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14 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **IN AND FOR THE COUNTY OF ORANGE, JUSTICE CENTER**

16
17 THE PEOPLE OF THE STATE OF CALIFORNIA,)

18 Plaintiff,)

19 vs.)

20 EZ LUBE, INC.; EZ LUBE, LLC;)

21 Defendant(s))
22)
23)

Case No.:

**FINAL JUDGMENT PURSUANT
TO STIPULATION**

24 Plaintiff, The People of the State of California, through its attorneys, Edmund G.
25 Brown Jr., Attorney General of the State of California, by Herschel T. Elkins, Special
26 Assistant Attorney General, and Tony Rackauckas, District Attorney of Orange County, by
27 Michelle Cipolletti, Deputy District Attorney, (hereinafter "Plaintiff") and Defendants EZ
28 LUBE, LLC, formerly EZ LUBE, Inc., (hereinafter "Defendants") through their attorneys

1 Miller, Barondess, LLP by Louis R. Miller, have stipulated to the entry of judgment without
2 the taking of proof and without admitting any liability. This Judgment is not to be utilized in
3 proceedings not related to the enforcement of this Judgment except that it may be used by
4 Plaintiff, The People of the State of California, and/or any Governmental Enforcement
5 Agency or Office, including but not limited to the Bar and other Attorney General or District
6 Attorney Offices, in proceedings involving subsequent violations. In those specified
7 proceedings it may be used for any reason, including but not limited to; showing knowledge
8 and/or persistence of misconduct by Defendant and/or Parties required to receive a copy of
9 the injunction pursuant to the Judgment. The Court having considered the pleadings and the
10 Stipulation for Entry of Final Judgment and for good cause **HEREBY ORDERS:**

11
12 **JURISDICTION**

- 13 1. This Court has jurisdiction of the subject matter and the parties thereto.
14 2. Venue as to all matters between the parties relating thereto lies in this Court.

15 **INJUNCTION**

16 3. Effective upon entry of this Judgment, Defendants EZ LUBE, LLC., and all
17 officers, employees, representatives, persons, corporations, independent consultants,
18 consultants, or other entities acting by, through, under, in conjunction with, in participation
19 with, or on behalf of said Defendant, or any of them, are hereby permanently enjoined and
20 restrained under Business and Professions Code section 17203 and 17535. Not until
21 Defendants have satisfied all financial obligations set forth in this Judgment may any party
22 hereto file a motion with the court requesting modification of the injunction provisions of this
23 Judgment, or that they be relieved from the injunctive provisions of the Judgment or other
24 provisions. Nothing in the preceding sentence shall, however, imply that any party is entitled
25 to have the terms of the permanent injunction modified even after full satisfaction of the
26 financial obligations.
27
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1 4. All entities and persons described above in Paragraph 3 are permanently
2 enjoined and restrained from engaging in any of the following:

3
4 A. Making or authorizing in any manner or by any means whatever any
5 statement written or oral which is untrue or misleading, and which is known, or which
6 by the exercise of reasonable care should be known, to be untrue or misleading, in
7 order to sell a part or service .

8 B. Demanding and/or accepting payment from consumers for goods
9 and/or services that were not provided or performed.

10 C. Representing on invoices that specific services were rendered, when
11 defendants did not perform these services.

12 D. Representing on invoices that specific parts or products have been
13 installed or replaced in consumers' automobiles, when these products or parts had not
14 been installed.

15 E. Violating any terms or conditions of probation in California
16 Department of Consumer Affairs Bureau of Automotive Repair Case No. 77/06-08.

17 F. Violating the law , including but not limited to:

18 1. Business and Professions Code section 9884.7(a) Sections 1-5
19 which specifically prohibits (1) causing or allowing a customer to sign any work
20 order which does not state the repairs requested by the customer or the automobile's
21 odometer reading at the time of repair; (2) failing or refusing to give to a customer a
22 copy of any document requiring his or her signature, as soon as the customer signs the
23 document; (3) engaging in any conduct which constitutes fraud.

24 2.. Business and Professions Code section 9884.8's requirements in
25 regard to customer invoices.

26 3. Business and Professions Code 9884.9(a) and 16 California Code of
27 Regulation 3353 which prohibit: (1) failing to give to the customer a written
28 estimated price necessary for a specific job, or (2) failing to make the appropriate
notation on the work order or invoice reflecting the customer's authorization for
additional repairs or parts, or increase in work to be preformed

1 4. 16 California Code of Regulations section 3356(a) which prohibits
2 failing to record all service work done and parts supplied on the invoices issued to
3 customers.

4 5. 16 California Code of Regulations 3351.3 and the Automotive
5 repair act which prohibits the failure to display an official automotive repair dealer's
6 sign, in a place and manner conspicuous to all customers at each EZ Lube location.

7 6. 16 California Code of Regulations 3356.1 which prohibits failing to
8 note on the estimate and invoice the station's Environmental Protection Agency
9 identification number.

10 7. Business and Professions Code section 17500 and 16 California
11 Code of Regulations section 3371 which prohibit publishing, uttering, making or
12 causing to be published, uttered or made any false or misleading statement or
13 advertising which is known to be false or misleading or which by the exercise of
14 reasonable care should be known to be false or misleading.

15 8. Business and Professions Code section 17500 and 16 California
16 Code of Regulations section 3372.1(a) which prohibit advertising automotive services
17 at a price which is misleading, including, but not limited to, not intending to sell the
18 advertised service at the advertised price but intending to entice the consumer into a
19 more costly transaction.

20 9. 16 California Code of Regulations section 3373 by billing for parts
21 and labor on an invoice and performing labor or supplying parts in a manner that
22 caused the document to be false or misleading and/or have the tendency or effect of
23 misleading or deceiving customers or the public.

24 10. Civil Code Section 1770(a)(15) which prohibits representing that a
25 part, replacement or repair service is needed when it is not.

26 11. Civil Code section 1770(a) (16) which prohibits representing that
27 the subject of a transaction has been supplied in accordance with a previous
28 representation when it has not.

 12. B&P Code Section 9884.10 which prohibits failing to offer to give
the customer any parts or products removed from the customer's automobile,
including but not limited to filters.

1 13. 16 C.C.R. Section 3351.4 which prohibits failing to post a sign
2 that informs the customer of their right to view any parts or products removed from
3 their vehicle.

4 G. Engaging in the repair or servicing of motor vehicles unless
5 Defendants do the following:

6 (1) instruct their Agents (which include, but is not limited to
7 officers, salespeople, repair people, employees, technicians, assistant
8 managers, general managers, district managers and area managers) not
9 to engage in, and prohibit their Agents from engaging in, the practices
10 prohibited by this Judgment;

11 (2) provide all senior management employees, officers, directors,
12 Regional Managers, Area Managers and District Managers with a copy
13 of the Injunction contained in this Judgment: and all employees hired
14 within three years of the filing of this Judgment into any of these
15 positions shall also be provided with a copy by Defendant's;

16 (3) provide all store managers with a copy of a letter explaining
17 the contents of this injunction, this letter shall be in the form shown on
18 Exhibit A to this Judgment; employees hired within three years of the
19 filing of this Judgment into a position as store manager shall also be
20 provided this letter;

21 (4) implement, and make known to their Agents, a policy of
22 discipline, including termination, of any Agent who engages in
23 practices prohibited by this Judgment.

24 (5) investigate all complaints from consumers concerning repairs
25 or services that were performed or were supposed to be performed by
26 Defendants. This investigation must include interviewing the
27 consumer, inspecting the automobile that is the subject of the
28 complaint and reviewing all documents related to the transaction.;

 (6) keep all records that relate to any complaint and investigation ,
which records shall be supplied to the Plaintiff and/or the BAR upon
five (5) business days notice;

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(7) provide to each customer print out (s) of that customer's particular vehicle's maintenance service requirements as recommended by the vehicle's manufacturer based on the vehicle's make model and odometer reading;

(8) install video cameras in the work stations and monitors in the waiting rooms, which will enable customers to observe the work performed on their cars via a live video feed, including but not limited to work performed in the lower bay where technicians drain oil and change filters. Recordings of these video surveillances shall be maintained by EZ LUBE for 90 days to be available to the Plaintiff and/or the BAR within 10 days of their request.

(9) eliminate and refrain from having quotas that require its employees to maintain a minimum average sales ticket.

(10) eliminate and refrain from imposing any disciplinary measures on its employees for failing to maintain a minimum average sales ticket amount.

(11) make available upon request to the Plaintiff and the BAR the real time data arising out of the Mystery Shopper program; and also make available upon request to these parties the real time monthly reports generated by Defendant's Customer Telephone Survey program ("CSI"), if the CSI program exists.

(12) incorporate a notice on every estimate, work order, and invoice for services provided to customers containing the following language: "If you suspect that you've been sold services at EZ Lube that were unnecessary or not provided, you may contact the Bureau of Automotive Repair and/or you may contact EZ LUBE's Director of compliance, toll-free at (866) 799-3811 ." The notice shall also be posted in every EZ Lube lobby and sales counter in clear view to the public;

RESTRICTION

1
2 5. All EZ LUBE store locations involved in the undercover investigation
3 conducted by the BAR, as delineated by the BAR in the Settlement, Decision and Order with
4 the BAR case #77/06-68 (Bar Decision and Order), shall have their business operations
5 subject to a restriction as further delineated in that BAR Decision and Order. As described in
6 that Bar Decision and Order the affected stores will be restricted for a period of five (5) days
7 from the effective date of the BAR Decision and Order to only perform engine oil and engine
8 oil filter changes and chassis lubrication jobs. No other services are to be performed at these
9 stores during this five day period.

10 6. A prominent sign, provided by the BAR, indicating the reason for the restriction
11 specified in Paragraph 5 shall be posted throughout the term of the restriction. The sign shall
12 be conspicuously displayed in a location open to and frequented by customers and shall
13 remain posted during the entire period of the actual restriction.

RESTITUTION

14 7. Defendants shall establish a Restitution Disbursement Program (The Program)
15 consisting of a procedure to receive, impartially evaluate and disburse funds to consumers
16 that have a claim against EZ LUBE arising in the five year period preceding the date of this
17 agreement. Defendants shall further establish a restitution fund sufficient to cover any
18 reported qualifying claim. Qualifying refund amounts and candidates shall be initially
19 determined by The Program and shall not exceed the total costs of services charged. Claims
20 may be made directly by the consumer to EZ LUBE or by any Government Agency to EZ
21 LUBE, including but not limited to the BAR, on behalf of the complaining consumer. In the
22 event of a rejection of a claim or a dispute in the amount of a claim Defendants shall notify
23 the BAR and the Orange County District Attorney’s Office Consumer Fraud Unit (attention
24 “DDA Michelle Cipolletti or her successor”) within 5 business days of The Program’s
25 rejection or partial denial of said claim. Notice may also come from the denied consumer or
26 a Government Agency. The Court, in conjunction with the enforcement of this Stipulated
27 Judgment, shall have continuing jurisdiction to resolve any claim hereunder.

1 Notwithstanding the Restitution Disbursement Program, to which BAR is not a party, a
2 consumer remains entitled to file a complaint with BAR.

3
4 8. Defendants shall provide copies of everything given, discovered and used by
5 The Program in its investigation to the BAR and/or the Orange County District Attorney's
6 Office within 5 business days of request by either party.

7
8 9. As part of The Program Defendants shall prepare a report containing the
9 name, address and phone number of all complaining consumers under paragraph 7 above, the
10 date the complaint was received, the original transaction date, the amount claimed and the
11 amount refunded and deliver that report to The Orange County District Attorney's Office
12 Consumer Fraud Division: ATTENTION Michelle Cipolletti every 120 days until there are
13 no complaining consumers under paragraph 7 above at which time Defendant shall annually
14 update that there are no claims for restitution under paragraph 7 above. Such annual updates
15 shall coincide with the payments delineated in paragraph 10 (B) (C) and (D) below.

16
17 **ADDITIONAL MONETARY DISBURSEMENTS**

18 10. In addition to the aforementioned Restitution, Defendants shall pay a total
19 sum of FIVE MILLION DOLLARS (\$5,000,000) as delineated herein. These payments are
20 to encourage compliance with the requirements of the law. From that FIVE MILLION
21 DOLLARS (\$5,000,000) Defendants shall pay the sum of FOUR MILLION DOLLARS
22 (\$4,000,000) as payment for civil penalties. Further from that FIVE MILLION DOLLARS
23 (\$5,000,000) Defendants shall pay EIGHT HUNDRED THOUSAND DOLLARS
24 (\$800,000), not by way of civil penalty but as payment for attorneys' fees and costs, costs of
25 investigation, and cost of implementing and monitoring the Judgment (hereafter "attorneys'
26 fees and costs"). Further from that FIVE MILLION DOLLARS (5,000,000) Defendants
27 shall pay TWO HUNDRED THOUSAND DOLLARS (\$200,000) as Cy Pres, and not by
28 way of civil penalty. These payments shall be paid as follows:

1 (A) Concurrent with the execution of the Stipulation for Entry of this
2 Judgment, Defendants shall pay Plaintiff ONE MILLION DOLLARS. EIGHT
3 HUNDRED THOUSAND DOLLARS as attorneys' fees and costs via two cashiers
4 checks or money orders one made payable to **The Orange County District**
5 **Attorney's Office** in the amount of ONE HUNDRED TWENTY EIGHT
6 THOUSAND FIFTY FIVE DOLLARS AND FORTY EIGHT CENTS (\$128,055.48)
7 and the other made payable to the **Bureau of Automotive Repair** in the amount of
8 SIX HUNDRED SEVENTY ONE THOUSAND NINE HUNDRED FORTY FOUR
9 DOLLARS AND FIFTY TWO CENTS (\$671,944.52). Defendant shall also pay
10 TWO HUNDRED THOUSAND DOLLARS \$200,000 as Cy pres payable also by a
11 cashiers check or money order to **The State Consumer Protection Trust Fund**.

12 (B) On or before December 31, 2007, Defendants shall pay an additional
13 TWO MILLION DOLLARS (\$2,000,000), payable to **The County of Orange**.

14 (C) On or before December 31, 2008 Defendants shall pay an additional
15 SIX HUNDRED SIXTY SEVEN THOUSAND DOLLARS (\$667,000) payable to
16 **The County of Orange**.

17 (D) On or before December 31, 2009, Defendants shall pay another SIX
18 HUNDRED SIXTY SEVEN THOUSAND DOLLARS (\$667,000) payable to **The**
19 **County of Orange**.

20 (E) On or before December 31, 2010, Defendant shall pay the remaining
21 SIX HUNDRED SIXTY SIX THOUSAND DOLLARS (\$666,000) payable to **The**
22 **County of Orange**.

23
24 11. Payments pursuant to this judgment shall be via cashiers check or money
25 order and payable as described above and mailed or delivered to the following address:

26 Orange County District Attorney's Office
27 Consumer Protection Unit
28 401 Civic Center Drive

1 Santa Ana, California 92701

2 Attention: Michelle Cipolletti, Deputy District Attorney

3 12. To secure payment of future amounts due pursuant to Paragraph 8 of this
4 Judgment, concurrent with execution of the Stipulation for Entry of Judgment, Defendant
5 EZ LUBE, LLC shall execute and deliver to Plaintiff a Promissory Note in the face amount
6 of FOUR MILLION DOLLARS (\$4,000,000).

7 **GUARANTEE**

8 11. To further secure payment of future amounts due pursuant to Paragraph 8 of
9 this Judgment, Michael Dobson, President and Manager of EZ LUBE (“Dobson”) and
10 Richard Teasta, Chief Executive Officer and Secretary of EZ LUBE (“Teasta”) shall each
11 execute personal guarantees concurrently with the execution of the Stipulation for Entry of
12 Judgment to jointly and severally guarantee the payment of the future amounts due to the
13 Plaintiffs pursuant to Paragraph 8 of this Judgment. Such Guarantees shall specify in the
14 event of a default by EZ LUBE of any payment obligation due pursuant to Paragraph 8 of
15 this Judgment Richard Teasta and/or Micheal Dobson shall pay within 5 business days of
16 the default by EZ LUBE, the amounts owed to the County of Orange. This guarantee shall
17 remain in full force and effect until all amounts payable under Paragraph 8 of this
18 Judgment have been fully paid. This Guarantee shall also specify if amounts remain
19 unpaid for 10 days after Dobson and Teasta have been sent notice, by regular mail and
20 facsimile, of any amounts payable under Paragraph 8 of this Judgment, the court may enter
21 judgment against Michael Dobson and Richard Teasta, for the remaining amounts owed
22 under Paragraph 8 of the Judgment. Notice of the amounts remaining payable may be
23 mailed to Michael Dobson at 3506 West Lake Center Drive, Suite B Santa Ana, California
24 92704, and Richard Teasta at the same address. Copies must also be sent to Louis R.
25 Miller c/o Miller, Barondess, LLP, 1999 Avenue of the Stars, Suite 1000, Los Angeles,
26 California 90067; and Barry Burton, Jeffer, Mangels, Butler & Marmaro LLP, 1900
27 Avenue of the Stars, 7th Floor, Los Angeles, California 90067. This guarantee shall also
28

1 specify that the payments required pursuant to this Judgment are not dischargeable in
2 bankruptcy.

3
4 **PROSECUTION TRUST FUND**

5 12. Upon entry of judgment, Defendant understands and waives any issues
6 regarding the TWO HUNDRED THOUSAND DOLLARS (\$200,000) to be placed into the
7 State Consumer Protection Prosecution Trust Fund .

8
9 **COMPLIANCE**

10 13. Defendants shall provide the BAR without request, and the Plaintiff within five
11 business days of request, quarterly reports detailing: (a) all written complaints Defendants
12 have received from customers regarding any of the matters that are the subject of this
13 Judgment or underlying Complaint; (b) any other complaints received by the Defendants
14 regarding any of the matters that are the subject of this Judgment or underlying Complaint.
15 The reports shall provide a summary of the complaints received, designated by the type of
16 complaint, and indicate the number of complaints of each type received. Defendants shall
17 provide the Orange County District Attorney's Office and/or the Bar upon request with a
18 copy of any such complaints within five days of such request.

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21 14. Upon reasonable notice, any duly authorized representative of the California
22 Attorney General's Office, The Orange County District Attorney's Office or the BAR shall
23 be permitted to inspect and copy such records as may be reasonably necessary to determine
24 whether Defendants' are in compliance with this Judgment.

25
26 15. Deliver this Judgment or Exhibit A to those persons to whom it is currently
27 required to provide this Judgment or Exhibit A (per paragraph 4G(2) & (3) above) within
28 thirty (30) days after entry of this Judgment, and to any other person at the time the person

1 agrees to assume or assumes such position or responsibilities. At the time of delivery of the
2 Judgment or Exhibit A, Defendant shall secure from each person a signed and dated
3 statement acknowledging receipt of the Consent Decree, or Exhibit A.

4 **SCOPE OF JUDGMENT**

5 16. This final judgment fully and finally resolves all civil claims of any kind by
6 Plaintiff, the People of the State of California, that arise from the allegations in the
7 complaint, pertaining to occurrences prior to the date of entry of this final judgment; this
8 includes such claims by the State of California/Attorney General and/or any District
9 Attorney in any County in California.
10

11 **JURISDICTION RETAINED**

12 17. The Court retains jurisdiction as the ends of justice may require for the
13 purpose of enabling any party to this Judgment to apply to the Court at any time for such
14 further orders and directions as may be necessary or appropriate: (a) for the construction or
15 carrying out of this Judgment; (b) for Plaintiff to apply at any time for enforcement of any
16 provision of this Judgment; (c) for modification or dismissal of the injunctive provisions of
17 this Judgment; and (d) for appropriate action if any violation of this judgment occurs (e) to
18 enforce the terms of the Security Agreement and/or the Personal Guarantee(s).
19

20 **OTHER SETTLEMENT TERMS**

21 18. Prior to the commencement of any additional or further legal action by the
22 Orange County District Attorney's Office pursuant to this injunction, the District Attorney
23 shall notify the Defendants in writing of the proposed action. Such notice shall be sent to
24 the attention of EZ Lube's Chief of Operations, or its Chief Compliance Officer, or to the
25 President and CEO of EZ LUBE, to Defendant's corporate office, located at 3506 West
26 Lake Center Drive, Suite B Santa Ana, California 92704, with a copy to Lois R. Miller, c/o
27 Miller Barondess, LLP, 1999 Avenue of the Stars, Suite 1000, Los Angeles, California
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90067. After notification, the Plaintiff in its discretion may chose to allow EZ LUBE to remedy the situation or may seek relief from the Court.

19. Any successor statute or renumbered statute will have the same force and effect as the statutes cited in this Judgment.

20. Except as otherwise provided herein, each party shall bear its own costs, including attorneys' fees.

21. The effectiveness of this settlement shall be conditioned and contingent on the effectiveness of the settlement with the BAR. If the settlement with the BAR case #77/06-68 is not finalized and does not become effective, then this document will be of no force or effect. The settlements with the BAR and the Orange County District Attorney shall be a global resolution of all claims brought, or that could have been brought that are related to these charges, by the State of California and/or any County District Attorney in the State of California up to and including the date hereof.

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

DATED: _____

By: _____

JUDGE OF THE SUPERIOR COURT