Entity,

of any violation of Proposition 65 that was or could have been asserted by Epps on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against the Settling Entity and each of its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Michaels directly or indirectly distributes or sells the Covered Products (Releasees), for failure to warn online about alleged exposures to lead, cadmium, and/or cadmium compounds contained in the Covered Products sold on michaels.com. This release is expressly limited to Covered Products sold on michaels.com by Michaels and/or offered for sale for shipment to persons with a California address before the Compliance Date.

In further consideration of the promises and agreements herein contained, Epps as an individual and not on behalf of the public, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby fully waives all of his rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims that he may have against Michaels and Releasees, 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 without limitation investigation fees, expert fees, and attorneys' fees), arising under Proposition 65 with respect to lead, cadmium, and/or cadmium compounds in the Covered Products. Nothing in this subsection shall affect Epps' right to commence an action under Proposition 65 against the Settling Entity and its Releasees that does not involve the Covered Products.

4.2 The Settling Entity's Release of Epps

The Settling Entity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Epps and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Epps and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 in connection with the Notices or the Covered Products.

4.2 California Civil Code Section 1542

It is possible that other claims not known to the Parties including those arising out of the facts alleged in the Notices relating to the Covered Products sold by Settling Entity through the Effective Date will develop or be discovered. Epps, on behalf of himself, his past and current agents, representatives, attorneys, successors, and or assignees only on the one hand, and Settling Entity, on the other hand acknowledge that this Settlement Agreement is expressly intended to cover and include: all such claims against Releasees for the Covered Products sold by Settling Entity through the Effective Date. The Parties acknowledge that the claims released in §§ 4.1 and 4.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims related to the Covered Products. California Civil Code § 1542 reads as follows:

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

Epps and Settling Entity each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

4.3 Representations

Epps’ counsel agrees that as of the Effective Date of this Agreement, they are not aware of, and have not been informed of, any other person, potential claimant, plaintiff, or attorney who, to their knowledge, intends to bring the same or similar claims against the Releasees, as defined above, that Epps has asserted in the Notices concerning the Covered Products.

Michaels’s counsel confirms that, on or before February 26, 2026, it transmitted pertinent sales data for the Covered Products to Epps’ counsel. The civil fines assessed, as set forth in Section 3.1, are largely based on such information.

5. SEVERABILITY

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

6. GOVERNING LAW & ENFORCEMENT

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. Nothing in this Settlement Agreement shall be interpreted to relieve the Settling Entity from any obligation to comply with any pertinent state or federal law.

The Parties agree that if the OEHHA changes its warning regulations affecting Section 2 above, then the Settling Entity may either conform with the revised law or continue to conform with the terms provided in this Settlement Agreement if the new implementing regulations so allow. In doing so, the Settling Entity will be in compliance with this Settlement Agreement as long as it continues to fulfill any warning obligations unaffected by such new changes. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Covered Products, then the Settling Entity shall provide written notice to Epps 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 Covered Products are so affected.

7. NOTICE

Unless specified herein, all correspondence, notices, and service of process required to be provided pursuant to this Settlement Agreement shall be in writing and sent by electronic mail *and*

any of the following: (a) personal delivery; (b) first class mail, registered or certified mail, return receipt requested; or (c) overnight courier, sent to the following addresses:

For the Settling Entity:

William F. Tarantino
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
wtarantino@mof.com

David Kilpatrick
The Michaels Companies, Inc.
3939 West John Carpenter Freeway
Irving, TX 75063

For Epps:

Proposition 65 Coordinator
Chanler, LLC
72 Huckleberry Hill Road
New Canaan, CT 06840
clifford@chanlerLLC.com

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

8. COUNTERPARTS; FACSIMILE AND 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)

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

10. MODIFICATION


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

11. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement and have read, understood, and agreed to all of the terms and conditions contained herein.

AGREED TO: Date:

March 30, 2026

By:  _____

JAY EPPS

AGREED TO:

Date: March 26th, 2026

By:  _____

NAME: David Kilpatrick

TITLE: Associate General Counsel

MICHAELS STORES, INC., AND THE
MICHAELS COMPANIES, INC.