

1 MARK BRNOVICH
2 Attorney General
(Firm State Bar No. 14000)
3 Joseph Sciarrotta, Jr. (State Bar No. 017481)
4 Matthew du Mee (State Bar No. 028468)
5 Laura Dilweg (State Bar No. 036066)
6 Erika Mansur (State Bar No. 028546)
7 Jane Fallon (State Bar No. 014776)
8 Office of the Attorney General
9 2005 North Central Avenue
10 Phoenix, AZ 85004
11 Telephone: (602) 542-3725
12 consumer@azag.gov
13 *Attorneys for State of Arizona*

11 **SUPERIOR COURT OF ARIZONA**
12 **IN MARICOPA COUNTY**

14 STATE OF ARIZONA, *ex rel.* MARK
15 BRNOVICH, Attorney General,

16 Plaintiff,

17 v.

18 JUUL LABS, INC.

19 Defendant.
20

Case No: CV2020-000317

STIPULATED CONSENT JUDGMENT

(Assigned to the Honorable Daniel Martin)

21
22 **CONSENT JUDGMENT**

23 Plaintiff the State of Arizona, *ex rel.* Mark Brnovich, the Attorney General, (the “State”
24 or “Plaintiff”) filed a Complaint against Defendant Juul Labs, Inc. (“JLI” or “Defendant”)
25 (collectively, the State and JLI are the “Parties” or, individually, a “Party”) alleging violations of
26 the Arizona Consumer Fraud Act, A.R.S. §§ 44-1521 – 1534 (the “CFA”). The Parties stipulate
27 that this Court may enter this Consent Judgment, and acknowledge that this Court will retain
28 jurisdiction for the noted term for the purposes of enforcing this Consent Judgment. This

1 Consent Judgment shall not be construed or used as a waiver of any defense JLI may raise in
2 any other proceeding.

3 The Parties enter into this Consent Judgment without trial or adjudication of any
4 contested issue of fact or law, and without finding or admission of wrongdoing or liability of
5 any kind. JLI denies the allegations in the State’s Complaint and in the provisions of this
6 Consent Judgment, and no part of this Consent Judgment, including its statements and
7 commitments, shall constitute evidence of any liability, fault or wrongdoing by JLI. JLI is
8 entering into this Consent Judgment solely for the purpose of concluding this matter, and
9 nothing contained herein may be taken as or construed to be an admission or concession of any
10 alleged violation of law, rule, or regulation, or of any other matter of fact or law, or of any
11 liability or wrongdoing.

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

17 DEFINITIONS

18 “**Action**” means *State of Arizona ex rel. Mark Brnovich v. Juul Labs, Inc.*, Case No.
19 CV2020-000317 (Maricopa Cty. Super. Ct.).

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

28 “**Arizona Retail Store**” means a physical retail location in Arizona that purchases JUUL

1 Products either directly from JLI or from a JLI authorized distributor for resale directly to
2 consumers.

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

9 “**Claims**” means any and all claims, demands, actions, suits, causes of action, damages,
10 and liabilities and monetary impositions of any nature, as well as costs, expenses, and attorneys’
11 fees, whether known or unknown, suspected or unsuspected, accrued or unaccrued, that (i) arises
12 under the Consumer Fraud Act, A.R.S. § 44-1521, *et seq.* or A.R.S. § 13-2917, or (ii) is within
13 any additional authority of the Attorney General (if any) to release Claims under Arizona law.
14 This shall not include any investigation or litigation other than this litigation, of which JLI has
15 received written notice as of September 13, 2021, by or on behalf of any other State entity or
16 public or governmental entity within the State pending as of September 13, 2021.

17 “**Complaint**” means the complaint filed by the State in the Action.

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

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

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

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

25 “**JUULpod Packs**” means a package of JUULpods sold as one unit by JLI.

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

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

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

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

21 **“Releasors”** means (1) the Attorney General and (2) to the full extent of any additional
22 authority of the Attorney General (if any) to release Claims under Arizona law any other State
23 entity or public or governmental entity within the State.

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

28 **“Verified”** means determined to be 21 years or older through the use of reliable and

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

14 **PARTIES**

15 1. The State brought this Action under the CFA.

16 2. JLI is a company incorporated in Delaware, with its principal place of business in
17 Washington, District of Columbia, and has transacted business in the State of Arizona, including
18 but not limited to business in Maricopa County.

19 3. Events, acts, and practices described in, and relevant to, this Consent Judgment
20 took place in Arizona.

21 4. This Court has jurisdiction over the Action and the Parties as is necessary for the
22 Court to enter this Consent Judgment and any orders hereafter appropriate pursuant to A.R.S.
23 § 44-1528 and this Consent Judgment.

24 5. Venue is proper in Maricopa County pursuant to A.R.S. § 12-401(17).

25 **FACTUAL ALLEGATIONS**

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

28 Defendant denies the State’s allegations.

1 7. The Parties have engaged in good faith negotiations to achieve a settlement of the
2 claims that were or could have been brought by the State and memorialized the resolution in this
3 Consent Judgment.

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

9 **ORDER**

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

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

14 10. Pursuant to A.R.S. § 44-1528, Defendant is enjoined as follows:

15 **Injunctive Relief**

16 **Retail Compliance**

17 11. JLI shall maintain a retailer-compliance program for Arizona Retail Stores that
18 requires:

- 19 a. JLI to send representatives to conduct no fewer than 25 JLI Compliance
20 Checks at Arizona Retail Stores per month for two (2) years after the
21 Effective Date. A "JLI Compliance Check" is an assessment of an Arizona
22 Retail Store's compliance with (a) federal requirements to verify a
23 purchaser's age pursuant to 21 C.F.R. § 1140.14 or (b) product-quantity
24 limits of up to one (1) JUUL Device and sixteen (16) JUULpods, sold
25 individually or through JUULpod Packs, per transaction, or both.
- 26 b. JLI to use reasonable efforts to have the representatives conduct JLI
27 Compliance Checks at different Arizona Retail Stores each month and to
28 conduct at least three (3) JLI Compliance Checks in each Arizona county

1 per year. Any JLI Compliance Checks may be conducted by a service
2 provider engaged by JLI.

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

9 d. JLI to implement the following penalties to Arizona Retail Stores for
10 violations of the JLI Compliance Checks:

11 i. First JLI Compliance Check Failure: JLI shall issue a letter notifying
12 the Arizona Retail Store of its first violation. The letter shall reiterate
13 the requirements of the JLI Compliance Checks and the penalty
14 escalation structure. For any Arizona Retail Store that commits a
15 first violation, JLI shall perform a second JLI Compliance Check
16 within sixty (60) days of the first violation, which shall be in
17 addition to the above-stated monthly requirement of visiting at least
18 25 Arizona Retail Stores.

19 ii. Second JLI Compliance Check Failure: If a second violation occurs
20 within one year of the first violation, JLI shall issue a letter notifying
21 the Arizona Retail Store of the second violation. JLI shall suspend
22 (or shall instruct any wholesaler, distributor, or sub-distributor
23 through which JLI supplies the Arizona Retail Store to suspend) the
24 Arizona Retail Store from any promotional activities for two
25 promotional cycles following the date of the second failed JLI
26 Compliance Check. For any Arizona Retail Store that commits a
27 second violation, JLI shall perform a third JLI Compliance Check
28 within sixty (60) days of the second violation, which shall be in

1 addition to the above-stated monthly requirement of visiting at least
2 25 Arizona Retail Stores. For any second age-verification failure,
3 JLI shall communicate the age-verification non-compliance to the
4 United States Food and Drug Administration (“FDA”).

5 iii. Third JLI Compliance Check Failure: If a third violation occurs
6 within one year of the first violation, JLI shall issue a letter notifying
7 the Arizona Retail Store of the third violation. JLI shall cease doing
8 business with the Arizona Retail Store as an authorized retailer for
9 three (3) years from the date of the third failed JLI Compliance
10 Check, and notify all applicable wholesalers, distributors, and sub-
11 distributors to suspend sales of JUUL Products to the Arizona Retail
12 Store for the three-year period. For any Arizona Retail Store that
13 commits a third violation, JLI shall perform a fourth JLI Compliance
14 Check within sixty (60) days of the third violation, which shall be in
15 addition to the above-stated monthly requirement of visiting at least
16 25 Arizona Retail Stores. For any third age-verification failure, JLI
17 shall communicate the age-verification non-compliance to the FDA.

18 iv. Fourth JLI Compliance Check Failure: If a fourth violation occurs
19 within one year of the first violation, JLI shall cease doing business
20 with the Arizona Retail Store and notify all applicable wholesalers,
21 distributors, and sub-distributors to suspend sales of JUUL Products
22 to the Arizona Retail Store. For any fourth age-verification failure,
23 JLI shall communicate the age-verification non-compliance to the
24 FDA.

25 v. Nothing in this Paragraph 11 requires JLI to breach any existing
26 contractual obligations with wholesalers, distributors, or sub-
27 distributors.

28 e. Every three (3) months, JLI shall provide the Arizona Attorney General

1 with results of its JLI Compliance Checks of Arizona Retail Stores, with
2 the first set of results being provided three months after the Effective Date.
3 JLI shall designate a Compliance Officer, who shall be a corporate senior-
4 level employee responsible for ensuring compliance with this Paragraph 11
5 and shall act as a point of contact with the State to address any compliance-
6 related issues.

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

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

16 **Marketing**

17 14. In connection with marketing or sales activities in Arizona or directed at
18 consumers in Arizona, JLI shall not:

- 19 a. Publish any marketing or advertising material for JUUL Products on any
20 Social Media Platform; provided that JLI shall be permitted to use Twitter,
21 LinkedIn, and YouTube for (i) hosting testimonial videos of the
22 experiences of persons thirty (30) years of age or older who are or were
23 habitual combustible cigarette smokers using JUUL Products, and (ii) other
24 non-promotional communications.
- 25 b. Engage or pay individuals, through payment or other consideration
26 (including non-monetary consideration or discounted or free product), to
27 promote JUUL Products on any Social Media Platform.
- 28 c. Engage or pay individuals, through payment or other consideration

1 (including non-monetary consideration or discounted or free product), to
2 promote JUUL Products in person in Arizona, unless the operator of the
3 location or the operator of the in-person promotion represents to JLI that in
4 connection with such promotion it will undertake reasonable industry
5 standard measures to prohibit access by Arizona residents who are under
6 the age of 21 and JLI has a good-faith belief that the operator is adhering to
7 such representation.

8 d. Send direct-to-consumer marketing emails, materials, or text messages for
9 JUUL Products to any individuals residing within Arizona who are not
10 Verified.

11 e. Launch, distribute, sell, or offer any JUULpod in any flavor in Arizona
12 other than tobacco or menthol unless JLI receives FDA authorization that
13 permits the marketing of such JUULpod flavor.

14 f. Use Cartoons in any of its marketing for JUUL Products.

15 g. Use any individual under the age of thirty (30) in any marketing or
16 advertising materials for JUUL Products in Arizona.

17 h. Use marketing or advertising for JUUL Products within Arizona that, in the
18 exercise of reasonable diligence by JLI, is known or believed by JLI to
19 target or appeal to, or to be likely to target or appeal to, Arizona residents
20 who are under the age of 21.

21 i. Run ads or promotions in media or outlets in Arizona unless, according to
22 nationally established advertising demographic services, such as Comscore,
23 85% or more of the individuals comprising the audience of the media or
24 outlets are not individuals who are under the age of 21. This provision does
25 not apply to marketing or advertising on Outdoor Advertising, on the
26 property of Arizona Retail Stores selling JUUL Products, on JLI-Owned
27 Websites, or on any other online website that requires an individual
28 residing in Arizona to agree to be Verified before being able to further

1 access the website.

2 j. Place or cause to be placed Outdoor Advertising at any location that at the
3 time of the placement, or renewal of the placement, of the Outdoor
4 Advertising is within 1,000 feet of any elementary, middle, or high school
5 or public playground in Arizona.

6 k. Place or cause to be placed any marketing or advertising materials in public
7 transportation facilities in Arizona, including, but not limited to, public
8 buses or bus stations, public trains or train stations, and airports. This
9 Paragraph shall not apply to any in-store materials at any Arizona Retail
10 Store located in a public transportation facility or any materials in a
11 designated smoking area within a public transportation facility.

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

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

23 17. Notwithstanding Paragraph 16, JLI may sponsor events in Arizona

24 a. At an Adult-Only Facility, or

25 b. In the name of JLI's corporate name, provided that the sponsorship uses the
26 abbreviation "JLI" for the corporate name and does not include reference to
27 JUUL Products.

28 ...

1 **Social Media Monitoring**

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

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

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

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

23 . . .

24 **Sales**

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

27 23. In furtherance of Paragraph 22:

28 a. For all sales of JUUL Products to consumers in Arizona on a JLI-Owned

1 Website, no online sales shall be made to a consumer who is not Verified.

2 b. For all sales of JUUL Products to Arizona residents on a JLI-Owned
3 Website, JLI shall continue to recommend to credit card companies
4 (through JLI's third-party payment gateways or processors) that the words
5 "JUUL TOBACCO PRODUCT" be printed on the consumer's credit card
6 statement or such other language as may be required by Arizona law or
7 regulation.

8 c. JLI shall implement a process for placing a phone call after 5:00 pm MST
9 to consumers who purchase JUUL Products from a JLI-Owned Website
10 within the preceding 24 hours of shipment to an address within Arizona.
11 Such phone calls will inform the consumer of the recently placed order
12 prior to shipping the product.

13 24. JLI shall limit online sales to Arizona residents of JUUL Products on a JLI-Owned
14 Website to no more than two (2) JUUL Devices per month, ten (10) JUUL Devices per calendar
15 year, and sixty (60) JUULpods per month, sold individually or through JUULpod Packs.

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

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

21 27. JLI shall take reasonable steps to limit retail transactions at Arizona Retail Stores
22 to one (1) JUUL Device and/or sixteen (16) JUULpods, sold individually or through JUULpod
23 Packs, per transaction. JLI will continue to assess compliance through JLI Compliance Checks.

24 28. JLI shall continue to work with retailers to adopt automated product-quantity
25 limits at the point-of-sale that automatically restrict the number of JUUL Products per
26 transaction to one (1) JUUL Device and/or sixteen (16) JUULpods, sold individually or through
27 JUULpod Packs. Within eight (8) months of the Effective Date, JLI shall require that all
28 Arizona Retail Stores selling or distributing JUUL Products implement automated sales controls

1 by adopting an age-verification compliance system at the point-of-sale that includes at least the
2 following capabilities or components:

- 3 a. A barcode scanner that is capable of electronically scanning a photographic
4 and/or government-issued identification, including non-Arizona
5 identification, and automatically validating personal information contained
6 in the identification.
- 7 b. (i) For all identifications other than referenced in clause (ii), automated
8 verification that the customer is at least 21 years of age and the
9 identification is not expired by electronic ID scanning or other automated,
10 software-based measure, based on the identification presented by the
11 customer; and (ii) for government-issued identifications that are not capable
12 of being scanned (e.g., military identification), a requirement to visually
13 confirm that the identification presented by the customer shows that the
14 customer is at least 21 years of age and the identification is not expired.
- 15 c. Requirement to visually confirm that the customer matches the individual
16 represented on their identification.
- 17 d. Automated blocking of any transaction where the transaction involves more
18 than one (1) JUUL Device and/or sixteen (16) JUULpods, sold individually
19 or through JUULpod Packs.
- 20 e. Ability to automatically block any transaction that does not comply with (b)
21 and (d).
- 22 f. JLI shall not use data obtained through Paragraph 28(a) and (b) for
23 marketing or any other purpose other than age-verification.
- 24 g. For the avoidance of doubt, nothing in this Consent Judgment shall require
25 JLI to retain or use information in violation of state or federal law,
26 including, but not limited to, A.R.S. § 44-7701.

27 29. If JLI is provided notice in writing pursuant to this Consent Judgment by the State
28 that a JUUL Product previously purchased by an Arizona consumer is later provided to an

1 Arizona resident who is under the age of 21, JLI shall not knowingly sell JUUL Products on a
2 JLI-Owned Website to that Arizona consumer.

3 **Other Injunctive Relief**

4 30. JLI shall not make any claims or representations in marketing or advertising
5 materials in Arizona comparing a JUULpod to approximately one (1) pack of combustible
6 cigarettes, unless JLI receives FDA authorization that permits such claims or representations.

7 31. Beginning nine (9) months after the Effective Date, if JLI makes any statement
8 about the nicotine content of JUUL Products in an advertisement, webpage, or promotional
9 materials other than through the JUUL Product packaging or label, JLI shall also disclose the
10 amount of nicotine content in milligrams per milliliter (mg/ml) and as a percentage in terms of
11 total volume of a JUULpod. This shall include any display of the nicotine content portion of the
12 JUUL Product packaging or label in an advertisement, webpage, or promotional materials. The
13 obligations under this Paragraph are no longer in effect if (1) the FDA implements a uniform
14 nicotine content disclosure standard for ENDS products or (2) JLI receives FDA authorization
15 for JUUL Products that permits JLI to use a specific nicotine content disclosure.

16 **Monetary Payment**

17 32. JLI shall pay a total sum of \$14,500,000 to the State, subject to the following
18 terms and conditions:

- 19 a. JLI shall pay \$14,500,000 as follows:
- 20 i. JLI shall make the first payment of \$2,900,000 prior to the filing of
21 this Consent Judgment. The State shall hold these funds pending
22 Court approval of this Consent Judgment. The State shall promptly
23 return these funds if the Court does not approve this Consent
24 Judgment or requires changes to which either Party does not consent.
 - 25 ii. JLI shall make the second payment of \$2,900,000 by one year after
26 the Effective Date.
 - 27 iii. JLI shall make the third payment of \$2,900,000 by two years after
28 the Effective Date.

1 iv. JLI shall make the fourth payment of \$2,900,000 by three years after the
2 Effective Date.

3 v. JLI shall make the fifth payment of \$2,900,000 by four years after the Effective
4 Date.

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

15 c. The payments in Paragraph 32(a) shall be paid as follows:

16 i. Upon Court approval of this Consent Judgment, \$2 million of the first payment
17 shall be deposited into the Consumer Protection-Consumer Fraud Revolving
18 Fund, pursuant to A.R.S. § 44-1531.01; except that funds to reimburse NAAG
19 litigation grants, in an amount not to exceed \$160,000.00, shall be deposited in
20 a short-term non-interest bearing account for purposes of repaying those grants.

21 ii. The remaining \$12.5 million of the five payments shall be deposited by the
22 Arizona Attorney General into an interest-bearing account within the Consumer
23 Restitution and Remediation Revolving Fund, pursuant to A.R.S. § 44-
24 1531.02(C). The funds shall be used for purposes that are consistent with the
25 remediation purposes of the following subsections 1-6 and be approved by the
26 Attorney General and Joint Legislative Budget Committee, pursuant to A.R.S. §
27 44-1531.02(C). The \$12.5 million shall be used to fund the following programs:

28 1. Programs that provide cessation assistance to Arizona

1 residents who were exposed to ENDS while under the age of
2 21;

3 2. Education or prevention programs that are designed to
4 prevent or reduce use of ENDS by Arizona residents who are
5 under the age of 21;

6 3. Research in support of preventing ENDS use by Arizona
7 residents who are under the age of 21 by independent third
8 parties;

9 4. Programs or equipment that are designed to abate the impact
10 that ENDS and other nicotine products have had on Arizona
11 students, schools, school districts and to prevent such impact
12 in the future;

13 5. Efforts to mitigate the impact of, including by enforcing
14 Arizona law with respect to, disposable e-cigarette products,
15 nicotine-synthetic products, and companies that have not
16 taken steps similar to those described in this Consent
17 Judgment to limit access to or usage of nicotine and nicotine-
18 synthetic products by Arizona residents who are under the age
19 of 21; and

20 6. Efforts by retailers in Arizona to obtain age-verification
21 compliance systems at the point-of-sale that include
22 technology consistent with Paragraph 28.

23 33. JLI shall have no obligation to fund any of the programs described in Paragraph
24 32(b)(ii)(1) – (6) beyond making the payments described in Paragraph 32.

25 ...

26 ...

27 ...

28 ...

1 **Notice**

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

5 a. For JLI:

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

12 *With a copy to:*

13 JB Kelly
14 Cozen O'Connor
15 1200 19th Street, NW
16 Washington, D.C. 20036
17 jbkelly@cozen.com

18 b. For State:

19 Leslie Cooper, Section Chief Counsel
20 Consumer Protection and Advocacy
21 Office of the Attorney General
22 2005 N. Central Avenue
23 Phoenix, AZ 85004
24 (602) 542-7731

25 **Enforcement**

26 35. JLI shall, after diligent inquiry, annually certify compliance with this Consent
27 Judgment to the Arizona Attorney General's Office.

28 36. 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 37. Notwithstanding Paragraph 36, 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 38. Releasors hereby release and forever discharge the Released Parties to the full
15 extent of the power of the Attorney General to release claims from any and all Claims based on,
16 arising out of, or in any way related to (1) conduct relating to the advertising, promotion,
17 marketing, product description, nicotine content, or sale of JUUL Products, (2) conduct that
18 could have induced or allowed an individual under the age of 21 to use or purchase JUUL
19 Products, including allegedly inadequate age verification or other age-based limitations or
20 procedures, or (3) any other conduct relating to the allegations by the State in the Complaint
21 (“Released Claims”); provided, however, that the release does not extend to conduct occurring
22 after the Effective Date other than continuing to manufacture or sell JUUL Products in a manner
23 consistent with Arizona law and this Consent Judgment. As used herein, “conduct” includes,
24 without limitation, any act, failure to act, practice, omission, statement, or representation.

25 39. The release in Paragraph 38 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
27 relating in any way to Released Claims and extend to the full extent of the power of the Attorney
28 General to release the Claims. This Consent Judgment shall be a complete bar to any Released

1 Claims.

2 40. Notwithstanding any term of this Consent Judgment, any and all of the following
3 forms of liability are specifically reserved and not released under Paragraph 38:

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

9 **Parity Provision**

10 41. If, after the Effective Date but before the date four (4) years after the Effective
11 Date, JLI enters into any pre-trial and pre-judgment settlement or consent judgment with another
12 state, commonwealth, or territory of the United States or the District of Columbia, by and
13 through their attorneys general (“Other State(s)”), that resolves claims similar to the claims filed
14 in the Action and contains overall conduct terms that the State shows are more favorable to such
15 Other State than the terms of this Consent Judgment, then this Consent Judgment will be revised
16 to contain such more favorable conduct terms. JLI shall provide the State a copy of any pre-trial
17 and prejudgment settlement or consent judgment with the Other State(s) entered prior to August
18 30, 2025 within thirty (30) days of its effective date.

19 **General Terms**

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

- 22 a. As to each provision other than the provisions of Paragraphs 14(b), 14(d) –
23 14(h), and 14(j), six (6) years after the Effective Date; or
- 24 b. The date JLI receives an Authorization Order that addresses the conduct
25 addressed in such provision (e.g., JLI Compliance Checks, sponsorships).
26 Actions by JLI that act within or reasonably implement such Authorization
27 Order shall be permissible under this Consent Judgment even if such
28 provision provides otherwise. “Authorization Order” means a written

1 marketing granted order from the FDA authorizing a Premarket Tobacco
2 Product Application (“PMTA”) submitted by JLI related to JUUL Products
3 or other written authorization from the FDA to JLI related to JUUL
4 Products (including a Modified Risk Tobacco Product Application).

5 c. In interpreting and enforcing any provision of Paragraphs 11-31, the State
6 will not take the position that any generally applicable law or regulation
7 requires conduct by JLI different than the conduct the State requires from
8 any other manufacturer or seller of ENDS products.

9 d. Nothing in this provision will be construed as an approval by the Attorney
10 General, the Court, the State of Arizona, or any agency thereof of
11 Defendant’s past, present, or future conduct or business practices.

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

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

28 45. Conflict with Other Laws: Nothing in this Consent Judgment shall impose an

1 obligation on JLI that conflicts with JLI's obligations under federal, state, or local law, rule,
2 regulation, or guidance. In the event there is a conflict between this Consent Judgment and the
3 requirements of federal, state, or local laws, such that JLI cannot comply with this Consent
4 Judgment without violating these requirements, JLI shall document such conflicts and notify the
5 State that it intends to comply with the requirements to the extent necessary to eliminate the
6 conflict. Within thirty (30) days after receipt of a notification from JLI referenced above, the
7 State may request a meeting to discuss the steps JLI has implemented to resolve the conflict, and
8 JLI shall comply with any such reasonable request.

9 46. The provisions of this Consent Judgment are applicable only to actions taken (or
10 omitted to be taken) in Arizona or directed at Arizona consumers. For the avoidance of doubt,
11 the marketing, advertising, or sale of JUUL Products intended solely for consumers outside the
12 State of Arizona shall not be deemed actions taken (or omitted to be taken) in Arizona or
13 directed at Arizona Consumers.

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

22 48. This Consent Judgment is binding on, and inures to the benefit of, the Parties'
23 successors and assigns.

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

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

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

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

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

10 54. Except for Paragraphs 38 to 39, if any provision of this Consent Judgment shall,
11 for any reason, be held illegal, invalid, or unenforceable, in whole or in part, such illegality,
12 invalidity, or unenforceability shall not affect any other provision or clause of this Consent
13 Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid,
14 or unenforceable provision, in whole or in part, had not been contained herein.

15 55. This Consent Judgment represents the entire agreement between the Parties, and
16 there are no representations, agreements, arrangements, or understandings, oral or written,
17 between the Parties relating to the subject matter of this Consent Judgment that are not fully
18 expressed herein or attached hereto.

19 56. Jurisdiction is retained by this Court for the purpose of entertaining an application
20 by the State for the enforcement of this Consent Judgment.

21 57. This Consent Judgment does not limit the rights of any private party to pursue any
22 private remedies allowed by law; provided that this Consent Judgment is not intended to create
23 any private right of action by other parties.

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

27 59. This Consent Judgment resolves all outstanding claims in this Action on all
28 remedies provided under the CFA against Defendant and the Released Parties. As no further

1 matters remain pending, this is a final judgment entered pursuant to Ariz. R. Civ. P. 54(c).

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3 **IT IS SO ORDERED.**


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6 DATED: _____

7 Honorable Daniel Martin
8 Judge of the Superior Court

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1 **CONSENTED TO BY:**

2
3 **THE STATE OF ARIZONA, BY AND THROUGH**
4 **ITS ATTORNEY GENERAL, MARK BRNOVICH**

5
6 By:  _____
7 Laura Dilweg
8 Senior Litigation Counsel
9 Office of the Arizona Attorney General

Date: November 22, 2021

10
11
12
13 **JUUL LABS, INC.**

14
15 By:  _____
16 Tyler Mace
17 Chief Legal Officer
18 Juul Labs, Inc.

Date: September 20, 2021