



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

PO Box 47600, Olympia, WA 98504-7600 • 360-407-6000

December 22, 2025

Alec E. Gores
The Gores Group, LLC
9800 Wilshire Blvd
Beverly Hills, CA 90212

Re: Preliminary Determination of Liability for Release of Hazardous Substances at the following Contaminated Site:

- **Site Name:** COSMO SPECIALTY FIBERS
- **Site Address:** 1701 FIRST STREET, COSMPOLIS WA 98537
- **Cleanup Site ID:** 2375
- **Facility/Site ID:** 32

Dear Alec E. Gores:

The Department of Ecology (Ecology) previously sent a preliminary determination of liability letter on August 1, 2023. The Gores Group, LLC (Gores) provided a response on September 20, 2023 (the Response Letter). Ecology has reviewed your response and other records related to the operations at Cosmo Specialty Fibers.

Based on credible evidence, Ecology is again issuing this finding that The Gores Group, LLC (Gores) is liable under the Model Toxics Control Act (MTCA), Chapter 70A.305 RCW, for the release of hazardous substances at the Cosmo Specialty Fibers (Site). Any person whom Ecology finds, based on credible evidence, to be liable is known under MTCA as a “potentially liable person” or “PLP.”

This letter further identifies the basis for Ecology’s proposed findings after review of your Response Letter and provides you an opportunity to respond to that finding. This letter also describes the scope of your potential liability and next steps in the cleanup process at the Site.

Proposed Finding of Liability

Ecology is proposing to find Gores liable under RCW 70A.305.040 as an owner or operator of the Site at the time of a release of hazardous substances. This proposed finding is based on the following evidence:

1. Cosmo Specialty Fibers, Inc. (Cosmo) is the current owner and operator identified in permit applications, including the applications for Air Operating Permit no. WA0000809 and National Pollutant Discharge Elimination System (NPDES) Permit no. WA0000809. Cosmo acquired ownership of the Site from Weyerhaeuser in 2010.
2. According to your Response Letter, Cosmo acquired the Site from Weyerhaeuser in 2010 as part of an asset-only “as is” purchase. Cosmopolis Holdings, LLC, a Delaware limited liability company, owned Cosmo. Gores Capital Partners II, L.P., a Delaware limited partnership, was the majority owner of Cosmopolis Holdings, LLC.
3. According to your Response Letter, Gores served only as the investment manager to Gores Capital Partners II, which invested capital in the Site from 2010 through 2022.
4. However, Ecology found Gores conduct from 2010 through 2022 placed them in the role of an operator of Cosmo as the level of involvement resulted in control over operation of the facility within the Site. Gores’ proposed funding agreement expressly required that Gores retain operational control. Gores retained authority to control all Board actions, including expenditures on capital improvements, operating budgets, and operating strategies. Gores also placed one of its principals, Dermot Smurfit, as a non-executive Chairman of the Board for Cosmo. Chairman Smurfit and Gores together made operational and ultimate product decisions, such as those surrounding Cosmo’s acetate manufacturing at the facility.
5. While Gores may typically operate solely as an investment manager and removed from the operation of a facility, organizing documents, specifically Investment Committee presentation documents from August 2010, admit Cosmo is not a typical Gores transaction and identify a significant level of Gores involvement in the operation of Cosmo.
 - a. “Transaction is not a typical Gores deal, creating unusual risks; however, most of these risks can be mitigated. CI team is difficult to deal with, particularly Richard Bassett; risk is mitigated by putting Gores identified CEO/GM, CFO and Mill Manager in place, negotiating flexibility in employment terms, and establishing tight governance.”
 - b. “Significant [due diligence] has been completed that has validated the investment thesis and business plan.”
 - c. “Legal and environmental diligence has not uncovered anything that would prohibit *us* from restarting the mill [emphasis added]; legacy contamination issue (industrial activity since 1880s) will only need to be addressed if/when the mill is shutdown.”
 - d. “Notwithstanding the unusual risk characteristics, we recommend pursuing this opportunity subject to satisfactory negotiations on the subscription agreement and employment related documents.”
 - e. “Fire CI” and “assemble own team of experts.”
 - f. “What this is not: typical Gores deal.”

6. In its investment presentation, Gores described its next steps to include operating and management responsibilities, including those related to environmental impacts and liabilities:
 - a. "Identify Gores/external resource to coordinate/project manage and supervise cash management"
 - b. "Review of potential off-site disposal options and potential liabilities"
 - c. "Finalize employment terms with CI team"
 - d. "Complete background checks on Management team."
7. Key lending document required Gores to retain management control over the Cosmo Board, listing all decisions over which Gores has approval authority, including annual strategic plans and operating budget.
8. In Gores October 2013 Industrial Portfolio Performance Summary, a "deep dive" on Cosmo reported that Gores engaged in "significant cost optimization initiatives to lower cost per ton" at the Cosmo facility.
9. The Site has a history of spills to the stormwater outfall under the NPDES permit. Examples of the spills are noted in the table below. Additionally, contaminants associated with pulp and paper manufacturing (e.g. dioxins and furans) have been found in the sediments in the vicinity of the outfall as identified in the facility's 2018 Sediments Data Report. The report also showed that some chemicals exceeded the Sediment Management Standards under chapter 173-204 WAC. This indicates that a release of hazardous substances has occurred during the time Gores was an operator at the Site (2010 to 2022).

Discovery Date	Material Spill	Amount Release
7/2/2013	Process wastewater	Unknown
7/24/2014	Process wastewater	Unknown
12/27/2016	Process wastewater, polymer, sulfuric acid	~100,000 gallons
5/30/2017	Process wastewater, sulfuric acid	Unknown
7/25/2017	Process wastewater, equipment wash water	~10,000 gallons

Opportunity to Respond to Proposed Finding of Liability

In response to Ecology's proposed finding of liability, you may either:

1. Accept your status as a PLP without admitting liability and expedite the process through a voluntary waiver of your right to comment. This may be accomplished by signing and returning the enclosed form or by sending a letter containing similar information to Ecology; or

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2. Challenge your status as a PLP by submitting written comments to Ecology within thirty (30) calendar days of the date you receive this letter; or
3. Choose not to comment on your status as a PLP.

Please submit your waiver or written comments to the following address:

Ha Tran
Solid Waste Management Program, Industrial Section
PO Box 47600
Olympia WA 98504-7600

After reviewing any comments submitted, or after 30 days if no response has been received, Ecology will make a final determination regarding your status as a PLP and provide you with written notice of that determination.

Identification of Other Potentially Liable Persons

Ecology has identified other parties that may be potentially liable for the release of hazardous substances at the Site:

1. Weyerhaeuser NR Company; and
2. Cosmo Specialty Fibers (currently owned by Charlestown Investments).

If you are aware of any other persons who may be liable for the release of hazardous substances at the Site, Ecology encourages you to provide us with their identities and the reason you believe they are liable. Ecology also suggests you contact these other persons to discuss how you can jointly work together to most efficiently clean up the Site.

Responsibility and Scope of Potential Liability

Ecology may either conduct or require PLPs to conduct remedial actions to investigate and clean up the release of hazardous substances at a site. PLPs are encouraged to initiate discussions and negotiations with Ecology and the Office of the Attorney General that may lead to an agreement on the remedial action to be conducted.

Each liable person is strictly liable, jointly and severally, for all remedial action costs and for all natural resource damages resulting from the release of hazardous substances at a site. If Ecology incurs remedial action costs in connection with the investigation or cleanup of real property and those costs are not reimbursed, then Ecology has the authority under RCW 70A.305.060 to file a lien against that real property to recover those costs.

Next Steps in Cleanup Process

Ecology and Cosmo have entered into Agreed Order No. DE 23840 which requires Cosmo to complete a remedial investigation/feasibility study and draft a preliminary cleanup action plan.

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Ecology and Weyerhaeuser NR Company have entered into Agreed Order No. 23839 to complete a remedial investigation/feasibility study and draft a preliminary cleanup action plan. The PLPs have been instructed to work cooperatively in conducting remedial actions at the Site.

Ecology is also discussing with Cosmo a requirement to conduct an interim action related to security at the Site and stabilizing hazardous substances within the Facility.

Ecology's policy is to work cooperatively with PLPs to accomplish the prompt and effective cleanup of contaminated sites. Please note that your cooperation in planning or conducting remedial actions at the Site is not an admission of guilt or liability.

Contact Information

If you have any questions regarding this letter or if you would like additional information regarding the cleanup of contaminated sites, please contact me at (360) 790-6276 or ha.tran@ecy.wa.gov. Thank you for your cooperation.

Sincerely,



Ha Tran
Solid Waste Management Program, Industrial Section
Washington State Department of Ecology

Enclosure: PLP WAIVER FORM TEMPLATE

By certified mail: 9489 0090 0027 6340 4115 57

cc: Ivy Anderson, Assistant Attorney General, ivy.anderson@atg.wa.gov
Kathryn Wyatt, Assistant Attorney General, Kathryn.wyatt@atg.wa.gov
Ken Lederman, McCullough Hill, PLLC, ken@mhseattle.com
Catherine Pollard, Gores Group, cpollard@gores.com
Ecology Site File

PLP Waiver Form Template

The Gores Group, LLC
9800 Wilshire Blvd
Beverly Hills, CA 90212

Pursuant to WAC 173-340-500 and WAC 173-340-520(1)(b)(i), The Gores Group, LLC, does hereby waive the right to the thirty (30) day notice and comment period described in WAC 173-340-500(3) and accepts status as a Potentially Liable Persons at the following contaminated site:

- Site Name: Cosmo Specialty Fibers, Inc.
- Site Address: 1701 First St, Cosmopolis, WA 98537
- Cleanup Site IDs: 2375
- Facility/Site IDs: 32
- County Assessor's Parcel Number(s): 031005302101, 031005302102, 031005500000, 170924220010

By waiving this right, we make no admission of liability.

Signature	Date
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Signature	Date
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Relation to the Site: Former owner or operator