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FEB - 9 2015

KIM TURNER, Court Executive Officer MARIN COUNTY SUPERIOR COURT By: C. Lucchesi, Deputy

SUPERIOR COURT OF CALIFORNIA

IN AND FOR THE COUNTY OF MARIN

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

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TARGET CORPORATION, a Minnesota corporation,

Defendant.

Case No. (1) 15 0 0 47 4

FINAL JUDGMENT AND PERMANENT INJUNCTION PURSUANT TO STIPULATION

Plaintiff, the People of the State of California ("the People"), appearing through its attorneys, Edward S. Berberian, Marin County District Attorney, by Andres H. Perez, Deputy District Attorney; Mark A. Peterson, Contra Costa County District Attorney, by Gary E. Koeppel, Supervising Deputy District Attorney; Lisa A. Smittcamp, Fresno County District Attorney, by Edward T. Browne, Deputy District Attorney; Jeffrey S. Rosell, Santa Cruz County District Attorney, by William Atkinson, Assistant District Attorney; Jill R. Ravitch, Sonoma County District Attorney, by Matthew T. Cheever, Deputy District Attorney; and Jan I. Goldsmith, San Diego City Attorney, by Kathryn L. Turner, Chief Deputy City Attorney and Kristine A. Lorenz, Deputy City Attorney; and Defendant Target Corporation, by and through its attorneys, Morrison Foerster, by David F. McDowell; and

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Plaintiff and Defendant having stipulated and consented to the entry of this Final Judgment and Permanent Injunction ("Judgment") prior to the taking of any proof, and without trial or adjudication of any issue of fact or law herein; and

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 or denial by Defendant regarding any factual or legal allegation in the Complaint.

APPLICABILITY

3. The provisions of this Judgment are applicable to Defendant Target Corporation, a Minnesota corporation, 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 (hereinafter collectively referred to as "TARGET"). Unless otherwise stated, all obligations imposed upon TARGET by the terms of this Judgment are ordered pursuant to Business and Professions Code section 17203 and 17535.

DEFINITIONS

- 4. For the purposes of this Judgment, the following definitions shall apply:
- A. "Advertised Price" means a price that is posted or displayed on the commodity itself or on a shelf tag that corresponds to that commodity; or the price for a commodity that is otherwise advertised, posted, marked, displayed, or quoted including, but not limited to, in a flyer, newspaper, magazine, direct mail publication, or electronically (e.g. on or via the internet or on a Target non-checkout location POS). Unless otherwise prohibited by

laws¹, nothing herein will be construed to mean that a consumer will be eligible for an Advertised Price if he or she fails to qualify under the applicable terms disclosed in conjunction with the Advertised Price, so long as said terms are clearly and conspicuously disclosed.

- B. "Point of Sale System" ("POS") means any computer or electronic system used by a retail establishment such as, but not limited to, Universal Product Code scanners, price lookup codes, or an electronic price lookup system as a means for determining the price of the item being purchased by a consumer.
- C. "POS Price" means the price of an item displayed to a consumer when the item is scanned at a POS.
- Advertised Price; and 2) the checkout location POS Price. For purposes of this Judgment, a Pricing Discrepancy shall include, but not be limited to, all instances in which a checkout location POS Price override is instituted or performed. For purposes of this Final Judgment, a Pricing Discrepancy shall not include (1) situations where the variance between an Advertised Price and the POS Price is consistent with a clear and conspicuous price correction notice placed on the rack or shelf at each location the product is displayed and on the advertising board at the front of each store notifying customers of an incorrect Advertised Price; (2) any variance between an Advertised Price and the POS Price when merchandise has been correctly stocked but inadvertently moved, transferred or transported to the wrong rack, shelf, display, or fixture by a customer; or (3) any variance which results in a consumer being charged a price lower than the lowest Advertised Price. Target shall bear the burden of proof in establishing any exception under this subsection, when the alleged Pricing Discrepancy is brought to its attention within fourteen (14) days of the date on which the alleged Pricing Discrepancy occurred.
- E. "Report of Pricing Discrepancy" means a report of a Pricing Discrepancy by any customer, any employee or agent of a government agency, or any employee of Target.

¹ E.g., see Business and Professions Code section 12024.2(a)(2).

F. "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.

INJUNCTION

- 5. Pursuant to Business and Professions Code sections 17203 and 17535, TARGET is permanently enjoined and restrained from directly or indirectly engaging in any of the following acts or practices:
- A. Violating Business and Professions Code section 12023 by selling any commodity according to gross weight or measure;
- B. Violating Business and Professions Code section 12024 by selling a commodity in less quantity than it is represented to be, in violation of Business and Professions Code Section 12024.
- C. Violating Business and Professions Code section 12024.2(a)(1) by charging at the time of sale of a commodity, a value which is more than the lowest advertised, posted or quoted price for the commodity, in violation of Business & Professions Code section 12024.2;
- D. Violating Business and Professions Code section 12024.2(a)(2) by charging an amount greater than the lowest price posted on the commodity itself or on a shelf tag that corresponds to the commodity, notwithstanding any limitation of the time period for which the posted price is in effect;
- E. Violating Business and Professions Code section 17200 by engaging in unfair competition as that term is defined therein; and
- F. Violating Business and Professions Code section 17500 by, with the intent directly or indirectly to dispose of real or personal property or to perform services or to induce any member of the public to enter into an obligation relating to such property or services, making or causing to be made any representation concerning that property or those services, or concerning any

circumstance or matter of fact connected with the proposed performance thereof, which is untrue or misleading, and which is known to be, or which by the exercise of reasonable care should be known to be, untrue or misleading (as used herein, the term "misleading" includes statements which although true, are either actually misleading, or which have a capacity, likelihood or tendency to deceive or confuse the person to whom they are directed).

- 6. Pursuant to Business and Professions Code sections 17203 and 17535, TARGET shall, for the next seven (7) years, administer and enforce in every existing store operated by TARGET in California, and in every new store operated by TARGET in California during the seven (7) year period after the date of entry of this Judgment, a Compliance Program to correct: inaccurate or expired shelf prices, incorrect in-store advertised prices, inaccurate scanner prices, inaccurate tare weights, and inaccurate package weights. The Compliance Program shall include the following:
- A. **POLICIES AND PROCEDURES.** TARGET shall promptly implement written pricing accuracy policies and procedures ("Policies and Procedures") that incorporate the provisions of this Judgment. The Policies and Procedures shall be maintained in a Pricing Compliance Binder ("PCB") in each Target store in California ("Store PCB") and at Target Corporate Headquarters ("Corporate PCB"). The PCBs may be maintained in either hardcopy or electronic format. Target is not obliged to maintain PCBs, either Store PCB or Corporate PCB for any time period prior to this Final Judgment
- B. SIGNATURE AND ACKNOWLEDGMENT. All TARGET pricing personnel (as designated herein) shall be required to read the Policies and Procedures and sign an acknowledgment that they have read them and understand them. TARGET shall confirm its compliance with this provision by providing a sworn declaration to said effect, executed by an executive charged with responsibility for pricing programs to Gary E. Koeppel, Contra Costa County District Attorney's Office, 900 Ward Street, Fourth Floor, Martinez, CA 94553, by certified mail no later than one hundred and twenty days from the entry of this Final Judgment.
- C. **CORPORATE PRICING PERSONNEL.** TARGET shall appoint one person at the corporate level who shall be designated the Pricing Compliance Officer (hereinafter

"PCO") who shall be charged with overseeing, with respect to all stores in California: (a) the maintaining of pricing accuracy in the POS, (b) price changes, (c) prompt reporting, investigation, and resolution of Pricing Discrepancies in the POS and in stores, including pricing errors arising from inadequate tare weight deductions and inaccurate labeling weights on commodities; (d) that each store maintains all records required by this Judgment in their Store PCB and forwards them to the PCO for inclusion in the Corporate PCB which shall be maintained by the PCO as required by this Judgment; and (e) compliance with the Policies and Procedures. The PCO may delegate duties to other Target employees at the corporate level, appoint "back-up" PCOs, or retain third-party providers as the PCO deems reasonable and appropriate to assist with the PCO's responsibilities. The PCO shall be the designated corporate contact for inquiries from Weights and Measures Officials regarding TARGET's compliance with the injunctive terms of this Judgment.

- D. PRICE ACCURACY TEAM LEADER. Each Target store in California shall designate for each work shift an employee or employees to act as the Pricing Accuracy Team Leader ("PATL"). The Target store's designated Leader on Duty ("LOD") may serve the function of the PATL.
- (1) **PATL DUTIES.** The duties of the PATL shall be to ensure their respective Target store's compliance with the Policies and Procedures including, but not limited to, investigating and resolving Pricing Discrepancies reported in the Pricing Discrepancy Report, maintaining pricing accuracy, conducting price audits, promptly correcting price and weight errors, promptly communicating pricing and weight errors to appropriate management personnel, recording the results of price audits, and maintaining the Store PCB.
- Price Audits per month of at least one hundred items offered for sale in their store. The Price Audits shall determine whether any Pricing Discrepancies exist with the selected products. The items for the Price Audit shall be selected by the PATL and must include at least fifty items selected by randomized process, taking into consideration the methods set forth in the most

Examination Procedure for Price Verifications. Audits shall be no less than ten days apart. Each store shall develop its list of products to audit independent of each other. Pricing Discrepancies discovered during such audits shall be immediately corrected in the store. If the PATL discovers two or more Pricing Discrepancies during an audit or the PATL knows or has a reason to believe that an individual Pricing Discrepancy extends beyond a single store, the PATL shall immediately report it to the PCO who, at least in the latter instance, shall take appropriate action statewide.

- minimum of one Weight Audit per month of at least twenty different items packaged by TARGET or packaged by a third party acting on TARGET's behalf and offered for sale in-store. The purpose of the Weight Audit shall be to ensure that proper tare weight deductions have been taken, and/or that the labeled weight of items is accurate. Weight inaccuracies or errors discovered during such audits shall be immediately corrected in the store or at the packaging site, whichever is applicable. If the qualified third party auditor knows or should know that the weight inaccuracy or error extends beyond a single store, the qualified third party auditor shall report it to the PCO to take appropriate action statewide. Target shall maintain Weight Audit records for one year.
- End Cap Audit to determine whether any Pricing Discrepancy exists as to products offered for sale on end caps. This End Cap Audit shall be in addition to the audits set forth in subparagraph (2) above. Pricing Discrepancies discovered during End Cap Audits shall be immediately corrected in-store. If the PATL discovers two or more pricing errors during the End Cap Audit or the PATL knows or should know that an individual Pricing Discrepancy may extend beyond a single store, the PATL shall immediately report it to the PCO to take appropriate action statewide.
- (5) **NOTICE OF WEIGHTS AND MEASURES INSPECTIONS.**The PATL shall forward all reports and notices of inspections conducted by the state or local

department of Weights and Measures to the PCO and shall maintain a copy of each in the Store PCB.

- shall designate TARGET personnel to conduct an Expired Price Audit. The Expired Price Audit shall consist of the designated TARGET personnel walking the entire store, searching for and removing all expired price displays (e.g. shelf tags and signs) in every in-store location where TARGET displays or posts a sale price including, but not limited to, all store aisles, end caps, rounders, and self-standing displays. The Expired Price Audit shall occur every week during the period between close of business on Saturday and start of business on Sunday. The personnel designated to perform the Expired Price Audit shall be different then the personnel who, within the normal course of business, change sales prices in-store and the Expired Price Audits shall occur after the normal sales price changes are made during the same period. The Expired Price Audit personnel shall have no other duties while they are performing the expired price audits.
- E. MAINTAINING AUDIT RECORDS IN PCB. By the end of the business day in which any audit required by this Judgment is conducted, the PATL shall record the results of the audit(s) in the Store PCB, and shall forward the audit record(s) to the PCO for inclusion in the Corporate PCB within thirty days of the audit. The recorded results of each audit shall include the following, if applicable: (1) the date of the audit; (2) the name and title of the PATL conducting the audit; (3) the number of items audited; (4) a list of any Pricing Discrepancies discovered during that audit including the item's SKU number, description, POS Price, lowest advertised and/or shelf price, and date of shelf tag price expiration, if applicable; and (5) a certification that any Pricing Discrepancies were corrected, along with the date and time of the correction.
- F. The audit records shall be maintained in the Store PCB for a period of at least one year from the date of each audit and shall be maintained in either hard copy or electronic format for five years from the date of each audit in the Corporate PCB. The Store PCB and all records required to be maintained therein shall be made immediately available for review and copying upon request to the PATL or store LOD by any Weights and Measure Official.

G. The Corporate PCB and all records required to be maintained therein shall be provided in at least electronic format within ten (10) business days of the written request of any Weights and Measures Official to the PCO.

H. PRICE CHANGE IMPLEMENTATION AND VERIFICATION. Upon the occurrence of any regular, sale or promotional price change covering one or more products in any Target store in California, the PATL or their qualified designee shall immediately effectuate the price change(s) in-store and as part of that process shall verify that all affected shelf prices and in-store signs are the same as the POS Price. The PATL or his or her qualified

designee shall assure that any Pricing Discrepancies are immediately corrected.

POS PRICING DISCREPANCY CODE. TARGET shall maintain a I. POS Pricing Discrepancy Code at or on all check-out stand POS which records and reports all Pricing Discrepancies including, but not limited to, price overrides. Each store shall maintain a daily Pricing Discrepancy Report reflecting all Pricing Discrepancies, if any, recorded and reported by the POS Pricing Discrepancy Code. These Pricing Discrepancies shall be immediately reported to the PATL or their qualified designee. The PATL or their qualified designee shall investigate and resolve the reported Pricing Discrepancy as soon as reasonably practicable and in no event longer than two hours after the report. If the reported Pricing Discrepancy is verified by the PATL, the PATL or their qualified designee shall correct it without delay including, but not limited to, removing and correcting the displayed Advertised Price. If the Pricing Discrepancy is an issue with the POS, the PATL shall immediately contact the PCO who shall take immediate measures to correct the price in the POS. If the PCO cannot immediately correct the price in the POS, the PCO shall order the affected product to be immediately removed from sale until the price can be corrected in the POS. Any corrective action taken in conjunction with the requirements of this provision shall be made part of the daily Pricing Discrepancy Report. If no corrective action is warranted, the PATL or their qualified designee shall indicate with as much specificity as possible in the Pricing Discrepancy Report entry for that reported Pricing Discrepancy, the reason(s) no corrective action was taken. All

Pricing Discrepancy Reports shall be maintained in the Store PCB for a period of at least one year from the date of each Report. All Pricing Discrepancy Reports shall be maintained in either hard copy or electronic format for five years from the date of each audit in the Corporate PCB.

- DUTY TO REPORT PRICING DISCREPANCY. Any person employed by TARGET who becomes aware of any Target store Pricing Discrepancy or receives a Report of Pricing Discrepancy that is not otherwise recorded and reported by the POS Pricing Discrepancy Code shall immediately notify the PATL of the Target store where the Pricing Discrepancy is discovered. The Pricing Discrepancy shall be made part of the daily Pricing Discrepancy Report including any action taken by the PATL in response as set forth above. If the person has reason to believe the Pricing Discrepancy may extend beyond a single store, the person shall without delay also send a system notification to inform the PCO of the Pricing Discrepancy.
- K. The records of the Compliance Program required by or maintained pursuant to this Judgment shall not be admissible as proof of new violations in any subsequent actions or proceedings against or relating to TARGET by the People; except that such records shall be admissible in subsequent actions or proceedings to establish compliance or non-compliance with the provisions of this Judgment; i.e. injunction violations.
- L. PRICE ACCURACY PROGRAM. Whenever an item offered for sale has scanned at the POS at a price that is higher than the lowest of either (a) any valid advertised price; or (b) any price posted on the item itself or on a shelf tag that corresponds to that item notwithstanding any limitation of the time period for which the posted price is in effect, the involved customer shall receive the item(s) at the price the customer believes is the lowest advertised or posted price. If the Target employee handling the transaction does not believe the stated price is accurate or the customer does not recall the exact lowest advertised price, the Target employee or the PATL shall take immediate measures to verify the lowest advertised price and charge the customer that price. This program shall be referred to as the "Pricing Accuracy Program."

(1) TARGET shall inform customers of the Pricing Accuracy Program by posting a sign in a clear, conspicuous and unobstructed location at every POS location in every Target store in California. In no event shall the signs be placed lower than forty-eight inches (48") above the floor. The signs shall be placed on a vertical surface that is a different color than the sign background (e.g. sign with a white background on a red vertical surface).

(2) The signs shall be no smaller than five inches by eight inches (5" x 8") in size; words shall be in a font size no less than 24-point and against a contrasting background (e.g. black letters on a white background); and shall state:

"PRICE ACCURACY PROGRAM NOTICE: If an item scans at a price higher than the lowest currently advertised or posted price, please advise your cashier immediately of the correct price and we will charge you the lowest advertised price."

- (3) In addition to the signs located at the POS locations, TARGET shall place a sign with the PRICE ACCURACY PROGRAM NOTICE in the entrance area of each California TARGET store. The sign will be at least two feet by three feet (2' x 3') in size, in a font size no less than 48-point against a contrasting background. The bottom of the sign should be no lower than thirty-six inches above the floor. The parties agree that placing this PRICE ACCURACY PROGRAM NOTICE in or adjacent to the "ad board" or equivalent area, in stores without an "ad board," located in the entrance area of a store, meets the requirements of this sign provision.
- (4) TARGET shall not make any statements or take any actions which would directly or indirectly prevent or discourage TARGET's Pricing Accuracy Program from being followed, complied with, enforced by or adhered to by TARGET employees, nor shall TARGET or TARGET employees make any statements or take any actions that would discourage customers from utilizing this program.

7. 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.

8. EMPLOYEE TRAINING

- A. Policies and Procedures. Upon entry of Final Judgment and in connection with the training set forth below, the PCO shall ensure that all California Target store Managers, PATLs and Cashiers receive, read and understand the Final Judgment or a comprehensive summary which, along with all associated procedures, shall be reasonably accessible to all California TARGET personnel via an online or hard copy format.
- B. Service of Papers, Distribution and Acknowledgment. Within thirty (30) days of the entry of this Final Judgment, TARGET shall provide a copy of this Final Judgment to individuals responsible for the implementation and supervision of pricing policies in California Target Stores.
- (1) TARGET shall require all California Target store Managers,
 PATLs and Cashiers to read the Final Judgment or a comprehensive summary and acknowledge
 that they have read and understand it. Such acknowledgment may be provided in any written
 form and Target shall keep in both the Store PCB and Corporate PCB records of said
 acknowledgments for two (2) years from the date of their creation.
- C. California Target Store General Manager and PATL Training. Within sixty (60) days after entry of this Judgment, TARGET shall ensure that all current California Target store Managers and PATLs undergo comprehensive pricing accuracy training. Similarly, TARGET shall ensure that all future California Target store General Managers and PATLs undergo comprehensive pricing accuracy training before assuming their regular duties. TARGET shall keep in both the Store PCB and Corporate PCB legible written or electronic records of such training provided, including attendance records and acknowledgments that each person received such training, for two (2) years from the date of their creation. The training shall be updated periodically as needed and shall include at least the following topics to improve pricing accuracy:

three million three hundred fifty-two thousand five hundred dollars (\$3,352,500.00) in the form of six certified checks, each in the amount of five hundred fifty-eight thousand, seven hundred fifty dollars (\$558,750.00) payable to the "Contra Costa District Attorney's Office," "Marin District Attorney's Office," "Santa Cruz District Attorney's Office," "Sonoma District Attorney's Office" "Fresno District Attorney's Office" and "San Diego City Treasurer."

10. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant shall, on the date of the filing of this Judgment, pay investigative costs in the amount of three hundred eighty eight thousand, six hundred eighteen dollars (\$388,618) in the form of twenty-eight (28) separate certified checks payable as follows:

\$ 25,000,00

Contra Costa County District Attorney's Office	\$ 25,000.00
Marin County District Attorney's Office	\$ 25,000.00
Santa Cruz County District Attorney's Office	\$ 25,000.00
Sonoma County District Attorney's Office	\$ 25,000.00
Fresno County District Attorney's Office	\$ 25,000.00
San Diego City Attorney's Office	\$ 25,000.00
California Dept. of Measurement Standards	\$ 18,753.00
Alameda County Weights and Measures	\$ 270.00
Contra Costa County Weights and Measures	\$ 3,022.00
El Dorado County Dept. of Agriculture	\$ 313.00
Fresno County Dept. of Agriculture	\$ 7,950.00
Humboldt County Dept. of Agriculture	\$ 588.00
Imperial County Agricultural Commissioner	\$ 1,915.00
Los Angeles County Agricultural Commissioner	\$ 62,249.00
Marin County Dept. of Weights and Measures	\$ 3,344.00
Napa County Weights and Measures	\$ 2,066.00
Orange County Agricultural Commissioner	\$ 4,032.00
Riverside County Weights and Measures	\$ 7,314.00
San Benito County Weights and Measures	\$ 1,838.00

San Bernardino County Agriculture/Weights & Measures	\$ 14,283.00
San Diego County Agriculture, Weights and Measures	\$ 6,666.00
San Joaquin County Weights and Measures	\$ 4,609.00
Santa Clara County Weights and Measures Division	\$ 77,461.00
Santa Cruz County Agricultural Commissioner	\$ 590.00
Shasta County Weights and Measures	\$ 938.00
Sonoma County Sealer of Weights and Measures	\$ 10,276.00
Stanislaus County Weights and Measures	\$ 679.00
Ventura County Weights and Measures	\$ 9,462.00

- 11. The parties having stipulated, and the Court hereby finds, that it is impractical and impossible to identify or to provide direct restitution to consumers who may have unknowingly been overcharged by Defendant or misled by Defendant's advertising such that other forms of direct restitution are too impractical, costly, and would far exceed any benefit to individual consumers. Thus Defendant shall pay, on the date of filing of this Judgment, restitution under the doctrine of *cy pres* pursuant to Business and Professions Code sections 17203 and 17535 by certified check made payable to the Consumer Protection Prosecution Trust Fund established in the case of *People v. ITT Consumer Financial Corporation, et al.* (Alameda County Superior Court Case No. 656038-0, filed on September 21, 1989) in the amount of Two Hundred Thousand Dollars (\$200,000).
- 12. All checks shall be delivered to Deputy District Attorney Andres H. Perez at the Office of the Marin County District Attorney, Consumer and Environmental Protection Division, 3501 Civic Center Dr., Room 130, San Rafael, California, 94903.

RETENTION OF JURISDICTION

13. 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.

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3	14. The clerk is directed to immediately enter this Judgment.			
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5	Dated:		FEB - 9 2015	PAUL M. HAAKENSON
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