

## **SETTLEMENT AGREEMENT**

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and Sand Cloud Holdings, LLC (“Sand Cloud”), on the other hand, with EHA and Sand Cloud each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that Sand Cloud 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 § 25249.6 *et seq.* (“Proposition 65”).

#### **1.2 General Allegations**

EHA alleges that Sand Cloud sells and/or distributes for sale in California, thermal receipt paper products that contain Bisphenol S (BPS) and that it does so without first providing the health hazard warning required by Proposition 65. BPS is listed pursuant to Proposition 65 as a chemical known to cause reproductive harm.

#### **1.3 Product Description**

The product covered by this Settlement Agreement is defined as, and expressly limited to thermal receipt paper (“Covered Product”), that is used, distributed, and/or provided to customers in California by Sand Cloud.

#### **1.4 Notice of Violation**

On or around July 18, 2025, EHA served Sand Cloud, the California Attorney General, and certain other public enforcement agencies with a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice alleged that Sand Cloud had violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to BPS contained in Covered Product. The Notice was subsequently amended on October 3, 2025 to provide information identifying the location(s) where exposures occurred,

To the best of the parties’ knowledge, no public enforcer has commenced or is otherwise

prosecuting an action to enforce the violations alleged in the Notice.

### **1.5 No Admission**

Sand Cloud denies the material, factual, and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including Covered Product, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Sand Cloud 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 Sand Cloud of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Sand Cloud. This Section shall not, however, diminish or otherwise affect Sand Cloud'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 the date this Settlement Agreement is executed by the Parties.

## **2. INJUNCTIVE RELIEF**

### **2.1 Reformulation Standard**

Beginning thirty (30) days after the Effective Date, Defendant shall be permanently enjoined from purchasing for use, distributing, providing, or offering to provide thermal receipt paper in California or in any shipments to California addresses that is not BPS Free. "BPS Free" means thermal paper that contains less than 200 parts per million ("ppm") of BPS or Bisphenol A ("BPA") when tested for total content using a Liquid Chromatography Mass-Spectrometer, and does not contain either BPA or BPS as an intentionally added ingredient.

### **2.2 Grace Period for Existing Inventory of the Covered Product**

The injunctive requirements of Section 2 shall not apply to Covered Product that is already in the stream of commerce as of the Effective Date, which Covered Product is expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Product that is in the stream of commerce specifically includes, but is not limited to, Covered Product that was procured by Sand Cloud prior to its receipt of the Notice.

## **2.3 Enforcement Provision**

If Sand Cloud demonstrates the following, EHA shall take no further action against Sand Cloud: (i) the thermal receipt paper used at the location at which the allegedly violative Covered Product was provided or obtained from a supplier that had provided a written specification certificate of compliance, supported by a test result, that the Covered Product was BPS Free, (ii) Sand Cloud had not previously received a Notice of Violation for Covered Products supplied by the same supplier, and (iii) the alleged violation has been cured by Sand Cloud.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Civil Penalty Payment**

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Sand Cloud agrees to pay one thousand dollars (\$1,000.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by EHA. Sand Cloud shall issue two separate checks for the initial civil penalty payment to (a) “OEHHA” and (b) Environmental Health Advocates, Inc. as follows:

- One payment of \$750.00 to OEHHA, due fourteen (14) days after the Effective Date.
- One payment of \$250.00 to EHA, due fourteen (14) days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) via ACH or wire transfer. EHA or Entorno Law, LLP agree to provide wire instructions upon execution of this Agreement.

All penalty payments owed to EHA shall be sent to via ACH or wire transfer. EHA or Entorno Law, LLP agree to provide wire instructions upon execution of this Agreement.

### **3.2 Attorney Fees and Costs**

The Parties reached an accord on the compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Sand Cloud agrees to pay eleven thousand dollars (\$11,000.00) to EHA and its counsel for all fees and

costs incurred in investigating, bringing this matter the attention of Sand Cloud, and negotiating a settlement. The eleven thousand dollars (\$11,000.00) to Attorney's Fees and Costs shall be payable to Entorno Law, LLP as one payment of \$11,000.00 due fourteen (14) days after the Effective Date.

All payments required under this Section shall be payable to Entorno Law, LLP and delivered via ACH or wire transfer. EHA or Entorno Law, LLP agree to provide wire instructions upon execution of this Agreement.

### **3.3 Tax Documentation**

Sand Cloud agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that Sand Cloud cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Sand Cloud receives the requisite W-9 forms from EHA's counsel.

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 EHA's Release of Sand Cloud**

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA, on its own behalf, and Sand Cloud for all claims that can or could have been asserted by EHA, on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees, against Sand Cloud and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom Sand Cloud directly or indirectly distributes or sells the Covered Product, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees ("Releasees"), based on the failure to warn about exposures to BPS required under Proposition 65 in the Covered Product sold or distributed for sale in California by Sand Cloud before the Effective Date, as alleged in the Notice, or for any other reason.

In further consideration of the promises and agreements herein contained, EHA on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims against Sand Cloud and Releasees including, without

limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising under Proposition 65 with respect to the alleged or actual failure to warn about exposures to BPS required under Proposition 65 in the Covered Product manufactured, distributed, sold or offered for sale by Sand Cloud, before the Effective Date.

#### **4.2 Sand Cloud's Release of EHA**

Sand Cloud, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Product.

#### **4.3 California Civil Code Section 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 Product will develop or be discovered. EHA on behalf of itself only, on one hand, and Sand Cloud on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and 4.2 may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 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 HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

EHA and Sand Cloud each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

**5. PUBLIC BENEFIT**

It is Sand Cloud's understanding that the commitments it has agreed to herein, and actions to be taken by Sand Cloud under this Settlement Agreement 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 Sand Cloud that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to Sand Cloud's alleged failure to provide a warning concerning actual or alleged exposure to BPS prior to use of the Covered Product 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 the Covered Product addressed in this Settlement Agreement, provided that Sand Cloud 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 held 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. ENFORCEMENT**

In any action to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

**9. 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 Sand Cloud:

Aya Z. Elalami

Thompson Coburn LLP  
10100 Santa Monica Boulevard Suite 500  
Los Angeles, CA 90067  
[aelalami@thompsoncoburn.com](mailto:aelalami@thompsoncoburn.com)

For EHA:

Noam Glick  
Entorno Law, LLP  
225 Broadway, Suite 1900  
San Diego, CA 92101

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.

**10. 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.

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

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

**12. MODIFICATION**

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

**13. AUTHORIZATION**

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

**AGREED TO:**

**AGREED TO:**

Date: 1/9/25

Date: 11/17/25

By:   
ENVIRONMENTAL HEALTH  
ADVOCATES, INC.

By:   
SAND CLOUD HOLDINGS, LLC