

July 16, 2014

DMS NOTICE QC - 14 - 03 DISCARD: RETAIN

TO:

WEIGHTS AND MEASURES OFFICIALS

SUBJECT:

Settlement – CSK Auto, Inc., an Arizona Corporation (dba O'Reilly Auto Parts)

Enclosed is a copy of the Stipulation for entry of Final Judgment issued against CSK Auto, Inc., an Arizona Corporation, operating in California under the name of O'Reilly Auto Parts. The case was filed on July 1, 2014, by the District Attorney's office of San Bernardino County in conjunction with the District Attorneys' offices of Santa Clara and Santa Cruz and the City Attorney's office of San Diego for overcharging consumers, in violation of California Business and Professions Code Section 12024.2.

The California Department of Food and Agriculture, Division of Measurement Standards (Department) worked with weights and measures investigators from over 22 counties on this case. The total settlement was for \$1,482,791.20. Civil penalties amounted to \$1,120,814.20, agency costs were \$161,977.00, and \$200,000.00 of cy pres restitution was placed in the Consumer Protection Prosecution Trust Fund.

CSK Auto, Inc., an Arizona Corporation, will be required to institute a "\$5.00 Off Program" that includes posting the price guarantee policy. Each store will be required to provide a reimbursement of up to \$5.00 for items that overcharge with any remaining identical items being charged at the lowest shelf or advertised price. The program will continue for at least 42 months and will either continue or cease depending on compliance with price accuracy laws.

San Bernardino 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.

The Department appreciates the fine work done by the District Attorneys' Offices and the City Attorney's Office along with the state and county investigators that documented and caused to be prosecuted these violations. If you have any questions, please contact Katherine de Contreras, Supervising Special Investigator, Enforcement Branch at (916) 229-3047, or <a href="mailto:katherine.decontreras@cdfa.ca.gov">katherine.decontreras@cdfa.ca.gov</a>.

Sincerely,

Kristin J. Macey

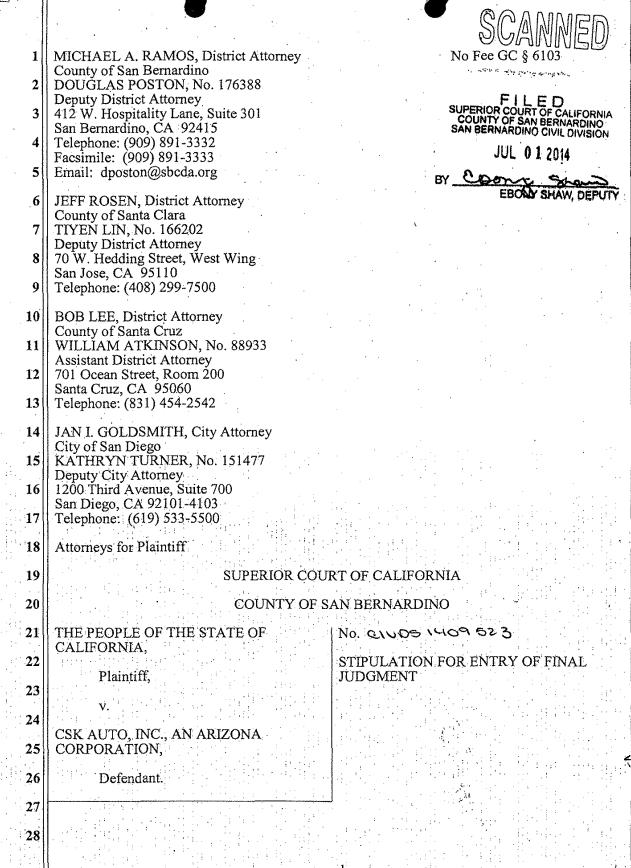
Director

**Enclosure** 

cc: Gary Leslie, County/State Liaison, CDFA

teven look for





Plaintiff, the People of the State of California, appearing through its attorneys Michael A. Ramos, San Bernardino District Attorney, by Douglas Poston, Deputy District Attorney; Jeff Rosen, Santa Clara District Attorney, by Tiyen Lin, Deputy District Attorney; Bob Lee, Santa Cruz District Attorney, by William Atkinson, Assistant District Attorney; and Jan I. Goldsmith, San Diego City Attorney, by Kathryn Lange Turner, Deputy City Attorney; and Defendant, appearing by and through its attorneys, Higgs Fletcher & Mack LLP, by James M. Peterson, stipulate as follows:

- 1. The Complaint on file herein sets forth facts giving rise to a controversy between Plaintiff and Defendant.
- 2. The Court has personal jurisdiction of Defendant and subject matter jurisdiction over the instant action.
- 3. The parties to this Stipulation for Entry of Final Judgment (Stipulation) have determined to compromise and settle their differences in accordance with the provisions of this Stipulation. Neither this Stipulation nor any of the statements or provisions it contains shall be deemed to constitute an admission or adjudication of any of the allegations of the Complaint.
- 4. Defendant warrants and represents that it has caused this Stipulation to be executed by Jeffrey Groves, Vice President-General Counsel of CSK Auto, Inc., who has been authorized by appropriate action to bind said Defendant to all terms and conditions of this Stipulation and of the Stipulated Final Judgment.
- 5. This Stipulation may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.
- 6. The parties to this Stipulation consent to entry of the Stipulated Final Judgment in the form attached and marked as Exhibit 1.
- 7. The Final Judgment may be entered forthwith and without the presentation of any evidence and without trial or adjudication of any issue of law of fact herein.
- 8. It is the intent of all the parties that the attached Stipulated Final Judgment is a full and final settlement of all claims relating to price scanning discrepancies and injunction violations

		~~~
1	that were or could have been raised under applicable law prior to and including the date on which	
2	the Complaint was filed.	
3	the Complaint was filed.	
4	IT IS SO OTIPLITATED	
5	IT IS SO STIPULATED.	
6	Dated: 6/8//4 MICHAEL A. RAMOS	
7	San Bernardino District Attorney	
8	(I) Mall (B)	
9	By MUI A	
	Douglas Poston Deputy District Attorney	
10		
11	Dated: JEFF ROSEN	
12	Santa Clara District Attorney	
13		
14	By Time I	-
15	Tiyen Lin Deputy District Attorney	
16		
17	Dated: BOB LEE Santa Cruz District Attorney	
18	Salita Cruz District Attorney	
19		
20	By William Atkinson	
21	Assistant District Attorney	
	Dated: 5119 12014 JAN I. GOLDSMITH, City Attorney	·
22	Dated: 3119 12014 JAN I. GOLDSMITH, City Attorney	
23	Kathyn Ten	
24	By Kathryn Turner	
25	Deputy City Attorney	
26	Attorneys for Plaintiff	
27	图:其中中的《对话》,《唐····································	
28		-
		-
	STIPULATION FOR ENTRY OF FINAL JUDGMENT	

1		
_	that were or could have been raised under ap	oplicable law prior to and including the date on which
2	the Complaint was filed.	
3		
.4		
5	IT IS SO STIPULATED.	
, 6	Dated:	MICHAEL A. RAMOS San Bernardino District Attorney
7		·
8		
9		Ву
1		Douglas Poston Deputy District Attorney
10		2-52-5, 2.55-1-6-1-1-5,
11	Dated:	JEFF ROSEN
12		Santa Clara District Attorney
13		
***************************************		D
14		By Tiyen Lin
15		Deputy District Attorney
16	<b>—</b>	
17	Dated:	BOB LEE
		Santa Cruz District Attorney
18		
19		By In human
20		William Atkinson
21		Assistant District Attorney
22	Dated:	JAN I. GOLDSMITH, City Attorney
1		JAN I. OOLDSWILLI, ON AMORIES
23		
24		By The Land Control of the Control o
25		Kathryn Turner Deputy City Attorney
26		
		Attorneys for Plaintiff
27		
28		
		<b>3</b>
	STIPLII ATION FOR	ENTRY OF FINAL HIDOMENT

- 1		
1	that were an aculal have been also de-	
2	mai were or could have been raised under a	pplicable law prior to and including the date on which
	the Complaint was filed.	1.6
3		
4	IT IO OO OTIDI II ATTO	
5	IT IS SO STIPULATED.	
6	Dated:	MICHAEL A. RAMOS San Bernardino District Attorney
7		Sail Bothardino Bistrict Attorney
8		·
9		Ву
,	and the second second	Douglas Poston
10		Deputy District Attorney
11	nu dialu	
12	Dated: 5/19/14	JEFF ROSEN Santa Clara District Attorney
		- 1 -
13		Tup fen
14		By V
15		Tiyen Lin Deputy District Attorney
16	:	Deputy District Attorney
-	Dated:	BOB LEE
17	Dated.	Santa Cruz District Attorney
18		
19		
20		By William Atkinson
		Assistant District Attorney
21		
22	Dated:	JAN I. GOLDSMITH, City Attorney
23		
24		m.:
		By Kathryn Turner
25		Deputy City Attorney
26		Attorneys for Plaintiff
27		1 MOTING S TOL I THIRTIE
28		
**************************************		3
:	STIPULATION FOI	R ENTRY OF FINAL JUDGMENT

,	
1	Dated: 6/23/14 72000
2	Jeffrey Groves
3	Vice President-General Counsel CSK Auto, Inc. Defendant
ı	Detendant
4	Color la consetta
5	Dated: 4/4/19 James Peterson, Esquire Higgs Fletcher & Mack LLP
6	
7	Attorneys for Defendant
8	
9	
0	
1	
2	
3	
4	
5	
6	
7	
8	
9	
0	
1	
2	
3	
4	
5	
6	
7	
<b>8</b>	
٥١	
	4 STIPULATION FOR ENTRY OF FINAL JUDGMENT

No Fee GC § 6103 2 3 4 5 6 SUPERIOR COURT OF CALIFORNIA 8 COUNTY OF SAN BERNARDINO 9 10 Case No. CALIFORNIA, STIPULATED FINAL JUDGMENT 11 Plaintiff, 12 EXHIBIT ONE (1) 13 CSK AUTO, INC., AN ARIZONA 14 CORPORATION, 15 Defendant. 16 Plaintiff, the People of the State of California, having filed its Complaint; and Defendant 17 CSK Auto, Inc., ("CSK Auto, Inc.," or "Defendant"), an Arizona Corporation, having accepted 18 service of the Complaint; and 19 Plaintiff, appearing through its attorneys, Michael A. Ramos, San Bernardino District 20 Attorney, by Douglas Poston, Deputy District Attorney, Jeff Rosen, Santa Clara District 21 Attorney, by Tiyen Lin, Deputy District Attorney, Bob Lee, Santa Cruz District Attorney, by 22 William Atkinson, Assistant District Attorney; and Jan I. Goldsmith, San Diego City Attorney, by 23 24 Kathryn Lange Turner, Deputy City Attorney, and Defendant, appearing by and through its attorneys, Higgs Fletcher & Mack LLP, by James M. Peterson, and 25 Plaintiff and Defendant having stipulated and consented to the entry of this Stipulated 26 Final Judgment ("Judgment") prior to the taking of any proof, and without trial or adjudication of 27

any issue of fact or law herein; and

28

26

27.

28

The Court having considered the pleadings;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

## **JURISDICTION**

1. This action is brought under California law and this Court has jurisdiction of its subject matter and parties.

#### DISCLAIMER OF ADMISSIONS

2. The provisions of this Judgment are entered as a result of the stipulation of the parties, without admission by Defendant regarding any factual or legal allegation in the Complaint.

## **APPLICABILITY**

3. The provisions of this Judgment are applicable to Defendant, and to its officers, directors, employees, agents, servants and representatives acting within the course and scope of their agency and employment, and to successors and assignees of Defendant, and to all persons, partnerships, corporations, and other entities acting for, through, on behalf of or in concert with Defendant with actual or constructive notice of this Judgment. Unless otherwise stated, all obligations imposed upon Defendant by the terms of this Judgment are ordered by stipulation of the Parties based upon the alleged violations of Business and Professions Code sections 17203 and 17535.

## INJUNCTIONS

- 4. Pursuant to this Judgment, Defendant, and all persons and entities set forth in Paragraph 3 above, and each of them, are permanently enjoined and restrained from directly or indirectly engaging in any of the following acts or practices in California:
  - A. Violating Business and Professions Code section 17500; and
- B. At the time of sale of a commodity, charging an amount greater than the price that is then advertised, posted, marked, displayed or quoted for that commodity, in violation of Business & Professions Code section 12024.2;
- 5. Pursuant to this Judgment, Defendant and all persons and entities set forth in Paragraph 3 above, and each of them, shall administer and enforce for a period of five (5) years from the date of entry of this Judgment, in every existing store operated by Defendant in

5

9 10

11 12

13

14 15

16

17 18

20

21

22

19

23 24

.25

26 27

28

California, and in every new store operated by Defendant in California, a Compliance Program intended to correct inaccurate shelf prices, in-store advertised prices, and scanner prices. This program shall include, but is not limited to, the following:

Defendant shall appoint one (1) person at the corporate level (hereinafter A. the Corporate Pricing Personnel or "CPP") who shall be charged with overseeing the Compliance Program, with respect to all stores in California, addressing: (a) the maintenance of pricing accuracy in the price scanning system, (b) price changes; and (c) resolution of pricing discrepancies in the system or stores. The CPP may delegate duties to other employees, appoint "back-up" CPP's, or retain third-party providers as the CPP deems reasonable and appropriate to assist with the CPP's responsibilities. The CPP shall be the designated corporate contact for inquiries from State of California Weights and Measures inspectors and/or any District Attorney for counties representing The People of The State of California.

- Each store in California shall designate a Price Auditor ("PA") who shall B. be available between the hours of 8:30 a.m. and 5:00 p.m. on weekdays. The store manager may serve the function of the PA.
- (1) The duties of the PA shall be to maintain in-store pricing accuracy, including, but not limited to, price scanner accuracy. The duties of the PA shall include, but not be limited to, conducting price audits, promptly correcting pricing errors, promptly communicating pricing errors to appropriate management personnel, and recording the results of price audits.
- (2) Each store PA shall conduct a minimum of one (1) audit per month of at least fifty (50) items offered for sale in that store. The items for the audit may be selected by the CPP and must include at least thirty (30) items selected by randomized process, taking into consideration the methods set forth in the most current edition of the National Institute of Standards and Technology Handbook 130—Examination Procedure for Price Verifications: The remaining items selected for audit may include items targeted by the CPP based on considerations such as items that were recently on sale, items that were the subject of alleged pricing violations, items that have been the subject of a recent price change, or other reasons. Pricing errors:

discovered during such audits shall be corrected in the store. If it appears to the PA that a pricing error may extend beyond a single store, the PA shall report it to the CPP to take appropriate action to correct potential pricing errors in other stores.

- (3) The PA shall forward all reports and notices of inspections conducted by the state or local department of Weights and Measures to the CPP.
- C. The PA shall maintain copies of each audit for that store. All audits shall be forwarded to the CPP who shall maintain a store log that identifies: (1) the date of the audit, (2) the name and title of the person conducting the audit, (3) the number of items audited, (4) a list of any pricing errors discovered during that audit including the item's description, correct price and scanned price, and (5) a certification that the errors were corrected, along with the date of the correction.
- (1) The store audits shall be maintained in the store for a period of at least three (3) months from the date of each audit. The store log shall be maintained in hard copy or electronic format for a period of at least three (3) years from the date of the audit at the corporate headquarters.
- (2) The store log shall be made available for inspection within ten (10) business days of the written request of any Weights and Measures Official to the corporate office. (As used in this Judgment, the term Weights and Measures Official shall mean any representative of the State of California Division of Measurement Standards, Department of Food and Agriculture, or any representative of a County Sealer or Director of a County Department of Agriculture, or any representative of the California Attorney General, a District Attorney, or a City Attorney.)
- D. Upon the occurrence of any regular, sale or promotional price change covering one or more products in any of Defendant's stores in California, the PA or other qualified person at each store shall effectuate the price change(s) and as part of that process shall verify that all affected shelf prices and in-store signs are accurate. The PA or other qualified person shall assure that any pricing inaccuracies are corrected promptly.

F. Whenever any employee of Defendant becomes aware that an item offered for sale has scanned at a price that is higher than the lowest of either (a) any current advertised newspaper and/or insert price or (b) any posted in-store price, whether containing an expiration date or not, the customer shall receive a Five Dollar (\$5.00) reduction from the lowest advertised or posted price for one of the items or, if the item's lowest advertised or posted price is Five Dollars (\$5.00) or less, the customer shall receive one unit of such item for free. If a customer is purchasing more than one of the same identical item for which a price discrepancy is found, in addition to either the deduction of Five Dollars (\$5.00) from the price of one such item, or giving the customer one such item for free, Defendant shall charge that customer the lowest advertised or posted price on all remaining identical items purchased by that same customer in the same purchase transaction. The duty to deduct Five Dollars (\$5.00) from the price of an overcharged item or to provide it for free shall be honored for a period of fourteen (14) days from the date of purchase. This program shall be referred to as the "\$5.00 Off Program." Nothing in this paragraph deprives Defendant of the ability to reasonably verify the validity of any customer claim made pursuant to the \$5.00 Off Program prior to providing any price deduction or free item to the customer pursuant to the \$5.00 Off Program.

28

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

1155070.3

5

(1) Defendant shall inform customers of the \$5.00 Off Program by posting
one "Scanner Price Guarantee" sign in every California store. Each sign shall be posted behind
the main counter where registers are located in the store on an end cap immediately to the right o
left of the recessed center cap. Each sign shall be unobstructed to customers standing at the
registers. The top of each sign shall line up with the bottom of the façade that reads,
"PROFESSIONAL Parts People." The signs shall be installed within one hundred twenty (120)
days after execution of this Judgment.

(2) Each Scanner Price Guarantee sign shall be twenty-three and one-half by forty-eight inches (23.5" x 48") in size and shall be printed in Arial Narrow Bold font size 136 point in the header and 112 point in the body. The header on the sign shall read, "SCANNER PRICE GUARANTEE TO OUR CUSTOMERS:" The body of the sign shall include the following language:

"IF AN ITEM SCANS AT A PRICE HIGHER THAN THE SHELF OR ADVERTISED PRICE, WE WILL CORRECT THE ERROR AND DEDUCT \$5.00 FROM THE LOWEST ADVERTISED PRICE OF ONE SUCH ITEM. IF THE LOWEST ADVERTISED PRICE IS \$5.00 OR LESS, YOU WILL RECEIVE THE ITEM FOR FREE. YOU WILL BE CHARGED THE LOWEST SHELF OR ADVERTISED PRICE FOR ALL ADDITIONAL IDENTICAL ITEMS YOU ARE BUYING AT THE SAME TIME.

- (3) The price guarantee shall not be available to Defendant's employees or members of their immediate family.
- G. The records of the in-house procedures and audits required by or maintained pursuant to this Judgment shall not be admissible in any subsequent proceeding against or relating to any of the enjoined entities or persons by Plaintiff herein or by any third parties; except that such records shall be admissible in subsequent proceedings to establish compliance with or failure of compliance with the provisions of paragraph 5 of this Judgment.
- H. After 42 (forty-two) months from the date of entry of this Stipulated Final Judgment, Defendant may ask, and Plaintiff will agree, to meet and confer regarding the

25.

28:

6. Neither this Injunction, nor any provision hereof, shall be a defense, or be admissible in support of a defense, to an action by the People for any future violation(s) of any consumer protection law including, but not limited to, violations of the Business and Professions Code.

# MONETARY RELIEF

- 7. Pursuant to the Stipulation of the Parties, Defendant shall, within fifteen (15) calendar days of the entry of this Judgment, pay to Plaintiff One Million One Hundred Twenty Thousand Eight Hundred Fourteen Dollars and Twenty Cents (\$1,120,814.20) in the form of four (4) certified checks, each in the amount of Two Hundred Eighty Thousand Two Hundred Three Dollars and Fifty-Five Cents (\$280,203.55) payable to the "San Bernardino District Attorney's Office," "Santa Clara District Attorney's Office," "Santa Cruz District Attorney's Office," and "San Diego City Treasurer."
- 8. Defendant shall, within fifteen (15) calendar days of the entry of this Judgment, pay to Plaintiff costs totaling One Hundred Sixty-One Thousand Nine Hundred Seventy-Seven Dollars (\$161,977.00) in the form of twenty-eight (28) separate checks payable as follows:

San Bernardino District Attorney's Office	\$10,000
Santa Clara District Attorney's Office	\$ 5,000
Santa Cruz District Attorney's Office	\$ 5,000
San Diego City Attorney's Office	\$ 50,000
California Dept. of Food and Agriculture	\$ 17,766
Alameda Office of Weights & Measures	\$ 501
Contra Costa County Division of Weights and Measures	\$ 1,530
El Dorado County Dept. of Agriculture	\$ 193
Fresno County Dept. of Agriculture	\$ 3,157
Humboldt County Dept. of Agriculture	\$ 1,011
Imperial County Agricultural Commissioner	\$ 984
Kern County Dept. of Agriculture & Measurement Standards	\$ 873
7	

1	Los Angeles County Agricultural Commissioner	\$ 5,921		
2	Madera County Dept. of Weights and Measures	.\$ 251		
3	Napa County Weights and Measures	\$ 880		
4	Orange County Agricultural Commissioner	\$ 3,906		
, 5	Riverside County Weights and Measures	\$ 9,053		
6	Riverside District Attorney's Office	\$ 800		
7	San Bernardino County Agriculture/Weights & Measures	\$17,970		
8	San Diego County Agriculture, Weights and Measures	\$ 1,924		
9	San Joaquin County Weights and Measures	\$ 1,825		
10	San Luis Obispo County Dept. of Weights and Measures	\$ 225		
11	San Mateo County Dept. of Agriculture/Weights and Measures	\$ 366		
12	Santa Clara County Weights and Measures Division	\$ 4,946		
13	Santa Cruz County Agricultural Commissioner	\$ 1,793		
14	Sonoma County Sealer of Weights and Measures	\$ 5,424		
15	. Tulare County Agricultural Commissioner/Sealer	\$ 1,311		
16	Ventura County Weights and Measures	\$ 9,367		
17	9. Defendant shall, within fifteen (15) calendar days of the en	ntry of this Judgment,		
18	pursuant to this Stipulated Final Judgment, pay cy pres restitution in the sum of Two Hundred			
19	Thousand Dollars (\$200,000.00) in the form of one (1) check payable to the Consumer Protection			
20	Prosecution Trust Fund created by Stipulated Final Judgment and Permanent Injunction in the			
21	case of People v. ITT Consumer Financial Corporation, et. al. (Alameda County Superior Court			
22	No. 656038-0, filed on September 21, 1989), for the purpose of enhancing the investigation,			
23	prosecution, and enforcement of consumer protection actions brought pursuant to the Unfair			
, 24	Competition Law (Business and Professions Code section 17200 et seq.).			

All checks shall be delivered to Deputy District Attorney Douglas Poston at the
 Office of the San Bernardino District Attorney, Consumer and Environmental Protection Unit,
 412 West Hospitality Lane, Suite 300, San Bernardino, California, 92415.

28

25

26

27

1155070.3

111

8

In the event of default by Defendant as to any amount due hereunder, the whole amount due hereunder shall be deemed immediately due and payable as penalties to the Counties of San Bernardino, Santa Clara and Santa Cruz, and to the City of San Diego, and Plaintiff shall be entitled to pursue any and all remedies provided by law for the enforcement of this Judgment. Further, any amount in default shall bear interest at the prevailing legal rate from the date of default until paid.

# RETENTION OF JURISDICTION

- 12. Jurisdiction is retained for the purpose of enabling any party to this Judgment to apply to the Court at any time for such further orders and directions as may be necessary and appropriate for the construction or carrying out of this Judgment, for the modification of any of its injunctive provisions, and for the enforcement of, compliance with, and for the punishment of violations of the Judgment.
  - 13. The clerk is directed to immediately enter this Judgment.

DATE:_	7/1	, 2014	CH THE STATE OF TH	16	<i>H</i>	<u> </u>
. —	17.			udge of	the Superior	Court
		S. C.ORNI		<i>()</i>	KEITH D. D	AVIS



THE DOCUMENT TO WHICH THIS CERTIFICATION IS ATTACHED IS A FULL, TRUE AND CORRECT COPY OF THE ORIGINAL ON FILE AND OF RECORD IN MY OFFICE.

ATTEST CHRISTINA M. VOLKERS Clerk of the Superior Court of the State of California, in and for the County of San Bernardino

Date.