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Attorneys for the People of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ALAMEDA

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

Rent-A-Center, Inc., a Delaware corporation,

Defendant.

Case No.

STIPULATION FOR ENTRY OF FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the People of the State of California (“People or Plaintiff”), through its attorney, Rob Bonta, Attorney General of the State of California, by Supervising Deputy Attorney General Michael E. Elisofon and Deputy Attorneys General Rachel A. Foodman, Timothy D. Lundgren and Daniel A. Osborn, acting on behalf of the People of the State of California, and Defendant Rent-A-Center, Inc. (“Defendant”), appearing through its attorney Anthony Jannotta, hereby stipulate as follows:

1. The State of California has engaged in a multi-year investigation of the following business practices: the Defendant’s charging or listing a Cash Price in a Covered Rental-Purchase

1 Agreement that is higher than the lowest advertised price offered by the associated third-party
2 retailer at that location or on the retailer's website, calculation and charging of a \$45 processing
3 fee based on applicable costs; marketing and offering of the Club Membership Program; and the
4 provisions of the November 16, 2006 Stipulation for Entry of Final Judgment and Final Judgment
5 entered into between Plaintiff and Defendant.

6 2. In exchange for the releases provided herein, Defendant is willing to enter into this
7 Stipulation and Final Judgment in order to resolve, and thereby avoid significant expense,
8 inconvenience, and uncertainty, arising from the People's concerns and claims as to the matters
9 addressed in this Judgment, which are outlined above and in the attached Final Judgment and
10 Permanent Injunction, and which have been investigated by the Plaintiff.

11 3. The Final Judgment and Permanent Injunction ("Judgment"), a true and correct
12 copy of which is attached hereto as Exhibit I, may be entered by any judge of the Alameda
13 County Superior Court.

14 4. The Plaintiff may submit the Judgment to any judge of the superior court for
15 approval and signature, based on this stipulation, during the court's ex parte calendar or on any
16 other ex parte basis, without notice to or any appearance by the Defendant which notice and right
17 to appear the Defendant hereby waives.

18 5. Plaintiff and Defendant (collectively, "the Parties") hereby waive their right to
19 move for a new trial or otherwise seek to set aside the Judgment through any collateral attack, and
20 further waive their right to appeal from the Judgment, except that Plaintiff and Defendant each
21 agree that this Court shall retain jurisdiction for the purposes specified in paragraph 28 of the
22 Judgment.

23 6. The Parties have stipulated and consented to the entry of the Judgment without the
24 taking of proof and without trial or adjudication of any fact or law herein.

25 7. Defendant will accept service of any Notice of Entry of Judgment entered in this
26 action by delivery of such notice to its counsel of record, and agrees that service of the Notice of
27 Entry of Judgment will be deemed personal service upon it for all purposes.

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8. The individuals signing below represent that they have been authorized by the parties they represent to sign this Stipulation.

9. This stipulation may be executed in counterparts, and the Parties agree that a facsimile signature shall be deemed to be, and shall have the full force and effect as, an original signature.

ROB BONTA
Attorney General
State of California

DATED: July 28, 2022

By:



Rachel A. Foodman
Deputy Attorney General
Attorney for Plaintiff

COUNSEL FOR DEFENDANT
RENT-A-CENTER, INC.

DATED: August 1, 2022

By:

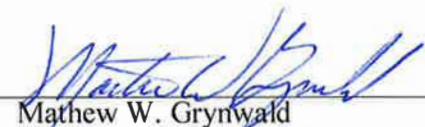


Anthony Jannotta
Nicole Lueddeke
Paul Hastings LLP
Attorneys for Rent-A-Center, Inc.

VICE PRESIDENT, ASSISTANT
GENERAL COUNSEL FOR
DEFENDANT RENT-A-CENTER, INC.

DATED: 8/1/2022

By:



Mathew W. Grynwald
VP, Assistant General Counsel
Rent-A-Center, Inc.

EXHIBIT 1

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Attorneys for the People of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ALAMEDA

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

Rent-A-Center, Inc., a Delaware corporation,

Defendant.

Case No.

[PROPOSED] FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the People of the State of California (“People” or “Plaintiff”), through its attorney, Rob Bonta, Attorney General of the State of California, by Supervising Deputy Attorney General Michael E. Elisofoffon and Deputy Attorneys General Rachel A. Foodman, Timothy D. Lundgren and Daniel A. Osborn, acting on behalf of the People of the State of California, and Defendant Rent-A-Center, Inc. (“Defendant”), appearing through its attorney Anthony Jannotta, having stipulated and consented to the entry of this Final Judgment and Permanent Injunction (“Judgment”) without the taking of proof and without trial or adjudication of any fact or law,

1 without this Judgment constituting evidence of or an admission by Defendant regarding any issue
2 of law or fact alleged in the Complaint on file, and without Defendant admitting any liability, and
3 with all parties having waived their right to appeal, and the Court having considered the matter
4 and good cause appearing:

5 IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

6 1. This Court has jurisdiction over the allegations and subject matter of the
7 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
8 this Court has jurisdiction to enter this Judgment.

9 2. Defendant does not admit to any violations of law and does not admit any
10 wrongdoing that was or could have been alleged by Plaintiff before the date of the Judgment
11 under any law. No part of this Judgment, including its statements and commitments, shall
12 constitute evidence of any liability, fault, or wrongdoing by Defendant.

13 3. This Judgment shall not be construed or used as a waiver or limitation of any
14 defense otherwise available to Defendant, and its past and present employees, representatives,
15 subsidiaries, operating companies, predecessors, assigns and successors, in any other action or in
16 any lawsuit of any kind, or of their rights to defend themselves from, or make any arguments in,
17 any other private individual, regulatory, governmental, or putative or certified class claims,
18 proposed or actual representative claims or suits relating to the subject matter or terms of this
19 Judgment. This Judgment is made without trial or adjudication of any issue of fact or law or
20 finding of liability of any kind. Nothing in this Judgment should be construed to create, waive, or
21 limit any individual consumer's substantive claim or cause of action.

22 **DEFINITIONS**

23 For purposes of this Judgment:

24 4. "Rental-Purchase Agreement" has the same meaning as the term as defined in
25 Civil Code section 1812.622, subdivision (d).

26 5. "Covered Conduct" means the following conduct by Defendant, including by its
27 past and present employees, representatives, subsidiaries, operating companies, predecessors,
28 assigns and successors, within the Defined Time Period: marketing and offering the Club

1 Membership Program, including its terms and the timing of disclosure; the calculation and
2 charging of a \$45 processing fee based on applicable costs; charging or listing a Cash Price in a
3 Covered Rental-Purchase Agreement that is higher than the lowest advertised price offered by the
4 associated third-party retailer at that location or on the retailer’s website; and any conduct
5 covered by the November 16, 2006 Stipulation for Entry of Final Judgment and Final Judgment
6 entered into between the Parties.

7 6. “Covered Rental-Purchase Agreement” means any Rental-Purchase Agreement
8 prepared by the Defendant, including its past and present employees, representatives, subsidiaries,
9 operating companies, predecessors, assigns and successors, and executed with a consumer at a
10 third-party retailer’s physical location or in connection with a third-party retailer’s website. For
11 clarity, the term Covered Rental-Purchase Agreement includes, but is not limited to, Rental-
12 Purchase Agreements executed through Defendant’s Preferred Lease business segment, formerly
13 known as RAC Acceptance or Acceptance Now.

14 7. “Cash Price” has the same meaning as the term as defined in Civil Code section
15 1812.622, subdivision (e).

16 8. “Club Membership Program” means any membership program, benefit program,
17 or other arrangement offered to consumers for a fee (including but not limited to Defendant’s
18 Benefits Plus program) that purportedly entitles the purchaser to discounts, benefits, or services
19 on a preferential basis not made generally available to the public.

20 9. “Defined Time Period” is January 18, 2014 through the date on which a copy of
21 the Judgment, duly executed by Defendant and by Plaintiff, is approved by, and becomes a
22 Judgment of the Court.

23 **INJUNCTION**

24 10. Nothing in this Judgment alters the requirements of federal or state law to the
25 extent they offer greater protection to consumers.

26 11. Defendant and its present employees, subsidiaries, operating companies,
27 predecessors, assigns and successors are hereby permanently enjoined and restrained from
28

1 directly or indirectly engaging in any of the following acts or practices related to Covered Rental-
2 Purchase Agreements in California:

- 3 a. Charging or listing a Cash Price in a Covered Rental-Purchase Agreement that
4 is higher than the lowest advertised price offered to the consumer by the
5 associated third-party retailer at the time the consumer executes the Covered
6 Rental-Purchase Agreement, as described in Civil Code section 1812.622¹;
- 7 b. Charging or listing a processing fee or any other fee that Defendant cannot
8 establish as reasonable and an actual cost incurred by Defendant, as described
9 in Civil Code section 1812.624, subdivision (a)(7);
- 10 c. Charging or listing a down payment as described in Civil Code section
11 1812.624, subdivision (a)(8);
- 12 d. Failing to provide upon request an exemplar Rental-Purchase Agreement when
13 a consumer identifies to Defendant or its employees specific proposed
14 merchandise item(s) for lease as required by Civil Code section 1812.629,
15 subdivision (a);
- 16 e. Failing to provide the notices described in Civil Code section 1812.632,
17 subdivisions (a)(2) and (c);
- 18 f. Failing to process rent reductions when required by Civil Code section
19 1812.632, subdivision (d);
- 20 g. Offering any service contract that is prohibited by Civil Code section
21 1812.635, subdivision (a);
- 22 h. Preventing or limiting in any way the consumer's right to terminate the Rental-
23 Purchase Agreement without penalty at any time and for any reason.
24 Defendant nevertheless retains all applicable rights regarding consumer
25 liability under Civil Code section 1812.627 if any such consumer liability
26 exists;

27
28 ¹ Any reference to the Karnette Rental-Purchase Act herein pertains only to the version of the code
section as written on the date of this agreement.

- 1 i. Failing to disclose clearly and conspicuously in all marketing materials relating
2 to Covered Rental-Purchase Agreements (including in-store displays) that the
3 service being advertised is a rental-purchase transaction;
- 4 j. In any written or oral communications, describing Covered Rental-Purchase
5 Agreements as “financing,” or using the term “interest” to refer to rental fees,
6 or using other language suggesting that the transaction is not a Rental-Purchase
7 Agreement;
- 8 k. In any written or oral communications, representing to consumers that there is
9 a limitation on, or penalty associated with, the return of merchandise, or
10 otherwise making any oral or written representation that contradicts the
11 disclosures required in paragraph 12, below;
- 12 l. In any written or oral communications, representing to consumers that any
13 portion of a consumer’s payment(s) will be treated as a “down payment,” or
14 using the term “money down”;
- 15 m. In any written or oral communications, representing that the right to acquire
16 ownership of the merchandise during the first three months for the Cash Price
17 as described in Civil Code section 1812.632 is an “amendment” or a “limited
18 time promotion”; and
- 19 n. In any written or oral communications, making representations which violate
20 the obligations under Civil Code section 1812.632, subdivision (d).

21 12. Defendant shall provide each consumer with a document entitled “Know Your
22 Rights” at the time that the consumer enters into a Covered Rental-Purchase Agreement. The
23 “Know Your Rights” document shall use plain language, in the same language as principally used
24 in any oral sales presentation or negotiations leading to the execution of the agreement (e.g.,
25 English or Spanish), and shall clearly and conspicuously describe the following rights afforded to
26 the consumer under the Karnette Rental-Purchase Act:

- 27 a. The right to terminate a rental-purchase agreement at any time without
28 limitation or penalty but that Defendant nevertheless retains all applicable

1 rights regarding consumer liability under Civil Code Section 1812.627 if any
2 such consumer liability exists;

- 3 b. The right to cancel the Covered Rental-Purchase Agreement, without penalty
4 or obligation, if the consumer has not taken possession of the property, as
5 provided for in Civil Code section 1812.628, subdivision (b);
- 6 c. The right to reinstate the Covered Rental-Purchase Agreement after default if
7 the provisions of Civil Code section 1812.631, subdivision (c) are satisfied;
- 8 d. The right to acquire ownership of the subject property during the course of the
9 contract period, as provided for in Civil Code section 1812.632, subdivisions
10 (a) and (b);
- 11 e. The right to a reduction in the periodic lease payment amount if the consumer
12 experiences an interruption or reduction in income that satisfies the
13 requirements of Civil Code section 1812.632, subdivision (d);
- 14 f. The amount and nature of any processing fee charged on Covered Rental-
15 Purchase Agreements. In particular, such disclosures shall explain in plain
16 language that the processing fee is not credited toward the price of the
17 merchandise, including for purposes of the early purchase option. Defendant
18 shall not charge any processing fee unless the consumer acknowledges in
19 writing that he or she has read and understands these disclosures.

20 13. In selling, offering to sell, or providing any Club Membership Program, including
21 but not limited to the program currently known as “Benefits Plus”, Defendant shall not:

- 22 a. Fail to comply with the requirements of California’s Subscriptions Law,
23 Business and Professions Code section 17600 et seq. for any agreement,
24 program, or offering that constitutes a “continuous service” or “automatic
25 renewal” as defined therein;
- 26 b. Solicit a consumer to purchase a Club Membership Program before the
27 consumer has signed a Covered Rental-Purchase Agreement or include in a
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1 Covered Rental-Purchase Agreement any terms or obligation to enroll in a
2 Club Membership Program;

- 3 c. Fail to disclose clearly and conspicuously in writing in plain language to each
4 consumer all of the following before or at the time of the offer of a Club
5 Membership Program and before the consumer signs any agreement to
6 purchase a Club Membership Program: (a) all existing benefits, services,
7 features, and discounts included as part of the Club Membership Program, (b)
8 the existing cost to the consumer of the Club Membership Program, including
9 all weekly or monthly fees, (c) that the purchase of the Club Membership
10 Program is optional and may be canceled at any time without charge, penalty,
11 or obligation, and (d) that purchasing or not purchasing the Club Membership
12 Program does not affect the consumer's rights, obligations, or cost for the
13 rental or purchase of goods under the Covered Rental-Purchase Agreement;
- 14 d. Fail to apply payments received from a consumer first to the amount owed
15 under outstanding Covered Rental-Purchase Agreements and then to the Club
16 Membership Program; or
- 17 e. Fail to provide a written receipt for each payment made on a Club Membership
18 Program. The written receipt required under this provision may be included
19 with the written receipt provided pursuant to Civil Code section 1812.629,
20 subdivision (d) if the receipt clearly identifies the amount paid for the Club
21 Membership Program separately from the amount paid on the Covered Rental-
22 Purchase Agreement.

23 14. Defendant shall train its California employees, and any employees that have
24 responsibility over Covered Rental-Purchase Agreements in California, regarding the specific
25 injunctive provisions of this Judgment. This training shall include, but is not limited to, providing
26 such employees with the following:

- 27 a. A description of the Karnette Rental-Purchase Act's requirements; and
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1 b. A description of the acts and practices that are prohibited and/or required by the
2 injunctive terms of this Judgment.

3 15. Defendant shall notify all third-party retailers associated with Covered Rental-
4 Purchase Agreements in California regarding Defendant's legal obligations arising under the
5 Karmette Rental-Purchase Act and provide them with a copy of this Judgment.

6 16. Defendant shall notify all third-party retailers associated with Covered Rental-
7 Purchase Agreements in California that they may not market Defendant's services as "financing"
8 or display Defendant's services on a "financing" webpage unless that webpage clearly and
9 conspicuously describes Defendant's services as lease-to-own services.

10 **COMPLIANCE**

11 17. Defendant shall prepare and provide reports to the Attorney General's office
12 documenting its compliance with the injunctive provisions of this Judgment. The first compliance
13 report shall be provided one calendar year after entry of this Judgment. Two additional reports
14 shall be provided thereafter at one-year intervals following production of the initial report, unless
15 the parties agree in writing to a different schedule.

16 18. The Attorney General's office may make reasonable requests to Defendant for
17 additional information showing its compliance with any provision(s) of this Judgment. Defendant
18 shall furnish such information within 30 days after the request is made, unless another date is
19 agreed upon in writing.

20 19. Defendant shall provide a copy of this Judgment to each of its representatives,
21 employees and agents with management-level responsibility for overseeing or communicating
22 with consumers related to Covered Rental-Purchase Agreements in California as well as to all
23 persons who subsequently fall into this category after entry of this Judgment. Defendant shall
24 obtain from each such person a signed acknowledgment that they have read, understand, and
25 agree to abide by the terms of the Judgment. A copy of each acknowledgment signed pursuant to
26 this paragraph shall be retained by Defendant and made available for inspection by the Attorney
27 General's office upon request.

1 20. Nothing in this Judgment limits the right of the Attorney General’s office to
2 request or obtain information from, or otherwise contact, Defendant as provided by law.

3 **RELEASE**

4 21. Effective upon payment of the full amount due under Paragraph 22 of this
5 Judgment, Plaintiff releases and discharges Defendant and its past and present employees,
6 representatives, officers, directors, subsidiaries, operating companies, predecessors, assigns and
7 successors, from any and all claims, causes of action, costs and attorney’s fees, Plaintiff has
8 asserted or could have asserted based on, arising from, or relating to the Covered Conduct prior to
9 the date of entry of this Judgment, including all matters set forth in the Complaint filed in the
10 above-captioned action.

11 **MONETARY PROVISIONS**

12 22. Defendants shall pay, in the aggregate, Fifteen Million, Five Hundred Thousand
13 Dollars (\$15,500,000) as further described in Paragraphs 23-24 of this Judgment. Payment shall
14 be made within thirty (30) calendar days of the date of entry of this Judgment, pursuant to
15 instructions provided by the Attorney General’s Office.

16 23. Of the aggregate Fifteen Million, Five Hundred Thousand Dollars (\$15,500,000),
17 Defendant shall pay a total of Two Million Dollars (\$2,000,000) in and for civil penalties under
18 Business and Professions Code sections 17206 and 17536.

19 24. Of the aggregate Fifteen Million, Five Hundred Thousand Dollars (\$15,500,000),
20 Defendant shall pay a total of Thirteen Million, Five Hundred Thousand Dollars (\$13,500,000) in
21 and for restitution under Business and Professions Code sections 17203 and 17535. Such
22 restitution shall be offered to each customer who entered into and made payments on one or more
23 Covered Rental-Purchase Agreements during the Defined Time Period and such agreement
24 charged or listed a Cash Price in excess of the Cash Price advertised by the third party retailer.
25 Each consumer eligible to receive restitution under this paragraph shall receive a pro rata share of
26 the total restitution amount based on the total number of eligible consumers and the total amount
27 paid by the consumer in connection with any Covered Rental-Purchase Agreement(s). Each
28 consumer shall be informed that by cashing the restitution award, the consumer acknowledges

1 that Defendant may be entitled to offset that restitution award against any future claim by that
2 consumer against Defendant relating to the same Covered Rental-Purchase Agreement(s).

3 25. At its sole discretion, the Attorney General's office may use unclaimed restitution
4 funds offered under Paragraph 24 to provide additional restitution to eligible consumers and to
5 pay for the administration costs associated with such additional offers or awards, or for the
6 enforcement of consumer protection laws.

7 26. Within 60 days of the date of entry of this Judgment, Defendant shall provide the
8 Attorney General's office with a list that identifies each consumer entitled to restitution under the
9 terms of this Judgment, the consumer's last known address, and the total amount paid by that
10 consumer in connection with any Covered Rental Purchase Agreement(s) during the Definted
11 Time Period. Defendant shall also provide the Attorney General's office access to information
12 sufficient to confirm the accuracy of the data provided.

13 27. Restitution shall be administered by a third party administrator selected by the
14 Attorney General's office who shall administer restitution according to this Judgment. Payment
15 for services rendered by the restitution administrator shall be paid from the Thirteen Million, Five
16 Hundred Thousand Dollar (\$13,500,000) restitution payment.

17 **OTHER TERMS**

18 28. Jurisdiction is retained by the Court for the purpose of enabling any party to the
19 Judgment to apply to the Court at any time for such further orders and directions as may be
20 necessary or appropriate for the construction or the carrying out of this Judgment, for the
21 modification of any of the injunctive provisions hereof, for enforcement of compliance herewith,
22 and for the punishment of violations hereof, if any.

23 29. Any notices required to be sent to Plaintiff or to Defendant under this Judgment shall
24 be sent by email and certified mail to the following:

25 a. For the People of the State of California:

26 Deputy Attorney General Rachel Foodman
27 Consumer Protection Section
28 Office of the Attorney General
1515 Clay St., Suite 2000

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Timothy.Lundgren@doj.ca.gov
Daniel.Osborn@doj.ca.gov
Michael.Elisofon@doj.ca.gov

b. For Defendant:

Mathew W. Grynwald
VP, Assistant General Counsel
Rent-A-Center, Inc.
5501 Headquarters Drive
Plano, TX 75024

With a copy to:

Anthony Jannotta
Paul Hastings LLP
200 Park Avenue
New York, NY 10166

30. The clerk is ordered to enter this Judgment forthwith.

DATED: _____

JUDGE OF THE SUPERIOR COURT