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**STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,  
  
Plaintiff,  
  
v.  
  
TVI, INC., d/b/a Value Village,  
  
Defendant.

NO.  
  
COMPLAINT FOR INJUNCTIVE AND  
OTHER RELIEF UNDER THE  
CONSUMER PROTECTION ACT,  
RCW 19.86, AND THE CHARITABLE  
SOLICITATIONS ACT, RCW 19.09

The Plaintiff, State of Washington, by and through its attorneys Robert W. Ferguson, Attorney General, and John Nelson, Assistant Attorney General, brings this action against the Defendant named below for violations of the Consumer Protection Act, RCW 19.86, and the Charitable Solicitations Act, RCW 19.09. The State alleges the following on information and belief:

**I. INTRODUCTION**

1.1. With over 330 stores in the United States, Canada, and Australia, including 20 in Washington, TVI, Inc. d/b/a as Value Village (Value Village) is the world’s largest for-profit thrift retailer. Headquartered in Bellevue, Washington, Value Village generates over \$1 billion in annual revenue by hiding its for-profit status behind a veneer of charitable goodwill. Value Village sources the products it sells in its stores almost exclusively through donations made by Washingtonians to its “charity partners.” By (1) contracting with local charities and using these charities’ logos, likenesses, and stories, and (2) leveraging a vast network of donation bins,

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

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

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

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

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

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

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

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

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

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

## 9 **II. PARTIES**

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

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

## 21 **III. JURISDICTION AND VENUE**

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

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

1           3.2     Defendant has engaged in the conduct set forth in this complaint in King County  
2 and elsewhere in the state of Washington by operating retail stores within the State and soliciting  
3 for donations from Washington consumers.

4           3.3     Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and  
5 Court Rule 82 because Value Village transacts business in King County, and provides  
6 consumers with an address in King County.

7                                   **IV.     NATURE OF TRADE OR COMMERCE**

8           4.1     Defendant, at all times relevant to this action, has been engaged in trade or  
9 commerce within the meaning of RCW 19.86.020, by acting as a commercial fundraiser under the  
10 meaning of RCW 19.09.020(5) and by operating retail stores selling used clothing and household  
11 goods.

12                                   **V.     FACTS**

13 **A.     THE VALUE VILLAGE BUSINESS MODEL**

14           5.1     The vast majority of TVI’s stores operate under the name of “Savers.” However,  
15 in Washington, Oregon, and Alaska, the stores operate as Value Village. Twenty (20) of these  
16 stores are in Washington. Until the recent closure of some stores, Value Village had 24  
17 locations in Washington.

18           5.2     Value Village generates revenue in three different ways — (1) by reselling  
19 clothing and household goods in its retail stores, (2) by selling items that are in poor, but  
20 resalable condition to businesses in developing nations, primarily in Africa and South America,  
21 and (3) by recycling goods that are not in resalable condition and selling them in the  
22 commodities market. However, Value Village derives most of its annual revenue (over \$1  
23 billion annually) from its retail stores.

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

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

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

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

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

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

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

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

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

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

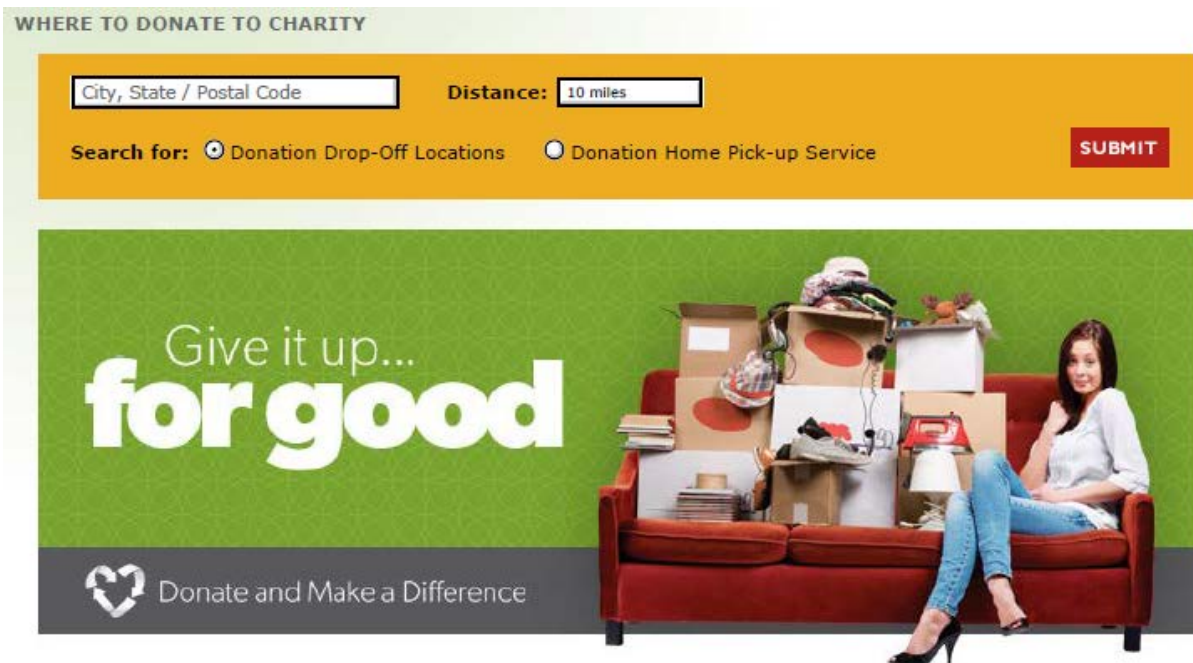


5.9 In the first example above, an in-store banner displayed in Value Village’s Bellingham, Washington, location, Value Village advertises, “**Every secondhand item in this store was purchased from [The ARC of Washington].**” However, this statement is false because Value Village only credited The ARC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



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

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



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

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

4 **WHAT TO DONATE TO CHARITY**

5 **We need your good quality:**

6 **Clothing**

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

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

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

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

11 **Media**

12 • Hardback and Paperback Books

13 • Magazines

14 • Records, Tapes, CDs

15 • Videos, DVDs

16 • Computer Software

17 **Housewares**

18 • Toys, Games, Puzzles, Stuffed Animals

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

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

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

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

23 **Furniture**

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

25 • All Types Of Chairs

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

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



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

23 5.12 In the advertisement below, taken from a Value Village store in Burien,  
24 Washington, Value Village combines its “**Good job Bob!**” **Proud of you Sue!**” and “**Way to**  
25 **go Mary-Jo!**” marketing campaign (discussed in more detail later in the Complaint) with the  
26 use of three charity logos—Northwest Center, Big Brothers Big Sisters of Puget Sound, and

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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



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



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



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



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



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

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





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



(credit: Elaine Thompson, The Associated Press)

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

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



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

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



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18 (credit: Rangeview Fabricating, Inc.)

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



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



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

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

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

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

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

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

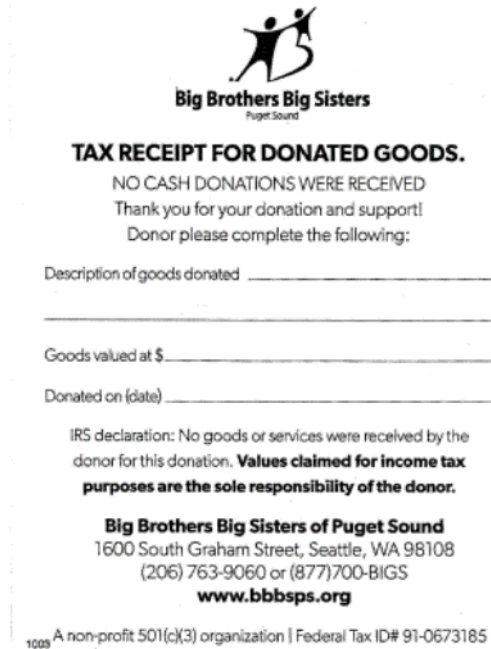
December 19 at 2:00pm · 🌐

Clean out your closet before the end of the year!

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

<http://bit.ly/Ygf3IM>

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

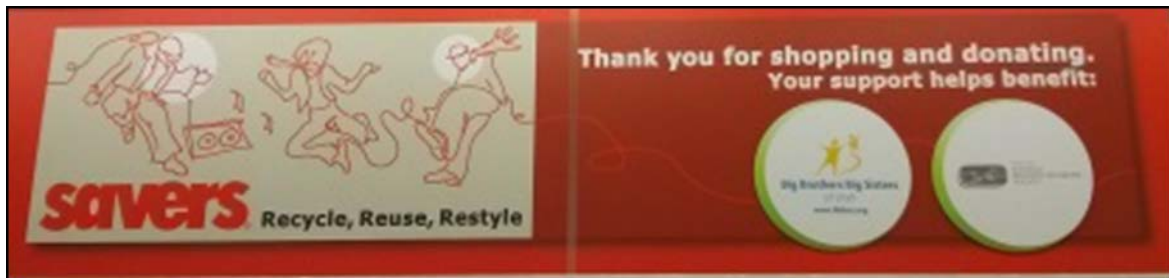


5.26 Even though Value Village did not pay its charity partners for donations of housewares, furniture, and other miscellaneous items, regardless of the type of donation, each of its retail stores issued tax receipts similar to the one above. In some cases, the receipts issued by Value Village on behalf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

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

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

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



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

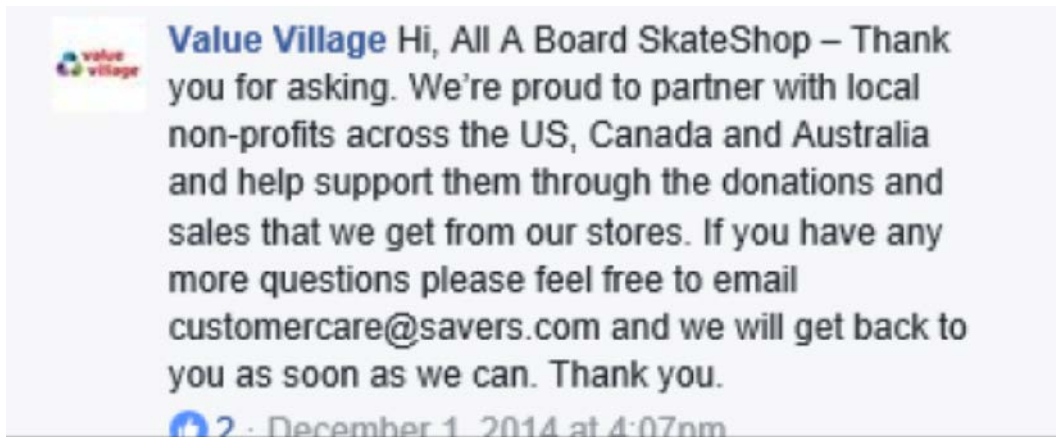


5.30 Informational brochures displayed in Value Village stores and provided to shoppers and donors stated that in-store purchases benefitted charities. The excerpt taken from a Big Brother Big Sisters of Puget Sound informational brochure displayed below is one of many examples. Among other things, this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





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



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

17 **B.     THE RYPIEN FOUNDATION**

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

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

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

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

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

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

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

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

1 **C. THE MOYER FOUNDATION**

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

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

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

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

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

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

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

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

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

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

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

3 5.46 The data obtained from the survey is compelling:

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

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

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

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

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

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



8  
9  
10  
11  
12  
13  
14  
15  
16 Please click image to enlarge.

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

26





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

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

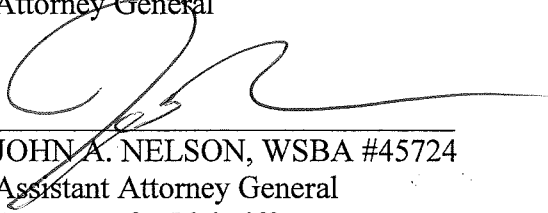
7 8.5 That the Court make such orders pursuant to RCW 19.86.080 as it deems  
8 appropriate to provide for restitution to consumers of money or property acquired by the  
9 Defendant as a result of the conduct complained of herein.

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

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

14 DATED this 20th day of December, 2017.

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

17   
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