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KING COUNTY, WASHINGTON

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KING COUNTY, WASHINGTON

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SUPERIOR COURT CLERK



SUPERIOR COURT CLERK

The Honorable Douglass North

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

JUUL LABS, INC.,

Defendant.

NO. 20-2-13366-3 SEA

STIPULATED CONSENT JUDGMENT

[CLERK'S ACTION REQUIRED]

CONSENT JUDGMENT

Plaintiff the State of Washington (the "State" or "Plaintiff"), filed a complaint against Defendant JUUL Labs, Inc. ("JLI" or "Defendant") (collectively, the State and JLI are the "Parties" or, individually, a "Party") alleging violations of the Washington Consumer Protection Act, RCW 19.86 (the "CPA") and Washington's vapor products legislation, RCW 70.345, including with respect to licensing, and a proposed first amended complaint alleging violations of the Washington Department of Health's Emergency Order (WDR 19-21-050). The Parties stipulate that this Court may enter this Consent Judgment, and acknowledge that this Court will retain jurisdiction for the noted term for the purposes of enforcing this Consent Judgment. This Consent Judgment shall not be construed or used as a waiver of any defense JLI may raise in any other proceeding.

The Parties enter into this Consent Judgment without trial or adjudication of any contested issue of fact or law, and without finding or admission of wrongdoing or liability of any

STIPULATED CONSENT JUDGMENT
NO. 20-2-13366-3 SEA

I

ATTORNEY GENERAL OF WASHINGTON
Complex Litigation Division
7141 Cleanwater Drive SW
PO Box 40111
Olympia, WA 98504-0111
(360) 709-6470

kind. JLI denies the allegations in the State's Complaint and in the provisions of this Consent Judgment, and no part of this Consent Judgment, including its statements and commitments, shall constitute evidence of any liability, fault or wrongdoing by JLI. JLI is entering into this Consent Judgment solely for the purpose of concluding this matter, and nothing contained herein may be taken as or construed to be an admission or concession of any alleged violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing.

Nothing in this Consent Judgment will be construed as an approval by the Attorney General, the Court, the State of Washington, or any agency thereof of Defendant's past, present, or future conduct. Defendant shall not represent or imply that the Attorney General, the Court, the State of Washington, or any agency thereof has approved or approves of any of Defendant's actions or any of Defendant's past, present or future business practices.

DEFINITIONS

“**Action**” means *State of Washington v. JUUL Labs, Inc.*, NO. 20-2-13366-3 SEA (King Cty. Super. Ct.).

“Adult-Only Facility” means a facility or restricted area (whether open-air or enclosed) where the operator ensures or has a reasonable basis to believe (such as by checking identification as required under state law, or by checking the identification of any person appearing to be under the age of 30) that no persons under 21 years of age are present. A facility or restricted area need not be permanently restricted to persons over 21 years of age in order to constitute an Adult-Only Facility, provided that the operator ensures or has a reasonable basis to believe that no persons under 21 years of age are present during the event or time period in question.

“**Washington Retail Store**” means a physical retail location in Washington that purchases JUUL Products either directly from JLI or from a JLI authorized distributor for resale directly to consumers.

1 **“Cartoon”** means any drawing or other depiction of an object, person, animal, creature,
2 or any similar caricature that satisfies any of the following criteria: (1) the use of comically
3 exaggerated features; (2) the attribution of human characteristics to animals, plants, or other
4 objects, or the similar use of anthropomorphic technique; or (3) the attribution of unnatural or
5 extra-human abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very
6 high speeds, or transformation.

7 **“Claims”** means any and all claims, demands, actions, suits, causes of action, damages,
8 and liabilities and monetary impositions of any nature, as well as costs, expenses, and attorneys’
9 fees, whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether
10 legal, equitable, statutory, regulatory, or administrative.

11 **“Complaint”** means the proposed first amended complaint filed by the State in this
12 Action.

13 **“Compliance Officer”** refers to the person appointed by JLI pursuant to Paragraph 11.f.

14 **“Effective Date”** means the date when this Consent Judgment, signed by the Court, is
15 entered with the Clerk of Court.

16 **“JLI-Owned Websites”** means www.juul.com, www.juullabs.com, and any other
17 website operated by JLI under a JLI brand.

18 **“JUUL Device”** means any electronic nicotine delivery system (“ENDS”) device sold or
19 marketed by JLI in the United States.

20 **“JUUL pod Packs”** means a package of JUUL pods sold as one unit by JLI.

21 **“JUUL pods”** means any disposable pods manufactured by JLI and prefilled with a
22 proprietary liquid solution containing nicotine that consumers use as part of the closed-pod,
23 liquid-based, ENDS sold by JLI in the United States.

24 **“JUUL Products”** means any electronic nicotine delivery product sold by JLI in the
25 United States, including a closed-pod, liquid-based ENDS product composed of one or all of the
26 following components: JUUL Device, JUUL pods, JUUL pod Packs, and/or a charger.

1 **“Outdoor Advertising”** means (1) billboards, (2) signs and placards in arenas, stadiums,
2 and shopping malls, and (3) any other advertisements placed (A) outdoors, or (B) on the inside
3 surface of a window facing outward; provided that “Outdoor Advertising” does not mean (1) an
4 advertisement on the outside of a JLI facility; (2) an individual advertisement that does not
5 occupy an area larger than 14 square feet (and that neither is placed in such proximity to any
6 other such advertisement so as to create a single “mosaic”-type advertisement larger than 14
7 square feet, nor functions solely as a segment of a larger advertising unit or series), and that is
8 placed (A) on the outside of a Washington Retail Store, (B) outside (but on the property of) any
9 such store, or (C) on the inside surface of a window facing outward in any such store; or (3) an
10 advertisement inside a Washington Retail Store that sells JUUL Products that is not placed on
11 the inside surface of a window facing outward.

12 **“Released Parties”** means (1) JLI, (2) JLI’s past and present direct or indirect parents,
13 subsidiaries, and affiliates, in each case including their respective predecessors, successors, and
14 assigns, and (3) each and all of the past and present principals, partners, officers, directors,
15 supervisors, employees, stockholders, members, insurers, attorneys, agents, contractors,
16 representatives, and assigns of each of the persons and entities listed in (1) and (2), but only to
17 the extent that the person or entity was acting in such capacity on behalf of JLI.

18 **“Releasers”** means the State, the Attorney General, and any other person or entity within
19 the Attorney General’s constitutional or statutory authority to release Claims.

20 **“Social Media Platform”** means an internet-based public platform through which users
21 are able to create and/or share content that is accessible to members of the public, and includes
22 sites such as Facebook, Instagram, Snapchat, TikTok, Twitter, Clubhouse, Pinterest, Tumblr,
23 Google+, and YouTube.

24 **“Verified”** means determined to be 21 years or older through the use of reliable and
25 independent age-verification service(s) that cross-references the customer’s name, address, and
26 date of birth against independent, competent, and reliable data sources, such as official

1 government records. Specifically, "Verified" requires: (1)(a) that each customer submit a non-
2 expired government identification, and (b) for the sale of JUUL Products only, that the billing
3 address on the method of payment matches the shipping address for that order, or 2(a) that the
4 name, address, and date of birth provided by the customer are cross-referenced against
5 information obtained from official government records or similar independent, competent, and
6 reliable data sources, and (b) for the sale of JUUL Products only, that the last four digits of the
7 customer's Social Security Number is provided by the customer and is cross-referenced against
8 information obtained from official government records or similar independent, competent, and
9 reliable data sources, a phone number or other personal indicator provided by the customer is
10 used for two-factor authentication, and the billing address on the method of payment matches
11 the shipping address for that order.

12 **PARTIES**

13 1. The State brought this Action under the CPA and Washington's vapor products
14 legislation.

15 2. JLI is a company incorporated in Delaware and has transacted business in the
16 State of Washington, including but not limited to business in King County.

17 3. Events, acts, and practices described in, and relevant to, this Consent Judgment
18 took place in Washington State.

19 4. This Court has jurisdiction over the Action and the Parties as is necessary for the
20 Court to enter this Consent Judgment and any orders hereafter appropriate pursuant to RCW
21 19.86 and this Consent Judgment.

22 5. Venue is proper in King County pursuant to RCWs 4.12.010 and 4.12.025, and
23 King County Superior Court Civil Rule 82.

24 **FACTUAL ALLEGATIONS**

25 6. As alleged in the Complaint, the State asserts that Defendant violated the CPA
26 regarding the design, marketing, advertising, distribution, sale, and offering of JUUL Products.

1 The State also asserts that Defendants violated the Washington vapor products licensing
2 requirements by failing to be licensed to sell vapor products from August 1, 2016, until
3 April 9, 2018. Defendant denies the State's allegations.

4 7. The Parties have engaged in good faith negotiations to achieve a settlement of the
5 claims that have been brought by the State and memorialized the resolution in this Consent
6 Judgment.

7 8. The Office of the Attorney General has concluded that it is in the best interests of
8 the State to enter into this Consent Judgment. JLI, while continuing to deny the allegations of
9 the Complaint and any wrongdoing, has concluded that it is in JLI's best interests to enter into
10 this Consent Judgment for the purposes of settlement and to avoid the expense, burden, and risk
11 of litigation with the State.

12 ORDER

13 NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

14 9. The injunctive relief set forth in this Consent Judgment is binding upon any of
15 the following that receive actual notice of this Consent Judgment through personal service or
16 otherwise: (a) Defendant; and (b) its officers, agents, and employees.

17 10. Pursuant to Ch. 19.86. RCW, Defendant is enjoined as follows:

18 Injunctive Relief

19 Retail Compliance

20 11. JLI shall maintain a retailer-compliance program for Washington Retail Stores
21 that requires:

- 22 a. JLI to send secret shoppers to conduct no fewer than 25 JLI Compliance
23 Checks at Washington Retail Stores per month for two (2) years after the
24 Effective Date. A "JLI Compliance Check" is an assessment of a
25 Washington Retail Store's compliance with (a) federal requirements to
26 verify a purchaser's age pursuant to 21 C.F.R. § 1140.14, and all

1 applicable State age verification requirements or (b) product-quantity
2 limits of up to one (1) JUUL Device and sixteen (16) JUUL pods, sold
3 individually or through JUUL pod Packs, per transaction, or both.

4 b. JLI to use reasonable efforts to have the representatives conduct JLI
5 Compliance Checks at different Washington Retail Stores each month and
6 to conduct at least six (6) JLI Compliance Checks in King County each
7 year, three (3) JLI Compliance Checks in each Western Washington
8 County and Spokane County each year, and one (1) JLI Compliance
9 Check each year in all other Washington Counties. Any JLI Compliance
10 Checks may be conducted by a service provider engaged by JLI.

11 c. The representative conducting the JLI Compliance Check to complete a
12 standardized form documenting the transaction(s) in which he or she
13 participated in each store, which shall note any age-verification
14 violations, if any, including failure to properly check the representative's
15 identification. The representative's compensation will not be dependent
16 on the results of the retailer-compliance inspections.

17 d. JLI to implement the following penalties to Washington Retail Stores for
18 violations of the JLI Compliance Checks:

19 i. First JLI Compliance Check Failure: JLI shall issue a letter
20 notifying the Washington Retail Store of its first violation. The
21 letter shall reiterate the requirements of the JLI Compliance
22 Checks and the penalty escalation structure. For any Washington
23 Retail Store that commits a first violation, JLI shall perform a
24 second JLI Compliance Check within sixty (60) days of the first
25 violation, which shall be in addition to the above-stated monthly
26 requirement of visiting at least 25 Washington Retail Stores.

- 1 ii. Second JLI Compliance Check Failure: If a second violation
2 occurs within one year of the first violation, JLI shall issue a letter
3 notifying the Washington Retail Store of the second violation. JLI
4 shall suspend (or shall instruct any wholesaler, distributor, or sub-
5 distributor through which JLI supplies the Washington Retail
6 Store to suspend) the Washington Retail Store from any
7 promotional activities for two promotional cycles following the
8 date of the second failed JLI Compliance Check. For any
9 Washington Retail Store that commits a second violation, JLI shall
10 perform a third JLI Compliance Check within sixty (60) days of
11 the second violation, which shall be in addition to the above-stated
12 monthly requirement of visiting at least 25 Washington Retail
13 Stores. For any second age-verification failure, JLI shall
14 communicate the age-verification non-compliance to the United
15 States Food and Drug Administration ("FDA").
- 16 iii. Third JLI Compliance Check Failure: If a third violation occurs
17 within one year of the first violation, JLI shall issue a letter
18 notifying the Washington Retail Store of the third violation. JLI
19 shall cease doing business with the Washington Retail Store as an
20 authorized retailer for three (3) years from the date of the third
21 failed JLI Compliance Check, and notify all applicable
22 wholesalers, distributors, and sub-distributors to suspend sales of
23 JUUL Products to the Washington Retail Store for the three-year
24 period. For any third age-verification failure, JLI shall
25 communicate the age-verification non-compliance to the FDA.
26 For any Retail Store that commits a third violation, JLI shall

1 perform a fourth JLI Compliance Check within sixty (60) days of
2 the third violation.

3 iv. Fourth JLI Compliance Check Failure: If a fourth violation occurs
4 JLI shall cease doing business with the Washington Retail Store
5 and notify all applicable wholesalers, distributors, and sub-
6 distributors to suspend sales of JUUL Products to the Washington
7 Retail Store. The embargo on doing business with JUUL Products
8 to that Washington Retail Store shall remain in place until new
9 ownership of that Washington Retail Store wholly unrelated to the
10 embargoed ownership is in place and licensed to sell vapor
11 products. Where that Washington Retail Store is part of a chain
12 or similar group of stores, "ownership" in the preceding sentence
13 shall refer to the owner or franchisee of the specific Washington
14 Retail Store at issue, and not to a parent company or owner of the
15 chain. For any fourth age-verification failure, JLI shall
16 communicate the age-verification non-compliance to the FDA.

17 e. Nothing in this Paragraph 11 requires JLI to breach any existing
18 contractual obligations with wholesalers, distributors, or sub-
19 distributors.

20 f. Every three (3) months, JLI shall provide the Washington
21 Attorney General with results of its JLI Compliance Checks of
22 Washington Retail Stores, with the first set of results being
23 provided three months after the Effective Date. The format of the
24 results of the compliance check and the types of information
25 provided and to whom that information is provided shall be
26 determined by the Washington Attorney General in consultation

1 with JLI, and modified as needed. JLI shall designate a
2 Compliance Officer, who shall be a corporate senior-level
3 employee responsible for ensuring compliance with this
4 Paragraph 11 and shall act as a point of contact with the State to
5 address any compliance-related issues.

6 g. For the purposes of the escalation of penalties in this Paragraph 11, any
7 violation of sales involving JUUL products found by the Washington
8 State Liquor and Cannabis Board ("LCB") and provided to JLI under the
9 notice provisions of this Consent Judgment shall be accepted and counted
10 as though JLI itself found it. Immediately upon notification of the
11 violation, JLI shall take the steps outlined above as though JLI found the
12 violation. The violation found by LCB and provided to JLI shall be added
13 to the JLI Compliance reports sent to the Washington Attorney General.

14 12. The Parties agree that JLI shall not be subject to any liability for any conduct by
15 Washington Retail Stores arising out of or relating to JLI's creation and maintenance of the
16 retailer-compliance program described in Paragraph 11.

17 13. JLI shall continue to include serial numbers on JUUL Devices that permit
18 Washington residents to report the serial number of a JUUL Device confiscated from a
19 Washington resident who is under the age of 21 through a website, currently
20 <https://www.juul.com/trackandtrace>. Every three (3) months, JLI shall report to the Washington
21 Attorney General any and all information regarding any submissions to the website for
22 transactions identified as relating to a Washington Retail Store.

23 **Marketing**

24 14. In connection with marketing or sales activities in Washington or directed at
25 consumers in Washington, JLI shall not:
26

- 1 a. Publish any marketing or advertising material for JUUL Products on any
2 Social Media Platform; provided that JLI shall be permitted to use
3 Twitter, LinkedIn, and YouTube for (i) hosting testimonial videos of the
4 experiences of persons thirty (30) years of age or older who are or were
5 habitual combustible cigarette smokers using JUUL Products, and
6 (ii) other non-promotional communications. JLI shall not use any
7 testimonials or other promotional material in Washington that makes a
8 claim or representation that JUUL products or vaping is safer than
9 combustible cigarettes, are modified risk products, or are smoking
10 cessation devices prior to such claim or representation (or the substance
11 thereof) being allowed by federal authorities.
- 12 b. Engage or pay individuals, through payment or other consideration
13 (including non-monetary consideration or discounted or free product), to
14 promote JUUL Products on any Social Media Platform.
- 15 c. Engage or pay individuals, through payment or other consideration
16 (including non-monetary consideration or discounted or free product), to
17 promote JUUL Products in person in Washington, unless the operator of
18 the location or the operator of the in-person promotion represents to JLI
19 that in connection with such promotion it will undertake reasonable
20 industry standard measures to prohibit access by Washington residents
21 who are under the age of 21 and JLI has a good-faith belief that the
22 operator is adhering to such representation.
- 23 d. Send direct-to-consumer marketing emails, materials, or text messages for
24 JUUL Products to any individuals residing within Washington who are
25 not Verified.
26

- 1 e. Launch, distribute, sell, or offer any JUUL pod in any flavor in
2 Washington other than tobacco or menthol unless JLI receives FDA
3 authorization that permits the marketing of such JUUL pod flavor.
- 4 f. Use Cartoons in any of its marketing for JUUL Products.
- 5 g. Use any individual under the age of thirty (30) in any marketing or
6 advertising materials for JUUL Products in Washington.
- 7 h. Use marketing or advertising for JUUL Products within Washington that,
8 in the exercise of reasonable diligence by JLI, is known or believed by
9 JLI to target or appeal to, or to be likely to target or appeal to, Washington
10 residents who are under the age of 21.
- 11 i. Run ads or promotions in media or outlets in Washington unless,
12 according to nationally established advertising demographic services,
13 such as Comscore, 85% or more of the individuals comprising the
14 audience of the media or outlets are not individuals who are under the age
15 of 21. This provision does not apply to marketing or advertising on
16 Outdoor Advertising, on the property of Washington Retail Stores selling
17 JUUL Products, on JLI-Owned Websites, or on any other online website
18 that requires an individual residing in Washington to agree to be Verified
19 before being able to further access the website.
- 20 j. Place or cause to be placed Outdoor Advertising at any location that at the
21 time of the placement, or renewal of the placement, of the Outdoor
22 Advertising is within 1,000 feet of any elementary, middle, or high school
23 or public playground in Washington.
- 24 k. Place or cause to be placed any marketing or advertising materials in
25 public transportation facilities in Washington, including, but not limited
26 to, public buses or bus stations, public trains or train stations, and airports.

1 This Paragraph shall not apply to any in-store materials at any
2 Washington Retail Store located in a public transportation facility or any
3 materials in a designated smoking area within a public transportation
4 facility.

- 5 1. If there is a pattern after the Effective Date of third parties engaging in
6 unauthorized placement of JUUL advertisements and/or trademarked
7 products within the State of Washington in a manner that would be
8 prohibited by this Consent Judgment if done by JLI itself, the Parties shall
9 promptly meet and confer to discuss reasonable measures they can
10 cooperatively take with respect to such activity.

11 15. JLI shall not expressly authorize or otherwise enter into any agreement with a
12 Washington Retail Store to (1) display unsecured JUUL Products in a location other than behind
13 a counter and (2) allow individuals to access JUUL Products without the assistance of a
14 Washington Retail Store employee. If the State notifies JLI or JLI Customer Service is notified
15 in writing that a Washington Retail Store is engaging in any activity that JLI is not permitted to
16 authorize in this Paragraph, JLI will promptly take commercially reasonable steps to investigate
17 and halt any such activity.

18 16. JLI shall not sponsor events in Washington in which payment is made (or other
19 consideration is provided) in exchange for use of any brand name, trademark, logo, symbol,
20 motto, selling message, recognizable pattern of colors, or any other indicia of product
21 identification identical or similar to, or identifiable with, those used for JUUL Products.

22 17. Notwithstanding Paragraph 16, JLI may sponsor events in Washington:

- 23 a. At an Adult-Only Facility, or
24 b. In the name of JLI's corporate name, provided that the sponsorship uses
25 the abbreviation "JLI" for the corporate name and does not include
26 reference to JUUL Products.

Social Media Monitoring

18. JLI shall continue to monitor Social Media Platforms and third-party websites in the United States that resell JUUL Products to identify content promoting use of JUUL Products by Washington residents who are under the age of 21, unauthorized sales of JUUL Products, or content that would otherwise be impermissible by JLI under the terms of this Consent Judgment.

19. JLI shall continue to use reasonable efforts, including possible legal action, to work with Social Media Platforms and owners of third-party websites in the United States that resell JUUL Products to remove content promoting use of JUUL Products by Washington residents who are under the age of 21, unauthorized sales of JUUL Products, or content that would otherwise be impermissible by JLI under the terms of this Consent Judgment.

20. The Parties agree that JLI shall be deemed to be in compliance with Paragraphs 18 and 19 if it continues to (i) engage a nationally recognized service provider to monitor Social Media Platforms and third-party websites in the United States that resell JUUL Products using the service provider's "web-scraping" or similar technology for effective monitoring, and (ii) maintain a process for diligently requesting that Social Media Platforms or owners of third-party websites in the United States that resell JUUL Products remove the content identified through such monitoring. JLI may follow any procedures that Social Media Platforms or websites have established for providing notice of the content.

21. The Parties agree that compliance with Paragraphs 18 to 20 does not create any liability for JLI for content posted by a third party or for the failure of a third party to remove posted content after being requested by JLI. JLI shall maintain records sufficient to document its compliance with Paragraphs 18 to 20.

Sales

22. JLI shall not offer, sell, deliver, or in any manner directly provide JUUL Products (free, discounted, or otherwise) to Washington consumers who have not been Verified.

23. In furtherance of Paragraph 22:

- 1 a. For all sales of JUUL Products to consumers in Washington on a JLI-
2 Owned Website, no online sales shall be made to a consumer who is not
3 Verified.
- 4 b. For all sales of JUUL Products to Washington residents on a JLI-Owned
5 Website, JLI shall continue to recommend to credit card companies
6 (through JLI's third-party payment gateways or processors) that the words
7 "JUUL TOBACCO PRODUCT" be printed on the consumer's credit card
8 statement or such other language as may be required by Washington law
9 or regulation.

10 24. An adult signature shall be required for delivery of JUUL Products to a
11 Washington residential address for all orders for JUUL Products purchased through a JLI owned
12 website in conformance with the PACT Act. JLI shall limit online sales to Washington residents
13 of JUUL Products on a JLI-Owned Website to no more than two (2) JUUL Devices per month,
14 ten (10) JUUL Devices per calendar year, and sixty (60) JUUL pods per month, sold individually
15 or through JUUL pod Packs.

16 25. Prior to distributing JUUL Products to Washington residents through a consumer
17 warranty program, JLI shall first confirm that the individual requesting the warranty replacement
18 is Verified.

19 26. Prior to enrolling Washington residents in any auto-shipment program, JLI shall
20 first confirm that the individual to be enrolled in the auto-shipment program is Verified.

21 27. If JLI is provided notice in writing pursuant to this Consent Judgment by the State
22 that a JUUL Product previously purchased by a Washington consumer is later provided to a
23 Washington resident who is under the age of 21, JLI shall not knowingly sell JUUL Products on
24 a JLI-Owned Website to that Washington consumer.

1 a. JLI shall pay \$22,500,000 as follows:

2 i. JLI shall make the first payment of \$4,500,000 within 30 days of
3 entry of this Consent Judgment.

4 ii. JLI shall make the second payment of \$4,500,000 by one year after
5 the Effective Date.

6 iii. JLI shall make the third payment of \$4,500,000 by two years after
7 the Effective Date.

8 iv. JLI shall make the fourth payment of \$4,500,000 by three years
9 after the Effective Date.

10 v. JLI shall make the fifth payment of \$4,500,000 by four years after
11 the Effective Date.

12 b. Failure to make a payment within 14 days of the due date is a default on
13 Defendant's payment obligations under this Consent Judgment. Should
14 Defendant willfully default on any payment obligation imposed by this
15 Consent Judgment, in addition to any other penalties and remedies
16 provided by law, all payments set forth herein will be accelerated and
17 become due and owing in their entirety as of the date of the default, with
18 interest accruing thereon at the statutory rate, for the full amount owing as
19 of that date. The State shall provide Defendant notice of default and the
20 amount owing, and Defendant shall have 30 days from the date of that
21 notice to remit payment to the State to avoid the acceleration referenced
22 above.

23 c. The settlement proceeds may be used for any lawful purpose in the discharge of
24 the Attorney General's duties at the sole discretion of the Attorney General,
25 including recoupment for its costs and attorneys' fees incurred in investigating
26 this matter, future monitoring and enforcement of this Consent Decree, future

1 enforcement of RCW 19.86. No part of any payment shall be designated as a civil
2 penalty, fine, and/or forfeiture.

3 **Notice**

4 33. All notices required to be provided to a Party shall be sent electronically and by
5 first class mail, postage pre-paid, as follows, unless a Party gives notice of a change to the other
6 Party:

7 a. For JLI:

8 Tyler Mace
9 Chief Legal Officer
10 Juul Labs, Inc.
11 1000 F Street
12 Washington, D.C. 20004
13 tyler.mace@juul.com

14 *With a copy to:*

15 JB Kelly
16 Wachtell, Lipton, Rosen & Katz
17 51 West 52nd Street
18 New York, NY 10019
19 jbkelly@wlrk.com

20 b. For State:

21 Rene Tomisser, Senior Counsel
22 Complex Litigation Division
23 Attorney General of Washington
24 7141 Cleanwater Drive SW
25 P.O. Box 40111
26 Olympia, WA 98504-0111
(360) 709-6470

Enforcement

34. JLI shall, after diligent inquiry, annually certify compliance with this Consent
Judgment to the Washington Attorney General's Office.

35. For the purposes of resolving disputes with respect to compliance with the
injunctive terms of this Consent Judgment, should the State have a reasonable basis to believe
that JLI has engaged in a practice that may have violated the terms of this Consent Judgment,
the State shall notify JLI in writing of the specific objection, and identify with particularity the

1 provision of this Consent Judgment that the practice appears to violate, and state with
2 particularity the State's basis for believing a violation has occurred. The Parties agree to confer
3 in good faith regarding the alleged violation and, absent exigent circumstances necessitating
4 expedited action in less time, JLI shall have a reasonable period of not less than thirty (30) days
5 to provide a written response to the State and/or a proposed resolution to cure the alleged
6 violation. The State may then accept the explanation and/or proposed resolution, or may take
7 action to enforce the terms of the Consent Judgment (which, for the avoidance of doubt, shall
8 remain in full force and effect). The State shall not unreasonably withhold a determination that
9 JLI has cured the alleged violation.

10 36. Notwithstanding Paragraph 35, the State may take any action if it reasonably
11 determines that, because of the specific practice, a threat to the health or safety of the public
12 requires immediate action.

13 Release

14 37. Releasors hereby release and forever discharge the Released Parties from any and
15 all Claims based on, arising out of, or in any way related to (1) conduct relating to the advertising,
16 promotion, marketing, product description, nicotine content, or sale of JUUL Products, (2)
17 conduct that could have induced or allowed an individual under the age of 21 to use or purchase
18 JUUL Products, including allegedly inadequate age verification or other age-based limitations
19 or procedures, or (3) any other Claims made or conduct relating to the allegations by the State
20 in the Complaint ("Released Claims"); provided, however, that the release does not extend to
21 conduct occurring after the Effective Date other than continuing to manufacture or sell JUUL
22 Products in a manner consistent with Washington law and this Consent Judgment. As used
23 herein, "conduct" includes, without limitation, any act, failure to act, practice, omission,
24 statement, or representation.

25 38. The release in Paragraph 37 is intended by the Parties to be broad and shall be
26 interpreted so as to give the Released Parties the broadest possible bar against any liability

1 relating in any way to Released Claims. This Consent Judgment shall be a complete bar to any
2 Released Claims.

3 39. Notwithstanding any term of this Consent Judgment, any and all of the following
4 forms of liability are specifically reserved and not released under Paragraph 37:

- 5 a. Any criminal liability.
- 6 b. Any Claims by any Releasor as an investor for liability for state or federal
7 securities violations.
- 8 c. Any liability for state or federal tax violations.
- 9 d. Any Claims to enforce the terms of this Consent Judgment.

10 **Parity Provision**

11 40. If, after the Effective Date but before the date four (4) years after the Effective
12 Date, JLI enters into any pre-trial and pre-judgment settlement or consent judgment with another
13 state, commonwealth, or territory of the United States or the District of Columbia, by and through
14 their attorneys general ("Other State(s)"), that resolves claims similar to the claims filed in the
15 Action and contains overall conduct terms that the State shows are more favorable to such Other
16 State than the terms of this Consent Judgment, then this Consent Judgment will be revised to
17 contain such more favorable conduct terms. JLI shall provide the State a copy of any pre-trial
18 and prejudgment settlement or consent judgment with the Other State(s) entered within four (4)
19 years of the effective date of this Consent Judgment.

20 **General Terms**

21 41. Term: The provisions of Paragraphs 11-31 shall remain in place until the earlier
22 of:

- 23 a. As to each provision other than the provisions of Paragraphs 14(b), 14(d)
24 – 14(h), and 14(j), six (6) years after the Effective Date; or
- 25 b. The date JLI receives an Authorization Order that addresses the conduct
26 addressed in such provision (e.g., JLI Compliance Checks, sponsorships).

1 Actions by JLI that act within or reasonably implement such
2 Authorization Order shall be permissible under this Consent Judgment
3 even if such provision provides otherwise. "Authorization Order" means
4 a written marketing granted order from the FDA authorizing a Premarket
5 Tobacco Product Application ("PMTA") submitted by JLI related to
6 JUUL Products or other written authorization from the FDA to JLI related
7 to JUUL Products (including a Modified Risk Tobacco Product
8 Application).

9 c. The State will not take the position that any generally applicable law or
10 regulation requires conduct by JLI different than the conduct the State
11 requires from any other manufacturer or seller of ENDS products.

12 d. Nothing in this provision will be construed as an approval by the Attorney
13 General, the Court, the State of Washington, or any agency thereof of
14 Defendant's past, present, or future conduct or business practices.

15 42. Denial and No Admission: JLI denies it and/or its employees, officers, directors,
16 subsidiaries, founders, and/or owners have violated any statute, regulation, decision, or other
17 source of law. The Parties are entering into this Consent Judgment for the purpose of
18 compromising and to avoid the time, expense, burden, and uncertainty associated with
19 continuing litigation, and to address the State's concerns with JLI's historical business practices
20 with respect to JUUL Products. It is expressly agreed that this Consent Judgment is not
21 admissible in any proceeding (except in a dispute between the State and JLI regarding
22 compliance with the Consent Judgment), and it is also expressly agreed and understood that
23 nothing contained in this Consent Judgment may be taken as or construed to be an admission or
24 concession of any liability, wrongdoing, or violation of any source of law, or of any other matter
25 of fact or law. This Consent Judgment is not intended to be used or admissible in any unrelated
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1 administrative, civil, or criminal proceeding. JLI does not waive any defenses it may raise
2 elsewhere in other litigation or matters.

3 43. Private Action: This Consent Judgment shall not confer any rights upon, and is
4 not enforceable by, any persons or entities besides the State and the Released Parties. The State
5 may not assign or otherwise convey any right to enforce any provision of this Consent Judgment.

6 44. Conflict with Other Laws: Nothing in this Consent Judgment shall impose an
7 obligation on JLI that conflicts with JLI's obligations under federal, state, or local law, rule,
8 regulation, or guidance. In the event there is a conflict between this Consent Judgment and the
9 requirements of federal, state, or local laws, such that JLI cannot comply with this Consent
10 Judgment without violating these requirements, JLI shall document such conflicts and notify the
11 State that it intends to comply with the requirements to the extent necessary to eliminate the
12 conflict. Within thirty (30) days after receipt of a notification from JLI referenced above, the
13 State may request a meeting to discuss the steps JLI has implemented to resolve the conflict, and
14 JLI shall comply with any such reasonable request.

15 45. The provisions of this Consent Judgment are applicable only to actions taken (or
16 omitted to be taken) in Washington or directed at Washington consumers. For the avoidance of
17 doubt, the marketing, advertising, or sale of JUUL Products intended solely for consumers
18 outside the State of Washington shall not be deemed actions taken (or omitted to be taken) in
19 Washington or directed at Washington Consumers.

20 46. This Consent Judgment applies only to JLI in its corporate capacity and acting
21 through its respective successors and assigns, directors, officers, employees, agents, subsidiaries,
22 divisions, or other internal organizational units of any kind or any other entities acting in concert
23 or participation with them. The remedies, penalties, and sanctions that may be imposed or
24 assessed in connection with a violation of this Consent Judgment (or any order issued in
25 connection herewith) shall only apply to JLI, and shall not be imposed or assessed against any
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1 employee, officer, or director of JLI, or against any other person or entity as a consequence of
2 such violation, and there shall be no jurisdiction under this Consent Judgment to do so.

3 47. This Consent Judgment is binding on, and inures to the benefit of, the Parties'
4 successors and assigns.

5 48. Except as expressly set forth herein, this Consent Judgment shall not be modified
6 (by this Court, by any other court, or by any other means) without the consent of the State and
7 JLI, or as provided for in Paragraph 41.

8 49. Calculation of time limitations will run from the Effective Date and be based on
9 calendar days, except to the extent otherwise provided in this Consent Judgment.

10 50. JLI represents that, as of the Effective Date, it is not insolvent and intends to meet
11 the injunctive and monetary obligations set forth in this Consent Judgment.

12 51. This Consent Judgment shall not be construed or used as a waiver or any
13 limitation of any defense otherwise available to JLI in any pending or future legal, regulatory,
14 or administrative action or proceeding, or JLI's right to defend itself from, or make any
15 arguments in, any individual or class claims or suits.

16 52. Except to the extent as otherwise provided in this Consent Judgment, including
17 but not limited to Paragraph 32, each party shall bear its own attorneys' fees and costs arising
18 out of, related to, or in connection with entry of this Consent Judgment.

19 53. Except for Paragraphs 37 to 38, if any provision of this Consent Judgment shall,
20 for any reason, be held illegal, invalid, or unenforceable, in whole or in part, such illegality,
21 invalidity, or unenforceability shall not affect any other provision or clause of this Consent
22 Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid,
23 or unenforceable provision, in whole or in part, had not been contained herein.

24 54. This Consent Judgment represents the entire agreement between the Parties, and
25 there are no representations, agreements, arrangements, or understandings, oral or written,
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1 between the Parties relating to the subject matter of this Consent Judgment that are not fully
2 expressed herein or attached hereto.

3 55. Jurisdiction is retained by this Court for the purpose of entertaining an application
4 by the State for the enforcement of this Consent Judgment.

5 56. This Consent Judgment does not limit the rights of any private party to pursue
6 any private remedies allowed by law; provided that this Consent Judgment is not intended to
7 create any private right of action by other parties.

8 57. This Consent Judgment may be executed by the Parties in counterparts and be
9 delivered by facsimile or electronic transmission, or a copy thereof, such constituting an original
10 counterpart hereof, all of which together will constitute one and the same document.

11 58. This Consent Judgment resolves all outstanding claims in this Action on all
12 remedies provided under the CPA and Washington's vapor products laws against Defendant and
13 the Released Parties.

14 **IT IS SO ORDERED.**

15 DATED this 12th day of April, 2022.

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17 HONORABLE DOUGLASS NORTH
18 King County Superior Court Judge
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1 PRESENTED BY:

2 ROBERT W. FERGUSON
3 Attorney General

4 /s/ Rene D. Tomisser

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JOSHUA WEISSMAN, WSBA #42648
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8 Assistant Attorneys General
Attorneys for Plaintiff

9
10 APPROVED AS TO FORM AND
NOTICE OF PRESENTATION WAIVED:

11 CALFO EAKES LLP

12 /s/ Angelo Calfo

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19 JASON M. WILCOX, *Pro Hac Vice*
ZHARNA SHAH, *Pro Hac Vice*
20 *Attorneys for Defendant JUUL Labs, Inc.*

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2 **DECLARATION OF SERVICE**

3 I hereby declare that on this day I caused the foregoing document to be electronically
4 filed with the Clerk of the Court using the Court's CM/ECF System. A copy will be served via
5 electronic mail to the following Counsel:

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25 *Attorneys for Defendant JUUL Labs, Inc.*

26 DATED this 12th day of April 2022, at Olympia, Washington.

/s/ Rene D. Tomisser
RENE D. TOMISSER, WSBA #17509
Senior Counsel