

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of United States Customs and Border Protection (CBP) (collectively the United States), Allied Stone, Inc. (Allied Stone) and its President Jia “Jerry” Lim (together the Allied Defendants), and Melinda Hemphill (Relator) (the United States, the Allied Defendants, and Relator hereafter collectively referred to as the Parties), through their authorized representatives.

RECITALS

A. Allied Stone is an Oklahoma corporation, headquartered in Dallas, Texas, that supplies countertop and cabinetry products through business locations in Texas and Oklahoma. It imports various stone surface products, including quartz, granite, and marble, into the United States, both directly and by utilizing various third-party companies as importers of record.

B. On November 24, 2021, Relator filed a qui tam action in the United States District Court for the Northern District of Texas captioned *United States of America ex rel. Melinda Hemphill v. Allied Stone, Inc., et al.*, No. 3:21-CV-2955-K, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). The United States is partially intervening in the Civil Action for purposes of settlement.

C. The United States contends that it has certain civil claims against the Allied Defendants arising from their conduct in knowingly and improperly evading, or conspiring in the evasion of, antidumping and countervailing duties owed to the United States on quartz surface products imported into the United States from the People’s

Republic of China (China) between September 29, 2018 and February 7, 2023 (the Relevant Time Period). Specifically, the United States contends that during the Relevant Time Period:

1. The Allied Defendants misrepresented, caused to be misrepresented, or conspired in the misrepresentation of Chinese quartz surface products as other merchandise subject to lesser duties, such as marble or crystallized glass, to improperly avoid applicable antidumping and countervailing duties on Chinese quartz surface products imported into the United States. These Chinese quartz surface products were delivered to Allied Stone's warehouses or jobsites.
2. The Allied Defendants failed to declare and pay, and failed to ensure that others (including manufacturers and third-party entities serving as the official importers of record) were declaring and paying, applicable antidumping and countervailing duties owed to the United States on entries of Chinese quartz surface products imported into the United States. Various, these items were falsely represented as merchandise originating from locations other than China or as merchandise subject to lesser duties, such as marble or crystallized glass, and delivered to Allied Stone's warehouses or jobsites.

This conduct is referred to below as the "Covered Conduct."

D. This Settlement Agreement is neither an admission of liability by the Allied Defendants nor a concession by the United States that its claims are not well founded.

E. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the

proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The Allied Defendants shall collectively pay to the United States \$12,405,000.00, of which \$6,202,500.00 is restitution, plus interest at a rate of 3.97% per annum from July 16, 2025 and continuing until and including the date of payment (the Settlement Amount) as follows:

- a. Allied Stone shall pay to the United States \$12,300,000, plus accrued interest as set forth above (Allied Stone Settlement Amount) no later than 30 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.
- b. Jia "Jerry" Lim shall pay to the United States \$105,000, plus accrued interest as set forth above (Lim Settlement Amount) no later than 30 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

Notwithstanding the foregoing, Allied Stone and Jia "Jerry" Lim agree that each is jointly and severally liable for the entire Settlement Amount, and that if any of the above payments (or portions thereof) is not received from the payor identified above, any

unpaid payment or portion is and remains a joint and several obligation of both Allied Stone and Jia “Jerry” Lim.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$2,170,875.00, plus a proportionate share of any interest, to Relator by electronic funds transfer (Relator’s Share). No other relator payments shall be made by the United States with respect to the matters covered by this Agreement.

3. The Allied Defendants agree to pay a total of \$288,007.01 to Relator pursuant to 31 U.S.C. § 3730(d) in satisfaction of attorneys’ fees, expenses, and costs incurred by Relator in connection with the Civil Action by no later than 30 days after the Effective Date. Payment under this paragraph shall be made by instructions provided by Relator’s counsel.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, the United States releases the Allied Defendants, including Allied Stone’s parents, subsidiaries, corporate affiliates, successors, or assigns, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Tariff Act of 1930, 19 U.S.C. §§ 1592 and 1595a, as amended; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States’ receipt of the Settlement Amount, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases the Allied Defendants, including their

parents, subsidiaries, affiliates, successors, assigns, shareholders, members, officers, directors, employees, or companies with common ownership, from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

6. Notwithstanding the releases given in Paragraph 4 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement; and
- f. Any liability of individuals other than Jia "Jerry" Lim.

7. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and her heirs,

successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

8. Relator, for herself, and for her heirs, successors, attorneys, agents, and assigns, releases the Allied Defendants, and their officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

9. The Allied Defendants waive and shall not assert any defenses that they may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

10. The Allied Defendants fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that the Allied Defendants have asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

11. The Allied Defendants fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that the Allied Defendants have asserted, could have asserted, or may

assert in the future against the Relator, related to the Civil Action and the Relator's investigation and prosecution thereof.

12. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of the Allied Defendants, and their present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) the Allied Defendants' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment the Allied Defendants make to the United States pursuant to this Agreement and any payments that the Allied Defendants may make to Relator, including costs and attorneys fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by the Allied Defendants, and the Allied

Defendants shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for

Payment: Within 90 days of the Effective Date of this Agreement, the Allied Defendants shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by the Allied Defendants or any of their subsidiaries or affiliates from the United States. The Allied Defendants agree that the United States, at a minimum, shall be entitled to recoup from the Allied Defendants any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine the Allied Defendants' books and records and to disagree with any calculations submitted by the Allied Defendants or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by the Allied Defendants, or the effect of any such Unallowable Costs on the amount of such payments.

13. This Agreement is intended to be for the benefit of the Parties only.

14. Upon receipt of the Settlement Amount, the Relator and the United States will promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). For the United States, the dismissal will be with prejudice as to the Allied Defendants as to the Covered Conduct released by the United States in the Settlement Agreement, but otherwise will be without prejudice including as to any other defendant. For the Relator, the dismissal will be with prejudice as to all

claims and all defendants.

15. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

17. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Northern District Texas. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

18. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

19. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

20. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

21. This Agreement is binding on each of the Allied Defendants' successors, transferees, heirs, and assigns.

22. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.


23. All parties consent to the United States' disclosure of this Agreement, and

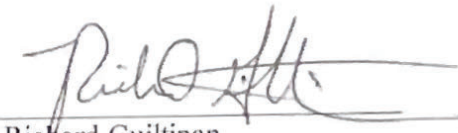
information about this Agreement, to the public.

24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE PAGES FOLLOW]

THE UNITED STATES OF AMERICA

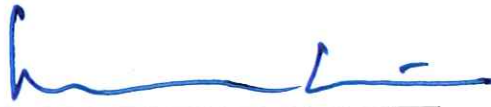
DATED: 7/29/25 BY: 
Gavin M. Thole
Trial Attorney
Commercial Litigation Branch
Civil Division, United States Department of Justice

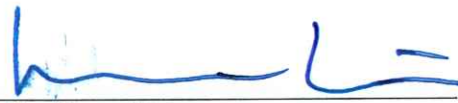
DATED: 7/28/25 BY: 
Richard Gultinan
Najib Gazi
Assistant U.S. Attorneys
United States Attorney's Office for the
Northern District of Texas


DATED: _____ BY: _____
PATRICIA MCCARTHY Digitally signed by
PATRICIA MCCARTHY
Date: 2025.07.28
19:52:20 -04'00'
Patricia M. McCarthy
Director
Commercial Litigation Branch
Civil Division, United States Department of Justice

DATED: _____ BY: _____
CHRISTOPHER BERRIDGE Digitally signed by CHRISTOPHER
BERRIDGE
Date: 2025.07.28 13:29:56 -04'00'
Christopher A. Berridge
Trial Attorney
Commercial Litigation Branch
Civil Division, United States Department of Justice

THE ALLIED DEFENDANTS

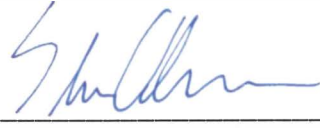
DATED: 7/14/25 BY: 
Jia "Jerry" Lim, President
On behalf of Allied Stone, Inc.

DATED: 7/14/25 BY: 
Jia "Jerry" Lim
In his individual capacity

DATED: 07/25/2025 BY: 
Erin Nealy Cox
John R. Lausch, Jr.
Stephen P. Fahey
Counsel for the Allied Defendants

MELINDA HEMPHILL (RELATOR)

DATED: 7/24/2025 BY: Melinda A. Hemphill
Melinda Hemphill

DATED: 7/24/2025 BY: 
Stephen Obermeier
Wiley Rein LLP
Counsel for Relator Melinda Hemphill