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CIVIL BUSINESS OFFICE 4  
CENTRAL DIVISION

2012 MAY 16 PM 12: 14

CLERK-SUPERIOR COURT  
SAN DIEGO COUNTY, CA

1 KAMALA D. HARRIS  
Attorney General of California  
2 DANIEL A. OLIVAS  
Supervising Deputy Attorney General  
3 JUDITH FIORENTINI  
Deputy Attorney General  
4 State Bar No. 201747  
110 West A Street, Suite 1100  
5 San Diego, CA 92101  
P.O. Box 85266  
6 San Diego, CA 92186-5266

7 [REDACTED]  
8 *Attorneys for Plaintiff*

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF SAN DIEGO

14 **THE PEOPLE OF THE STATE OF  
15 CALIFORNIA,**

16 Plaintiff,

17 v.

18 **SKECHERS USA, INC., d/b/a SKECHERS,  
19 a Delaware corporation,**

20 Defendant.

Case No. ~~37-2012-00097495-CU-MC-CTL~~

**STIPULATION FOR ENTRY OF FINAL  
JUDGMENT**

21  
22 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), through its  
23 attorney, Kamala D. Harris, Attorney General, by Judith Fiorentini, Deputy Attorney General,  
24 and Skechers USA, Inc., d/b/a Skechers, a Delaware corporation, (“Defendant”), by its attorneys,  
25 O’Melveny & Myers LLP, by Daniel M. Petrocelli and Jeffrey A. Barker, and by David  
26 Weinberg, Executive Vice President, Skechers USA, Inc., d/b/a Skechers, a Delaware  
27 Corporation, stipulate as follows:  
28

1           1.       The Final Judgment (“Judgment”), a true and correct copy of which is attached to  
2 this Stipulation for Entry of Final Judgment (“Stipulation”) as Exhibit 1, may be entered in this  
3 matter.

4           2.       Concurrently with the filing of this Stipulation, Plaintiff has filed its Complaint in  
5 this matter alleging that Defendant committed violations of California Business and Professions  
6 Code sections 17200 and 17500 *et seq.*

7           3.       After engaging in settlement discussions, the Defendant, without admitting any  
8 liability or wrongdoing, agrees to the entry of this Judgment. The Defendant states that it does so  
9 solely to avoid the time, further expense, inconvenience, and interference with its business  
10 operations associated with litigation. Nothing in this Judgment shall constitute an admission of  
11 Defendant’s liability or be used as evidence of Defendant’s liability.

12           4.       The Court has jurisdiction over the subject matter of this action, jurisdiction over  
13 Plaintiff and Defendant (“Parties”) to this action, and venue is proper in this Court.

14           5.       Defendant, at all relevant times, has transacted business in the City and County of  
15 San Diego and elsewhere in the State of California.

16           6.       Defendant hereby accepts and expressly waives any defect in connection with the  
17 service of process of the Complaint in this matter.

18           7.       Defendant warrants and represents that it is the proper party to this Judgment.

19           8.       Defendant represents and warrants that the signatories to this Stipulation have  
20 authority to act for and bind the Defendant.

21           9.       At the same time that Defendant is stipulating to enter into this Judgment with the  
22 California Attorney General’s Office, Defendant is entering into similar Judgments with the  
23 Attorneys General of forty-five states,<sup>1</sup> as well as a stipulated judgment with the Federal Trade  
24 Commission.

25 <sup>1</sup> The multistate action consists of Attorneys General from the States of Alabama, Alaska, Arizona, Arkansas,  
26 California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana,  
27 Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska,  
28 Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon,  
Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, Washington, West  
Virginia, and Wisconsin. The State of Hawaii is represented by the State of Hawaii Office of Consumer Protection

(continued...)

1           10.     This Stipulation for Entry of Final Judgment and Final Judgment are entered into  
2 by the Defendant of its own free and voluntary act and with full knowledge and understanding of  
3 the nature of the proceedings and the obligations and duties imposed upon it by this Stipulation  
4 and Judgment and it consents to its entry without further notice, and avers that no offers,  
5 agreements, or inducements of any nature whatsoever have been made to it by the Plaintiff or  
6 their attorneys or any State employee to procure this Stipulation and Judgment.

7           11.     The Defendant has, by signature of counsel hereto, waived any right to add, alter,  
8 amend, appeal, petition for *certiorari*, or move to reargue or rehear or be heard in connection with  
9 any judicial proceeding concerning the entry of the Judgment and any and all challenges in law or  
10 equity to the entry of the Judgment by the Court. If the Court elects to hold any hearing on this  
11 Judgment, a representative of the Attorney General's office will briefly summarize the settlement  
12 for the Court. The Defendant agrees to support the Judgment and its terms at any such hearing  
13 for approval.

14           12.     In the event the Court shall not approve this Judgment, this Judgment shall be of  
15 no force and effect against either Party, the Parties will revert to their respective positions  
16 immediately prior to reaching the settlement giving rise to the Judgment, and to the extent  
17 consistent with state law, no documents or communications related to the settlement shall have  
18 any effect or be admissible in evidence for any purpose in this litigation or in any other  
19 proceeding.

20           13.     The Judgment is expressly contingent on court approval of the FTC's *Stipulated*  
21 *Final Judgment and Order for Permanent Injunction and Other Equitable Relief* and complete  
22 payment of \$40,000,000 under the FTC's *Stipulated Final Judgment and Order for Permanent*  
23 *Injunction and Other Equitable Relief*. If the *FTC's Stipulated Final Judgment and Order for*  
24 *Permanent Injunction and Other Equitable Relief* is not approved, the Judgment shall be without  
25 force or effect on either party.

26  
27 \_\_\_\_\_  
(...continued)

28 and the State of Georgia is represented by the Georgia Governor's Office of Consumer Protection.

1           14.    The Defendant agrees to pay all applicable court costs and attorneys' fees that are  
2 ordered by the Court in connection with any successful petition to enforce any provision of the  
3 Judgment against the Defendant.

4           15.    The titles and headers to each section of the Judgment are for convenience  
5 purposes only and are not intended by the Parties to lend meaning to the actual provisions of the  
6 Judgment.

7           16.    If the Defendant has provided the Plaintiff with certain documents, advertisements,  
8 and contracts, the Defendant acknowledges and agrees that providing these documents to the  
9 Plaintiff in no way constitutes the Plaintiff's pre-approval, review for compliance with state or  
10 federal law, or with the Judgment, or a release of any issues relating to such documents.

11          17.    The Defendant further agrees to execute and deliver all authorizations, documents,  
12 and instruments which are necessary to carry out the terms and conditions of the Judgment.

13          18.    This Stipulation may be executed in any number of counterparts and by different  
14 signatories on separate counterparts, each of which shall constitute an original counterpart hereof  
15 and all of which together shall constitute one and the same document. One or more counterparts  
16 of this Stipulation may be delivered by facsimile or electronic transmission with the intent that it  
17 or they shall constitute an original counterpart thereof.

18          19.    The Judgment may be entered by any judge of the San Diego Superior Court.  
19 Counsel for Plaintiff may submit the Judgment to any judge of the Superior Court for approval  
20 and signature, during the Court's ex parte calendar or on any other ex parte basis. Defendant  
21 waives the right to any personal notice of any such ex parte submission of the Judgment to the  
22 Court. Defendant will accept notice of entry of judgment entered in this action by delivery of  
23 such notice to its counsel of record, and agrees that service of notice of entry of judgment will be  
24 deemed personal service upon Defendant for all purposes.

1 Dated: May 16, 2012

Respectfully Submitted,

2 KAMALA D. HARRIS  
3 Attorney General of California  
4 DANIEL A. OLIVAS  
5 Supervising Deputy Attorney General  
6 ALBERT NORMAN SHELDEN  
7 JUDITH FIORENTINI  
8 Deputy Attorney General



9 JUDITH FIORENTINI  
10 Deputy Attorney General  
11 *Attorneys for Plaintiff*

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*(Additional signatures on next pages)*

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**APPROVED AND AGREED TO:**

**FOR DEFENDANT:**

**SKECHERS USA, INC., d/b/a Skechers**

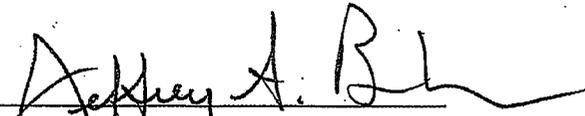
By:  \_\_\_\_\_

Dated: 5/4/12

DAVID WEINBERG  
Executive Vice President  
SKECHERS USA, INC., d/b/a Skechers  
228 Manhattan Beach Boulevard  
Manhattan Beach, CA 90266

1 APPROVED AND AGREED TO:

2 DEFENDANT'S COUNSEL OF RECORD:

3  
4 By:  Dated: \_\_\_\_\_

5 DANIRI M. PETROCELLI

6 State Bar No. 97802

7 JEFFREY A. BARKER

8 State Bar No. 166327

9 O'Melveny & Myers LLP

10 1999 Avenue of the Stars, 7th Floor

11 Los Angeles, CA 90067

12 Phone: (310) 553-6700

13 Fax: (310) 246-6779

14 [dpetrocelli@omm.com](mailto:dpetrocelli@omm.com)

15 [jbarker@omm.com](mailto:jbarker@omm.com)

# **Exhibit 1**

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

**THE PEOPLE OF THE STATE OF  
CALIFORNIA,**

Plaintiff,

v.

**SKECHERS USA, INC., d/b/a SKECHERS,  
a Delaware corporation,**

Defendant.

Case No.

**FINAL JUDGMENT**

Plaintiff, the People of the State of California (“Plaintiff” or the “People”), having filed its Complaint and appearing through its attorney, Kamala D. Harris, Attorney General of the State of California, by Judith Fiorentini, Deputy Attorney General, and Skechers USA, Inc., d/b/a Skechers, a Delaware corporation, (“Defendant”), by its attorneys, O’Melveny & Myers LLP, by Daniel M. Petrocelli and Jeffrey A. Barker, and by David Weinberg, Executive Vice President, Skechers USA, Inc., d/b/a Skechers, a Delaware corporation, having stipulated to the entry of this Final Judgment (“Judgment”) by the Court, without trial or adjudication of any issue of fact or law, and without admission of wrongdoing or liability of any kind, as follows:

1 This Judgment may be signed by any judge of the San Diego Superior Court; and,  
2 Plaintiff has filed its Complaint in this matter pursuant to California Business and  
3 Professions Code Sections 17200 and 17500 *et seq.*; and,

4 The Court having considered the pleadings and the Stipulation for Entry of Final  
5 Judgment ("Stipulation") executed by the Plaintiff and Defendant filed herewith, and good cause  
6 appearing,

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

8 **PARTIES AND JURISDICTION**

- 9 1. The People of the State of California is the Plaintiff in this case.
- 10 2. Skechers USA, Inc., a Delaware corporation, d/b/a Skechers is the Defendant in  
11 this case.
- 12 3. The Court has jurisdiction over the subject matter of this action, jurisdiction over  
13 the parties to this action, and venue is proper in this Court. Venue as to all matters between the  
14 parties relating hereto or arising out of this Judgment shall be in San Diego County, California.
- 15 4. Beginning in 2008 and continuing into the present, the Defendant marketed and  
16 sold Skechers Toning Footwear nationwide including in San Diego County, California.
- 17 5. The Defendant acknowledges that it understands that the Plaintiff and this Court  
18 expressly rely upon all representations and warranties in this Judgment. The Defendant further  
19 acknowledges and understands that if the Defendant has made any false or deceptive  
20 representation or warranty, the Plaintiff has the right to move that the Defendant making such  
21 false or deceptive representation(s) or warranty(ies) be held in contempt and to seek sanctions and  
22 remedies under any other law, regulation or rule, together with any and all such other sanctions,  
23 remedies or relief as may be available to the Plaintiff in law or equity, if the Plaintiff so elects.
- 24 6. Jurisdiction is retained by this Court for the purpose of enabling the Plaintiff to apply  
25 to this Court for such further judgments and directions as may be necessary or appropriate for the  
26 construction, modification, or execution of this Judgment, including the enforcement of  
27 compliance therewith and remedies, penalties and sanctions for violation thereof.
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- (E) **“Defendant”** means Skechers USA, Inc., doing business as Skechers, and its successors and assigns.
- (F) **“Effective Date”** means the date on which a copy of this Judgment, duly executed by Skechers USA, Inc. and by the Plaintiff is approved by, and becomes a judgment of the Court.
- (G) **“Family Member”** or **“Familial Relationship”** means a spouse, mother, father, grandmother, grandfather, son, daughter, brother, sister, grandson, granddaughter, uncle, aunt, or a spouse’s mother, father, grandmother, grandfather, son (if different from above), daughter (if different from above), brother, sister, grandson (if different from above), granddaughter (if different from above), uncle (if different from above), and aunt (if different from above).
- (H) **“Including”** in this Judgment means, including without limitation.
- (I) **“Multistate Executive Committee”** means the Attorney General Offices, and their representatives, from the States of Arizona, Illinois, Maryland, Ohio, South Carolina, Tennessee, Washington, and Wisconsin.
- (J) **“Multistate Working Group”** means the Attorney General Offices, and their representatives, from the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, and Wisconsin.
- (K) **“Skechers Toning Footwear”** means, collectively, Shape-ups, Resistance Runner, Shape-ups Toners, and Tone-ups.

1 COMPLIANCE PROVISIONS

2 9. In accordance with Sections 17203 and 17535 of the California Business and  
3 Professions Code, the Defendant, directly or through any corporation, partnership, subsidiary,  
4 division, trade name, or other device, and its officers, agents, servants, representatives,  
5 employees, and all persons or entities in active concert or participation with them who receive  
6 actual notice of this Judgment, by personal service or otherwise, in connection with the  
7 manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any  
8 Covered Product:

9 **Compliance with State Consumer Laws**

- 10 (A) Is permanently restrained and enjoined from engaging, or assisting others  
11 in engaging, in any unfair or deceptive acts or practices in the conduct of  
12 trade or commerce or its business and shall fully abide by all provisions of  
13 California Business and Professions Code Sections 17200 and 17500 *et*  
14 *seq.*, which prohibit any and all unfair and/or deceptive acts or practices.
- 15 (B) Is permanently restrained and enjoined from making, or assisting others in  
16 making, any statement or representation that goods or services have uses or  
17 benefits that they do not have.

18 **Prohibited Representations: Strengthening Claims**

- 19 (C) Is permanently restrained and enjoined from making, or assisting others in  
20 making, directly or by implication, including through the use of a product  
21 name, endorsement, depiction, or illustration, any representation that such  
22 Covered Product is effective in strengthening muscles unless the  
23 representation is non-misleading and non-deceptive, and, at the time of  
24 making such representation, the Defendant possesses and relies upon  
25 competent and reliable scientific evidence that substantiates that the  
26 representation is true. For purposes of this Paragraph 9(C), competent and  
27 reliable scientific evidence shall consist of at least one Adequate and Well-  
28 Controlled Human Clinical Study of the Covered Product that conforms to

1 acceptable designs and protocols, is of at least six-weeks duration, and the  
2 result of which, when considered in light of the entire body of relevant and  
3 reliable scientific evidence, is sufficient to substantiate that the  
4 representation is true.

5 **Prohibited Representations: Weight Loss Claims**

6 (D) Is permanently restrained and enjoined from making, or assisting others in  
7 making, directly or by implication, including through the use of a product  
8 name, endorsement, depiction, or illustration, any representation that such  
9 Covered Product causes weight loss unless the representation is non-  
10 misleading, and non-deceptive, and, at the time of making such  
11 representation, Defendant possesses and relies upon competent and reliable  
12 scientific evidence that substantiates that the representation is true. For  
13 purposes of this Paragraph 9(D), competent and reliable scientific evidence  
14 shall consist of at least two Adequate and Well-Controlled Human Clinical  
15 Studies of the Covered Product, conducted by different researchers,  
16 independently of each other, that conform to acceptable designs and  
17 protocols and whose results, when considered in light of the entire body of  
18 relevant and reliable scientific evidence, are sufficient to substantiate that  
19 the representation is true.

20 **Prohibited Representations: Other Health or Fitness-Related Claims**

21 (E) Is permanently restrained and enjoined from making, or assisting others in  
22 making, directly or by implication, including through the use of a product  
23 name, endorsement, depiction, or illustration, any representation, other than  
24 representations covered under Paragraph 9(C) and/or Paragraph 9(D) of  
25 this Judgment, about the health or fitness benefits of any Covered Product  
26 including, but not limited to, representations regarding caloric expenditure,  
27 calorie burn, blood circulation, aerobic conditioning, muscle tone, and  
28 muscle activation, unless the representation is non-misleading and non-

1 deceptive and, at the time of making such representation, the Defendant  
2 possesses and relies upon competent and reliable scientific evidence that is  
3 sufficient in quality and quantity based on standards generally accepted in  
4 the relevant scientific fields, when considered in light of the entire body of  
5 relevant and reliable scientific evidence, to substantiate that the  
6 representation is true. For purposes of this Paragraph 9(E), competent and  
7 reliable scientific evidence means tests, analyses, research, or studies that  
8 have been conducted and evaluated in an objective manner by qualified  
9 persons and are generally accepted in the profession to yield accurate and  
10 reliable results.

11 **Prohibited Representations: Tests or Studies**

- 12 (F) Is permanently restrained and enjoined from misrepresenting, or assisting  
13 others in misrepresenting, in any manner, directly or by implication,  
14 including through the use of any product name, endorsement, depiction, or  
15 illustration, the existence, contents, validity, results, conclusions, or  
16 interpretations of any test, study, or research including, but not limited to,  
17 misrepresenting that wearing any Covered Product will result in a  
18 quantified percentage or an amount of muscle activation, toning,  
19 strengthening, calorie burn, caloric expenditure, or weight loss.

20 **Disclosure of Material Connections to Studies in Advertisements**

- 21 (G) Shall, whenever it refers to any study in advertisements, marketing  
22 materials, or elsewhere to promote its Covered Products, clearly and  
23 conspicuously disclose in such advertisements, marketing materials, or  
24 elsewhere to promote its Covered Products any material connections  
25 between the study's authors or supervising researchers and the Defendant  
26 that consumers would find relevant in assessing the accuracy of a study  
27 such as any conflict of interest, including the fact that the author,  
28 supervising researcher, or a Family Member was compensated by or on



1 procedure. Defendant shall include a requirement in the Class Action Settlement Agreement for  
2 the Class Action Settlement Administrator to provide to Plaintiff, within thirty (30) days of  
3 delivery of consumer payments pursuant to the consumer payments program by the Class Action  
4 Settlement Administrator, an electronically searchable alphabetical list of consumers who reside  
5 in this state who have made claims out of the proposed consumer payments fund, the consumer's  
6 contact information, and the amount paid to those consumers.

### 7 COMPLIANCE REPORTING

8 12. For a period of three (3) years from the date of entry of this Judgment, the  
9 Defendant shall notify the Plaintiff of any changes in the corporate structure of the Defendant or  
10 any business entity that the Defendant directly or indirectly controls, or has an ownership interest  
11 in, that may affect compliance obligations arising under this Judgment, including but not limited  
12 to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action  
13 that would result in the emergence of a successor corporation; the creation or dissolution of a  
14 subsidiary, parent, or affiliate that engages in any acts or practices subject to this Judgment; or a  
15 change in the business name or address, at least thirty (30) days prior to such change, provided  
16 that, with respect to any such change in the business entity about which the Defendant learns less  
17 than thirty (30) days prior to the date such action is to take place, the Defendant shall notify the  
18 Plaintiff as soon as is practicable after obtaining such knowledge.

19 13. One hundred eighty (180) days after the date of entry of this Judgment, the  
20 Defendant shall provide a written report to the Plaintiff, which is true and accurate and sworn to  
21 under penalty of perjury, setting forth in detail the manner and form in which it has complied and  
22 is complying with this Judgment. This report shall include, but not be limited to: (1) a copy of  
23 each acknowledgment of receipt of this Judgment, obtained pursuant to the Section titled  
24 "Distribution of Judgment"; and (2) any other changes required to be reported under  
25 Paragraph 12.

26 14. The Defendant shall notify the Plaintiff of the filing of a bankruptcy petition by  
27 Defendant within fifteen (15) days of filing.  
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created and maintained in the ordinary course of business, the disbursement of such revenues;

(B) Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable; provided however, that with respect to those persons covered by Paragraph 17(B) whose employment has terminated, personnel records need only be retained for three (3) years from the date of termination;

(C) Records accurately reflecting: the name, address and telephone number of each domestic distributor, domestic reseller or domestic retailer of the Covered Product; the dollar amounts paid; and the identification and quantity of items purchased;

(D) Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of Covered Product purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

(E) Complaints and refund requests relating to any Covered Product (whether received directly or indirectly, such as through a third-party) and any responses to those complaints or requests;

(F) Copies of all advertisements, promotional materials, sales scripts, training materials, web sites, or other marketing materials utilized in the advertising, marketing, promotion, offering for sale, sale, or distribution of any Covered Product. For purposes of this provision, keeping one representative copy of all non-identical materials referenced in this provision is sufficient for compliance;

- 1 (G) All materials that were relied upon in making any representations  
2 contained in the materials identified in (F) above, including all documents  
3 evidencing or referring to the accuracy of any claim therein or to the  
4 benefits, performance, or efficacy of any Covered Product, including, but  
5 not limited to, all tests, reports, studies, demonstrations, or other evidence  
6 that confirms, contradicts, qualifies, or calls into question the accuracy of  
7 any claim regarding the benefits, performance, or efficacy of any products  
8 covered by this Judgment, including complaints and other communications  
9 with consumers or with governmental or consumer protection agencies;
- 10 (H) Records accurately reflecting the name, address, and telephone number of  
11 each laboratory engaged in the testing or the development or creation of  
12 any testing obtained for the purpose of advertising, marketing, promoting,  
13 offering for sale, selling, or distributing any Covered Product; and
- 14 (I) All records and documents necessary to demonstrate full compliance with  
15 each provision of this Judgment, including, but not limited to, copies of  
16 acknowledgments of receipt of this Judgment required by the Sections  
17 titled "Distribution of Judgment" and "Acknowledgment of Receipt of  
18 Judgment" and all reports submitted to the Plaintiff pursuant to the Section  
19 titled "Compliance Reporting."

20 **DISTRIBUTION OF JUDGMENT**

21 18. For a period of three (3) years from the date of entry of this Judgment, the  
22 Defendant shall deliver copies of this Judgment as directed below:

- 23 (A) To each of its principals, officers, and directors having decision-making  
24 authority with respect to the subject matter of the Judgment;
- 25 (B) To all of its employees, agents, and representatives having primary  
26 responsibilities with respect to the subject matter of the Judgment,  
27 including, but not limited to any individual and/or entity employed by the  
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Defendant in conducting any tests, analyses, research, or studies to support any fitness benefit claims associated with Skechers Toning Footwear; and  
(C) For current personnel of the Defendant, delivery shall be within seven (7) days of entry of this Judgment. For new personnel of the Defendant, delivery shall occur prior to their assuming their responsibilities. For any business entity resulting from any change in structure set forth in Paragraph 12 titled "Compliance Reporting," delivery shall be at least fourteen (14) days prior to the change in structure.

19. The Defendant shall secure a signed and dated statement acknowledging receipt of the Judgment, within thirty (30) days of delivery, from all persons receiving a copy of the Judgment pursuant to this Section.

**NOTIFICATION OF JUDGMENT**

20. The Defendant shall send no later than fifteen (15) days after entry of this Judgment, by first-class mail, postage paid and return receipt requested, or by courier service such as Federal Express with signature proof of delivery, an exact copy of the notice attached hereto as Attachment A, showing the date of mailing, to each domestic distributor, domestic reseller, and domestic retailer who purchased or otherwise received any Covered Product directly from the Defendant and who continues to market, sell or offer for sale any Covered Product. The notice required by this Paragraph 20 shall not include any other document or enclosures and may be sent to the principal place of business of each such domestic distributor, domestic reseller or domestic retailer.

**ACKNOWLEDGMENT OF RECEIPT OF JUDGMENT**

21. The Defendant shall, within seven (7) business days of receipt of this Judgment after entry by the Court, submit to the Plaintiff a truthful sworn statement acknowledging receipt of this Judgment.

**PAYMENT TO THE STATES**

22. No later than thirty (30) days after the Effective Date of this Judgment, the Defendant shall pay a total amount of Five Million Dollars (\$5,000,000) to be divided and paid

1 by the Defendant directly to each Signatory Attorney General of the Multistate Working Group in  
2 an amount to be designated by, and in the sole discretion of, the Multistate Executive Committee.  
3 Said payment shall be used by the Plaintiff as and for attorneys' fees and other costs of  
4 investigation and litigation pursuant to California Business and Professions Code Section 17206  
5 at the sole discretion of the California Attorney General. No portion of any payment under the  
6 judgment shall be deemed a payment of any fine, penalty, or punitive assessment.

7 **GENERAL PROVISIONS**

8 23. The acceptance of this Judgment by the Plaintiff shall not be deemed approval by  
9 the Plaintiff of any of the Defendant's advertising or business practices. Further, neither the  
10 Defendant nor anyone acting on its behalf shall state or imply, or cause to be stated or implied,  
11 that the Plaintiff or any other governmental unit of the State has approved, sanctioned or  
12 authorized any practice, act, advertisement or conduct of the Defendant.

13 24. This Judgment may only be enforced by the Plaintiff, the Defendant, and this  
14 Court.

15 25. Nothing in this Judgment shall limit the Plaintiff's right to obtain information,  
16 documents, or testimony from the Defendant pursuant to any state or federal law, regulation or  
17 rule.

18 26. Nothing in this Judgment shall be construed to limit the authority of the Attorney  
19 General to protect the interests of the State or consumers. This Judgment shall not bar the  
20 Plaintiff, or any other governmental entity from enforcing laws, regulations, or rules against the  
21 Defendant.

22 27. No waiver, modification, or amendment of the terms of this Judgment shall be  
23 valid or binding unless made in writing, agreed to by both parties, and approved by this Court  
24 and then only to the extent specifically set forth in such written waiver, modification, or  
25 amendment.

26 28. Any failure by any party to this Judgment to insist upon the strict performance by  
27 any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of  
28 the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right

1 thereafter to insist upon the specific performance of any and all of the provisions of this  
2 Judgment. For the Plaintiff, this shall be without prejudice in the future to the imposition of any  
3 applicable penalties, including but not limited to contempt, civil penalties as set forth in  
4 California Business and Professions Code Sections 17206, 17207, 17535.5, and 17536 and/or  
5 the payment of attorneys' fees to the Plaintiff, and any other remedies under applicable state law.

6 29. If any clause, provision or section of this Judgment shall, for any reason, be held  
7 illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any  
8 other clause, provision or section of this Judgment and this Judgment shall be construed and  
9 enforced as if such illegal, invalid or unenforceable clause, section or other provision had not  
10 been contained herein.

11 30. Time shall be of the essence with respect to each provision of this Judgment that  
12 requires action to be taken by the Defendant within a stated time period or upon a specified date.

13 31. Nothing in this Judgment shall be construed to waive any claims of Sovereign  
14 Immunity the Plaintiff may have.

15 32. Aside from the Consumer Payments provision set forth in Paragraph 11 which  
16 refers to the Federal Trade *Commission's Stipulated Final Judgment and Order for Permanent*  
17 *Injunction and Other Equitable Relief* amount for consumer payments, this Judgment sets forth  
18 the entire agreement between the parties, and there are no representations, agreements,  
19 arrangements, or understanding, oral or written, between the parties relating to the subject matter  
20 of this Judgment which are not fully expressed hereto or attached hereto.

21 33. The Defendant shall not participate, directly or indirectly, in any activity or form a  
22 separate entity or corporation for the purpose of engaging in acts or practices in whole or in part  
23 in the State which are prohibited in this Judgment or for any other purpose which would  
24 otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

25 34. The terms of this Judgment shall be governed by the laws of the State of  
26 California.



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- (A) Any criminal liability that any person or entity, including the Defendant, has or may have to the State of California.
- (B) Any civil or administrative liability that any person or entity, including the Defendant, has or may have to the State of California under any statute, regulation, or rule not expressly covered by the Release in Paragraph 38 above, including but not limited to, any and all of the following claims:
  - (i) State or federal antitrust violations;
  - (ii) State or federal securities violations; or
  - (iii) State or federal tax claims.

**COURT COSTS**

40. All court costs associated with this action and any other incidental costs or expenses incurred in this action thereby shall be borne by the Defendant. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

41. The Clerk is ordered to enter this Judgment forthwith.

Dated: \_\_\_\_\_

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JUDGE OF THE SUPERIOR COURT

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ATTACHMENT A

[On Skechers USA, Inc., Letterhead]

[Insert Date]

[Addressee]

Dear Skechers USA, Inc., Retail Business Partner:

In response to a lawsuit by the Federal Trade Commission (FTC) and separate lawsuits brought by a group of state attorneys general, Skechers has agreed to stop making certain claims for the following footwear products: Shape-ups, the Resistance Runner, Toners, and Tone-ups.

Although we dispute the charges, to settle the FTC's and the states' cases against us, Skechers has agreed to stop using advertising or promotional materials claiming that any of our footwear products can:

- Improve or increase muscle tone and muscle strength;
- Improve or increase overall circulation or aerobic conditioning;
- Result in increased weight loss or loss of body fat; and/or;
- Result in improvement or reduction in body composition.

In addition to the above, Skechers has agreed to stop using advertising or promotional materials claiming that the Resistance Runner improves or increases muscle activation.

Please take these three steps immediately:

- (1) If you have materials on display (POS, posters, etc.) that include any of these claims, please remove them.
- (2) Where these claims appear on boxes, please cover them with stickers that Skechers will provide.
- (3) If inserts in boxes or footwear hangtags include any of these claims, please remove them.

We are actively pursuing additional studies in the marketplace. We look forward to sharing these details with you as they become available.

You can find out more about the settlement at [www.ftc.gov](http://www.ftc.gov). Please call [Insert name and telephone numbers of the responsible Skechers USA, Inc., Attorney or Officer.] if you have any questions.

Skechers thanks you for your business and greatly appreciates your cooperation in this matter.

Sincerely,

Skechers USA, Inc.