



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

DMS Notice
QC – 09 – 08

October 19, 2009

Discard: Retain

TO WEIGHTS AND MEASURES OFFICIALS

SUBJECT: Starbucks Corporation Settlement

Attached is a stipulated final judgment involving recent litigation against Starbucks Corporation for violations of California Civil Code 1749.5. We are very pleased with the fine work done on behalf of the people of California, by the prosecution team representing the Shasta County, Sonoma County and Monterey County District Attorneys' offices as well as the state and county investigators that visited various Starbucks locations and documented this unfair business practice.

Sonoma County should be sure to report these penalties in the County Monthly Report (CMR). All participating counties should separately record their individual investigative cost reimbursements in the appropriate columns in the report.

Sincerely,

Edmund E. Williams

Cc PQV Special Investigators



FILED

AUG 13 2009

CLERK OF THE SUPERIOR COURT
BY: R. KNIGHT, DEPUTY CLERK

EXHIBIT "A"

GERALD C. BENITO
District Attorney, County of Shasta
Erin M. Dervin (SBN 188426)
Deputy District Attorney
1525 Court Street, Third Floor
Redding, CA 96001
Tel: (530) 245-6300
Fax: (530) 245-6345

(For list of additional Plaintiff's counsel,
see attached Exhibit 1)

Attorneys for Plaintiff

SUPERIOR COURT OF CALIFORNIA
IN AND FOR THE COUNTY OF SHASTA

PEOPLE OF THE STATE OF CALIFORNIA,)	Case No. 166948
)	
Plaintiff,)	PROPOSED
vs.)	FINAL JUDGMENT
)	AND INJUNCTION
STARBUCKS CORPORATION,)	PURSUANT TO STIPULATION
)	
Defendants.)	

Plaintiff, the People of the State of California, appears through its attorneys: Gerald C. Benito, District Attorney of Shasta County, by Erin M. Dervin, Deputy District Attorney; Dean Flippo, District Attorney of Monterey County, by Steven G. Holett, Deputy District Attorney; and Stephan R. Passalacqua, District Attorney of Sonoma County, by Matthew T. Cheever, Deputy District Attorney (collectively referred to as "Plaintiff" or "the People").

Defendant, Starbucks Corporation, a Washington corporation, appears through its attorneys, Alston & Bird, by Michael Bradbury, Esq.

It appears to the Court that the parties hereto have stipulated and consented to the entry of this proposed Final Judgment And Injunction Pursuant To Stipulation ("Stipulated Judgment") without the taking of proof and without this Stipulated Judgment constituting evidence or an admission by Defendant regarding any issue of fact alleged in the complaint,

1 and with Defendant denying any wrongdoing or admitting any liability alleged therein, and the
2 Court having considered the matter and the pleadings, and good cause appearing therefore,

3 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

4 **JURISDICTION**

5 1. This Court has jurisdiction over the allegations contained in the Complaint and
6 personal jurisdiction over Defendant as to the acts alleged in the Complaint, venue is proper in
7 Shasta County, and this Court has jurisdiction to enter this Stipulated Judgment as a full and final
8 resolution of all claims raised in the Complaint based on the facts alleged therein.
9

10 **APPLICABILITY**

11 2. The provisions of the Stipulated Judgment are applicable to Defendant,
12 Starbucks Corporation, and to its officers, directors, representatives, successors, assignees, and all
13 persons, partnerships, corporations, and other entities acting under, by, through, on behalf of, or in
14 concert with, Defendant, with actual or constructive notice of this Stipulated Judgment, in
15 connection with the operation of Starbucks Corporation's California company-operated stores
16 (collectively, "Starbucks"). All obligations imposed upon Defendant by the terms of this
17 Stipulated Judgment are ordered pursuant to Business and Professions Code section 17203.
18

19 **FAIR, JUST, AND EQUITABLE SETTLEMENT**

20 3. Based upon the representations of the parties, the Court finds that this Stipulated
21 Judgment was entered into in good faith and is, in all respects, fair, just, and equitable to
22 adequately protect the public as it relates to Starbucks' conduct alleged in the Complaint filed in
23 this matter.
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INJUNCTION

4. Pursuant to Business and Professions Code section 17203, Starbucks is hereby permanently enjoined and restrained from engaging in any of the following acts or practices:

a. Failing to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer pursuant to California Civil Code Section 1749.5.

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COMPLIANCE PROGRAM

5. Pursuant to Business and Professions Code section 17203, Starbucks is hereby ordered and mandated to implement the following program at all of its company-owned stores located in California:

a. **POS DEVICES.** Store Point of Sale (POS) devices shall have a button to allow employees the in-store capability to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer:

b. **POS POLICY STICKER.** A "POS Policy Sticker" shall be placed on the back of all store POS devices, stating that "Starbucks Cards valued under \$10 are refundable in store" or equivalent words. These POS Policy Stickers shall remain in place until March 31, 2011.

c. **EMPLOYEE TRAINING.** Store employees shall be required to participate in initial training that will reference how to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer. Such training shall be conducted prior to the employee being allowed to operate a POS device. Starbucks shall obtain from each employee a legible written acknowledgment of having received the training. Starbucks shall maintain such acknowledgments for a minimum of three (3) years

1 from the date of their creation.

2 **d. STARBUCKS CARD CASH BACK PROCEDURES.** Starbucks shall
3 prepare written procedures for employees regarding how to redeem any gift card or gift certificate
4 with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer.
5 Such procedures shall be posted in an appropriate employee area in the stores where they are
6 easily visible by employees, and the posting shall remain in place until September 15, 2011.

7 **e. CUSTOMER NOTICE.** Starbucks shall post a written customer notice
8 in a conspicuous location in each store notifying customers of their right to redeem gift cards with
9 balances of less than TEN DOLLARS (\$10.00) for cash or check upon request. Such notice shall
10 remain in place until September 15, 2009.

11 **f.** Within thirty (30) days from the entry of this Stipulated Judgment,
12 Starbucks shall send a copy of this Stipulated Judgment to each and every licensee who operates a
13 Starbucks store in California. The copy shall be sent in the manner that notices are required to be
14 given under the licensing agreement(s) between Starbucks and the licensee who operates a
15 Starbucks store in California.
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18 **MONETARY RELIEF**

19 8. Starbucks is hereby ordered, pursuant to Business & Professions Code §17206,
20 to pay at the time of the filing of this judgment, a civil penalty of \$195,000.00 by certified check
21 made payable to the "Shasta County District Attorney." Pursuant to Government Code Section
22 26506 said civil penalty shall be divided equally and paid to the county of each of the prosecuting
23 agencies bringing this action..
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25 9. Starbucks shall pay the People as and for investigative costs the sum of
26 \$20,000.00 by one certified check made payable to the "Shasta County District Attorney." Said
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1 costs shall be distributed to the agencies listed below in the following amounts:

- 2 a. Fresno County Department of Weights & Measures: \$1,000.00
- 3 b. Kings County Department of Weights & Measures: \$1,000.00
- 4 c. Los Angeles County Department of Weights & Measures: \$1,000.00
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- 12 k. Shasta County District Attorney: \$2,000.00
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- 17 p. California Division of Measurement Standards: \$2,000.00

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20 10. Recognizing the infeasibility of identifying injured consumers who may have
21 suffered actual loss, the impracticality of providing direct restitution to said consumers, and the
22 disproportionate cost of making restitution to individual consumers, which would far exceed the
23 benefit consumers would gain, the parties agree that Starbucks shall pay, pursuant to Business and
24 Professions Code section 17203, cy pres restitution in the sum of Ten Thousand Dollars
25 (\$10,000.00) to the Consumer Protection Prosecution Trust Fund established in the case of People
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1 v. ITT Consumer Financial Corporation (Alameda Superior Court No. 656038 0). The payment
2 required under this paragraph shall be made by one certified check payable to the "Shasta District
3 Attorney" for distribution to the Trust Fund.

4 11. Except as otherwise expressly provided herein, each party shall bear its own
5 attorney's fess and costs.

6 **PAYMENT METHOD**

7
8 12. All checks required under the terms of this Stipulated Judgment shall be
9 delivered to Erin M. Dervin, Shasta County District Attorney's Office, 1525 Court Street, Third
10 Floor, Redding, CA 96001, upon signing the Stipulation for Entry of Final Judgment.

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12 **RETENTION OF JURISDICTION**

13 13. Jurisdiction is retained for the purpose of enabling any party to the Stipulated
14 Judgment to apply to the Court for such further orders and directions as may be necessary and
15 appropriate for the construction and carrying out of the Stipulated Judgment, for the modification
16 or dissolution of any injunctive provisions hereof, for enforcement of compliance herewith, or for
17 the punishment of violations hereof.

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19 14. This Judgment has been reviewed by the Court, and based upon the
20 representations of the parties, the Court finds that it has been entered in good faith and is, in all
21 respects, fair, just, and equitable to protect the public and the individuals who may have been
22 affected by the issues related as more fully described in the Complaint.

23 15. The parties waive the right to appeal this Judgment both as to form and content
24 and the serving and filing of a notice of Entry of Judgment.
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16. The clerk is directed to enter this Stipulated Judgment forthwith.

Dated: AUG 13 2009

MONICA MARLOW
Judge of the Superior Court

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EXHIBIT 1

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3 DEAN FLIPPO
4 District Attorney, County of Monterey
5 Steven G. Holett, SBN 170635
6 Deputy District Attorney
7 1200 Aguajito Road, Room 301
8 Monterey CA 93940
9 (831) 647-7770

STEPHAN R. PASSALACQUA
District Attorney, County of Sonoma
Matthew T. Cheever, SBN 191783
Deputy District Attorney
2300 County Center Drive, Ste. B-170
Santa Rosa, CA 95403
(707) 565-2311

EXHIBIT "A"

FILED

AUG 13 2009

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BY: R. KNIGHT, DEPUTY CLERK

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23 15. The parties waive the right to appeal this Judgment both as to form and content
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Dated: AUG 13 2009

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Judge of the Superior Court

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14 Judgment to apply to the Court for such further orders and directions as may be necessary and
15 appropriate for the construction and carrying out of the Stipulated Judgment, for the modification
16 or dissolution of any injunctive provisions hereof, for enforcement of compliance herewith, or for
17 the punishment of violations hereof.

18
19 14. This Judgment has been reviewed by the Court, and based upon the
20 representations of the parties, the Court finds that it has been entered in good faith and is, in all
21 respects, fair, just, and equitable to protect the public and the individuals who may have been
22 affected by the issues related as more fully described in the Complaint.

23 15. The parties waive the right to appeal this Judgment both as to form and content
24 and the serving and filing of a notice of Entry of Judgment.
25

16. The clerk is directed to enter this Stipulated Judgment forthwith.

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3 **AUG 13 2009**
4 Dated: _____

MONICA MARLOW

Judge of the Superior Court

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EXHIBIT 1

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3 DEAN FLIPPO
4 District Attorney, County of Monterey
5 Steven G. Holett, SBN 170635
6 Deputy District Attorney
7 1200 Aguajito Road, Room 301
8 Monterey CA 93940
9 (831) 647-7770

STEPHAN R. PASSALACQUA
District Attorney, County of Sonoma
Matthew T. Cheever, SBN 191783
Deputy District Attorney
2300 County Center Drive, Ste. B-170
Santa Rosa, CA 95403
(707) 565-2311

EXHIBIT "A"

1 GERALD C. BENITO
2 District Attorney, County of Shasta
3 Erin M. Dervin (SBN 188426)
4 Deputy District Attorney
5 1525 Court Street, Third Floor
6 Redding, CA 96001
7 Tel: (530) 245-6300
8 Fax: (530) 245-6345

9 (For list of additional Plaintiff's counsel,
10 see attached Exhibit 1)

11 Attorneys for Plaintiff

12 SUPERIOR COURT OF CALIFORNIA
13 IN AND FOR THE COUNTY OF SHASTA

14 PEOPLE OF THE STATE OF CALIFORNIA,) Case No. 166948
15)
16 Plaintiff,) **PROPOSED**
17 vs.) **FINAL JUDGMENT**
18) **AND INJUNCTION**
19 STARBUCKS CORPORATION,) **PURSUANT TO STIPULATION**
20)
21 Defendants.)

22 Plaintiff, the People of the State of California, appears through its attorneys: Gerald C.
23 Benito, District Attorney of Shasta County, by Erin M. Dervin, Deputy District Attorney;
24 Dean Flippo, District Attorney of Monterey County, by Steven G. Holett, Deputy District
25 Attorney; and Stephan R. Passalacqua, District Attorney of Sonoma County, by Matthew T.
26 Cheever, Deputy District Attorney (collectively referred to as "Plaintiff" or "the People").

27 Defendant, Starbucks Corporation, a Washington corporation, appears through its
28 attorneys, Alston & Bird, by Michael Bradbury, Esq.

It appears to the Court that the parties hereto have stipulated and consented to the entry
of this proposed Final Judgment And Injunction Pursuant To Stipulation ("Stipulated
Judgment") without the taking of proof and without this Stipulated Judgment constituting
evidence or an admission by Defendant regarding any issue of fact alleged in the complaint,

1 and with Defendant denying any wrongdoing or admitting any liability alleged therein, and the
2 Court having considered the matter and the pleadings, and good cause appearing therefore,

3 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

4 **JURISDICTION**

5 1. This Court has jurisdiction over the allegations contained in the Complaint and
6 personal jurisdiction over Defendant as to the acts alleged in the Complaint, venue is proper in
7 Shasta County, and this Court has jurisdiction to enter this Stipulated Judgment as a full and final
8 resolution of all claims raised in the Complaint based on the facts alleged therein.
9

10 **APPLICABILITY**

11 2. The provisions of the Stipulated Judgment are applicable to Defendant,
12 Starbucks Corporation, and to its officers, directors, representatives, successors, assignees, and all
13 persons, partnerships, corporations, and other entities acting under, by, through, on behalf of, or in
14 concert with, Defendant, with actual or constructive notice of this Stipulated Judgment, in
15 connection with the operation of Starbucks Corporation's California company-operated stores
16 (collectively, "Starbucks"). All obligations imposed upon Defendant by the terms of this
17 Stipulated Judgment are ordered pursuant to Business and Professions Code section 17203.
18

19 **FAIR, JUST, AND EQUITABLE SETTLEMENT**

20 3. Based upon the representations of the parties, the Court finds that this Stipulated
21 Judgment was entered into in good faith and is, in all respects, fair, just, and equitable to
22 adequately protect the public as it relates to Starbucks' conduct alleged in the Complaint filed in
23 this matter.
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INJUNCTION

4. Pursuant to Business and Professions Code section 17203, Starbucks is hereby permanently enjoined and restrained from engaging in any of the following acts or practices:

a. Failing to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer pursuant to California Civil Code Section 1749.5.

COMPLIANCE PROGRAM

5. Pursuant to Business and Professions Code section 17203, Starbucks is hereby ordered and mandated to implement the following program at all of its company-owned stores located in California:

a. **POS DEVICES.** Store Point of Sale (POS) devices shall have a button to allow employees the in-store capability to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer:

b. **POS POLICY STICKER.** A "POS Policy Sticker" shall be placed on the back of all store POS devices, stating that "Starbucks Cards valued under \$10 are refundable in store" or equivalent words. These POS Policy Stickers shall remain in place until March 31, 2011.

c. **EMPLOYEE TRAINING.** Store employees shall be required to participate in initial training that will reference how to redeem any gift card or gift certificate with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer. Such training shall be conducted prior to the employee being allowed to operate a POS device. Starbucks shall obtain from each employee a legible written acknowledgment of having received the training. Starbucks shall maintain such acknowledgments for a minimum of three (3) years

1 from the date of their creation.

2 **d. STARBUCKS CARD CASH BACK PROCEDURES.** Starbucks shall
3 prepare written procedures for employees regarding how to redeem any gift card or gift certificate
4 with a value of less than TEN DOLLARS (\$10.00) for cash or check upon request of a consumer.
5 Such procedures shall be posted in an appropriate employee area in the stores where they are
6 easily visible by employees, and the posting shall remain in place until September 15, 2011.

7 **e. CUSTOMER NOTICE.** Starbucks shall post a written customer notice
8 in a conspicuous location in each store notifying customers of their right to redeem gift cards with
9 balances of less than TEN DOLLARS (\$10.00) for cash or check upon request. Such notice shall
10 remain in place until September 15, 2009.

11 **f.** Within thirty (30) days from the entry of this Stipulated Judgment,
12 Starbucks shall send a copy of this Stipulated Judgment to each and every licensee who operates a
13 Starbucks store in California. The copy shall be sent in the manner that notices are required to be
14 given under the licensing agreement(s) between Starbucks and the licensee who operates a
15 Starbucks store in California.
16
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18 **MONETARY RELIEF**

19 8. Starbucks is hereby ordered, pursuant to Business & Professions Code §17206,
20 to pay at the time of the filing of this judgment, a civil penalty of \$195,000.00 by certified check
21 made payable to the "Shasta County District Attorney." Pursuant to Government Code Section
22 26506 said civil penalty shall be divided equally and paid to the county of each of the prosecuting
23 agencies bringing this action..
24

25 9. Starbucks shall pay the People as and for investigative costs the sum of
26 \$20,000.00 by one certified check made payable to the "Shasta County District Attorney." Said
27

1 costs shall be distributed to the agencies listed below in the following amounts:

- 2 a. Fresno County Department of Weights & Measures: \$1,000.00
3 b. Kings County Department of Weights & Measures: \$1,000.00
4 c. Los Angeles County Department of Weights & Measures: \$1,000.00
5 d. Merced County Department of Weights & Measures: \$1,000.00
6 e. Monterey County District Attorney Investigations: \$1,000.00
7 f. Monterey County District Attorney: \$2,000.00
8 g. Orange County Department of Weights & Measures: \$1,000.00
9 h. San Benito County Agricultural Commissioner's Office: \$1,000.00
10 i. Santa Clara County Department of Weights & Measures: \$1,000.00
11 j. Shasta County District Attorney Bureau of Investigations: \$1,000.00
12 k. Shasta County District Attorney: \$2,000.00
13 l. Sonoma County Department of Weights & Measures: \$1,000.00
14 m. Sonoma County District Attorney: \$2,000.00
15 n. Stanislaus County Department of Weights & Measures: \$1,000.00
16 o. Ventura County Department of Weights & Measures: \$1,000.00
17 p. California Division of Measurement Standards: \$2,000.00

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20 10. Recognizing the infeasibility of identifying injured consumers who may have
21 suffered actual loss, the impracticality of providing direct restitution to said consumers, and the
22 disproportionate cost of making restitution to individual consumers, which would far exceed the
23 benefit consumers would gain, the parties agree that Starbucks shall pay, pursuant to Business and
24 Professions Code section 17203, cy pres restitution in the sum of Ten Thousand Dollars
25 (\$10,000.00) to the Consumer Protection Prosecution Trust Fund established in the case of People
26
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28

1 v. ITT Consumer Financial Corporation (Alameda Superior Court No. 656038 0). The payment
2 required under this paragraph shall be made by one certified check payable to the “Shasta District
3 Attorney” for distribution to the Trust Fund.

4 11. Except as otherwise expressly provided herein, each party shall bear its own
5 attorney’s fess and costs.

6 **PAYMENT METHOD**

7
8 12. All checks required under the terms of this Stipulated Judgment shall be
9 delivered to Erin M. Dervin, Shasta County District Attorney's Office, 1525 Court Street, Third
10 Floor, Redding, CA 96001, upon signing the Stipulation for Entry of Final Judgment.

11
12 **RETENTION OF JURISDICTION**

13 13. Jurisdiction is retained for the purpose of enabling any party to the Stipulated
14 Judgment to apply to the Court for such further orders and directions as may be necessary and
15 appropriate for the construction and carrying out of the Stipulated Judgment, for the modification
16 or dissolution of any injunctive provisions hereof, for enforcement of compliance herewith, or for
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21 respects, fair, just, and equitable to protect the public and the individuals who may have been
22 affected by the issues related as more fully described in the Complaint.

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16. The clerk is directed to enter this Stipulated Judgment forthwith.

Dated: _____

Judge of the Superior Court

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