



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

December 13, 2013

DMS NOTICE
QC - 13 - 11
DISCARD: RETAIN

TO: WEIGHTS AND MEASURES OFFICIALS

SUBJECT: Settlement - Toys "R" Us-Delaware, Inc., a Delaware Corporation

Enclosed is a copy of the Stipulated Final Judgment issued against Toys "R" Us, a Delaware Corporation. The case was filed by the District Attorney's Offices of Los Angeles and San Diego Counties on November 14, 2013 for overcharging consumers, a violation of California Business and Professions Code Section 12024.2.

The California Department of Food and Agriculture, Division of Measurement Standards worked with weights and measures investigators from the counties of Los Angeles, San Diego, and Ventura on this case. The total settlement was for \$178,730.52. Civil penalties amounted to \$150,000 and agency costs were \$28,730.52.

Los Angeles County should be sure to report these penalties on the County Monthly Report. All participating counties should separately record their individual investigative cost reimbursements in the appropriate columns on the report.

We appreciate the fine work done by the District Attorney's Offices along with the state and county investigators that documented and caused to be prosecuted these violations. If you have any questions, please contact Kathy de Contreras, Supervising Special Investigator, Enforcement Branch at (916) 229-3047, or katherine.decontreras@cdfa.ca.gov.

Sincerely,

Kristin J. Macey
Director

Enclosure

cc: Gary Leslie, County/State Liaison, CDFA



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E-mail: Thomas.Papageorge@sdcca.org

10 Attorneys for Plaintiff the People of the State of California

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF LOS ANGELES

13 THE PEOPLE OF THE STATE OF CALIFORNIA,
14
15 Plaintiff,

16 v.

17 TOYS "R" US-DELAWARE, INC., a Delaware
18 Corporation,
19
20 Defendant.

Case No. **BC526591**

STIPULATED FINAL JUDGMENT

21
22
23 Plaintiff, THE PEOPLE OF THE STATE OF CALIFORNIA, through its attorneys, JACKIE
24 LACEY, District Attorney of Los Angeles County, by Deputy District Attorney Jeffrey A. McGrath, and
25 BONNIE M. DUMANIS, District Attorney of San Diego County, by Deputy District Attorney Thomas
26 A. Papageorge, and Defendant TOYS "R" US-DELAWARE, INC., a Delaware Corporation, through its
27 attorneys, Morgan Lewis & Bockius, LLP, by Gregory T. Parks, Esq., and Joseph Duffy, Esq., have
28 stipulated to the entry of this Stipulated Final Judgment (the "Judgment") without the Court taking any
evidence, without the Defendant admitting any liability or wrongdoing, and without this Judgment

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Exempt from fees pursuant to
Government Code §6103

NOV 04 2013

CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

NOV 14 2013

Sheri R. Carter, Executive Officer/Clerk
By Steve Temblador, Deputy

1 constituting an admission by any party regarding any issue of fact or law, and the Court having
2 considered the pleadings and good cause appearing:

3 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Plaintiff have judgment against
4 Defendant as follows:

5
6 **JURISDICTION AND VENUE**

7 1. This action is brought under the laws of the State of California and this Court has jurisdiction
8 of the subject matter hereof and the parties hereto.

9
10 **APPLICABILITY**

11 2. All provisions of this Judgment are applicable to Defendant Toys “R” Us-Delaware, Inc., a
12 Delaware Corporation (hereinafter sometimes “Toys “R” Us” or “Defendant”), and to Defendant’s
13 officers, employees, agents, representatives, successors and assigns. Defendant Toys “R” Us shall
14 within five (5) business days of its receipt of this Judgment provide actual notice of this Judgment to its
15 General Counsel, Regional Vice President for California, Vice President – Litigation and Regulatory
16 Counsel, Director, Communications, Campaign & Pricing, U.S., and Vice President of Internal Audit.
17 This Judgment represents a full and final settlement and release of all claims asserted in the Complaint.

18
19 **INJUNCTION**

20 3. Pursuant to Business and Professions Code section 17203 and 17535, and as more fully set
21 forth in this Judgment, Defendant Toys “R” Us and all others described in paragraph 2 of this
22 Judgment are permanently enjoined and restrained from engaging, directly or indirectly, with respect
23 to Defendant’s California Toys “R” Us and Babies “R” Us stores, in the following acts or practices:

24 a. Making or causing to be made to the public any statement representing a price for
25 an item offered for sale and charging a greater price at the time the item is purchased, in violation of
26 the California Business and Professions Code section 17500;

27 b. At the time of a sale of a commodity, charging an amount greater than the lowest
28 price posted on the commodity itself or on a shelf tag that corresponds to the commodity, in violation
of Business and Professions Code section 12024.2(a).

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COMPLIANCE

1
2 4. Defendant Toys “R” Us, and all persons and entities set forth in Paragraph 2 above, are
3 ordered for a period of three (3) years from the date of entry of this Judgment to maintain in effect for
4 Defendant’s California Toys “R” Us and Babies “R” Us stores, and to adequately enforce compliance
5 with, the Toys “R” Us pricing accuracy program, including, at a minimum, the Hardlines Prices
6 Changes SOP (Ref. # CP0003), the Shelf Label Price Change Report SOP (Ref. # CP0006), the
7 Apparel Price Changes SOP (Ref. # SS0041), the Ad Set & Audit SOP (Ref. # OP0134), the Signage
8 Action Report SOP (Ref. #CP0004), and the Price Adjustments SOP (Ref. # CP0007), and any other
9 pricing accuracy operating procedures and/or program that Toys “R” Us shall adopt and/or initiate
10 within the three (3) years following the date of entry of this Judgment. Defendant Toys “R” Us shall
11 be permitted to make reasonable modifications to its pricing accuracy operating procedures and/or
12 program, including to those procedures specified in this paragraph, provided that those modifications
13 are consistent with the goal of maintaining pricing accuracy in Toys “R” Us and Babies “R” Us stores
14 in California.

15 5. Defendant Toys “R” Us shall designate a regional manager, or member of the regional
16 manager’s staff, with oversight responsibility for Defendant’s stores in California, who shall be
17 responsible for receiving and maintaining copies of any internal audit results related to Toys “R” Us
18 and Babies “R” Us stores in California, and any weights and measures inspection reports or notices
19 relating to Toys “R” Us and Babies “R” Us stores in California. (Counsel for Plaintiff shall also
20 request that a copy of such inspection reports and notices be provided by local inspection officials to
21 Joel S. Tennenberg, Vice President – Litigation and Regulatory Counsel, by mail directed to One
22 Geoffrey Way, Wayne, NJ, 07470 or by e-mail directed to Joel.Tennenberg@ToysRUs.com.) The
23 regional manager or designee shall also be responsible for ensuring full compliance with all Toys “R”
24 Us pricing accuracy operating procedures in the following designated markets in California: Los
25 Angeles County; San Diego County; Riverside County; Ventura County; Santa Clara County; and
26 Marin County (the “Designated Markets”).

27 6. Toys “R” Us shall provide to Plaintiff the name of and the contact information for the
28 manager or designee specially designated under paragraph 5 above within 30 calendar days of the
entry of this Judgment, and shall, during the three-year period provided for in paragraph 4, provide

1 the name and contact information of any person who replaces the manager originally designated,
2 within 30 calendar days of such assignment.

3 7. On March 1 of each calendar year covered by the three-year period provided for in
4 paragraph 4 of this Judgment, Defendant Toys "R" Us shall provide Plaintiff with the following
5 information, if available, or its functional equivalent: (1) a report from Toys "R" Us's Key
6 Performance Indicators ("KPI") system showing current price execution scores for the Districts
7 covering the Designated Markets (as defined in paragraph 5, above); and (2) Internal Audit Report
8 data reflecting price and signage performance (Questions 21, 21.1, 22, 22.1, & 22.2 of the Internal
9 Audit Program Questionnaire) for audited stores located in the Designated Markets. The first
10 report(s), reflecting activities for the period from the date of execution of this Judgment to the end of
11 2013 shall be due on March 1, 2014. These reports and all other notifications required under this
12 Judgment shall be directed to Deputy District Attorney Jeffrey A. McGrath, Consumer Protection
13 Division, Los Angeles County District Attorney's Office, 201 N. Figueroa Street, Suite 1200, Los
14 Angeles, California, 92101, with a copy to Deputy District Attorney Thomas A. Papageorge, Head,
15 Consumer Protection Unit, San Diego County District Attorney's Office, 330 W. Broadway, Suite
16 750, San Diego California, 92101.

17 **DISCLAIMER OF ADMISSION OF LIABILITY**

18 8. This Judgment is not to be construed as an admission of liability by any party, or a finding of
19 liability against any party. This Judgment was entered into as a result of a stipulation of the parties,
20 without admissions or findings of fact or law, and without any admission by the Defendant or by any
21 party of liability, wrongdoing, illegality, or of any fact alleged in the Complaint. To the extent permitted
22 by law, all information and communications relating to the negotiations of the settlement reflected in this
23 Judgment shall remain confidential.

24 **MONETARY RELIEF**

25 9. Defendant, or one of its agents acting on its behalf, shall, within ten days of the date of the
26 entry of this Judgment, make to Plaintiff payments in the total amounts of \$28,730.52 for Plaintiff's
27 investigation and prosecution costs and \$150,000 as civil penalties pursuant to Business and Professions
28

1 Code section 17206.

2 a. Defendant, or one of its agents acting on its behalf, shall pay the Plaintiff's
3 investigation and prosecution costs by checks made payable as follows:

4 Los Angeles County Department of Weights and Measures: \$18,819.05

5 San Diego County Department of Weights and Measures: \$3,962.47

6 Ventura County Department of Weights and Measures: \$2,988.00

7 California Division of Measurement Standards: \$2961.00

8 b. Defendant, or one of its agents acting on its behalf, shall pay the civil penalties by
9 checks made payable as follows:

10 Los Angeles County District Attorney's Office: \$75,000

11 San Diego County District Attorney's Office: \$75,000

12 10. The payments required by this Judgment shall be delivered to Jeffrey A. McGrath, Deputy
13 District Attorney, Consumer Protection Division, Los Angeles County District Attorney's Office, 201N.
14 Figueroa Street, Suite 1200, Los Angeles, California, 90012.

15 **RETENTION OF JURISDICTION**

16 11. Jurisdiction is retained by the Court for the purpose of enabling any party to this Judgment
17 to apply to the Court at any time for such further orders and directions as may be necessary and
18 appropriate for the construction or carrying out of this Judgment, for the modification thereof, and for
19 the enforcement of compliance with and the punishment of violations of the Judgment.

20 12. The clerk is ordered to enter this Judgment immediately, and to provide notice to Plaintiff
21 through counsel.

22 Dated: NOV 14 2013.
23 NOV 14 2013

Ernest M. Hiroshige

Judge of the Superior Court