



1 attended donation centers, and “on-site donation centers” (OSDs) in its stores, Value Village  
2 solicits consumer to donate clothing and other household goods to these charities. Value Village  
3 then purchases these items from its charity partners (whether donated in-store or delivered to a  
4 Value Village store by a charity partner) and sells the items in its retail stores.

5 1.2. Despite print advertisements, radio, TV, and social media advertising that  
6 proudly proclaimed it paid its charity partners “every time you donate[d],” until 2016, Value  
7 Village paid *nothing* for a large subset of non-clothing donations including most notably,  
8 furniture and other miscellaneous (MISCEL) items such as housewares and toys. As a result,  
9 for years, well-intentioned donors in Washington and elsewhere believed that their donations  
10 provided a financial benefit to charities, when in reality, they did not.

11 1.3. The State commissioned a consumer survey of Value Village actual and  
12 potential donors and consumers. When asked to evaluate actual certain product sold at Value  
13 Village such as a piece of furniture and determine how much of the item’s price was provided  
14 to a charity, the majority of respondents believed that a charity would receive one third or more  
15 of the item’s sales price from Value Village.

16 1.4. Value Village further reinforced the deceptive net impression created by its  
17 advertising (that donations of *all* items benefit a charity) by routinely issuing consumers tax  
18 receipts for donations that provided no financial benefit to a charity partner. For example, until  
19 2016, if a consumer donated a couch that was in excellent condition at a Value Village  
20 “Community Donation Center” — a specialized area located at all Value Village stores designed  
21 to accept donations from the public — even though the charity partner received *no* payment for  
22 this donation, Value Village still provided that donor a tax receipt bearing the name and logo of  
23 a charity partner. If Value Village then sold the couch for \$50.00 in one of its stores, it would  
24 keep all of the proceeds, and in doing so, blatantly disregard the bedrock of charitable giving—  
25 honoring a donor’s intent (ensuring that a specific charity benefits).

1           1.5. In addition to issuing tax receipts for donations that did not result in a payment  
2 to charity, for over a decade, Value Village also issued tax receipts bearing the logo and  
3 information of a single charity (an individual store’s primary charity partner), when in reality,  
4 the proceeds from donations of clothing and other cloth goods were split among *multiple*  
5 charities. Because Value Village prominently displayed the logos of its primary charity partner  
6 throughout a given store and failed to clearly and conspicuously disclose that donations were  
7 “pooled,” a donor had no way of knowing that his or her donation would be split among multiple  
8 charities.

9           1.6. Value Village’s deceptive advertising also included misleading statements  
10 regarding the benefit created by in-store purchases. Via in-store announcements, its social  
11 media platform, and store signage, Value Village also created the deceptive net impression that  
12 store *purchases* resulted in a charitable benefit. However, Value Village’s charity partners do  
13 not—nor have they ever—benefit from purchases made at Value Village stores.

14           1.7. In one instance, operating from a contract that by its own terms expired in 2006,  
15 Value Village continued to use the logos and likenesses of a prominent charity at multiple stores  
16 in Washington, without that charity’s knowledge. For over a decade, despite advertising that  
17 this charity partner would benefit “every time” a consumer donated items, Value Village did  
18 not provide any payments to the charity that were directly tied to donations. As a result,  
19 Washingtonians were led to believe that their donations resulted in a charitable benefit, when  
20 the only entity that benefitted from their goodwill was Value Village.

21           1.8. By creating the deceptive net impression that Value Village itself is a charity or  
22 nonprofit and/or that purchases and donations significantly benefit its charity partners, Value  
23 Village downplays its for-profit status. A consumer survey commissioned by the State bears  
24 this out. Nearly three quarters of the test group in the State’s survey—individuals who had  
25 either shopped or donated at Value Village or were considering doing so in the future—believed  
26 that Value Village *itself* was a charity or nonprofit. When asked about the motivations behind

1 their reasons for donating to Value Village, the vast majority of respondents represented that a  
2 significant driving force behind their donations was the desire for a charity or nonprofit to  
3 benefit. This motivation outweighed convenience, a desire to recycle, or the benefit derived  
4 from being able to shop for things while dropping off a donation.

5 1.9. Because Value Village’s business practices are largely consistent nationwide, as  
6 a result of these deceptive practices, Value Village has been the subject of investigative  
7 demands from multiple states, and a 2015 lawsuit brought by the Minnesota Attorney General,  
8 which Value Village settled for \$1.8 million.<sup>1</sup>

## 9 II. PARTIES

10 2.1. The Plaintiff is the State of Washington. The Attorney General is authorized to  
11 commence this action pursuant to RCW 19.86.080, 19.86.140. 19.09.340.

12 2.2. Defendant TVI, Inc., d/b/a Value Village, (hereinafter, Value Village) is a  
13 Washington corporation with a business address of 11400 S.E. 6<sup>th</sup> St., Suite 220, Bellevue,  
14 Washington 98004. TVI is a wholly-owned subsidiary of Savers, LLC (formerly, Savers, Inc.),  
15 a Washington limited liability company. Savers, LLC is a holding company that does not  
16 transact business or have employees. Value Village is owned in part by two private equity firms  
17 – TPG Capital and Leonard Green & Partners, LP – which together own approximately 40  
18 percent of Value Village. Thomas Ellison, Value Village’s Chairman, also owns approximately  
19 40 percent of Value Village, with Value Village management owning the remaining shares of  
20 the company.

## 21 III. JURISDICTION AND VENUE

22 3.1 The State files this complaint and institutes these proceedings under the  
23 provisions of the Consumer Protection Act, RCW 19.86, and the Charitable Solicitations Act,  
24 RCW 19.09.

25 \_\_\_\_\_  
26 <sup>1</sup> <http://www.startribune.com/savers-stores-settle-minnesota-attorney-general-lawsuit-will-overhaul-donations-practices/309832081/> (last visited December 20, 2017).



1           **1. Value Village Uses Local “Charity Partners” to Source Products for Its**  
2           **Stores**

3           5.3 In order to source inventory, Value Village contracts with multiple “charity  
4 partners” (charities) in Washington — including Big Brother Big Sisters of Puget Sound,  
5 Northwest Center, and others — to procure the merchandise it sells in its stores. The financial  
6 relationship between Value Village and each charity partner varies. In some instances, the  
7 charity partner itself collects and delivers donated goods to a Value Village retail store. In other  
8 instances, consumers donate goods at what Value Village refers to as “Community Donation  
9 Centers” located at each of its stores. In some instances, Value Village pays the charity partner  
10 a fixed sum in the form of a licensing agreement for use of the charity’s name in solicitations  
11 to the public for donated goods.

12           5.4 Through these contracts, Value Village is a commercial fundraiser for its charity  
13 partners, and directly solicits donations from the public on its website, at its stores, on social  
14 media, and by advertising including mailers, television, and radio. In order to meet the demand  
15 for goods, with the assistance of Value Village, many of its charity partners operate a network  
16 of attended donation centers, donation bins, and in-home pickup services.

17           5.5 Value Village uses the names and logos of the charities for its own benefit in  
18 two ways. First, it uses the names and logos to encourage consumers to donate goods that it can  
19 then resell at a substantial profit. Second, it uses the names and logos of the charities to  
20 encourage consumers to shop at its stores by creating the illusion that Value Village is a  
21 charitable or nonprofit organization rather than a for-profit enterprise.

22           5.6 Value Village keeps the vast majority of the value of donated merchandise sold  
23 in its stores. For example, under a 2013 contract in place between Value Village and Big  
24 Brothers Big Sisters of Puget Sound, if an individual donated a sweater that was in good  
25 condition to the Community Donation Center located at the Burien, Washington, store, Big  
26 Brothers Big Sisters would receive approximately \$0.13 (\$0.13 per pound). If Value Village

1 then sold the sweater in its store for \$10.00, it would keep all of the proceeds. In this scenario,  
2 Big Brothers Big Sisters received 13 cents from the donation and Value Village received \$9.87.

3 **2. Until 2016, Value Village Required Charity Partners to Source Thousands**  
4 **of Pounds of Housewares and Thousands of Pieces of Furniture, Even**  
5 **though the Charities Were Not Paid for These Donations**

6 5.7 Furniture, housewares, and other miscellaneous items are important because they  
7 drive foot traffic into Value Village stores, thereby, creating revenue, and ultimately, producing  
8 profit for Value Village. To ensure that each of its stores maintains a proper mix of clothing,  
9 furniture, and household items, Value Village contracts with its charity partners to source  
10 minimum amounts of goods. For example, under a 2014 contract with Value Village, Big  
11 Brothers Big Sisters of Puget Sound was required to source 6,900 pounds of housewares and  
12 other miscellaneous items on a weekly basis. However, until it amended its standard form  
13 contracts in late 2015 to provide a small payment to its charity partners for donations of furniture  
14 and other household goods, for over a decade, Value Village only paid its charity partners for  
15 cloth donations (clothing, shoes, bedding, etc.) made by the public. While donations of “FOLI”  
16 (furniture and other large items) and “MISCEL” (other miscellaneous items such as toys and  
17 housewares) were tracked, retained, and sold by Value Village for profit, its charity partners  
18 received no benefit for these donations.

18 **3. For Over a Decade, Value Village Falsely Misrepresented to Consumers that**  
19 **It Paid Its Charity Partners for All Donations**

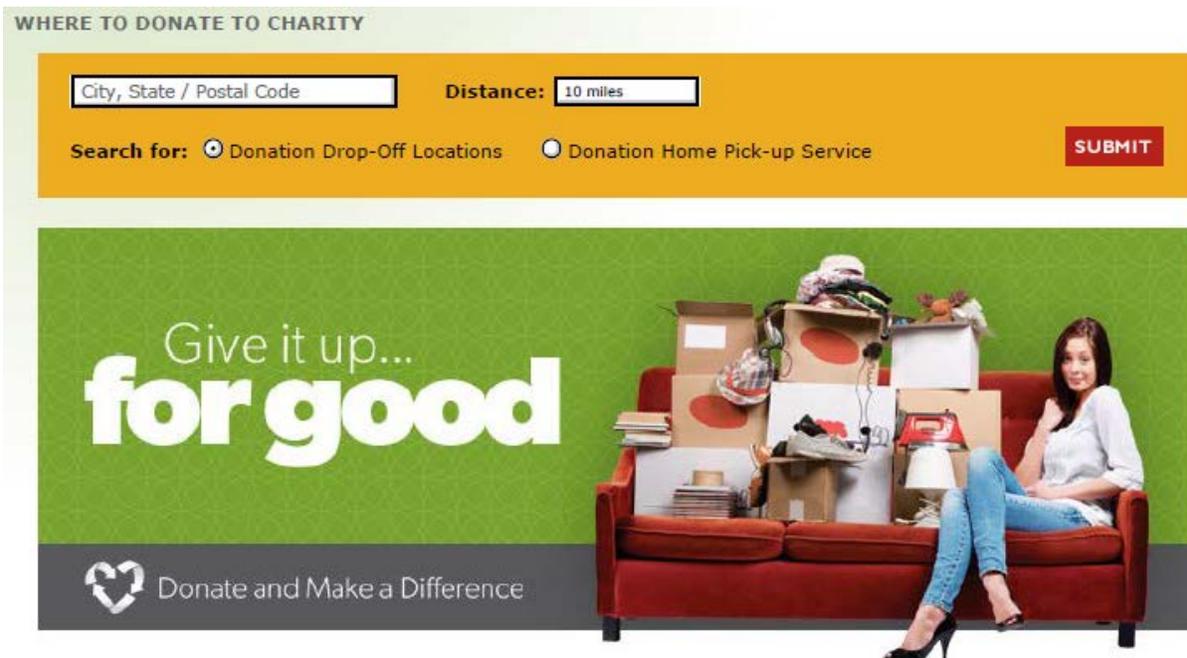
20 5.8 Value Village’s practice of paying for only cloth donations was inconsistent with  
21 what it broadly advertised under a marketing campaign that spanned radio and TV  
22 advertisements, in-store announcements, store signage, its corporate Facebook and Twitter  
23 accounts, and its website. The two examples below are among thousands of deceptive  
24 advertisements used by Value Village during the past decade.  
25  
26



5.9 In the first example above, an in-store banner displayed in Value Village’s Bellingham, Washington, location, Value Village advertises, “**Every secondhand item in this store was purchased from [The ARC of Washington].**” However, this statement is false because Value Village only credited The ARC of Washington for donations of cloth goods. The second example, a screenshot from the Value Village website, states, “**Savers pays local nonprofits every time you donate your reusable clothing and household items**, which helps fund programs right in your community. **The more you give, the more they get.**” (emphasis added). In the context of clothing and other cloth donations, these statements are false. Not only

1 did charity partners not receive payment for household goods, in the event that donations of  
2 household goods doubled in any reporting period, the charities would still be paid the same per  
3 pound rate. Put differently, a well-intentioned donor could bring a bag of household goods to  
4 donate each week for a year, and not provide *any* financial benefit to a charity.

5 5.10 A potential donor looking for one of Value Village’s “Community Donation  
6 Centers” on April 8, 2015, would have seen the following banner on the Value Village website.  
7 In addition to calling upon donors to “**Give it up...for good**” and “**Donate and Make a**  
8 **Difference**,” the banner depicts a large stack of illustrative donations. However, this  
9 advertisement is deceptive because if a donor actually gave many of the items depicted (*e.g.*, a  
10 lamp, an iron, some books, etc.) Value Village’s respective charity partner would receive  
11 nothing.



23 5.11 Even though it did not pay its charity partners for donations of household goods,  
24 under the “WHAT TO DONATE TO CHARITY” heading of its website, Value Village  
25 nevertheless explicitly solicited for donations of these items. A March 25, 2015, screenshot of  
26 the same section of the Value Village website states, “**We need your good quality:**

1 **clothing...media...housewares...** Yet, as noted elsewhere in the Complaint, donations of the  
2 vast majority of the items specifically requested in the photo below would provide no benefit to  
3 charities.

4 **WHAT TO DONATE TO CHARITY**

5 **We need your good quality:**

6 **Clothing**

7 • Men's, Women's, Children's Clothing and Shoes

8 • Clothing Accessories: Hats, Mitts, Scarves, Ties, Nylons, Socks, Underwear

9 • Personal Accessories: Purses, Wallets, Fanny Packs, Bags

10 • Bed and Bath Towels, Sheets, Blankets, Pillows, Curtains, Tablecloths

11 **Media**

12 • Hardback and Paperback Books

13 • Magazines

14 • Records, Tapes, CDs

15 • Videos, DVDs

16 • Computer Software

17 **Housewares**

18 • Toys, Games, Puzzles, Stuffed Animals

19 • Jewelry, Crafts, Mugs, Candles, Pictures/Frames, Baskets, Ornaments, Hand Tools

20 • Pots, Pans, Utensils, China Cups, Vases, Dishes, Cutlery, Glassware, Silverware, Stemware

21 • Small Electrical Toasters, Radio, Power Tools, Irons, Blenders, Mixers

22 • Stereos, CD Players, Speakers, DVD And VCR Players, Bicycles, Golf Equipment, Small and Large Garden Tools, Table Lamps, Floor Lamps, Sports Equipment, Exercise Equipment, Skis, Humidifiers

23 **Furniture**

24 • Sofas, Couches, Loveseats, Recliners, Foot Stools (no sleeper sofas)

25 • All Types Of Chairs

26 Tables: Dining, Kitchen, Coffee, End, Computer, Night Stand, Patio

• Storage Dressers, Hutch, Armoire, Bookcase, Cabinets, Entertainment Center



Value Village needs these items to increase its profits, not to give to charity.

5.12 In the advertisement below, taken from a Value Village store in Burien, Washington, Value Village combines its “**Good job Bob!**” **Proud of you Sue!**” and “**Way to go Mary-Jo!**” marketing campaign (discussed in more detail later in the Complaint) with the use of three charity logos—Northwest Center, Big Brothers Big Sisters of Puget Sound, and

1 Sight Connection. However, during the time period this advertising campaign was in effect, in  
2 the event a Washington consumer actually donated any of the items in the photo (a framed  
3 picture, a purse, a plate, and a wooden spoon), because each of these items would have been  
4 classified as housewares or “MISCEL” under the Value Village contract, these donations would  
5 not have resulted in a payment to any of Value Village’s charity partners.



25 Through its widespread and persistent use of misleading advertisements, Value Village created  
26 the deceptive net impression among consumers that donations of housewares and other goods

1 benefitted charities. As a result, Value Village was able to source *thousands* of items to sell in  
2 its stores for profit without having to provide payments to its charity partners.

3 **4. Value Village Changed Its Contracts in 2016 to Include Payments for**  
4 **Donations of Houseware and Furniture. However, Value Village Pays Mere**  
5 **Pennies to Its Charity Partners**

6 5.13 Under pressure from multiple state regulators, including Washington, in late  
7 2015, Value Village changed the terms of its standard form contracts to pay its charity partners  
8 for donations of furniture, housewares, and other miscellaneous items. While the per-pound rate  
9 for donations varied among charity partners based on the type of donation and the quantity  
10 provided, the contract entered into between Value Village and Big Brothers Big Sisters of Puget  
11 Sound is representative of the contracts entered into by each of Value Village's nine charity  
12 partners in Washington. Under this contract, dated December 6, 2016, in-store donations are  
13 reimbursed as follows:

14 Soft Goods--**\$0.041 per pound**

15 Miscel (housewares including toys and books)--**\$0.020 per pound**

16 FOLI (furniture and other large items)--**\$0.02 per item**

17 Under the same contract, Value Village agreed to pay a small premium for items that were  
18 transported to its retail stores by Big Brothers Big Sisters:

19 Soft Goods--**\$0.393 per pound**

20 Miscel (housewares including toys and books)--**\$0.190 per pound**

21 FOLI (furniture and other large items)--**\$0.190 per item**

22 The deceptive net impression created by Value Village's advertising (that its charity  
23 partners receive a *significant* benefit from donations made by the public) is widespread. As  
24 discussed in detail later in the Complaint, the actual amounts above are drastically lower than  
25 what Value Village shoppers and donors believe goes to a charity (50% of the value of a donated  
26 item, on average).

1           **5. Advertising on Value Village’s Website and in Its Stores Creates the**  
2           **Deceptive Net Impression that Value Village Itself is a Charitable Enterprise**

3           **a. Value Village’s “Feel Good” Marketing Campaigns**

4           5.14 Value Village’s “feel good” marketing campaigns, along with its other  
5 advertisements, creates the deceptive net impression that Value Village is a charitable enterprise.  
6 For example, Value Village’s “**Good Job Bob!**” “**Proud of you Sue!**” and “**Way to go Mary-**  
7 **Jo!**” marketing campaign thanks fictional donors for providing funding to local nonprofits. This  
8 campaign also attempts to leverage the positive emotions many donors derive from charitable  
9 donations by proclaiming, “[Making a donation] **FEELS GOOD, RIGHT? WE KNOW!**”  
10 Variations of these advertisements were present on its website and in all of Value Village’s retail  
11 stores. A visit to the Value Village website in November 2014 would have greeted visitors with  
12 the following scrolling banner:



22 As part of the same marketing campaign, both TVI, Inc.’s Savers and Value Village stores  
23 displayed this photo:



10 In some instances, variants of this marketing campaign were displayed on large banners hanging  
11 on the outside of Value Village stores. The photo below depicts the exterior of a Value Village  
12 store in Lacey, Washington, with a large banner thanking a fictional “Sue” for donating at Value  
13 Village and helping a nonprofit. The banner below is displayed in close proximity to a sign  
14 advertising both the store’s charity partner, The Arc of Washington, and its “Community  
15 Donation Center.”



1           5.15    The direct and implicit representations that shopping or donating at Value Village  
2 constitutes a “good deed” are a central component of Value Village advertising. For example,  
3 the Value Village website banner below promotes donations as “**good deeds**” and deceptively  
4 states that “Every time you donate, you help us support local nonprofits.” As explained above,  
5 such statements are false because until 2016, Value Village’s charity partners did not receive  
6 payment for a *significant* portion of donations including furniture and other housewares.



15           5.16    Yet other advertisements laud Value Village’s “philanthropic efforts” in  
16 developing nations, further contributing to the deceptive net impression that Value Village is  
17 itself a charity. The first photo below, taken by the State’s investigator during a September 2015  
18 visit to a Value Village store in Marysville, Washington, further deceives donors and shoppers  
19 because it confuses Value Village’s status as a for-profit company by suggesting that all unsold  
20 items are donated to charitable causes (instead of being palletized and sold in the commodities  
21 market). The second photo, a large banner displayed near the shopping cart corral at the front  
22 of the Issaquah, Washington, Value Village store asks shoppers to “HELP YOUR  
23 NEIGHBORS” by making purchases in its store.



**b. Value Village's "Community Donation Centers"**

5.17 In each of its 20 Washington stores, Value Village operates a "Community Donation Center." These donation centers are often highly visible from the street, and typically include a drive-thru area for donors to drop off goods. The following photo taken by the State's investigator shows the exterior of the Value Village store in Burien, Washington. In addition to containing the phrase "**Community Donation Center,**" the exterior wrap also contains a logo for Big Brothers Big Sisters of Puget Sound as well as the following phrases: **DO FAVORS DO SOMETHING GREAT DO A GOOD DEED DO YOUR PART DONATE**" and "Value Village pays local nonprofits every time you donate. **Thank you!**"



5.18 Many of Value Village’s Washington stores also display large, standalone, exterior signs containing the phrase “**Community Donation Center.**” In many of these signs, the advertisement relating to the “Community Donation Center” is equal to or more prominent than the advertisement for the Value Village store. The photo below depicts such a sign at the Edmonds, Washington, Value Village store.



(credit: Elaine Thompson, The Associated Press)

c. **Value Village’s Use of its Charity Partner Logos Aid in Creating the Deceptive Net Impression That Value Village Is a Charity or Nonprofit**

5.19 While Value Village is authorized under contract to use its charity partners’ logos in solicitations and advertisements, the way Value Village incorporates these logos in its greater marketing plan, further aids in creating the deceptive net impression that Value Village is itself a charity or nonprofit. In addition to prominently displaying charity logos on the exterior of each of its stores, Value Village displayed these logos on its website, in brochures, on in-store advertisements, and as part of its social media platform. The photo below is a sign hung on one of the dressing rooms located at Value Village’s Yakima, Washington, store location that features Northwest Center and its logo. This photo is an example of Value Village combining the use of a charity logo with its broader, deceptive marketing campaign suggesting that “YOUR DONATION OF CLOTHING AND *HOUSEHOLD ITEMS* BECOMES FUNDING FOR A LOCAL NONPROFIT.” (emphasis added).



5.20 In order to accommodate donations of clothing and small household items outside of normal business hours, most Value Village stores also operate clothing donation bins that prominently bear the logo of that store’s respective charity partner. Donation bins like the one

1 shown below were located outside of the Value Village store in Vancouver, Washington, and in  
2 other locations throughout Southwest Washington.



18 (credit: Rangeview Fabricating, Inc.)

19 5.21 Value Village also displays its corporate logo on many of its charity partners'  
20 websites, trucks, and bins. The truck shown below is part of a larger fleet of trucks operated by  
21 Northwest Center in the Puget Sound area.



5.22 Value Village also instructs its employees to place large donation bins inside the main entrance of stores. These bins are typically located next to an information table containing various brochures pertaining to Value Village’s charity partners, conducting donation drives, and other store info. The photo below is representative of the large, wheeled bins present in the stores.



**6. Value Village Misled Donors and Failed to Honor Donor Intent by Not Disclosing that Donations Made at Value Village Stores Were Shared by Multiple Charities**

5.23 Upon information and belief, for over a decade, all Value Village stores in Washington contracted with a “primary” charity partner. As part of this relationship, Value

1 Village prominently displayed that charity’s logo(s) in multiple locations, including at the  
2 “Community Donation Center,” on store dressing rooms, and on multiple large banners inside  
3 and outside of its stores. When a donor made a donation at a store, a Value Village employee  
4 presented that donor with a tax receipt bearing that charity’s name and information. However,  
5 even though each store prominently promoted a single charity partner, Value Village split the  
6 donation credit among multiple charities for donations received at a store. With the exception  
7 of a handful of a few small disclaimers present in some store advertisements, a consumer had no  
8 way of knowing that their donation(s) would be shared by a number of charities.

9           5.24 In the event that a donor actually knew that a donation was shared among a group  
10 of charities, he or she still could not specify which charity he or she wished to benefit through a  
11 donation because Value Village did not segregate items based upon a donor’s intent. As a result,  
12 thousands of Washington donors were unable to make an informed decision regarding their  
13 donation(s), and may have donated to charities whose missions the donors did not approve of or  
14 wish to support.

15           **7. For Over a Decade, Value Village Promoted the Tax Deductible Nature of**  
16           **Donations and Provided Donors with Tax Receipts Bearing a Charity**  
17           **Partner Name and Logo, Even in Situations Where the Charity Partner Did**  
18           **Not Receive Payment for a Donation**

19           5.25 Upon information and belief, from 2004 until the end of 2015, Value Village store  
20 associates routinely provided blank tax receipts to donors even when a donation (*e.g.* furniture  
21 or housewares) did not result in a payment to a charity. In addition, Value Village consistently  
22 promoted the “tax break” a donor could receive through their donations. For example, a  
23 December 19, 2014, post on the Value Village Facebook page calls upon its members to “Clean  
24 out [their] closet before the end of the year!”  
25  
26



**Value Village**

December 19 at 2:00pm · 🌐

Clean out your closet before the end of the year!

Donate at your local Value Village for a tax break this season.

<http://bit.ly/Ygf3IM>

The tax receipt below is an example of one provided at a Burien, Washington, store.



5.26 Even though Value Village did not pay its charity partners for donations of housewares, furniture, and other miscellaneous items, regardless of the type of donation, each of its retail stores issued tax receipts similar to the one above. In some cases, the receipts issued by Value Village on behalf of its charity partner included a coupon discounting a future in-store purchase. Value Village’s issuance of tax receipts and coupons was yet another factor creating the deceptive net impression among donors that all donations resulted in a financial benefit for Value Village’s charity partners.

1           **8. Value Village Deceptively Advertises that In-Store Purchases Benefit Its**  
2           **Charity Partners**

3           5.27 As part of its in-store advertising campaign, despite the fact that no portion of an  
4 in-store purchase benefits a charity partner, Value Village nevertheless advertises that store  
5 purchases benefit charities. For example, a public address announcement played in Value  
6 Village stores from March 2015 through August 2015 proclaims, “We love this neighborhood.  
7 So much that we partner with nonprofits in this very community. You’re helping too, ya know?  
8 Your donations **and purchases** help us fund their programs and services. How’s that for  
9 shopping with a smile?” (emphasis added).

10          5.28 Statements indicating that in-store purchases benefitted charity partners were not  
11 limited to in-store announcements. Value Village also displayed banners and other in-store  
12 advertisements stating that charities derived a financial benefit from purchases. A large banner  
13 hung in Value Village’s now-closed Yakima, Washington, store states, “Thank you for **shopping**  
14 and donating. Your support helps benefit [a list of charities with the charities’ logos].”



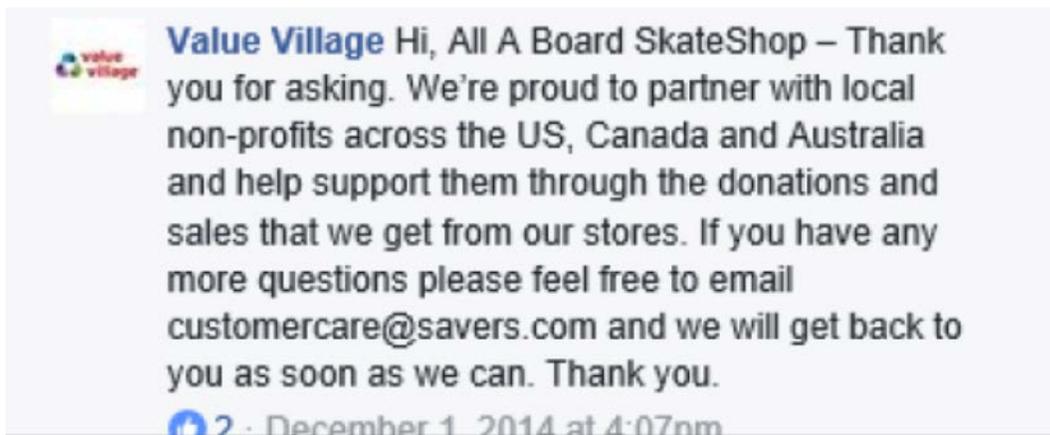
20          5.29 By calling upon in-store shoppers to “**SHOP AND DONATE,**” the banner shown  
21 below, hung above items at the Issaquah, Washington, Value Village store, deceptively  
22 proclaims that by purchasing items in its store, Washingtonians “**HELP [THER]**  
23 **NEIGHBORS.**”



5.30 Informational brochures displayed in Value Village stores and provided to shoppers and donors stated that in-store purchases benefitted charities. The excerpt taken from a Big Brother Big Sisters of Puget Sound informational brochure displayed below is one of many examples. Among other things, this brochure states, “By **shopping and donating** at Value Village, you make a difference!” (emphasis added).



1           5.31    Additionally, through its social media platform, Value Village also deceptively  
2 advertised that in-store purchases benefitted nonprofits. For example, after being questioned on  
3 its official Facebook page by a confused consumer regarding its relationship with nonprofits, in  
4 the December 1, 2014, post below, Value Village explains, “We’re proud to partner with local  
5 nonprofits across the US, Canada and Australia and help support them through the donations  
6 *and sales that we get from our stores.*” (emphasis added).



15           5.32    Value Village’s misrepresentations created the deceptive net impression that in-  
16 store purchases benefit its charity partners.

17 **B.     THE RYPIEN FOUNDATION**

18           5.33    In February 2014, Value Village partnered with the Rypien Foundation  
19 (Rypien), a Spokane-based charity that provides assistance to families battling cancer in the  
20 Inland Northwest. Instead of the normal contract it signed with its other partners, Value Village  
21 entered into a licensing agreement wherein Rypien authorized Value Village to use its logo on  
22 store signage, attended donation stations, donation bins, donation receipts, and various print  
23 media advertisements. In return, Rypien received \$4,000 per month. The parties operated under  
24 this agreement until January 31, 2015.

1           5.34 Under the terms of the licensing agreement, Rypien received \$4,000 per month,  
2 regardless of the actual amount of donations made by donors in Spokane. Put another way, if  
3 a Value Village store in Spokane either received no donations in a month, or conversely,  
4 received a record amount of donations in a given month, there would be no corresponding  
5 increase or decrease in the amount of revenue received by Rypien. Brian Clearman, Value  
6 Village’s Regional Supply Chain Manager, confirmed this during a deposition. When asked, “If  
7 the on-site donations at one of the [Spokane] stores doubled from what it had been historically,  
8 the Rypien Foundation would still only receive \$4,000; correct?” Mr. Clearman responded,  
9 “Correct.”

10           5.35 During the time that the licensing agreement was in effect, Value Village never  
11 updated the advertisements or other promotional products it used in the Spokane market (*e.g.*,  
12 “Every time you donate, you help us support local nonprofits.”), even though the monthly  
13 amount received by Rypien was not tied to the number or type of donations received in the  
14 Spokane Stores.

15           5.36 Deceptive statements were not limited to in-store advertisements. A solicitation  
16 approved by Value Village’s Regional Supply Manager, and contained on the Rypien  
17 Foundation website, falsely states:

18           “When you donate and recycle your unneeded items, they will be made available  
19 at affordable prices at local Savers stores, *and a percentage of the revenue* will be  
20 donated to the Rypien Foundation.” (emphasis added).

21           5.37 As of the date of this complaint, this statement is still on the Rypien website.<sup>2</sup>

22           5.38 As discussed elsewhere, because Value Village charity partners do not receive a  
23 portion of the revenue generated by the sale of goods at Value Village stores, such a statement  
24 was false during both the time governed by the licensing agreement, and under the current  
25 contract between Rypien and Value Village dated July 2, 2017 (price per pound or item).

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26           <sup>2</sup> <https://www.rypienfoundation.org/donate-today/donation-options/> (last visited December 20, 2017).

1 **C. THE MOYER FOUNDATION**

2 5.39 In 2005, Value Village partnered with The Moyer Foundation, a Philadelphia-  
3 based charity founded by former Seattle Mariners pitcher Jamie Moyer, the primary mission of  
4 which is to provide assistance to children and families affected by grief and addiction. As part  
5 of a “Personal Services Purchase Agreement,” Jamie Moyer agreed to appear in “Value  
6 Village’s advertising efforts.” In exchange for these appearances, Value Village agreed to pay  
7 the Moyer Foundation \$.043 cents per pound for clothing donated to retail stores in Edmonds,  
8 Everett, and Marysville, Washington.

9 5.40 In addition to the 2005 Personal Services Purchase Agreement entered into by  
10 the parties, between 2009 and 2014, Value Village provided payments to The Moyer Foundation  
11 in the form of corporate sponsorships of certain Foundation fundraising events like golf  
12 tournaments. Payments provided by Value Village as part of these sponsorships were not tied  
13 to donations at any of its Washington retail stores.

14 5.41 However, without the apparent knowledge of The Moyer Foundation, even  
15 though the terms of the Personal Services Purchase Agreement expired on December 31, 2006,  
16 Value Village continued to operate under the contract, using the Foundation’s logos and  
17 materials to solicit donations at at least two of its stores (Marysville and Edmonds). While  
18 Value Village claims to have tracked donations at these stores and “credited” them to The  
19 Moyer Foundation, it never provided actual payment to the Foundation for these donations. The  
20 Moyer Foundation ultimately discovered Value Village’s unauthorized use of its logos at certain  
21 Washington stores when Value Village filed its December 2014 commercial fundraiser  
22 registration with the Secretary of State. Value Village’s registration incorrectly identified the  
23 Foundation as one of the charitable organizations for which services were provided in  
24 Washington.

25 5.42 After counsel for The Moyer Foundation raised concerns to Value Village  
26 regarding its unauthorized use of Foundation logos, in a February 24, 2015 email sent to the

1 Secretary of State, Bradley Whiting, General Counsel for Value Village, agreed to remove the  
2 Foundation’s logos, explaining:

3 *“TVI, Inc. has taken steps to remove any signage at our Edmonds*  
4 *and Marysville retail locations that indicated we accepted donated*  
5 *merchandise on behalf of The Moyer Foundation. In addition, we*  
6 *are reviewing other potential messaging that may indicate to the*  
7 *donating public that we accept merchandise on behalf of the*  
8 *Foundation, and if found, we will similarly revise.”*

9 5.43 Because The Moyer Foundation never received direct payment for donations  
10 made at Value Village’s Edmonds, Everett, and Marysville locations, for a period of years,  
11 thousands of Washington donors were led to believe that their donations were directly  
12 benefitting the Foundation, when, in reality, there was no benefit.

13 **D. VALUE VILLAGE’S DECEPTION IS MATERIAL AND EFFECTIVE**

14 5.44 In 2017, the State retained NERA Economic Consulting, a New York City-based  
15 firm, to conduct a survey of 400 Washington State residents who had (1) previously shopped at  
16 and/or donated items at Value Village, or (2) considered shopping or donating items at Value  
17 Village in the future. The report prepared by the State’s expert titled “An Evaluation of  
18 Consumer Perceptions of Value Village” is attached as **Exhibit 1**.

19 5.45 The State’s survey consisted of two groups—a test group and a control group.  
20 Consumers in the test group were exposed to Value Village’s advertising and viewed  
21 photographs of three different products that were for sale in a Value Village store (a pair of  
22 jeans, a watch, and a dresser). Consumers in the control group were exposed to the same Value  
23 Village materials, but stimuli were modified to clarify that Value Village was a for-profit  
24 company that paid its partner charities pennies per item or per pound of donated goods. Not  
25 surprisingly, the results of the survey revealed that Value Village’s advertising — including its  
26 prominent and widespread use of the names, logos, and likenesses of its charity partners — was  
27 remarkably effective at masking the thrift store chain’s status as a for-profit entity. The survey  
28 also revealed that this deceptive advertising was particularly effective at causing Washington

1 consumers to believe that their in-store donations resulted in a much larger financial benefit to  
2 Value Village's charity partners than was actually the case.

3 5.46 The data obtained from the survey is compelling:

4 • More than three-quarters of the respondents exposed to Value Village's  
5 advertising in the Test Group believed that Value Village was a charity or a not-  
6 for-profit organization.

7 • When asked to evaluate actual products sold in Value Village and  
8 determine how much of the item's price was provided to a charity, more than 90  
9 percent of the Test Group (depending on the specific item) overestimated the  
10 amount of money the charity would receive. The majority of respondents  
11 believed that a charity would receive one third or more of the item's sales price  
12 from Value Village.

13 • Once made aware of the actual amounts of money per item nonprofit  
14 partners would receive, more than half of Test Group respondents indicated that  
15 they would be less likely to shop at or donate to Value Village.

16 • Upon learning that Value Village's charity partners received mere  
17 pennies from the donations made at Value Village stores, consumers reacted  
18 negatively. Washington consumers used such words as "misleading,"  
19 "disingenuous," "false advertising," and "rip-off" to describe Value Village's  
20 advertising.

21 5.47 After viewing a sample of Value Village's advertising, including an in-store  
22 announcement, respondents were shown three items—a dresser, a watch, and a pair of jeans—  
23 that were offered for sale in Value Village's Issaquah, Washington, store. Respondents were  
24 then asked to estimate the amount that a charity partner would receive from Value Village for  
25 each of these items. Using a sliding scale (\$0.00 to \$79.99), participants were shown the image  
26 below and asked to indicate the amount a nonprofit partnering with Value Village would receive

1 when a dresser like the one shown below was donated. 37.7% of respondents believed that a  
2 charity partner would receive 50% of the \$79.99 selling price and 96.3% of respondents  
3 believed that a charity partner would receive at least \$1.00. In reality, under the current contract  
4 in place between Value Village and Big Brothers Big Sisters of Puget Sound, the Issaquah,  
5 Washington, store’s current charity partner, if a Washington donor dropped off a similar dresser  
6 (or any other piece of furniture) at one of its retail stores, Value Village would only pay Big  
7 Brothers and Big Sisters \$0.02 — two cents — for this donation.



8  
9  
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14  
15  
16 Please click image to enlarge.

17 Based on the Value Village sign and store announcement that you saw first, using the sliding scale below, please indicate the amount  
18 you think a non-profit partnering with Value Village will receive when a dresser like the one shown is donated.



19  
20  
21 5.48 That helping a nonprofit is one of the primary motivations for donors is also  
22 consistent with Value Village’s own survey results. In 2016, in an attempt to gain insight into  
23 consumer perceptions about reuse, Value Village commissioned its own survey and released a  
24 summary titled “The State of Reuse.”<sup>3</sup> The results obtained in the survey were consistent with  
25

26 <sup>3</sup> [https://www.savers.com/sites/default/files/reusereport-june6\\_vv.pdf](https://www.savers.com/sites/default/files/reusereport-june6_vv.pdf) (last visited December 20, 2017).

1 the State’s consumer survey. Among other findings relating to a consumer’s motivations for  
2 donating clothing and other goods, the executive summary explains:

- 3 • Nearly half of North Americans say they would donate more if they knew  
4 their donation would help nonprofits they support.
- 5 • Sixty-four percent of Canadian respondents and 59 percent of U.S.  
6 respondents donate goods to benefit nonprofit organizations.
- 7 • To find out what might make people increase donations of clothing and  
8 other goods, the survey asked about a range of possible motivations. Again, the  
9 impulse to help others won out: Nearly half of respondents said they would  
10 donate more if they knew their donation would help nonprofits they support.  
11 Helping others was a more compelling reason than knowing more about the  
12 environmental impact of the water, energy and chemicals that go into making  
13 the clothes — only 12 percent of respondents chose this reason.

14 5.49 Washington donors have expressed frustration when they ask for this  
15 information at Value Village stores, but can’t get an answer. For example, in a complaint  
16 submitted to the Attorney General’s Office, a Lacey, Washington, donor conveyed her  
17 displeasure, explaining:

18 “The impression any donor or customer receives is that Value Village (Savers) is a  
19 nonprofit giving most of their profits to xyz charities. However, not a single store  
20 or shift manager in Thurston, Pierce, or King County (I went to many just to ask  
21 the question, as I couldn't find any data on-line) could tell me the actual percentage  
22 of income or profit or anything about what they actually give to a charity....I have  
23 no affiliation with any of these stores except as a shopper. However, I believe when  
24 the public is given the erroneous impression that Value Village is a nonprofit, the  
25 real nonprofits, such as Goodwill, suffers from a decreasing amount of quality  
26 donations.”

1 In a separate complaint submitted to the Attorney General’s Office, a Marysville, Washington,  
2 resident states:

3 “Went into [a] store yesterday 4/27/17 to obtain information about how the money  
4 is spent and where it goes. Talked to a supervisor who provided a flier with  
5 information [regarding] [an] Earth month donation drive. I felt like I was being  
6 slapped in the face because I asked for information about where the charitable  
7 money goes. On the brochure there was a phone number that was supposedly for  
8 Northwest Center. Instead it was the number to the Secretary of State.”

9 5.50 Value Village agreed to address this significant consumer deception in the State  
10 of Minnesota when it settled a lawsuit brought by the Minnesota Attorney General. In that  
11 settlement, Value Village agreed to “[D]isclose the bulk purchase price it pays to the [charitable]  
12 organization (e.g., \$0.43 per cubic foot, \$0.10 per pound, etc.)” in the event a donor asked Value  
13 Village what portion or amount of their donated goods is paid to a charitable organization.  
14 Based upon information and belief, Minnesota is the only state in which Value Village provides  
15 these disclosures. A copy of the Agreement and Order containing these provisions is attached  
16 as **Exhibit 2**.

17 **1. Value Village’s Marketing Has the Capacity to Deceive Consumers**

18 5.51 For years, Value Village’s deceptive marketing campaigns — featuring charity  
19 partner logos and misrepresentations about how much benefit charities receive — has deceived,  
20 or has had the capacity to deceive, consumers. One Seattle resident complained:

21 “Value Village Stores,...derive profits from people believing they are giving to a  
22 deserving Charity. This especially affects older citizens who need, or are more  
23 prone to having items picked up at their home. In my case, I learned through Angel  
24 Gonzalez, Sea. Times reporter, that Value Village recently picked up my many  
25 boxes on 2 occasions and then paid the Charity far less than they will sell the items  
26 and clothing in their stores. Thinking the donation supports (in my case, Sight

1 Connection) people often give items of high value. I did. So, I am cheated and the  
2 government is also, as the donator takes tax deductions...”

3 5.52 In a handwritten letter submitted to the Attorney General’s Office, a Blaine,  
4 Washington, resident noted the deception apparent in Value Village’s misrepresentation that it  
5 donates 100% of the value of donated items to its charity partners:

6 *Value Village states in its pamphlet it "is a for-profit*  
7 *professional fundraiser," and it reports to the*  
8 *Secretary of State's Charity Program that Value Village*  
9 *donates 100% of its profits to its charities that*  
10 *it supports. This must be a bold face lie because*  
*Value Village owners must pay themselves something.*

11 **2. Despite Being Registered as a Commercial Fundraiser, Value Village Failed**  
12 **to Include Disclosures in Its Solicitations, as Required by the Charitable**  
**Solicitations Act**

13 5.53 From January 2015 until October 2015, despite being registered with the State as  
14 a commercial fundraiser, in all of its solicitations, Value Village failed to include the disclosures  
15 required by RCW 19.09.100. For example, on the store signage displayed in its Community  
16 Donation Centers, and on brochures available in its stores, Value Village failed to disclose its  
17 status as a for-profit commercial fundraiser, and failed to disclose certain contact information  
18 for the Secretary of State. Not only are these disclosures required by law, they are important to  
19 donors, because without them, many Washington donors may be unaware of the fact that Value  
20 Village is actually a d/b/a of the for-profit corporate entity TVI, Inc.

21 **VI. FIRST CAUSE OF ACTION**  
22 **(VIOLATIONS OF THE CONSUMER PROTECTION ACT, RCW 19.86.020)**

23 6.1 Plaintiff re-alleges Paragraphs 1.1 through 5.53 and incorporates them as if fully  
24 set forth herein.

25 6.2 Defendant engages in “trade” or “commerce” within the meaning of the  
26 Consumer Protection Act, RCW 19.86.010(2).

1           6.3     Defendant engages in unfair and deceptive acts or practices within the meaning  
2 of RCW 19.86.020 by creating the deceptive net impression that in-store purchases made at its  
3 stores, including stores in Washington, provide a financial benefit to its charity partners.

4           6.4     Defendant engages in unfair and deceptive acts or practices within the meaning  
5 of RCW 19.86.020 by creating the deceptive net impression that it is itself a nonprofit or  
6 charitable organization.

7           6.5     Until early 2016, Defendant engaged in unfair and deceptive acts or practices  
8 within the meaning of RCW 19.86.020 by creating the deceptive net impression among  
9 shoppers and donors that it paid its charity partners for all donations made at its retail stores,  
10 attended donation facilities, and clothing donation bins, including those located in Washington,  
11 when in fact, Defendant did not pay its charity partners for donations of housewares, furniture,  
12 and other miscellaneous items.

13          6.6     Until early 2016, Defendant engaged in unfair and deceptive acts or practices  
14 within the meaning of RCW 19.86.020 by creating the deceptive net impression among  
15 shoppers and donors that donations accepted at its retail stores and other locations benefitted a  
16 single charity partner, when in fact, Defendant split payments for donations among multiple  
17 charity partners.

18          6.7     Until early 2016, Defendant engaged in unfair and deceptive acts or practices  
19 within the meaning of RCW 19.86.020 by providing donors with a tax receipt bearing the name  
20 of a single charity even though donations were shared among multiple charities.

21          6.8     From January 2014 through February 2015, Defendant engaged in unfair and  
22 deceptive acts or practices within the meaning of RCW 19.86.020 by creating the deceptive net  
23 impression that donations accepted at its retail stores in the Spokane, Washington, market  
24 benefitted The Rypien Foundation, when in fact, Defendant did not provide payment to The  
25 Rypien Foundation related to any donations received at these stores.

26





1 and all other persons acting or claiming to act for, on behalf of, or in active concert or  
2 participation with Defendant, from continuing or engaging in the unlawful conduct complained  
3 of herein.

4 8.4 That the Court assess civil penalties, pursuant to RCW 19.86.140, of up to two  
5 thousand dollars (\$2,000) per violation against the Defendant for each and every violation of  
6 RCW 19.86.020 caused by the conduct complained of herein.

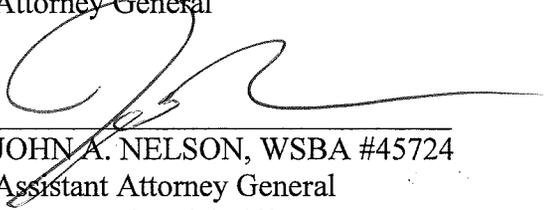
7 8.5 That the Court make such orders pursuant to RCW 19.86.080 as it deems  
8 appropriate to provide for restitution to consumers of money or property acquired by the  
9 Defendant as a result of the conduct complained of herein.

10 8.6 That the Court make such orders pursuant to RCW 19.86.080 to provide that the  
11 Plaintiff, State of Washington, have and recover from the Defendant the costs of this action,  
12 including reasonable attorney's fees.

13 8.7 For such other relief as the Court may deem just and proper.

14 DATED this 20th day of December, 2017.

15 ROBERT W. FERGUSON  
16 ~~Attorney General~~

17   
18 JOHN A. NELSON, WSBA #45724  
19 Assistant Attorney General  
20 Attorneys for Plaintiff  
21 State of Washington  
22 (206) 389-3974  
23  
24  
25  
26

# **EXHIBIT 1**

**EXPERT REPORT OF SARAH BUTLER**

**An Evaluation of Consumer Perceptions of Value Village**

# EXPERT REPORT OF SARAH BUTLER

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## **I. QUALIFICATIONS**

1. I am a Managing Director at NERA Economic Consulting (“NERA”), where I participate in the Survey and Sampling, Intellectual Property, Product Liability, Antitrust, and Labor Practices. My business address is 4 Embarcadero Center, San Francisco, CA 94111. NERA is a firm providing expert statistical, survey, economic, and financial research analysis.

2. Among my responsibilities, I conduct survey research, market analysis, and sampling analysis on a wide range of topics regarding business and consumer decision making, consumer choice, and consumer behavior. In the course of my career, I have conducted research for leading corporations and government agencies on consumers, employees, and businesses. My work has been included in numerous lawsuits involving issues of trademark and trade dress confusion, secondary meaning, and false advertising, as well as in antitrust and employment-related litigation. I am a member of the American Association of Public Opinion Research, the American Statistical Society, the Intellectual Property Section of the American Bar Association, and the International Trademark Association (INTA).

3. I have also worked as a market researcher conducting focus groups, in-depth interviews, and surveys of consumers and professionals. I worked as an independent consultant conducting research for the Department of Environment and Rural Affairs in the United Kingdom. I have taught courses focused on or involving research methodologies in both the United States and Europe. I hold a Master’s Degree from Trinity College, Dublin and another Master’s Degree from Temple University.

4. I have substantial experience conducting and using surveys and focus groups to measure consumer opinions and behaviors regarding products and services including purchase processes, product attributes, branding and positioning, market segmentation, new product

research, and communications strategies. During my career in academic and commercial research, I have personally facilitated focus groups and conducted in-depth interviews.

5. I have submitted expert reports, been deposed, and have testified at trial within the last seven years. A list of my testimony is included on the copy of my current resume, which is attached as Exhibit A.

6. NERA is being compensated for my services in this matter at my standard rate of \$625 per hour. Members of the staff at NERA have worked at my direction to assist me in this engagement. No part of my compensation or NERA's compensation depends on the outcome of this litigation. Throughout this report, I have used the terms "I" and "my" to refer to work performed by me and/or others under my direction.

## **II. ASSIGNMENT AND SUMMARY OF OPINIONS**

7. I was retained by the Washington State Office of the Attorney General to evaluate consumers' perceptions of Value Village. Specifically, I tested why consumers are motivated to shop at or donate goods to Value Village, what messages are conveyed by Value Village's advertising, and consumer understandings of how Value Village compensates its nonprofit partners for donated goods. I also evaluated whether information about the rates paid per item or pound to nonprofit partners would have an impact on consumers' decisions to shop at or donate to Value Village.

8. A total of 400 Washington State residents who shop at and/or donate goods to Value Village completed the survey. The survey included men and women 18 years of age or older who have donated goods to or shopped at Value Village in the past year or are likely to do so in the next year. My survey had two groups – a Test group used to evaluate consumer perceptions of Value Village's advertising and pricing and a Control group which can be used to

measure the extent to which survey respondents were guessing or were influenced by perceptions or messages not being evaluated in the survey. Consumers in the Test group were exposed to Value Village's advertising and viewed photographs of three different products that were for sale in a Value Village store. Consumers in the Control group were exposed to the same Value Village materials, but stimuli were modified to clarify that Value Village is a for-profit company that pays its partner charities pennies per item or per pound of donated goods.

9. The results of my study are as follows:
  - The perceived benefit to nonprofits or charities matters to consumers and is an important reason for donating and shopping at Value Village. A total of 73.8 percent of respondents said they donated goods to Value Village because they wanted charities or their local community to benefit and a total of 54.5 percent of shoppers said the same.
  - Consumers who were presented with examples of Value Village's advertising discern a message that Value Village helps charities and local organizations. When consumers were presented with advertising that indicated Value Village was a for-profit company, respondents were far less likely to perceive a message that the company supported charities.
  - More than three-quarters of the respondents exposed to Value Village's advertising in the Test group believe that Value Village is a charity or a not-for-profit organization.
  - Furthermore, these consumers are clearly misled about the extent to which partner charities benefit from the sale of donated goods. Respondents in the Test group believe that Value Village provides substantial amounts of the price of each product it sells to its partner charities. When asked to evaluate actual products sold in Value

Village and determine how much of the item's price was provided to a charity, more than 90 percent of respondents (depending on the specific item) overestimated the amount of money the charity would receive. The majority of respondents believed that a charity would receive one third or more of the item's sales price from Value Village.

- In contrast, the majority of respondents in the Control group (who were provided with a description of the amount a charity would receive from Value Village based on the item type or weight of donation) correctly perceived that the amount a charity received would be small.
- Respondents who indicated they were more likely to shop/donate as a result of the money Value Village provides to charities altered their perceptions when provided with information clarifying the donation amounts. More than 40 percent of respondents who initially indicated that Value Village's donations to charities made them more likely to shop or donate subsequently indicated that they would be *less likely* to shop or donate understanding the small amount per item actually donated.
- Respondents reacting negatively to the actual amount of money Value Village provides to charity partners indicated that Value Village's advertising was; "misleading," "disingenuous," "false advertising," and a "rip-off." Many respondents indicated that the amount being donated was much lower than their initial expectation and did not match the image Value Village portrays as being a company that helps local charities and organizations.

10. A survey of individuals who have shopped or donated (or are likely to shop at or donate to) Value Village indicates that consumers are clearly misled by Value Village's

advertising. Surveyed consumers indicate that support of local organizations and charities is an important motivator for shopping at and donating to Value Village and the majority of respondents believe that Value Village is itself a charity or not-for-profit organization. Respondents also believe that Value Village compensates partner charities at much higher rates than is actually the case. When made aware of the actual amounts provided to charity partners, consumers are less likely to shop at/donate to Value Village and many directly state that Value Village's advertising is deceptive and misleading.

11. The remainder of this report provides a detailed discussion of the results of my survey.

### **III. SURVEY METHODOLOGY**

12. The design of my research follows the generally accepted principles for the design of surveys to be used as evidence in litigation.<sup>1</sup> In general, the design of a reliable study requires careful attention to the following key areas:

- The definition of the relevant population;
- The procedures for sampling from the relevant population;
- The survey questions used;
- The nature of the specific stimuli shown to respondents; and
- The protocol for calculating the results from the survey.<sup>2</sup>

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<sup>1</sup> Diamond, Shari, S. (2011) "Reference Guide on Survey Research," *Reference Manual on Scientific Evidence*, Committee on the Development of the Third Edition of the Reference Manual on Scientific Evidence; Federal Judicial Center; National Research Council (hereafter "*Diamond*").

<sup>2</sup> The *Manual for Complex Litigation, Fourth Edition* phrases these key areas as such:

- the population was properly chosen and defined;
- the sample chosen was representative of that population;
- the data gathered were accurately reported; and
- the data were analyzed in accordance with accepted statistical principles, p. 103.

13. The discussion of the survey I conducted is organized around each of the key areas.

**A. Definition of the Relevant Population**

14. The relevant population for this matter is individuals residing in Washington State who are 18 years old or older and who have shopped at or donated to Value Village or who are likely to do one of these activities in the future.

**B. Sampling of the Relevant Population**

15. Potential survey respondents were contacted using an internet panel hosted by Critical Mix.<sup>3</sup> Critical Mix complies with the standards for online survey data panels set forth by ESOMAR (The World Association for Marketing and Opinion Research).<sup>4</sup> Critical Mix also holds industry memberships with AAPOR (The American Association of Public Opinion Research), The American Marketing Association, CASRO (Council of American Survey Research Organizations), ESOMAR, and The Marketing Research Association.

16. Critical Mix uses a variety of quality control measures to ensure the reliability and integrity of the responses it provides. For example, Critical Mix uses digital fingerprinting that creates a “fingerprint” for each respondent based on computer characteristics (like IP addresses), which can then be used to identify respondents and to exclude individuals who attempt to take the same survey more than once. Critical Mix’s standard quality control measures were undertaken in this study.

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<sup>3</sup> For additional information about Critical Mix, see <https://criticalmix.com/about/>, accessed August 1, 2017.

<sup>4</sup> ESOMAR (2012), “28 Questions to Help Research Buyers of Online Samples,” accessed August 1, 2017, <http://www.esomar.org/uploads/public/knowledge-and-standards/documents/ESOMAR-28-Questions-to-Help-Buyers-of-Online-Samples-September-2012.pdf>. For a description of Critical Mix’s methodologies and how it adheres to ESOMAR standards, see [http://www.criticalmix.com/assets/docs/Critical\\_Mix\\_ESOMAR28\\_January\\_15.pdf](http://www.criticalmix.com/assets/docs/Critical_Mix_ESOMAR28_January_15.pdf), accessed August 1, 2017.

17. Data for the study were collected between May 10, 2017 and June 7, 2017. A total of 400 respondents qualified for and completed the survey.

### **C. Quality Control Measures for the Survey**

18. To ensure that my data are of the highest quality, I implemented quality control measures in addition to those undertaken by Critical Mix:

- a. As is standard survey practice for litigation, the survey was conducted in a “double-blind” fashion; that is, neither the staff at Critical Mix nor the respondents was aware of the survey’s sponsor or the ultimate intention of the survey.<sup>5</sup>
- b. Respondents had to correctly answer a Google ReCaptcha question to ensure that a person, and not a computer or “bot,” was taking the survey.<sup>6</sup>
- c. Respondents were required to enter their gender and age and zip code at the outset of the survey, and if these data conflicted with the respondent information on file with Critical Mix, then the respondent was excluded.
- d. Respondents who indicated that they did not understand or were unwilling to adhere to the survey instructions were also screened out of the survey.
- e. Respondents were not permitted to take the survey on a mobile phone.
- f. The study was pretested and the initial results were reviewed to ensure that there were no errors in the programming, respondents were able to view the images, and to verify that respondents were able to understand and answer the questions as asked.

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<sup>5</sup> *Diamond*, pp. 410-411.

<sup>6</sup> Google ReCaptcha uses advanced software to tell humans and bots apart. For a description of the technology, see <https://developers.google.com/recaptcha/>, accessed August 1, 2017.

## **D. Questionnaire**

19. To ensure that panel respondents were part of the relevant population as defined for this case, a series of screening questions was asked.<sup>7</sup> Potential respondents were first asked an industry screener. Respondents were screened out if they indicated that they or a member of their household worked for a thrift store, a charitable organization, or for a market research or an advertising company. Such respondents would be likely to have industry or specialized knowledge and therefore their opinions would not appropriately represent the opinions of the more general public.

20. Potential respondents were next asked whether they had made any charitable donations of clothes or household items in the past year.<sup>8</sup> Respondents who had donated clothing or other household items were asked to identify, from a list, the organization or group they had donated items to in the past year. The list included Value Village.<sup>9</sup> Respondents were asked the same set of questions about donations they were likely to make in the next year. Respondents qualified for the survey if they had donated clothing or household goods to Value Village in the past year or were likely to make such donations in the next year.

21. Consumers who shop at Value Village could also qualify for the survey and a series of questions was asked to identify these respondents. First, consumers were asked to indicate types of stores they had shopped at in the last year. Those who indicated that they had shopped at a thrift store in the last year were then asked to identify (from a list) which thrift

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<sup>7</sup> The questionnaire can be found in Exhibit B.

<sup>8</sup> Respondents were first asked if they made any charitable donations in the past year and then were asked to select types of items from a list.

<sup>9</sup> The list also included relevant Value Village partner charities to include survey respondents who mistakenly believed that they were donating directly to the charity.

stores. Qualified shoppers were those who indicated that they had shopped at Value Village in the past year or were likely to do so in the next year.

22. After the screening and introductory questions, qualified respondents were taken to the main portion of the questionnaire. Respondents were first asked to describe, in their own words, why they donate to or shop at Value Village.<sup>10</sup> Respondents were then asked to review a list of possible reasons why they might donate or shop and were asked to select the reasons that applied to them.

23. Respondents were then randomly assigned to the Test or Control group for the remainder of the survey.<sup>11</sup> Both groups heard an in-store announcement and were shown window advertising. Test group respondents heard an actual Value Village store announcement and were shown actual Value Village window advertising. The text of the announcement and advertising are shown in Figure 1.

**Figure 1: Test Group Announcement and Advertising**

We love this neighborhood, so much that we partner with non-profits in this very community. You're helping too you know. Your donations and purchases help us fund their programs and services. How's that for shopping with a smile?



<sup>10</sup> Respondents who both donate and shop or are likely to donate or shop were asked both questions.

<sup>11</sup> Random assignment was done within the groups of donors and shoppers to ensure that each condition (Test and Control) had equivalent counts of consumer types.

24. Respondents in the Control group heard a modified announcement that was altered to specify that Value Village is, in fact, a for-profit organization. The window advertising shown to respondents in the Control group was also altered and was comprised of real advertising used by Value Village that does not reference benefits to local organizations or charities. The text of the announcement and advertising shown to Control respondents are in Figure 2.

**Figure 2: Control Group Announcement and Advertising**

We love this neighborhood. We're a for-profit commercial fundraiser accepting donations of second-hand clothing and household goods on behalf of non-profits. You're helping too you know. Your donations and purchases keep reusable items out of landfills. How's that for shopping with a smile?



25. All respondents, Test and Control, were asked to indicate in their own words what the main message of the in-store announcement and the advertising meant. Respondents were then asked to indicate whether they thought Value Village was a charity, a not-for-profit organization, a for-profit organization, or something else.<sup>12</sup>

26. Next, respondents were asked to evaluate some photographs of items for sale at a Value Village store. Respondents were shown a dresser, a watch, and a pair of jeans.<sup>13</sup> The items

<sup>12</sup> The answer choices were randomized and respondents were also provided with the ability to select “Don’t know.”

<sup>13</sup> The order of the items shown was randomized.

were shown with the actual price tags that were present in the store and respondents could enlarge the image to view the item and its price tag more closely. Respondents in the Control group were shown the same items as the Test group, and were also shown a description of the range of amounts (in dollars and cents) Value Village would pay its local nonprofit partners for the donation of that item. An example of the dresser shown to the Test and Control respondents is in Figure 3.

**Figure 3: Example of Test and Control Group Items Shown**

**Test Dresser**



**Control Dresser**



For each piece of furniture donated, Value Village will pay a local nonprofit between \$0.02 (two cents) and \$0.19 (nineteen cents) per item.



27. After each item, respondents were asked to evaluate the amount of money a nonprofit would receive when an item like the one shown was donated. Respondents could indicate the amount by using a sliding scale. The exact question is shown below.



*Please click image to enlarge.*

Based on the Value Village sign and store announcement that you saw first, using the sliding scale below, please indicate the amount you think a non-profit partnering with Value Village will receive when a dresser like the one shown is donated.



28. After this exercise, respondents were asked some additional questions on the overall amount of money Value Village’s partners receive and were also asked to indicate whether the amount of money received influenced their shopping at or donations to Value Village.

29. Finally, respondents were again shown the three items for sale that they had viewed previously. Respondents in the Test group were shown the items with the additional information describing the range of money paid to partner charities and Control group

respondents were shown the same information. All respondents, Test and Control, were asked to indicate whether the information about donation amounts would impact their behavior.

#### IV. RESULTS

30. A total of 400 respondents completed the survey. Survey respondents included men and women across a mix of age ranges as shown in Table 1 below.<sup>14</sup>

**Table 1: Age and Gender of Respondents**

Age	Gender			
	Male		Female	
	Count	Percent	Count	Percent
18-34	26	23.0%	88	30.7%
35-54	40	35.4%	96	33.4%
55+	47	41.6%	103	35.9%
<b>Total</b>	<b>113</b>	<b>100.0%</b>	<b>287</b>	<b>100.0%</b>

Source: NERA Survey, May-June 2017

31. The majority of survey respondents, 64.0 percent, has or is likely to donate items to Value Village and 42.0 percent (168 respondents of the 400) have donated in the past year. A total of 77.5 percent of respondents have shopped or are likely to shop at Value Village in the next year.

##### A. Reasons for Donating or Shopping

32. Respondents provided a variety of answers detailing why they donate to or shop at Value Village. Many respondents indicated that they like the fact that Value Village was partnered with a particular charity or that they are helping the community or a charitable organization by shopping or donating. For example, Respondent 12536510 explained that she

<sup>14</sup> Data can be found in Exhibit C.

donates, “To help their causes. They help people” and Respondent 14223778 stated, “I have many things in my house that I don’t want anymore, and instead of throwing away, recycling, or selling those items, I prefer the convenience of dropping them off at a donation center where I know they will find a good home and their proceeds will go to help people in need.” As another example, Respondent 14176919 said, “I do not like to keep clothes that do not fit me or that I haven’t worn. I believe that Value Village is a good organization that will put their money earned from selling my clothes to good use. “

33. A number of answers suggest that the respondent believes that Value Village is itself a charity or that the entire value of donated items goes to charity. For example, Respondent 14254037 stated, “Every year I some how (sic) collect way too much stuff and instead of just throwing it out, I clean it up the best i can and donate it to a worth while (sic) cause like. Value Village. I believe in paying it forward.” Respondent 12692389 explained, “They seem to be a good charitable organization that works to help needy people reach their goals,” and Respondent 12522046 said, “I spread my donations around to local area charities and like shopping there for items they have.” As another example, Respondent 12613817 answered, “All proceeds are given back to the community.”

34. When asked to select reasons from a list, more than half of all donors to Value Village indicated that they want charities or their local community to benefit. As shown in Table 2 below, the desire to help charities or the local community are the third and fourth most commonly selected reasons for donations and, in fact, 73.8 percent of all donors select at least one of these reasons as motivation for donating to Value Village.<sup>15</sup>

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<sup>15</sup> There were 113 respondents who selected both as reasons for donating, 40 respondents who selected “want charities to benefit” only, and 36 who selected “support local community” only.

**Table 2: Reasons for Donating to Value Village**

<b>Categories</b>	<b>Total Respondents</b>	
	<b>Count</b>	<b>Percent</b>
Items donated still useable / want someone else to have or use items	194	75.8%
Want to de-clutter / get rid of items	186	72.7%
Want charities / non-profits to benefit	153	59.8%
Want to support local community	149	58.2%
Environmental / want to recycle goods	122	47.7%
Convenience	118	46.1%
Can shop for new things when dropping off donations	84	32.8%
<b>Total Respondents</b>	<b>256</b>	

Source: NERA Survey, May-June 2017

35. Shoppers also indicated that the benefit to charities and local community are important reasons for making purchases at Value Village. As shown in Table 3, wanting charities or the local community to benefit are the third and fourth most commonly mentioned reasons for shopping at Value Village and 54.5 percent of shoppers selected at least one of these answers as a reason for shopping at Value Village.<sup>16</sup>

**Table 3: Reasons for Shopping at Value Village**

<b>Categories</b>	<b>Total Respondents</b>	
	<b>Count</b>	<b>Percent</b>
Price	256	82.6%
Selection of items	163	52.6%
Want to support local community	126	40.6%
Want charities / non-profits to benefit	121	39.0%
Entertainment (can find interesting or unusual items)	117	37.7%
Convenience	111	35.8%
Environmental / want to recycle goods	87	28.1%
<b>Total Respondents</b>	<b>310</b>	

Source: NERA Survey, May-June 2017

<sup>16</sup> There were 78 respondents who selected both as reasons for shopping, 43 respondents who selected “want charities to benefit” only, and 48 who selected “support local community” only.

## B. Overall Perception of Value Village

36. The majority of Test group respondents indicated that the in-store announcement and window advertisements convey a message that shopping at or donating to Value Village helps local charities and nonprofits. Many respondents noted that Value Village directly contributes to Big Brothers and Big Sisters.

37. Respondents in the Control group emphasized the environmental and recycling benefit of donating to or shopping at Value Village. A few respondents specifically noted that Value Village is for-profit.

38. When asked to identify the type of organization, the majority of respondents in the Test group indicated that Value Village is a charity or nonprofit organization. A total of 78.0 percent of respondents incorrectly identified Value Village as a charity or nonprofit in the Test group and only 9.5 percent indicated that Value Village is a for-profit company. In contrast, 34.5 percent of respondents in the Control group indicated that Value Village is a for-profit company. In total, 23 percent fewer respondents in the Control group believed that Value Village is a nonprofit/charity than those in the Test group. These results are shown below in Table 4.

**Table 4: Consumer Perception of Value Village**

<b>Options</b>	<b>Test</b>		<b>Control</b>	
	<b>Count</b>	<b>Percent</b>	<b>Count</b>	<b>Percent</b>
A charity	38	19.0%	28	14.0%
A not for profit organization	118	59.0%	82	41.0%
A for profit organization	19	9.5%	69	34.5%
Other	6	3.0%	3	1.5%
Don't know/unsure	19	9.5%	18	9.0%
<b>Total</b>	<b>200</b>	<b>100.0%</b>	<b>200</b>	<b>100.0%</b>

Source: NERA Survey, May-June 2017

### **C. Perception of Amounts Donated to Partner Nonprofits**

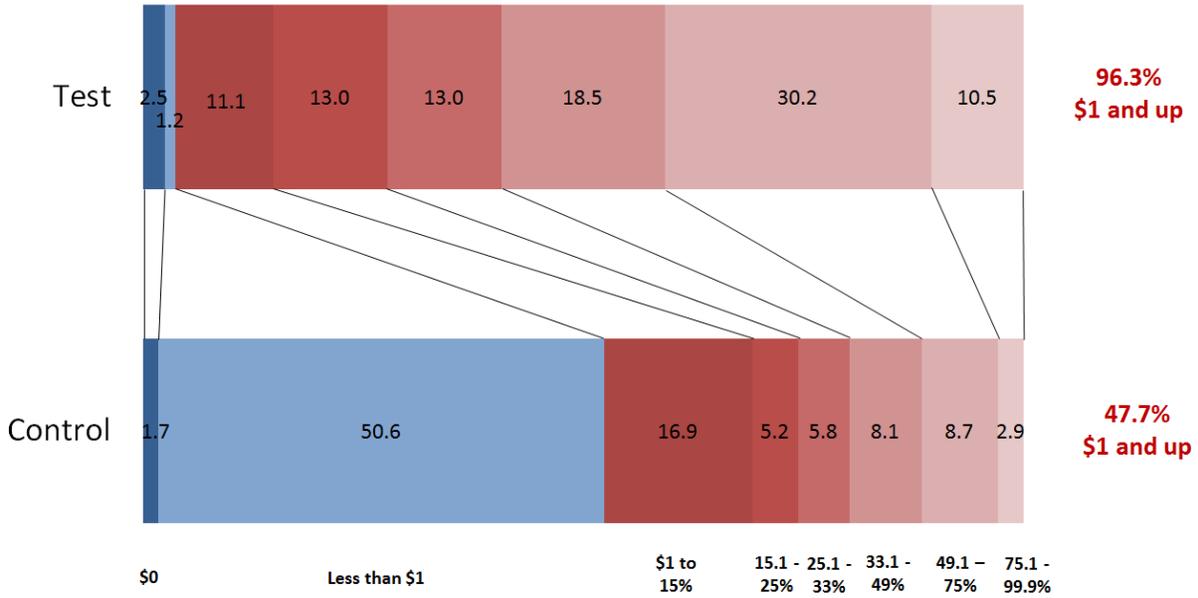
39. Donors and shoppers in the survey were also asked to provide their opinions as to the amount of money a nonprofit would receive for donated items. On average, the amount of money respondents in the Test group thought a nonprofit would receive was close to three times as much as the amount respondents in the Control group thought a nonprofit would receive.

40. A comparison of the distribution of the values respondents estimated for each item by Test and Control respondents are shown below in Figures 4 – 6.<sup>17</sup> It is obvious that consumers who heard the actual Value Village in-store announcement and viewed the actual Value Village window advertising were far more likely to believe that the partner nonprofit would receive a substantial percent of the sales price of the item. For example, over one third of respondents in the Test group (37.7 percent) believed that Value Village would pay its nonprofit partner 50 percent or more of the \$79.99 dresser. In contrast, more than half of respondents in the Control group, i.e. those respondents who were shown the item with a description of the actual range of amounts that would be received, indicated that a nonprofit would receive a dollar or less from Value Village for the \$79.99 donated dresser.

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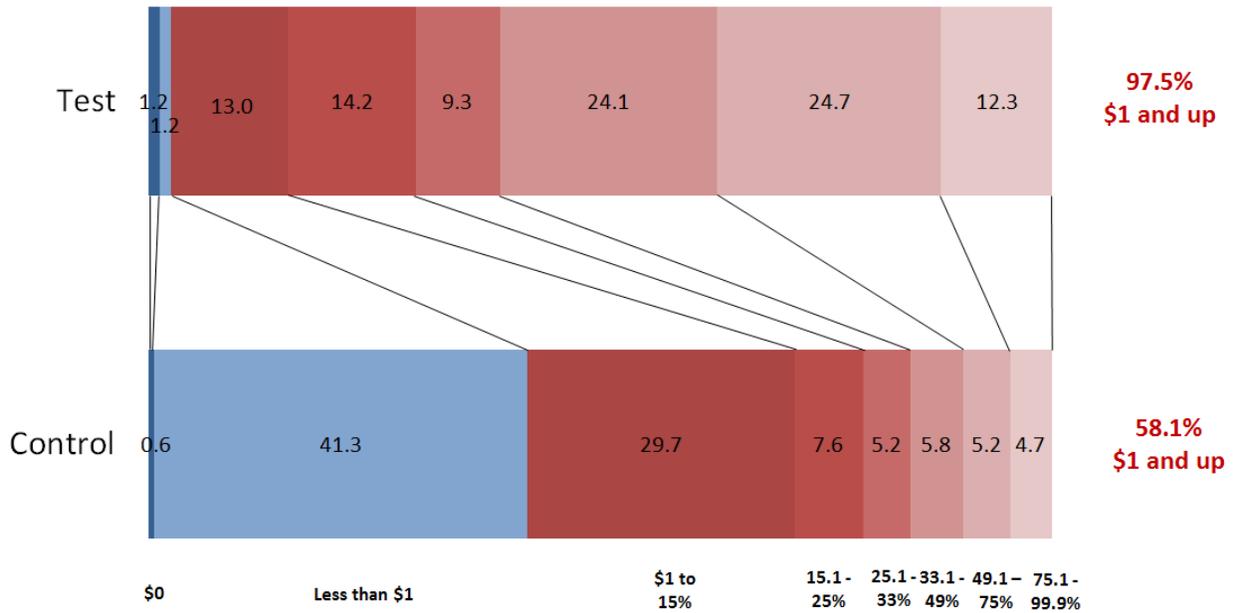
<sup>17</sup> For responses greater than \$1.00, estimates were grouped by the percent of the price. For example, for the dresser, respondents who indicated that the money received would be between  $(79.99 \times .491 =)$  \$39.28 and  $(79.99 \times .75 =)$  \$59.99 were placed in the category between 49.1 and 75 percent.

**Figure 4: Distribution of Perceived Amount Given to Nonprofit for \$79.99 Dresser**  
 Percent of Respondents Answering in Each \$ Value Category



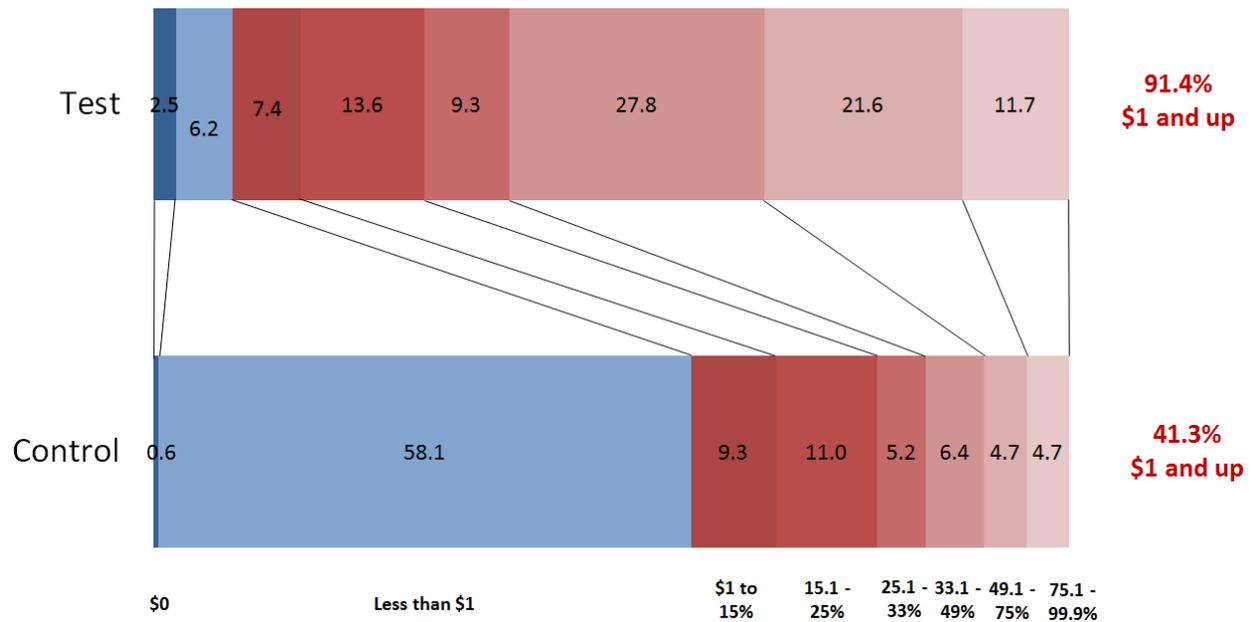
Source: NERA Survey, May-June 2017

**Figure 5: Distribution of Perceived Amount Given to Nonprofit for \$89.99 Watch**  
 Percent of Respondents Answering in Each \$ Value Category



Source: NERA Survey, May-June 2017

**Figure 6: Distribution of Perceived Amount Given to Nonprofit for \$12.99 Jeans**  
**Percent of Respondents Answering in Each \$ Value Category**



Source: NERA Survey, May-June 2017

#### D. Impact of Additional Information

41. Finally, the survey was designed to evaluate the impact of providing Test group respondents with clarifying information about the amount of money that Value Village would actually provide its nonprofit partners. As shown in Table 5 below, prior to receiving the clarifying information, more than a third of the respondents (37.0 percent) answering the question indicated that they would be more likely to purchase at or donate items to Value Village because of the money partners receive. Once made aware of the actual amounts of money per item nonprofit partners would receive, more than half of Test group respondents indicated that they would be less likely to shop at or donate to Value Village.

**Table 5: Impact of Additional Information on Test Group Respondents**

<b>Options</b>	<b>Test/Before Exposure<sup>1</sup></b>		<b>Test/After Exposure<sup>2</sup></b>		<b>Control</b>	
	<b>Count</b>	<b>Percent</b>	<b>Count</b>	<b>Percent</b>	<b>Count</b>	<b>Percent</b>
More likely	54	37.0%	12	14.3%	26	16.3%
Neither more nor less likely	22	15.1%	5	6.0%	21	13.1%
Less likely	8	5.5%	49	58.3%	40	25.0%
Not influence decision to shop at/donate to Value Village <sup>3</sup>	62	42.5%	18	21.4%	73	45.6%
<b>Total</b>	<b>146</b>	<b>100.0%</b>	<b>84</b>	<b>100.0%</b>	<b>160</b>	<b>100.0%</b>

*Q19, Q20, Q22, Q24*

Notes: 1. Before and after exposure to the additional information, respondents were asked if the amount of money that Value Village gives to its non-profit partners affects their decision to shop at/donate to Value Village.

2. "After exposure" refers to responses to Q22 and Q24, i.e. after respondents in test cell have exposed to the clarifying information about the money that Value Village would actually provide its nonprofit partners;

3. This category is from responses to Q19 and Q22 respectively.

Source: NERA Survey, May-June 2017

42. Of the 54 respondents who had initially indicated that they would be more likely to purchase or donate based on the amount provided by Value Village to its partner charities, 44.4 percent indicated that they would be less likely to purchase or donate after understanding the actual amount provided by Value Village.

43. A review of the open ended responses also demonstrates that respondents felt Value Village’s advertising is misleading and deceptive. Respondents indicated that they would not shop or donate and that they were surprised and unhappy that Value Village provides so little to charity partners. Examples of respondents and their answers are below in Table 6.

**Table 6: Verbatim Responses for Test Group Respondents  
Aware of the Actual Amount Donated**

<b>ID</b>	<b>Q23 Responses</b>	<b>Q25 Responses</b>
12521238	Well I feel like their ripping off the non-profits, they are being selfish and greedy and I would be less likely to shop there!	Because value village is greedy. They make it sound like they are helping the community, but I make personal donations greater than that to charities!
12522474	that amount donated is nowhere near what I would expect. it is way too low and I will consider shopping and donating where I know more goes to the non profits	they really make it sound like alot more of the proceeds is donated, but those low numbers really disgust me! who IS getting the majority of proceeds? CEO's????
12523929	well they hardly give anything to donations	well there not that kind
12593055	First of all. those prices are much higher than any I have seen at my local Value Village. To know that they only give a few cents to charities would definitely affect my decision	As I already said, they do not give enough to the charities they supposedly support
12631721	small percent would discourage me from donating there	not close to me but would make an effort if percent were larger, since it is small i will continue to donate locally where larger percent goes back to my community
12643726	That's wrong if they stand for as non profit organization then that's where it should go. sure they have to do the bottom line wages, rent, electricity but then the rest should be for the non profits. if this is whats happening then yes I would change my mind	well that's false advertising saying they do one thing then they do another that's not non profit and that's not helping the community very well
12672733	the low amt to non profit is crazy	the appear to give public misleading info
12673253	It would make me less likely to shop there now. They are not giving very much.	They are not giving nearly as much as I thought they were or should be
12686382	it influences me NOT to shop at value village	the non profits are not making barely anything its all value village profit!
12692389	It makes me give second thought to shopping there as it appears that Value Village is receiving almost all of the money they get from the sale of the item. That is totally unacceptable as far as I'm concerned.	If they are truly a non-profit organization then they should be giving at the very least 50 percent of the sales to these charities. Looks to me as if they are keeping about 90 percent of the sales for themselves.
12693457	They're donating too little. They're not helping our community.	They over-charge products and donate a few cents.
12709001	This would be in a negative way!	The partners are not getting enough of the money.
14076039	i would still donate but not as much	value village should give more of the profit away.
14166571	I thought they would be donating WAAAAA more!	They are making bank, so I think its kind of stingy. Plus, their advertisement focuses on the donations aspect so they should really be making a difference. Or else they are misleading people.
14193110	I would have to reconsider	seems like they are taking advantage of community charities
14203221	I don't want to go there	4 cents is a ripoff
14204248	Wow. Maybe Value Village is not a non-profit. There are other places I can be more supportive of.	I'm not really supporting charities that much. I would go to more charity specific stores.
14214488	I would be less likely to donate to Value Village. I would see if other organizations (Goodwill, Salvation Army, St. Vincent DePaul) donates more per item/pound	That isn't a lot to be donating to the non-profit given that the items are donated.
14222979	might not be enough	not enough given to the non profit
14225182	It disappoints me. They shouldn't claim that they donate, when it's just pennies.	It's false advertising to say that they "partner" with charities.
14252743	Since it is such a small percentage, it makes me feel less likely to shop there, because I feel that it is disingenuous.	My purchase contributes very little to a non-profit/charity.

14264067	I think I will donate directly to Big Brother's and Sisters from now on, That seems like a very small amount to donate considering they got the items for free, I feel at least 90-95% of the items price should be donated. Most employees are volunteers and they get tax breaks on the building and electricity so I'm not sure what they are using the remaining money to pay for.	I feel it is a very low percentage to donate, since they received the items for free
14268300	I dont think enough is given to the place	they are profiting too much and not helping the partners they say they help
12714066	Less likely, I would have thought they would have given more from each item.	Hasn't made me more or less likely, I feel that they could be donating more especially because all the items are being donated to them
14147667	they get very little, most goes to a non-profit	they get very little, even big items they get little
12526772	Value Village is in it for profit	because i does
12607029	That amount is so tiny that Value Village would greatly profit but not the charity they are supporting	I want to make a difference by a charity benefiting more from my purchase
12672018	I wouldn't donate	They don't give enough to the non-profit making me think that they are only in this for the profit for themselves
12674731	it's very misleading to say you help the community and give pennies to local organizations	it makes VV seem very dishonest and misleading
14165939	It would make me not want to shop there	They are selling a used chest of drawers for \$80 and they are going to give an organization .02!?! That's awful
14167227	I;m not going to bother donating items to them any longer. They really are a for-profit organization.	They are for-profit. They should be giving much more back to the community.
14176919	A majority of the price tag isn't given to a non profit organization. A very small portion is.	I'd like to see more of my money going to a non profit organization that's being advertised and know a percentage of how much is going to them.
14197062	I might choose somewhere else if it's convenient	That doesn't seem like a good donation amount
14216251	The proceeds are not significant enough to brag about. It is missleading	The advertisements are misleading
14238192	Would think twice about how much good they are doing for the community	seems like they are short changing the non-profits and there prices are getting to the point they are not thrift store prices
14261942	They barely give any of the money to help.	I rather just donate money to a group that will get all of the amount instead of just barely any of it.
14455884	would be less likely to donate	if money isn't going more towards organizations, not worth donating items, would prefer go to a better cause
12517623	WOW! NO!!!!!!!!!!!!!!!!!!!!!!!!!!!! I can't believe this. I will never be there again. That is so sad. Don't line your pockets while the people there shopping cannot afford to keep the lights on some days...	That is such a small amount that goes back into the community.
12700034	It would encourage me not to shop there because so little goes back to the community	repeat
12709044	That the organization is selfless. I'm shopping with the thought that perhaps half of the money I pay goes to others charities since the shop doesn't have to pay a cent to receive all that goods. But since the money goes directly into the store's purse so what's good on helping them if they don't help the others that much.	I already said the reasons like 4 times.
14053559	I no longer want to help Value Village or any store like them.	Charities are only receiving pennies from Value Village.

14211334	What they give to their partners is nothing compared to how much they keep. Why even have a partner(s) if you're not going to give more money?	Asked and answered.
12520914	I think that this really a very low amount. I know that they have overhead in operating stores but what is their profit margin? I might really have to consider donating more to Goodwill who run as a nonprofit.	I just seems like they should donate more to the charities.
12533801	My opinion is completely negative based on the figures shown in the previous screen. I don't see how those meager amounts could make more than a small difference to a non-profit.	When I donate money or goods, I want to know that it actually helps a charitable organization, not to keep a business afloat.
12589533	would give to other places instead; that is a pitifully low percentage going to the charity	too low percentage going to charity.
12684796	I would stop shopping at Value Village. This is not at all charitable, it's a facade.	Value Village is raising prices while only donating pennies, just to keep the rest for profit.
12686629	without knowing their financials, not sure, but seems like very little is actually donated	so little seems like should be more, but not sure how much they actually take for profits
14079707	They hardly give anything to charities.	They don't help charities much.
14088581	the donated amount is disgustingly small	asked and answered
14201086	I don't like that.	Because that is a very small amount donated.
14154555	I'll still shop there, but I will be more conscious about it, and look at the donation details of other organizations.	I need to compare the company to others, I need to be more informed about the way they work, and who is doing the best.
14291618	Well I think non for profits should get a little more.	Would on how much in total these non for profits actually get from cumulative amount of items sold.
14170390	I would be less likely to shop	I just answered that
14070395	I WOULD STILL SHOP THERE EVEN THOUGH THE AMOUNT IS A LOT LOWER THAN I THOUGHT	BECAUSE I LIKE THE STORE
14080155	I feel as if I had more expectations for the business donating more. I see as this is a business that needs to function, but i feel as more could possibly be donated to	I feel as if any donation will help someone in need regardless of the amount they will be profiting.
14206567	surprisingly small amount given	not sure
12517336	gives back more	better to give back
12609104	show what money they would make and goes to help people	opens my eyes and really sees how they help others
12617170	I'm not sure I'll have to think about it	I'm not sure
12691855	you know who they are backing up	because they are helping community
12697782	It shows exactly how much that value village gets for the type of item that I might give	Most of the money goes directly to the charity. I thought they would keep a lot more money than that
12708820	It'd influence my decision because knowing what they donate to nonprofits will more than likely influence me to shop there.	Supporting nonprofits is a huge plus in my eyes.
14125402	It would.	it just does.
14151815	It opens up my mind.	Value village is awesome.
14232021	they company that sells the donated items are doing a great job	its will be donated for a great cause
14455494	good cause to support ill shop there more	like I said good cause to support

Source: NERA Survey, May-June 2017

## V. CONCLUSIONS

44. The perceived benefit to nonprofits or charities matters to consumers and is an important reason for donating to and shopping at Value Village. The large majority of respondents – 73.8 percent of donators and 54.5 percent of shoppers said they donated goods to or shop at Value Village because they wanted charities or their local community to benefit. Respondents who were presented with examples of Value Village’s advertising discern a message that Value Village helps charities and local organizations. As a result, more than three-quarters of the respondents exposed to Value Village’s advertising in the Test group believe that Value Village is a charity or a not-for-profit organization.

45. Furthermore, consumers are clearly misled about the extent to which partner charities benefit from the sale of donated goods. Respondents in the Test group believe that Value Village provides substantial amounts of the price of each product it sells to its partner charities. When asked to evaluate actual products sold in Value Village stores and determine how much of the item’s price was provided to a charity, more than 90 percent of respondents (depending on the specific item) overestimated the amount of money the charity would receive. The majority of respondents believe that a charity would receive one third or more of the item’s sales price from Value Village.

46. In contrast, the majority of respondents in the Control group (who were provided with a description of the amount a charity would receive from Value Village based on the item type or weight of donation) correctly perceived that the amount a charity received would be small.

47. Respondents who indicated they were more likely to shop/donate as a result of the money Value Village provides to charities altered their perceptions when provided with

information clarifying the donation amounts. More than 40 percent of respondents who initially indicated that Value Village's donations to charities made them more likely to shop or donate subsequently indicated that they would be *less likely* to shop or donate understanding the small amount per item actually donated.

48. Respondents react negatively to the actual amount of money Value Village provides to charity partners. Many respondents indicated that the amount being donated was much lower than their initial expectation and did not match the image Value Village portrays as being a company that helps local charities and organizations.

49. My opinions and conclusions as expressed in this report are to a reasonable degree of professional and scientific certainty. My conclusions have been reached through the proper application of survey methods and using standard methodologies relied upon by experts in the field of survey and market and consumer research. My work is ongoing and my opinions will continue to be informed by any additional material that becomes available to me. I reserve the right to update and or supplement my opinions if Plaintiff's experts provide additional information. I declare under penalty of perjury that the foregoing is true and correct.

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Sarah Butler, Managing Director

August 2, 2017

# **EXHIBIT 2**

STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
FOURTH JUDICIAL DISTRICT

Case Type: Other Civil  
(Charitable Law Violations)

State of Minnesota, by its  
Attorney General, Lori Swanson,

Court File No. 27-CV-15-9043  
Hon. Bruce D. Manning

Plaintiff,

**AGREEMENT AND ORDER**

vs.

TVI, Inc., d/b/a Savers, and Apogee Retail,  
LLC,

Defendants.

WHEREAS, on May 21, 2015, the State of Minnesota, by its Attorney General, Lori Swanson ("State"), brought the above-entitled enforcement action against TVI, Inc., d/b/a Savers ("TVI"), and Apogee Retail, LLC ("Apogee");

WHEREAS, the State, TVI, Apogee, and Savers, LLC desire to resolve this matter through this Agreement and Order; and

WHEREAS, the State, TVI, Apogee, and Savers, LLC hereby agree to and stipulate to entry by the Court of this Agreement and Order with the following terms and conditions:

**I. REGISTRATION AS A PROFESSIONAL FUNDRAISER.**

1. Neither TVI, or Apogee, or any of their employees, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, or other persons acting in concert or participation with them, including but not limited to Savers, LLC,<sup>1</sup>

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<sup>1</sup> Hereinafter, TVI, Inc., d/b/a Savers, Apogee Retail, LLC, and their employees, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, or other persons acting in (Footnote Continued on Next Page)

shall, whether doing so independently or through another entity, act as a professional fundraiser in Minnesota without first becoming properly registered to act in this capacity with the Minnesota Attorney General's Office ("AGO"). For purposes of this Agreement and Order, the term "professional fundraiser" has the meaning set forth in Minn. Stat. § 309.50, subd. 6, and includes but is not limited to any activities by Savers in which it plans, manages, advises, consults, or prepares materials for, or with respect to, any solicitation—as the term is defined in section 309.50, subd. 10 and also further includes use of any charitable organization's name, logo, trademark, or goodwill to market, induce, or otherwise promote sales of any goods or services sold by Savers, now or in the future—in Minnesota of contributions for a charitable organization. For purposes of this Agreement and Order, the term "contribution" has the meaning set forth in Minn. Stat. § 309.50, subd. 5 and includes but is not limited to property of any kind or value, including clothing, household goods, and other merchandise.

2. In becoming registered as a professional fundraiser to solicit contributions in Minnesota for a charitable organization Savers shall comply with the requirements of Minn. Stat. § 309.531. In addition to the fulfillment of all other requirements of that section, Savers shall:

- a. Fully and accurately complete the registration statement using the form prescribed by the AGO. Among other things, Savers shall disclose in its registration statement the names and addresses of any subcontractors that

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(Footnote Continued from Previous Page)

concert of participation with them, now and in the future, including but not limited to Savers, LLC, will be collectively referred to as "Savers," said term being intended and is being used to refer to all such persons and entities, unless use of a different term is appropriate for clarity's sake. For purposes of this Agreement and Order it is expressly understood and agreed that TVI, Inc. shall become registered as a professional fundraiser in Minnesota before it may solicit on behalf of any charity (e.g., Epilepsy Foundation of Minnesota, Inc., Vietnam Veterans of America, Inc., Disabled American Veterans, Department of Minnesota, Inc.), including by suggesting that goods sold in its stores will benefit any charity.

it will use to provide services to or on behalf of the charitable organization or in connection with the fundraising solicitation campaign.

- b. Provide to the Attorney General's Office with its registration statement a copy of the contract between it and each charitable organization for which it intends to solicit contributions. Among other things, the contract shall disclose the percentage or a reasonable estimate of the percentage of the total amount solicited from each person which shall be received by the charitable organization for charitable purposes, as required by Minn. Stat. § 309.531, subd. 2(c)(3). The contract shall also clearly identify the services Savers will provide to the charitable organization, as required by Minn. Stat. § 309.531, subd. 2(c)(2). The contract shall also clearly identify the method and amount by which each charitable organization shall be compensated and shall specify any differences in the rate at which the charitable organization shall be compensated for donations picked up at donors' homes compared to donations dropped off by donors at donation centers or drop-boxes.
- c. Include with its registration application a full and complete "solicitation notice" using the form prescribed by the AGO. The solicitation notice shall fully and accurately describe all methods by which solicitations will be conducted.
- d. Savers shall ensure that each charitable organization on whose behalf it is acting certifies that the solicitation notice and accompanying material are true and complete to the best of its knowledge.

- e. Savers shall not use the name of or solicit on behalf of any charitable organization unless written authorization from two officers of the charitable organization has been filed with the AGO.
- f. Because Savers has custody of contributed goods from solicitations, it shall post the statutory bond required by Minn. Stat. § 309.531, subd. 2(a).
- g. Savers shall promptly file with the Minnesota Attorney General's Office truthful and accurate reports of all prior solicitation campaigns occurring in 2013 and 2014, as required by Minn. Stat. § 309.531, subd. 4 ("Report"). This provision shall apply regardless of whether or not Savers applies to become a professional fundraiser. If it does not so apply or withdraws its application, these required Reports shall be filed with the Minnesota Attorney General's Office within sixty (60) days of the entry of the Order approving this Agreement. The Report may include a Note in the form set forth in attached Exhibit A.

## **II. COMPLIANCE WITH LEGAL REQUIREMENTS APPLICABLE TO PROFESSIONAL FUNDRAISERS IN MINNESOTA.**

3. Savers shall, within ninety (90) days after a solicitation campaign has been completed and ninety (90) days following the anniversary of the commencement of a solicitation campaign lasting more than one year, file with the AGO a Report for that particular campaign for that particular charitable organization, as required by Minn. Stat. 309.531, subd. 4. The Report shall include the information required on the form prescribed by the AGO. The Report shall be signed by an authorized representative of Savers and an authorized official from the charitable organization, who shall certify under oath that it is true to the best of their knowledge. Among other things, the Report shall accurately itemize the gross revenue received from and expenses

incurred in connection with the particular solicitation campaign. For purposes of this Agreement and Order, "revenue" shall encompass the total revenue received during a solicitation campaign before any deductions or allowances, such as payments to a charity, are distributed. "Solicitation" has the meaning set forth in Minn. Stat. § 309.50, subd. 10, including the "...request directly or indirectly for any contribution, regardless of which party initiates communication, on the plea or representation that such contribution will or may be used for any charitable purpose,...[including] oral or written requests, distribution, circulation, mailing, posting, or publishing of any handbill, written advertisement, or publication, the making of any...[public appeal or sale] which the public is requested to patronize or make a contribution...[and] the use of the name of any charitable [organization] in any offer or sale as an inducement or reason for purchasing any such item, or the making of any statement in connection with any such sale, that the whole or any part of the proceeds from any such sale will be used for any charitable purpose."

- a. Savers shall ensure that the information reported in the Reports described above reconciles with its trucking reports, collection logs, operation reports, and other business records used by the company to measure, track, and account for donated goods.
- b. For purposes of this Agreement and Order, a solicitation campaign shall include all solicitation activities performed by Savers for a charitable organization within one calendar year. Within ninety (90) days of the end of each solicitation campaign, Savers shall file a separate Report for each solicitation campaign conducted on behalf of each separate charitable

organization for whom Savers conducted solicitation activities during the calendar year to which the Report relates.

4. When soliciting contributions from Minnesota donors for a charitable organization, Savers shall provide pursuant to Minn. Stat. § 309.556, subd. 1 the following information:

- a. The name and location by city and state of the charitable organization on whose behalf the solicitation is being conducted;
- b. The tax deductibility of the contribution;
- c. A description of the charitable program for which the solicitation campaign is being carried out;
- d. Savers' name as filed with the Attorney General's Office; and
- e. Savers is a professional fundraiser.

For purposes of Paragraph 4(d) and 4(e), Savers shall use the name by which it is commonly known by the public in making these disclosures (e.g., "Savers," not TVI, Inc.)

5. Savers shall make the disclosures described in Paragraph 4 as follows:
- a. If the solicitation is made orally, Savers shall provide the information prior to requesting the contribution.
  - b. If the solicitation is made in writing, Savers shall provide the information contemporaneously with its written request.
  - c. If the solicitation is made by direct personal contact, Savers shall, in addition to orally disclosing the information, disclose the information prominently in a written document which shall be exhibited to the person solicited.

d. For the purposes of this Agreement and Order, the terms “solicit” or “solicitation” have the meaning set forth in Minn. Stat. § 309.50, subd. 10. Accordingly, Savers shall also prominently disclose when soliciting contributions from Minnesota donors the information set forth in Paragraph 4 above in all signage used in its stores, donation centers, and off-site donation drop boxes and locations and in all other written and oral communications that solicit donations of goods.

6. If a Minnesota donor asks Savers what portion or amount of their donated goods is paid to the charitable organization to which the donor intends to donate, Savers shall disclose the bulk purchase price it pays to the charitable organization (e.g., \$0.43 per cubic foot, \$0.10 per pound, etc.)

7. Savers shall provide information and training to all of its employees who have contact with donors in Minnesota, including but not limited to store clerks, donation center staff, telemarketers, and truck drivers, so that they are equipped to and actually make the disclosures required by Paragraphs 4 and 6.

### **III. ADMINISTRATION OF CHARITABLE ASSETS.**

8. Savers shall not solicit or accept donations of any goods or merchandise at a Minnesota location or from Minnesota donors for which it does not compensate the charitable organization on whose behalf the contribution was made. Among other things, Savers shall not solicit or accept donations of so-called “hard goods”—which Savers defines to include “everything that is not clothing, such as jewelry, toys, china, vases, furniture, televisions, and other household goods”—from Minnesota donors for which it does not compensate the charitable organization. If it accepts hard good donations, Savers must pay the charity directly

for each and every individual hard good donation and may not fail to do so by claiming that it pays the charity a higher rate for other donations.

9. Savers shall ensure that donations of goods at Minnesota locations or from Minnesota donors are properly labeled, tracked, and segregated such that it fully and accurately compensates the charity to which the donor intended to donate the goods for the donation of those goods. Savers shall not commingle goods that donors would expect to be credited to a particular charity with goods creditable to another charity. Among other things:

- a. If Savers picks up a donation from a donor at the Minnesota donor's home in response to a solicitation, it shall credit the donation to the charity on whose behalf the solicitation was made, unless the donor expresses a contrary intent, in which case Savers shall either honor the donor's intent or not accept the contribution.
- b. If Savers credits all donations at a particular Minnesota donation center or drop-box location to only one charitable organization, the company shall not at that location use or display logos, names, photos, or language that may lead donors to be unclear as to which charity their donations would benefit. For example, Savers shall not post signs stating that donations at a drive-up donation lane benefit two or more charitable organizations when they only benefit one charitable organization, nor shall it post signs at a drop-box stating that donations "benefit several non-profits" if donations only benefit one charitable organization. Savers shall not accept the donation of goods from a Minnesota donor who tells Savers he or she intends them to be credited to a particular charitable organization or who

would reasonably believe the goods would be credited to a particular charitable organization unless Savers has in place mechanisms to fully and accurately ensure that the donation is credited to that charity.

- c. If Savers accepts donations at a particular donation center or drop-box location on behalf of more than one charitable organization, it shall have in place effective systems and controls to ensure that all donations are credited to the charitable organization to which the donor intends to donate. If a donor drops off a donation in a location that accepts donations for more than one charitable organization, Savers shall ascertain from the donor his or her intent as to which charitable organization he or she intends to donate and attribute that donation to the charitable organization identified by the donor.

10. If any contract between Savers and charitable organization requires Savers to make “true up” payments to the charitable organization, relating to donations from Minnesota donors, Savers shall make such payments in a timely and accurate fashion.

#### **IV. ADDITIONAL DONOR TRANSPARENCY.**

11. Savers shall not, in mailings, advertisements, in-store signage, signage in and around donation centers and contribution drop-boxes, or otherwise, whether orally or in writing, use words or photos that may reasonably lead Minnesota donors to believe that Savers is a nonprofit organization or that it is an affiliate or arm of a nonprofit organization, including but not limited to suggesting that it is itself a charitable organization. For example, Savers shall not use the words “our,” “we,” or “us” in such a way that may lead donors to believe that the company is a charitable organization (e.g. it shall not use words like “your donations of clothing

and household items support our community services,” use the word “we” when describing the work of the charity, use words like “our nonprofits,” etc.) For the avoidance of doubt, Savers may use the words “our,” “we,” or “us” in such a way that does not lead donors to believe that the company is a charitable organization. Savers shall prominently display in signage in each store, and disclose in all written solicitations used with Minnesota donors, the following: “[Savers/Unique/Valu Thrift], a for-profit corporation, is a professional fundraiser in the State of Minnesota. [Savers/Unique/Valu Thrift] pays [charity] [dollar amount (e.g., 43 cents)] for each [unit of measurement (e.g., per pound)] of the goods you donate. For further information about how your donations support a local nonprofit, please ask a team member.”

#### **V. TELEMARKETING SOLICITATION CALLS.**

12. Savers shall comply with all provisions of the 2009 Assurance of Discontinuance between the AGO and Apogee (“Assurance”), when making telephone solicitations to residents of Minnesota on behalf of any charitable organization, including but not limited to the provisions that require Apogee to adopt procedures to ensure that potential contributors who ask to be placed on a “do not call” list are so identified and that calls to those households are discontinued and the provisions that require Apogee to ensure that solicitors do not use the terms “we,” “us,” or “ours” when describing the work of a charity and to clarify to potential donors that the solicitor is working for an outside company.

13. Savers shall regularly audit a sample of all solicitation phone calls placed to Minnesota residents to ensure its compliance with the Assurance and Minnesota law and shall take proper disciplinary action against any solicitor who fails on a repeated basis to comply with the Assurance and applicable law.

**VI. TAX DEDUCTIBILITY COMPLIANCE.**

14. Savers shall not distribute tax receipts to Minnesota donors on behalf of a charity when:

- a. the consumer intended his or her donation to benefit another charity;
- b. signage at the donation center or drop-box indicates or suggests that donations may benefit another charity; or
- c. the person donates in response to a solicitation request on behalf of another charity and does not, pursuant to Paragraph 9(a) above, express a contrary donation intent.

**VII. TRAINING, MONITORING, RECORD RETENTION, AND COOPERATION.**

15. Savers shall train all of its employees operating in Minnesota or having contact with Minnesota donors on the terms of this Agreement and Order and shall provide them with sufficient information about its terms and requirements so that they and the company comply with it.

16. Savers shall maintain for at least three (3) years business records to substantiate that it has paid each charitable organization the full and accurate amount due to it for donations made by Minnesota donors.

17. Savers shall periodically review and audit its implementation of the requirements outlined above to ensure compliance with those standards.

18. Savers shall cooperate with, respond to inquiries of, and provide information to the AGO in a timely manner as necessary for the AGO to review and monitor compliance with and enforce this Agreement and Order.

**VIII. PAYMENTS TO CHARITIES.**

19. Savers shall make the payments identified in Exhibit B to the charitable organizations listed in Exhibit B within 30 days of the date the Court approves this Agreement and Order. Such payments shall be in addition to any other amounts that may be due and owing to these charitable organizations.

**IX. MISCELLANEOUS PROVISIONS.**

20. Neither the fact that either party enters into this Agreement and Order, nor anything stated herein, shall be deemed to be or construed as a concession or an admission of anything.

21. Nothing in this Agreement and Order shall relieve Savers of its obligation to comply with all applicable Minnesota and federal laws and regulations.

22. This Agreement and Order may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement.

23. The persons signing this Agreement and Order for TVI, Apogee, and Savers, LLC warrant that the Boards of Directors of TVI, Apogee, and Savers, LLC have authorized the persons to execute this Agreement and Order, that TVI, Apogee, and Savers, LLC have been fully advised by their counsel before entering into the Agreement and Order, and that he or she executes this Agreement and Order in an official capacity that binds TVI, Apogee, and Savers, LLC and their successors.

24. Service of notices required by this Agreement and Order shall be served on the following persons, or any person subsequently designated by the parties to receive such notices:

Elizabeth B. Kremenak  
Assistant Attorney General  
Office of the Minnesota Attorney General  
445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101

TVI, Inc., d/b/a Savers, and Apogee Retail, LLC  
c/o Michael Ensing  
11400 S. E. 6<sup>th</sup> Street  
Suite 220  
Bellevue, WA 98004

Marc E. Kasowitz  
Kasowitz, Benson, Torres & Friedman, LLP  
1633 Broadway  
New York, New York 10019

25. The failure of a party to exercise any rights under this Agreement and Order shall not be deemed to be a waiver of any right or any future rights.

26. This Agreement and Order, including any issues relating to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

27. Nothing in this Agreement and Order shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

28. Each of the parties is represented by counsel, participated in the drafting of this Agreement and Order, and agrees that the Agreement and Order's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

29. Savers shall not state or imply, directly or indirectly, that the State of Minnesota or the AGO have approved of, condone, or agree with any actions by Savers or any charitable organization on whose behalf it operates.

30. The Court shall retain jurisdiction for purposes of enforcing the provisions of this Agreement and Order.

31. Upon the Court's approval of this Agreement and Order, the AGO hereby fully and completely releases Savers, and all of its employees and representatives, and Savers hereby fully and completely releases the AGO, and all of its employees and representatives, from any and all Claims (as defined below) that, in any way, relate to, involve, or arise out of the Lawsuit (as defined below) or Investigation (as defined below). The AGO through this Agreement and Order does not settle, release, or resolve any claim against any charitable organization or that organization's directors, officers, and employees. The AGO through this Agreement and Order also does not settle, release, or resolve any claim of any other person or entity involving any private causes of action, claims, and remedies including, but not limited to, private causes of action, claims, or remedies provided for under Minn. Stat. § 8.31. The AGO through this Agreement and Order does not settle, release, or resolve any claim of any other Minnesota agency, department, official, or division.

- a. "Claims" means any and all claims, causes of action, lawsuits, demands, requests, rights, or any liability whatsoever, whether known or unknown, suspected or unsuspected, accrued or unaccrued, past, present, future, actual or contingent, including, but not limited to, claims or demands for attorneys' fees, damages, penalties, punitive damages, costs, interest, or expenses of any kind whatsoever and however denominated, for any transaction, action, interaction, failure to act, omission, representation, statement, communication or any other conduct occurring on or before the date of the Court's approval of this Agreement and Order, which in any way in whole or in part relates to, arises out of, involves, or evolves or emanates from, the Lawsuit or Investigation, and regardless of whether the

- claim is civil (whether grounded in contract, tort, statute, or otherwise), regulatory, statutory, equitable and/or administrative; provided that “Claims” does not include any claims of the federal government.
- b. “Lawsuit” means the civil action commenced by the AGO against TVI, Inc., d/b/a Savers, and Apogee Retail, LLC on May 21, 2015. *See* Court File No. 27-CV-15-9043 (4<sup>th</sup> Jud. Dist.) “Lawsuit” includes allegations in the above-referenced pleadings or allegations that could have been raised by any party in such litigation.
- c. “Investigation” means the matters set forth in the November 2014 Compliance Review of Charitable Solicitation Contracts and Activities of Apogee Retail, LLC and Savers, LLC with True Friends Foundation, Lupus Foundation of Minnesota, Courage Kenny Foundation, and Vietnam Veterans of America, Inc. (“Compliance Report”), including but not limited to any documents, findings, conclusions, and allegations related thereto; the actions, processes, documents and activities relating to the investigation and review of the contracts and relationships of Savers, Epilepsy Foundation of Minnesota, Inc., Disabled American Veterans, Department of Minnesota, Inc., True Friends Foundation, Lupus Foundation of Minnesota, Courage Kenny Foundation, and Vietnam Veterans of America, Inc.; the investigation relating to the Lawsuit, including but not limited to any documents, findings, conclusions or allegations related thereto; the publication and issuance of the Compliance Report; and any other investigations, statements, communications, or

actions by or involving the AGO or its employees and representatives that in any way relate to Savers, including but not limited to any documents, findings, conclusions or allegations related thereto.

Dated: 6.25.15 

By TVI, Inc. d/b/a Savers  
Ken Alterman, its President & CEO

Dated: 6.25.15 

By Apogee Retail, LLC  
Ken Alterman, its President & CEO

Dated: 6.25.15 

By Savers, LLC  
Ken Alterman, its President & CEO

Dated: 6.25.15

LORI SWANSON  
ATTORNEY GENERAL  
STATE OF MINNESOTA

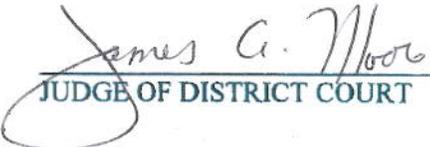
NATE BRENNAMAN  
Deputy Attorney General

BENJAMIN VELZEN  
Assistant Attorney General

By:   
ELIZABETH B. KREMENAK  
Assistant Attorney General  
Atty. Reg. No. 0390461  
445 Minnesota Street, 1200 Bremer Tower  
St. Paul, MN 55101-2131  
(651) 757-1723 (Voice)

**ORDER**

Based upon the foregoing Agreement and Order, IT IS SO ORDERED.

Date: JUNE 25, 2015   
JUDGE OF DISTRICT COURT

**LET JUDGMENT BE ENTERED ACCORDINGLY**

# Exhibit A

Upon request this material can be made available in alternate formats.

**Mail To:**

Office of the Attorney General  
Charities/Civil Division  
Suite 1200, Bremer Tower  
445 Minnesota Street  
St. Paul, MN 55101-2130

**Website:** www.ag.state.mn.us

**STATE OF MINNESOTA****PROFESSIONAL FUND-RAISER  
SOLICITATION CAMPAIGN  
FINANCIAL REPORT****Professional Fund-Raiser Information****Charitable Organization Information**

Name of Professional Fund-Raiser

Name of Charitable Organization

Address of Professional Fund-Raiser

Address of Charitable Organization

City, State, and Zip Code of Professional Fund-Raiser

City, State, and Zip Code of Charity

1. Enter the dates of the campaign covered by this report: \_\_\_\_\_ through \_\_\_\_\_

2. Select the type(s) of fund-raising campaign (check all that apply):

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Telemarketing                  | <input type="checkbox"/> Publication/Magazine | <input type="checkbox"/> Show/Concert      |
| <input type="checkbox"/> Direct Mail                    | <input type="checkbox"/> Email                | <input type="checkbox"/> Event             |
| <input type="checkbox"/> Door-to-Door Solicitation      | <input type="checkbox"/> Website              | <input type="checkbox"/> Vending Business  |
| <input type="checkbox"/> Thrift Store                   | <input type="checkbox"/> Social Media         | <input type="checkbox"/> Vehicle Donations |
| <input type="checkbox"/> Discount Coupons               | <input type="checkbox"/> Radio                |  |
| <input type="checkbox"/> Other (Please describe): _____ |   |  |

3. Financial information reflects solicitation activity from (check one):

- |   |  |
|---|--|
| <input type="checkbox"/> Minnesota (Only) | <input type="checkbox"/> Nationwide Campaign |
|---|--|

4. Books and records used in the preparation of this report are in the care of (provide full name and address):

NAME

ADDRESS

**Mail To:**

Office of the Attorney General  
Charities/Civil Division  
Suite 1200, Bremer Tower  
445 Minnesota Street  
St. Paul, MN 55101-2130

**STATE OF MINNESOTA**  
**PROFESSIONAL FUND-RAISER**  
**SOLICITATION CAMPAIGN**  
**FINANCIAL REPORT**  
(Continued)



**Website:** www.ag.state.mn.us

**Name of Fund-Raiser**

**Name of Charitable Organization**

--	--

Dates of the campaign covered by this report: \_\_\_\_\_ through \_\_\_\_\_

**1. Revenue**

- a) Monetary contributions \_\_\_\_\_ a)
- b) Entertainment sales or admission charges \_\_\_\_\_ b)
- c) Sales from products \_\_\_\_\_ c)
- d) Advertisement sales \_\_\_\_\_ d)
- e) Membership fees \_\_\_\_\_ e)
- f) Vehicle sales \_\_\_\_\_ f)
- g) Fair market value of donated goods/property \_\_\_\_\_ g)
- h) Other sources (describe + include amount) \_\_\_\_\_ h)

i) **TOTAL REVENUE** (add lines 1a through 1h) \_\_\_\_\_ 1(i).

**2. Total Amount Paid to Charity** \_\_\_\_\_ 2.

**3. Total Amount Paid to Professional Fund-Raiser** (subtract line 2 from line 1i) \_\_\_\_\_ 3.

**4. Percent of Funds Received by Charity From Solicitation Campaign** (divide line 2 by line 1i) \_\_\_\_\_ 4.

**5. Total Uncollected Pledges** \_\_\_\_\_ 5.

**6. Breakdown of Professional Fund-Raiser's Expenses in Carrying Out Campaign**

- a) Salaries and commissions \_\_\_\_\_ a)
- b) Payroll taxes \_\_\_\_\_ b)
- c) Employee benefits \_\_\_\_\_ c)
- d) Cost of entertainment \_\_\_\_\_ d)
- e) Postage \_\_\_\_\_ e)
- f) Telephone \_\_\_\_\_ f)
- g) Office rental \_\_\_\_\_ g)
- h) Rental of equipment \_\_\_\_\_ h)
- i) Facilities charge \_\_\_\_\_ i)
- j) Permits \_\_\_\_\_ j)
- k) Advertising \_\_\_\_\_ k)
- l) Website \_\_\_\_\_ l)
- m) Travel \_\_\_\_\_ m)
- n) Towing \_\_\_\_\_ n)
- o) Vehicle repairs/parts \_\_\_\_\_ o)
- p) Vehicle detailing \_\_\_\_\_ p)
- q) Vehicle registration fees \_\_\_\_\_ q)
- r) Other expenses (describe + include amount) \_\_\_\_\_ r)

s) **TOTAL EXPENSES** (add lines 6a through 6r) \_\_\_\_\_ 6(s).

Note: Estimated total profit from solicitation campaign is \$ \_\_\_\_\_. Amount paid to charity as a percentage of profit is \_\_\_\_\_% [or] Estimated loss to professional fundraiser is \$ \_\_\_\_\_ vs. \$ \_\_\_\_\_ paid to the charity.

**Mail To:**

Office of the Attorney General  
Charities/Civil Division  
Suite 1200, Bremer Tower  
445 Minnesota Street  
St. Paul, MN 55101-2130

**Website:** [www.ag.state.mn.us](http://www.ag.state.mn.us)

**STATE OF MINNESOTA**  
**PROFESSIONAL FUND-RAISER**  
**SOLICITATION CAMPAIGN**  
**FINANCIAL REPORT**  
(Continued)



**CERTIFICATION**

**I certify that the statements made in this Solicitation Campaign Financial Report are true and complete to the best of my knowledge.**

**FOR THE PROFESSIONAL FUND-RAISER**

**FOR THE CHARITABLE ORGANIZATION**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Notary Public (Seal)

\_\_\_\_\_  
Notary Public (Seal)

# **Exhibit B**

## **Payments Required by Paragraph 19**

Epilepsy Foundation of Minnesota: \$300,000.00.

Disabled American Veterans, Department of Minnesota, Inc.: \$300,000.00.

Vietnam Veterans of America: \$300,000.00.

Lupus Foundation of Minnesota: \$300,000.00.

Courage Kenney Foundation: \$300,000.00.

True Friends: \$300,000.00.