



200 SW Market Street, Suite 1777
Portland, Oregon 97201-5771

T 503.225.0777

F 503.225.1257

www.hk-law.com

Michael E. Haglund
Michael K. Kelley
Michael G. Nell
Julie A. Weis
Christopher Lundberg
Matt Malmshemer
Joshua Stellmon
Eric J. Brickenstein
Christopher T. Griffith

LeRoy W. Wilder
Retired

June 9, 2020

TO: U.S. IMPORTERS AND RESELLERS OF BRAZILIAN PS 1-09 PLYWOOD

**PRODUCT ADVISORY REGARDING
BRAZILIAN STRUCTURAL PLYWOOD**

Re: U.S. Structural Plywood Integrity Coalition, et al v. PFS Corporation dba PFS-TECO, Timber Products Inspection, Inc. Inc., et al., Southern Florida USDC Case No. 19-cv-62225-RKA

We represent a coalition of ten family-owned plywood companies who operate 12 plywood mills in the Pacific Northwest and the U.S. South. Last September, these companies formed the U.S. Structural Plywood Integrity Coalition and filed suit in federal court in Florida against Timber Products Inspection, Inc. (“TPI”) and PFS Corporation (“PFS-TECO”). These are the two companies that certify and inspect the more than 30 plywood mills in southern Brazil producing structural grade plywood shipped to the U.S. The building codes in all 50 states require this plywood to be stamped PS 1-09, which stands for “Product Standard 1-09” and the stamp must also show the publicly available number of the mill and the trademark of its certifier and inspector.

The coalition’s lawsuit was brought for the purpose of stopping the increasing volumes of Brazilian plywood stamped PS 1-09 flowing into the U.S. that is so off-grade that it poses a serious health and safety risk to the U.S. public. **The purpose of this letter is to strongly recommend that all U.S. importers or resellers of Brazilian PS 1-09 plywood stop importing structural plywood from Brazil and quarantine whatever they have in inventory in the U.S.**

On a quarterly basis in 2018 and 2019, off-grade Brazilian plywood accounted for between 6% and 10% per quarter of consumption of structural plywood in the U.S. All of this off-grade plywood bears the licensed grade stamps of either TPI or PFS-TECO. Two sets of tests – by the American Plywood Association in 2018 and by Clemson University in 2019 – showed massive failures of Brazilian PS 1-09 stamped plywood to meet the required levels of bending stiffness, plywood’s most important strength property.

Just days ago, a mediation produced a settlement between the coalition and a third defendant, International Accreditation Service, Inc. (“IAS”), a well-regarded nonprofit accreditor of organizations inspecting and testing structural plywood under the PS 1-09 standard including TPI and PFS-TECO. The settlement agreement notes that the coalition and IAS “have a mutual interest in working cooperatively to facilitate the development and use of model building codes and product standards that promote public safety.” IAS is now joining the coalition in advocating for “enhanced oversight procedures” for certification, inspection and testing agencies through the PS 1 Standing Committee, which oversees the PS 1-09 standard.

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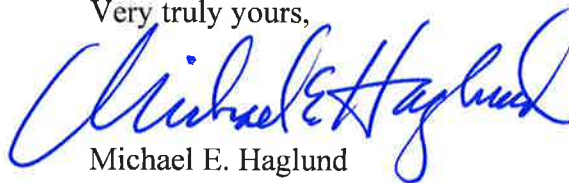
On June 5, the plaintiff coalition filed a motion for preliminary injunction with federal Judge Roy Altman in Florida. The motion is supported by 24 declarations seeking a court order requiring TPI and PFS-TECO to revoke all of the PS 1-09 certificates each agency has issued to Brazilian plywood mills. TPI and PFS-TECO must now respond by June 19 and the motion will likely be heard sometime in late June or early July. If the motion is granted, Brazilian plywood companies will be immediately prohibited from producing any more structural plywood for the U.S. market.

A decision by Judge Altman to require PFS-TECO and TPI to revoke all 34 of the PS 1-09 certificates these agencies have issued to Brazilian plywood mills will mean that a federal judge has concluded that the coalition is likely to win on its claim that Brazilian structural plywood stamped PS 1-09 is a knock-off or counterfeit product that poses a significant health and safety risk to U.S. consumers. **This would expose all importers or resellers who continue to sell Brazilian plywood with PS 1-09 grade stamps to potential liability for false advertising under the Lanham Act. If an injunction is issued, any reasonably prudent importer or reseller of Brazilian plywood should quarantine that product until the PS 1-09 stamps are removed.**

This letter is an effort to alert U.S. importers and resellers of Brazilian structural plywood to the very serious action that plaintiffs believe the federal court will take once all of the evidence supporting revocation of PS 1-09 certificates issued to Brazilian mills can be considered by Judge Altman. Given the significant health and safety issues at stake here, the information in this letter is also being forwarded to every building code official association in the United States and the more than 50 national and state home builders associations in this country.

If you have any questions, please do not hesitate to call.

Very truly yours,

A handwritten signature in blue ink that reads "Michael E. Haglund". The signature is written in a cursive style with a large, stylized "M" and "H".

Michael E. Haglund

MEH/isl