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19 SUPERIOR COURT OF THE STATE OF CALIFORNIA

20 COUNTY OF SAN JOAQUIN

21  
22 PEOPLE OF THE STATE OF  
CALIFORNIA,

23 Plaintiff,

24 v.

25 RITE AID CORPORATION, a Delaware  
26 corporation,

27 Defendant.  
28

Case No. 39-2013-00301944-CU-TT-STK

STIPULATION FOR ENTRY OF FINAL  
JUDGMENT AND PERMANENT  
INJUNCTION

Action Filed: September 17, 2013

Dept. 33

1           WHEREAS, this Stipulation for Entry of Final Judgment and Permanent Injunction  
2 (“Final Judgment”) is entered into by Plaintiff, the People of the State of California (“People”)  
3 and Defendant Rite Aid Corporation, a Delaware corporation, (“Defendant”) by their respective  
4 attorneys. The People and Defendant shall be referred to collectively as “Parties.” The Parties  
5 have stipulated and consented to the entry of this Final Judgment prior to trial. The Parties have  
6 agreed to settle the above captioned matter without further litigation, as set forth below.

7           AND WHEREAS, the Court finds that the settlement between the Parties is fair and in the  
8 public interest;

9           NOW THEREFORE, upon the consent of the Parties, it is hereby ORDERED,  
10 ADJUDGED, AND DECREED:

11           **FINAL JUDGMENT AND PERMANENT INJUNCTION ON CONSENT**

12           **1. JURISDICTION**

13           The Parties stipulate and agree that the Superior Court of California, County of San  
14 Joaquin, has subject matter jurisdiction over the matters alleged in this action and personal  
15 jurisdiction over the Parties to this Final Judgment.

16           **2. SETTLEMENT OF DISPUTED CLAIMS**

17           This Final Judgment is not an admission or a denial by Defendant regarding any issue of  
18 law or fact in the above-captioned matter or any violation of any law. The Parties enter into this  
19 Final Judgment pursuant to a compromise and settlement of disputed claims, as set forth in the  
20 Complaint filed in this action (the “Complaint”), for the purpose of furthering the public interest.  
21 The People believe that the resolution embodied in this Final Judgment is fair and reasonable and  
22 fulfills the People’s enforcement objectives; and that except as provided in this Final Judgment,  
23 no further action is warranted concerning the allegations contained in the Complaint. Defendant  
24 agrees that this Final Judgment is a fair and reasonable resolution of the matters alleged in the  
25 Complaint.

26           All Parties have stipulated and consented to the entry of this Final Judgment prior to the  
27 taking of any proof, and without trial or adjudication of any fact or law herein. The Parties also  
28 waive their right to appeal.

1           **3. DEFINITIONS**

2           Except where otherwise expressly defined in this Final Judgment, all terms shall be  
3 interpreted consistent with Chapters 6.5 and 6.95 of Division 20 of the Health and Safety Code;  
4 Health and Safety Code sections 117600, et seq.; and the regulations promulgated under these  
5 chapters and sections.

6           “California Facilities” means the Rite Aid retail stores, distribution centers, and medical  
7 walk-in clinics located within Rite Aid retail stores, as provided in **Exhibit A-1**, attached, and  
8 tractor trailers used to transport products and materials to and from such facilities, located in the  
9 State of California that are, as of September 18, 2013, owned, operated, licensed, or leased by  
10 Defendant (in its own capacity and/or through affiliates doing business in the state of California).  
11 “California Facilities” also includes the various Rite Aid retail stores listed in **Exhibit A-2**. The  
12 specific list of the locations of the California Facilities attached as **Exhibit A-1** and **A-2** shall not  
13 be to the exclusion of other locations that may have been inadvertently omitted from the list,  
14 where the Parties agree in writing that an omitted location should be included. As to any  
15 locations that have been omitted, Defendant shall provide the following to the People within  
16 thirty (30) days after the omission comes to the attention of Defendant: (a) written notice of such  
17 additional locations; and (b) to the best of Defendant’s knowledge and belief, copies of any  
18 notices of violation and/or governmental inspection reports applicable to such locations that have  
19 been received by that location since April 30, 2005. If, after the People have had sufficient time  
20 in which to review the alleged reason for the omission, and after Defendant has established to the  
21 satisfaction of the People that the omission was inadvertent, the Parties shall agree in writing that  
22 the additional location be included in the Final Judgment.

23           “Certified Unified Program Agency” or “CUPA” is an agency certified by the California  
24 Environmental Protection Agency pursuant to the requirements of Chapter 6.11 of the Health and  
25 Safety Code and California Code of Regulations, Title 27, to implement certain State  
26 environmental programs within the local agency’s jurisdiction.

27           “Participating Agency” means an agency that has been designated by the CUPA to  
28 administer one or more state environmental programs on behalf of the CUPA.

1           “Rite Aid Facilities” means the California Facilities, and each of them, and any additional  
2 Rite Aid retail stores, distribution centers, medical walk-in clinics located within Rite Aid retail  
3 stores, and tractor trailers used to transport products and materials to and from such facilities,  
4 located in the State of California, that Defendant may in the future directly or indirectly open,  
5 operate, license or lease in California that are not listed in **Exhibit A-1** or **A-2**.

6           “Former Rite Aid Facilities” means those Rite-Aid retail stores, distribution centers, and  
7 medical walk-in clinics located within Rite Aid retail stores that were previously located within  
8 the State of California at any time relevant, but which, as of as of September 18, 2013 are no  
9 longer owned, operated, licensed, or leased by Defendant (in its own capacity and/or through  
10 affiliates doing business in the State of California). A list of the locations of the Former Rite Aid  
11 Facilities is provided in **Exhibit A-3**, attached. The specific list of the locations of the Former  
12 Rite Aid Facilities attached as **Exhibit A-3** shall not be to the exclusion of other locations that  
13 may have been inadvertently omitted from the list, where the Parties agree in writing that an  
14 omitted location should be included.

#### 15           **4. INJUNCTIVE RELIEF**

16           Pursuant to the provisions of Health and Safety Code sections 25181, 25516, 25516.2,  
17 118325, and Business and Professions Code section 17203, but subject to Paragraph 23 below,  
18 Defendant shall comply with Chapters 6.5 and 6.95 of Division 20 of the Health and Safety Code;  
19 Health and Safety Code Sections 117600–118360; and the applicable regulations promulgated  
20 under these chapters, to the extent that these provisions apply to Defendant’s business operations  
21 at Rite Aid Facilities. Failure to comply with this injunction, or any of the specific additional  
22 injunctive provisions that follow, may subject Defendant to sanctions, including, but not limited  
23 to, contempt and/or additional penalties. Paragraph 15, below, applies to any application or  
24 motion for failure to comply with the injunctive provisions of this Final Judgment.

#### 25           **4.1 Specific Injunctive Provisions**

26           Defendant shall comply with each of the following provisions at and from the Rite Aid  
27 Facilities to the extent that these provisions apply to its business operations at the Rite Aid  
28 Facilities. With the exception of paragraphs 4.1.d and 4.1.e, these injunctive provisions do not

1 apply to the Rite Aid Facilities listed in Exhibit A-2:

2 4.1.a. Defendant shall not dispose, or cause the disposal, of any hazardous waste at a  
3 point in violation of Health & Safety Code Sections 25189 and 25189.2, including, without  
4 limitation, to any trash compactor, dumpster, drain, sink, or toilet at any of the Rite Aid Facilities,  
5 or onto the surface or subsurface of the ground at any unauthorized location, or at a landfill or  
6 transfer station not authorized to receive hazardous waste.

7 4.1.b. Defendant shall determine, at each Rite Aid Facility, whether each waste generated  
8 at that facility as a result of a spill, container breakage or other means rendering the product not  
9 usable for its intended purpose, is a "hazardous waste," as required by California Code of  
10 Regulations, Title 22, Section 66262.11 and California Code of Regulations, Title 22, Section  
11 66260.200.

12 4.1.c. Defendant shall manage every hazardous waste so identified pursuant to  
13 subparagraphs 4.1.a and 4.1.b in accordance with the requirements of Chapter 6.5 of the Health  
14 and Safety Code and its implementing regulations in the California Code of Regulations, Title 22.

15 4.1.d. Defendant shall not transport or transfer custody of, or cause to be transported, any  
16 hazardous waste unless the transporter is properly licensed and registered to do so, as required by  
17 Health & Safety Code Section 25163, if applicable. This prohibition includes, without limitation,  
18 the transportation of any hazardous waste by a person that is not properly licensed and registered  
19 to transport hazardous waste on a tractor and/or trailer owned or operated by Defendant.

20 4.1.e. Defendant shall not transport or cause to be transported, any hazardous waste to a  
21 location in violation of Health & Safety Code Section 25189.5, if applicable.

22 4.1.f. Defendant shall cause the lawful and timely disposal of all accumulated hazardous  
23 waste from each Rite Aid Facility at least one time during every ninety (90) day period (unless a  
24 longer interval is allowed for by California Code of Regulations, Title 22, Section 66262.34 or  
25 other law); and shall timely cause to be prepared and filed with the Department of Toxic  
26 Substances Control ("DTSC") a hazardous waste manifest for all hazardous waste that is  
27 transported, or submitted for transportation, for offsite handling, treatment, storage, disposal, or  
28 any combination thereof, as provided by Health & Safety Code section 25160(b)(3) and

1 California Code of Regulations, Title 22, Section 66262.23; and shall timely notify DTSC by  
2 causing to be filed an exception report concerning the treatment, storage, or disposal facility's  
3 failure to return any executed manifest.

4 4.1.g. Defendant or Defendant's designated contractor shall contact the transporter  
5 and/or the owner or operator of the designated facility which was to receive any hazardous waste  
6 to determine the status of the hazardous waste in the event of non-receipt of a copy of the  
7 manifest with the handwritten signature of the owner or operator of the designated facility within  
8 thirty-five (35) days of the date the waste was accepted by the initial transporter, as provided by  
9 California Code of Regulations, Title 22, Section 66262.42.

10 4.1.h. Defendant shall not treat, store, dispose of, transport, or offer for transportation,  
11 any hazardous waste without having received and used a proper identification number from the  
12 U.S. Environmental Protection Agency or DTSC for the originating Rite Aid Facility, if required  
13 by California Code of Regulations, Title 22, section 66262.12, subdivision (a).

14 4.1.i. Defendant shall maintain a program for the lawful storage, handling and  
15 accumulation of hazardous waste, and for the lawful segregation of hazardous-waste items that  
16 are in leaking containers, to the extent required by Health & Safety Code section 25123.3 and  
17 California Code of Regulations, Title 22, sections 66262.34, 66265.173 and 66265.177.

18 4.1.j. Defendant shall maintain properly designated and designed hazardous waste  
19 storage areas, which include the segregation of hazardous wastes, and shall conduct inspections of  
20 hazardous waste storage areas, at each Rite Aid Facility, as required by California Code of  
21 Regulations, Title 22, sections 66262.34 and 66265.174.

22 4.1.k. Defendant shall comply with all applicable employee training obligations required  
23 by California Code of Regulations, Title 22, section 66262.34, pertaining to the management of  
24 hazardous waste. In addition, Defendant shall establish and maintain an employee training plan  
25 designed to enhance employee awareness of any applicable regulatory or statutory changes in  
26 environmental compliance requirements, including, but not limited to, changes in Chapters 6.5  
27 and 6.95 of Division 20 of the Health & Safety Code, and of any applicable corresponding  
28 changes in Defendant's environmental compliance program(s).

1           4.1.l. Defendant shall have in place at all times a hazardous waste contingency plan and  
2 emergency procedures for each Rite Aid Facility if required by California Code of Regulations,  
3 Title 22, Sections 66262.34 and applicable provisions referenced therein.

4           4.1.m. Defendant shall, at each Rite Aid Facility, continuously implement, maintain, and  
5 submit to the respective administering agency (as defined in Health and Safety Code sections  
6 25501 and 25502), a complete hazardous materials business plan, if required by Health and  
7 Safety Code Sections 25503.5(a), 25504 and 25505 and California Code of Regulations, Title 19,  
8 Section 2729 et seq., as applicable. Each required hazardous materials business plan shall include  
9 procedures for emergency response to a release or threatened release of hazardous materials, as  
10 required by Health and Safety Code Section 25503.5 and California Code of Regulations, Title  
11 19, section 2729.1. Such plan shall also include an employee training program that meets the  
12 requirements of Health and Safety Code Section 25504(c), and California Code of Regulations,  
13 Title 19, Section 2732.

14           4.1.n. Defendant shall immediately report any release or threatened release of a  
15 reportable quantity of any hazardous material from any Rite Aid Facility into the environment, if  
16 required by Health and Safety Code sections 25501 and 25507.

17           4.1.o. Defendant shall properly manage, mark, and store universal waste in compliance  
18 with the standards for universal waste management found in California Code of Regulations, Title  
19 22, Sections 66273.1 et seq., as applicable. In the alternative, Defendant may manage such waste  
20 as hazardous waste in accordance with the applicable requirements of Chapter 6.5 of the Health  
21 and Safety Code and its implementing regulations in the California Code of Regulations, Title 22,  
22 including, but not limited to, Section 66262.34.

23           4.1.p. Defendant shall comply with the California Medical Waste Management Act,  
24 Health and Safety Code Sections 117600 et seq., as applicable.

25           4.1.q. Defendant shall not knowingly cause to be deposited, without the permission of  
26 the owner, any hazardous substance upon the land of another, in violation of Penal Code section  
27 374.8(b).

28     ///

1           **4.2 Reverse Distribution of Pharmaceuticals**

2           4.2.a. Beginning no later than December 1, 2013, Defendant shall work with or continue  
3 working with appropriate stakeholders from business and government, including the U.S.  
4 Environmental Protection Agency, the U.S. Food and Drug Administration, the California  
5 Department of Public Health and DTSC, either directly or through trade associations or informal  
6 coalitions of interested parties, undertaking to promote federal regulatory reform regarding the  
7 proper management of non-dispensable pharmaceuticals, including over-the-counter medications,  
8 through “reverse distribution.” Such work may include coordination and communication with  
9 national retail trade associations. Progress on such work shall be included in the status reports  
10 required by Paragraph 22 below.

11           4.2.b. During the term of this Final Judgment, the People shall only pursue a violation of  
12 this Final Judgment or applicable law regarding the reverse distribution of pharmaceuticals if  
13 Defendant is unable to demonstrate reasonable diligence in performing work on the federal  
14 regulatory reform described in subparagraph 4.2.a above. For the purposes of this paragraph,  
15 “pharmaceuticals” shall have the same meaning as “drug” as defined by the Federal Food, Drug,  
16 and Cosmetic Act, 21 USC §321(g). Nothing herein shall prevent the People from pursuing  
17 appropriate enforcement of this Final Judgment or applicable law regarding the reverse  
18 distribution of non-dispensable pharmaceuticals for acts or omissions in violation of applicable  
19 law occurring on or after one hundred eighty (180) days following receipt by Defendant of  
20 written notice as provided by Paragraph 8 of the People’s intent to do so. The Parties shall  
21 attempt to resolve any such dispute by means of good faith informal negotiations.

22           **5. CIVIL PENALTIES, SUPPLEMENTAL ENVIRONMENTAL PROJECTS,**  
23 **COSTS, AND HAZARDOUS WASTE MINIMIZATION**

24           Defendant shall, within **twenty-one (21)** business days after entry of this Final Judgment,  
25 pay civil penalties, fund the supplemental environmental projects provided for in this Final  
26 Judgment, and pay costs in the manner as set forth in Paragraphs 5.1, 5.2, 5.4, and 5.5 below.  
27 Within **twenty-one (21)** business days after entry of this Final Judgment, Defendant shall deliver  
28 all required payments to the District Attorney’s Office for the County of San Joaquin, Attention: