

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Dennis Johnson (“Johnson”) and Plaid Enterprises, Inc. (“Plaid Enterprises”), with Johnson and Plaid Enterprises 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 Plaid Enterprises 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 Plaid Enterprises manufactures, sells, and/or distributes for sale in California, Wood Burning Tips and Stamps containing lead. Lead is listed pursuant to Proposition 65 as a chemical known to cause birth defects and other reproductive harm. Johnson alleges that Plaid Enterprises failed to provide a Proposition 65 warning for exposure to lead.

1.3 Product Description

The products covered by this Settlement Agreement are specifically defined as, and limited to, *Plaid Enterprises Hot Tip & Stamp Set, UPC: 0 28995 11879 1*, that are manufactured, sold, or distributed for sale in California by Plaid Enterprises (hereinafter referred to as “Products”).

1.4 Notice of Violation

On September 26, 2025, Johnson served Plaid Enterprises, 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 exposure 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

Plaid Enterprises 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 Plaid Enterprises 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 Plaid Enterprises of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Plaid Enterprises. This Section shall not, however, diminish or otherwise affect Plaid Enterprises's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean June 18, 2026.

2. INJUNCTIVE RELIEF

2.1 Reformulation or Warning

Within one hundred twenty (120) days of the Effective Date, Plaid Enterprises 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 or accompanied by a warning set forth in sections 2.3 and 2.4. The parties acknowledge that Plaid Enterprises's commitment to reformulate the Products is not the exclusive method of complying with Proposition 65. The Parties agree and intend that Plaid Enterprises's compliance with the terms of this Settlement Agreement shall constitute compliance by Plaid Enterprises 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 accessible component 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.

2.3 Product Warnings


Commencing within one hundred twenty (120) days after the Effective Date, and continuing thereafter, a clear and reasonable warning as set forth in §§ 2.3 and 2.4 must be provided for all Products that Plaid Enterprises manufacturers, imports, distributes, sells, or offers for sale in California that is not a Reformulated Product. There shall be no obligation for Plaid Enterprises to provide an exposure warning for Products that entered the stream of commerce prior to or within one hundred twenty (120) days after the Effective Date, because such Products have been included in the calculation of the civil penalties contained in section 3.1 and are subject to the releases contained herein.

The warning shall consist of either the **Warning** or **Alternative Warnings** described in §§ 2.3(a) or (b), respectively:


- (a) **Warning.** The “Warning” shall consist of the statement:

 **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.

(b) **Alternative Warnings.** Plaid Enterprises may, but is not required to, use the alternative short-form warnings as set forth in this § 2.3(b) (“Alternative Warnings”) as follows:

 **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.P65 Warnings.ca.gov](http://www.P65Warnings.ca.gov); or

OR

(for Products labeled before January 1, 2028)

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

2.4 Method of Transmission

Product Labeling. Plaid Enterprises 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. Where Plaid Enterprises offers Products to California customers via its own proprietary internet website or any website over which Plaid Enterprises has control, Plaid Enterprises 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 Plaid Enterprises does not have control over the content of known third-party internet sellers to whom Plaid Enterprises supplies Products, Plaid Enterprises shall provide such sellers with written notice, in accordance with Title 27, California Code of Regulation, Section 25600.2, of their warning obligations. Third-party internet sellers who receive notice pursuant to Section 25600.2 and fail to provide a clear and reasonable Proposition 65 warning pursuant to this section, shall not be deemed in compliance with this Settlement Agreement and shall not receive any benefit or protection afforded hereunder.

Catalog. In addition to the product labeling, if Plaid Enterprises sells Products via its own proprietary catalog or any catalogue over which Plaid Enterprises 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 Plaid Enterprises does not have control over the content of known third-party catalog sellers to whom Plaid Enterprises supplies Products, Plaid Enterprises shall provide such sellers with written notice, in accordance with Title 27, California Code of Regulation, Section 25600.2, of their warning obligations. Third-party catalog sellers who receive notice pursuant to Section 25600.2 and fail to provide a clear and reasonable Proposition 65 warning pursuant to this section, shall not be deemed

in compliance with this Settlement Agreement and shall not receive any benefit or protection afforded hereunder.

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.

2.5 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 Plaid Enterprises 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.

2.6 Compliance with Proposition 65

The Parties agree and intend that Plaid Enterprises’s compliance with the terms of this Settlement Agreement shall constitute compliance by Plaid Enterprises with Proposition 65 with respect to exposures to Lead from the Products or Reformulated Products.

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, Plaid Enterprises agrees to pay \$2,000.00 in civil penalties on or before June 30, 2026. 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. Plaid Enterprises will make its payment in two checks, delivered to the address in Section 3.3, as follows: (1) to “OEHHA” in the amount of \$1,500.00; and (2)

to “Dennis Johnson” in the amount of \$500.00.

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, Plaid Enterprises 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, Plaid Enterprises agrees to pay, on or before June 30, 2026, \$18,500.00, 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 Plaid Enterprises’s 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. Plaid Enterprises 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 Plaid Enterprises, its parents, subsidiaries, affiliated entities under common ownership, its and

their respective equity holders, directors, managers, officers, representatives, agents employees, attorneys, successors and assigns, and each entity to whom Plaid Enterprises 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 one hundred and twentieth (120th) day following 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 Plaid Enterprises.

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 Plaid Enterprises through the one hundred and twentieth (120th) day following 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 Plaid Enterprises. Nothing in this Section affects Johnson’s right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Plaid Enterprises’s Products.

4.3 Plaid Enterprises's Release of Johnson

Plaid Enterprises, 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 as of the Effective Date, with respect to the Products.

5. PUBLIC BENEFIT

It is the Parties' understanding that the commitments it has agreed to herein, and actions to be taken by Plaid Enterprises 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 the Parties that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Plaid Enterprises's or any Releasee's failure to provide a warning concerning exposure to lead prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that Plaid Enterprises is in material compliance with this Settlement Agreement.

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. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the

Products, then Plaid Enterprises 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.

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 on any Party by the other at the following addresses:

For Plaid Enterprises:

Ryan S. Landis
Gorden Rees Scully Mansukhani
5 Park Plaza, Suite 1100
Irvine, CA 92614

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.

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)

Johnson and his 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.

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.

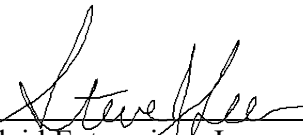
AGREED TO:

AGREED TO:

Date: _____

Date: June 18, 2026

By: _____
Dennis Johnson

By:  _____
Plaid Enterprises, Inc.

Parties.

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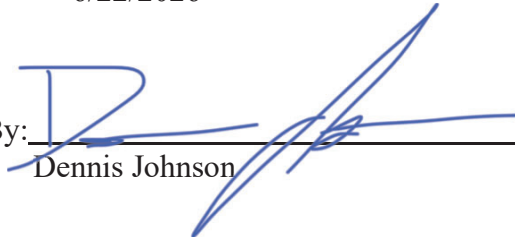
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 6/22/2026

Date: _____

By: 
Dennis Johnson

By: _____
Plaid Enterprises, Inc.