

I. Introduction

1. PetSmart is one of the largest and well-recognized pet retailers in the United States. In addition to retail sales, PetSmart offers pet services including dog training, “doggie daycare,” and pet grooming.

2. Faced with high turnover, PetSmart often needs to hire associates to work in their pet salons. PetSmart offers four weeks of on-the-job training to its associates in the salon, called Grooming Academy.

3. PetSmart advertised their “free” training.



4. This training was not free.
5. After being enrolled in Grooming Academy, associates were required to sign a training repayment agreement provision (“TRAP contract”) before they began training.
6. The TRAP contract obligated the associate to pay \$5,500 or \$5,000 for the training. The amount owed was reduced by half after the first anniversary of the associate’s start date and then was reduced to \$0 after the second anniversary, essentially “trapping” the associate in the position for two years.
7. For most associates, thousands of dollars was too high a cost to pay to leave their position. This meant that many associates stayed in their positions for two years, even if it meant giving up higher paying opportunities or better work environments.
8. If an associate did choose to leave, PetSmart often pursued the debt through a third-party debt collection agency.
9. The third-party debt collection agency actively pursued the debt, including making phone calls and sending letters, a stressful experience for the former associates.
10. Pursuant to their contract with PetSmart, the third-party debt collection agency reported failure to pay past due amounts on the associates’ credit reports, potentially impacting former associates’ ability to obtain housing or a car loan.
11. PetSmart advertised for many years in a variety of settings that its Grooming Academy program was “free” when the program came with a real cost.
12. PetSmart harmed consumers in Colorado through unfair and deceptive trade practices in violation of the Colorado Consumer Protection Act (“CCPA”), C.R.S. § 6-1-101 et seq., and Colorado Restrictive Employment Agreements Act, C.R.S. § 8-2-113.
13. The Attorney General brings this action under the CCPA to enjoin Defendant PetSmart from engaging in these unfair and deceptive trade practices and for violation of C.R.S. § 8-2-113 and seeks judgment against Defendants in the form of civil penalties, attorney fees and costs, and other relief deemed necessary and appropriate by the Court.

II. Parties

14. Philip J. Weiser is the duly elected Attorney General of the State of Colorado and is authorized under C.R.S. § 6-1-103 to enforce the provisions of the Colorado Consumer Protection Act (“CCPA”). The Attorney General may seek injunctive relief, restitution, civil penalties, and other monetary relief for violations of the CCPA. C.R.S. §§ 6-1-110, 6-1-112(1).

15. PetSmart is a privately held corporation. It was publicly traded until 2015 when it was acquired by a private equity consortium led by BC Partners for \$8.7 billion. In 2023, Apollo Global Management took a minority stake in PetSmart. PetSmart has its principal place of business in Phoenix, Arizona. It is incorporated in Delaware. PetSmart has 35 stores in Colorado.

III. Jurisdiction and Venue

16. This Court has jurisdiction over PetSmart because it: (a) did business in the State of Colorado at times material to this action; (b) purposefully availed itself of the rights and privileges of the State of Colorado; (c) engaged in the practices and conduct described in this Complaint; and (d) directed, controlled, participated in, and/or supervised the conduct alleged.

17. Pursuant to C.R.S. §§ 6-1-110, 6-1-112, and Colo. Const. art. VI, § 9, this Court has jurisdiction to enter appropriate orders prior to and following an ultimate determination of liability.

18. The violations alleged occurred, in part, in Denver County, Colorado. Therefore, venue is proper in Denver County pursuant to C.R.S. § 6-1-103 and C.R.C.P. 98.

IV. Relevant Times

19. The conduct that gives rise to the State’s claims occurred between 2019 and August 2022.

20. This action is timely filed because it is brought within three years of the date on which the last in a series of PetSmart’s unfair, unconscionable, or deceptive acts or practices occurred or within three years after the Attorney General discovered or in the exercise of reasonable diligence should have discovered, the false, misleading, or deceptive practice. *See* C.R.S. § 6-1-115.

V. Factual Allegations

A. PetSmart needed stores staffed with trained stylists

21. PetSmart is a large retail pet chain store, with over 1,600 stores nationwide and over 50,000 associates. PetSmart has 35 stores in Colorado.

22. In addition to selling retail products for pets, PetSmart offers services including training, grooming, and boarding.

23. PetSmart hired associates to work in their Grooming Salons and encouraged and incentivized entry-level associates to participate in its Grooming Academy.

24. At least some PetSmart stores had difficulty with staff turnover. Managers sometimes asked current employees to enroll in Grooming Academy, sometimes repeatedly.

Grooming Academy and path to becoming a Stylist

25. The Grooming Academy is a four-week training program offered to PetSmart associates. Topics covered in the Grooming Academy were supposed to include: general technical skills, safety best practices and proper handling techniques, and breeds and trims of dogs.

26. According to PetSmart's Participant Guide, Week 1 consists of self-paced eLearning modules, videos, and workbook materials at the associate's home store.

27. Weeks 2-4 consist of hands-on practice at a Grooming Academy location, with guidance from a District Academy Trainer.

28. At the completion of Grooming Academy, associates did not receive any industry recognized certification. One former associate showed her certificate to a potential employer who laughed and confirmed the certificate was not valid elsewhere.

29. After completing the four-week Grooming Academy, associates were required to spend up to 12 weeks grooming 200 dogs.

30. After 200 dog grooms, associates became Stylists-in-Training. They would then spend another six months in which they would "[b]e expected to show continued improvement in safety, quality, productivity, add-on sales contribution,

and overall quality of your grooms.” As a Stylist-in-Training, associates earned 40% commission.

31. After 6 months as a Stylist-in-Training and after the Salon Leader and District Academy trainer signed off on an associate’s training period completion, then the Store Leader would submit a status change form for the associate to become a Stylist and to earn 50% commission.

32. PetSmart charges customers for the grooms by associates in Grooming Academy. PetSmart stores may offer a discount, often 25%, on a grooming service if it is performed by a Grooming Academy participant. The amount of the discount may vary by PetSmart store.

PetSmart offered cash incentives to ensure it had enough trained Stylists at its stores in Colorado

33. PetSmart needed to ensure it had sufficient bathers and trained Stylists at each of its stores. In some instances, it offered \$500 cash stipends to associates who completed Grooming Academy.

34. From September 2021 through in or about January 2022, and from February 2022 through in or about May 2022, PetSmart offered \$500 cash stipends to Pet Salon Leads who had an associate at their store complete Grooming Academy.

35. Between February 2022 and May 2022, PetSmart also offered stores without sufficient Stylists supplemental labor hours “to allow your salon to send more experienced Bather/Stylist Apprentices through Academy while continuing to build your salon pipeline. Hiring a new Bather with a focus on developing them into an Academy student, or to backfill the immediate send of another qualified Bather/Stylist Apprentice to academy will qualify your store for this supplemental labor.”

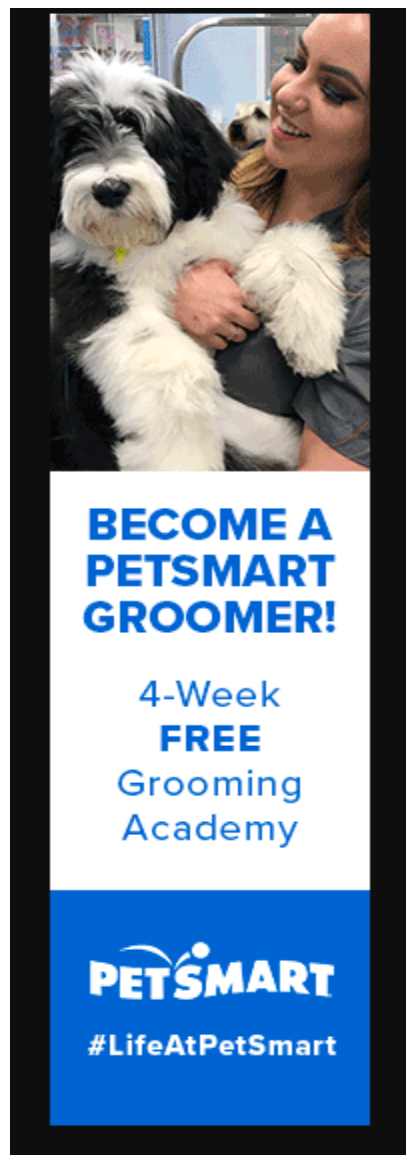
36. PetSmart also needed to keep stylists at their stores after they were trained. It used TRAP contracts to keep trained stylists for at least two years. PetSmart’s TRAP contracts interfered with worker mobility.

37. Some PetSmart stylists who had attended Grooming Academy and signed a TRAP contract wanted to leave PetSmart’s employment but stayed in their positions because of the TRAP contract. PetSmart managers sometimes cited the repayment obligation when they suspected an associate was considering leaving.

B. PetSmart advertised Grooming Academy as “Free”

38. PetSmart advertised its Grooming Academy through Google and Quantcast as well as on social media websites like Facebook. PetSmart also made representations about Grooming Academy on its corporate career website and on its corporate blog.

39. PetSmart ran advertisements for a “4 week FREE Grooming Academy” (emphasis in original) from August 1, 2019 to January 31, 2020 on Google.





40. PetSmart posted a YouTube video advertising that “You bring the passion. The training is on us. LEARN MORE ABOUT FREE PAID TRAINING IN OUR GROOMING ACADEMY” on June 4, 2019. The video is still available today and can be viewed at <https://www.youtube.com/watch?v=RHBos6Tm9Wg>.

41. PetSmart posted on its Life at PetSmart Facebook account “Did you know that PetSmart offers a FREE PAID grooming academy that is worth over \$6,000?” (emphasis in original) on May 18, 2019 and again on July 9, 2019. The post is still available today.

42. PetSmart posted an article on their Life at PetSmart blog on April 13, 2021 that claimed it offered “FREE paid grooming academy” and with a “free tool kit.”

Let's Celebrate some of our Grooming Academy Graduates!

Let's give a round of ap-PAWS for all of our PetSmart Grooming Academy graduates! 🐾👏



These talented stylists begin as bathers and work their way up to the stylist level after taking part in our FREE paid Grooming Academy. The academy is an exclusive 4-week, 160 hour-long program teaches stylists-to-be all the things they need to know to be successful in our grooming salons. This includes learning the basics of grooming from District Academy Trainers, getting hands-on experience grooming a variety of dogs, and a free tool kit (worth over \$600!) when you finish up!

After completing the program, our salon team loves to celebrate such a great accomplishment and all of the FURRY hard work put in to get there. Check out some of the fun below!



43. PetSmart advertised on the PetSmart Career website “We offer **free paid** training in our grooming academy which includes a paid apprenticeship with instruction valued at \$6,000” (emphasis in original) in March 2019.

44. PetSmart advertised on the PetSmart Career website “FREE Paid Training” in May 2021, June 2021, August 2021, September 2021, October 2021, December 2021, January 2022, May 2022, June 2022, July 2022, and August 2022.

45. These advertisements and postings are misleading. PetSmart knew at the time that it disseminated these ads and postings, that it required a TRAP contract that made associates agree to pay up to \$5,000, or stay employed for two years, to avoid paying for the training. PetSmart thus knew, or acted with reckless disregard for the truth or falsity of, its statements or advertisements offering “free” training.

46. PetSmart also ran a sponsored post on Facebook that “all grooming tools [are] supplied” from December 27, 2021 to October 31, 2022.” PetSmart called them “free tools” in this post.



47. These advertisements were misleading and PetSmart knew or acted with reckless disregard for the truth or falsity of a statement or advertisement because at the time PetSmart disseminated these ads, PetSmart knew that it included a \$500 cost for the toolkit in the TRAP contract, unless the associate declined the toolkit.

C. PetSmart did not provide free training or tools as advertised.

48. Despite advertising the training as “Free,” PetSmart required associates to sign a TRAP contract to participate in Grooming Academy. PetSmart enrolled 106 Colorado associates between 2018 and 2022.

49. Store Leaders enrolled their associates in Grooming Academy and, once the associate was enrolled, store leaders were directed to prepare the TRAP contract for either \$5500, or \$5000 if the associate declined the toolkit, for the associate’s signature.

50. The TRAP contract was a two-page agreement presented to the associate by the store leader after the store leader enrolled the employee in Grooming Academy.

51. From 2019 to 2021, PetSmart’s instructions told the Store Leader to “print required documents, review with associate and have them sign.”

52. From August 2021 until August 2022, the checklist provided to Store Leaders detailed how to use a template to create the TRAP contract. Leaders were directed to “have the associate sign the form.”

53. Some associates were presented with the TRAP contract during their shifts at PetSmart or during their break. One former associate was presented with the TRAP contract while drying a dog.

54. PetSmart used a standard form contract. Associates could not negotiate the terms of the TRAP contract.

55. The TRAP contract provided that “FOR VALUE RECEIVED through PetSmart Inc.’s Grooming Academy training” the associate promised to pay either \$5,500 or \$5,000 (if the associate declined the toolkit) “upon voluntary or involuntary termination of my employment before the second anniversary of the start date of my Grooming Academy Training, with such sum being reduced by one half” either \$2750 or \$2500 “upon voluntary or involuntary termination of my employment after the first anniversary of my Grooming Academy.”

56. The TRAP contract required that the associate agree to be obligated to pay up to \$5,500 (if they accepted the toolkit) to PetSmart to enroll in Grooming Academy.

57. The \$5,500 payment became due upon the voluntary or involuntary termination of employment before the second anniversary of the associate’s

Grooming Academy start date. If PetSmart terminated the associate, the associate would be obligated to repay \$5,500.

58. The amount the associate owed decreased to \$2,750 after the first anniversary of the associate's start date of Grooming Academy.

59. For associates who declined the toolkit, the cost was \$5,000, which decreased to \$2,500 after the first anniversary of the associate's start date of Grooming Academy.

60. Under the TRAP contract, if an associate worked for 11 months after the start date of Grooming Academy and then left PetSmart or were terminated, they would owe \$5,500 (or \$5,000 if they declined the toolkit).

61. Under the TRAP contract, if an associate worked for 23 months after the start date of Grooming Academy and then left PetSmart or were terminated, they would owe \$2,750 (or \$2,500 if they declined the toolkit).

62. The amount the associate owed was decreased to \$0 after the second anniversary of the associate's start date of Grooming Academy.

63. The TRAP contract authorized PetSmart to withhold money from wages and other payments to the associate to satisfy the TRAP debt.

64. The TRAP contract required that the associate pay any amount owed to PetSmart within 30 days of the voluntary or involuntary termination of employment.

65. The TRAP contract also provided that failure to pay the full amount within 30 days could result in PetSmart filing a civil action against the employee to collect the outstanding TRAP debt, including costs, collection charges, attorney's fees, and interest at the "highest rate permitted by law."

66. For low-wage PetSmart associates, a lump sum repayment of \$5,500 or \$2,750 was difficult, if not impossible.

67. After Grooming Academy, associates were paid an hourly wage until they groomed enough dogs to earn commissions, usually 200 dogs. Hourly wages were often \$12 to \$15 an hour. Associates struggled to live off this wage, even without a repayment obligation.

68. Instead, PetSmart associates were "trapped" in their positions, even if they wanted to leave their job.

D. PetSmart sent associates who left before two years to collections.

69. In 2019, PetSmart contracted with IC System, a third-party consumer debt collector, to collect on associates who left the Grooming Academy, voluntarily or involuntarily, prior to two years.

70. PetSmart's contract with IC System specifically authorized IC System to report associates' failure to pay past due amounts to consumer credit agencies.

71. PetSmart sent at least 21 Colorado former associates to IC System for collection for their TRAP debts.

72. These former associates received letters and phone calls from IC System, seeking to collect on the TRAP debt.

73. Of the 21 Colorado former associates PetSmart sent to collections, IC System reported the TRAP debt on the credit reports of at least 8 associates.

74. Reporting of defaulted debt on a former associate's credit report may lower their credit score or make it harder for them to obtain credit or housing.

75. IC System, consistent with federal and Colorado law, initiates collections by sending an initial letter, which provides information about the original creditor (here, PetSmart) and the debtor's right to dispute the debt. Of the 21 sent to collections, at least 12 disputed that they owed the debt. These former associates spent time and energy disputing the debt.

76. None of the Colorado associates PetSmart sent to collections were able to pay the debt.

E. PetSmart did not live up to its promises

77. While the TRAP contract was a standard form contract PetSmart used, associates had no way to know what their Academy experience would be before they signed the TRAP contract. They had no way of knowing the quality of the training they would receive.

78. Many associates who attended Grooming Academy found the training inadequate and left them ill-prepared, the tools they accepted as part of the TRAP contract to be poor quality, and work conditions when grooming to be so difficult or unsafe they wanted to leave the job.

79. Despite many issues, associates stayed at PetSmart longer than they wanted to because of the TRAP contract financial obligation.

80. The actual duration of Grooming Academy varied, between two to five weeks, and there were frequent changes made to handbooks, curriculum, and staffing. At times, the first week of videos lasted two weeks or was skipped entirely.

81. The workbook and videos during the first week of Grooming Academy were boring, repetitive, and offered basic information that many associates would already know as they were required to be bathers before enrolling in Grooming Academy. Salon leaders encouraged associates to skip sections of the videos and workbook and some cohorts did not complete this portion of Grooming Academy.

82. What were supposed to be Weeks 2-4 of Grooming Academy were sometimes overcrowded, without enough grooming tables. Instructors provided little one-on-one instruction, often demonstrating a task once and expecting students to learn it. Other Grooming Academies did not have enough dogs for students to practice with, leaving students to do nail trims, answer the phone, and complete other administrative tasks in their spare time.

83. Associates felt inadequately trained when there were not enough dogs or supervision during Grooming Academy, so they did not develop skills such as handling multiple dogs, understanding breed-specific grooms, and safety practices.

84. After Grooming Academy, associates were expected to handle up to eight dogs per day and associates struggled to handle this pace within their workday.

85. One associate wrote in a resignation letter:

I was under the impression that this training would teach me different techniques and the confidence to become an outstanding groomer. However, my experience in the last 2 months I feel that I have not received the guidance or feedback that I should, but instead I am left to my own resources. The first 2 weeks of hands on training were exciting but confusing. I was instructed on what to do, but not the theory behind it. After that period, I feel I do not have any guidance or support and the little bit that I have received came from the other trainee. When I ask to have my dogs checked over after each groom like I am required to do, the check is a 2 second glance from across the room and I receive no feedback, good or bad, on the cut or how to

become better groomer. When I do try to have discussions with my manager, she is extremely difficult to approach. I am very disappointed in the implementation of the training program that PetSmart has created because I feel I was misled. Sadly, this experience has caused me to lose my passion to stay in the grooming industry.

PetSmart sent this associate to collections with IC System. She informed IC System that she disputed the balance due. She told IC System she disputed the debt due to “false information given to her” by PetSmart and the “poor work environment.” The associate had to dispute the account with both the IC System and PetSmart to get PetSmart to recall the debt and order IC System to cease collections. This associate spent over three months disputing the debt.

86. When the collection agency began collection attempts, some former associates disputed the debts and told IC System that they did not sign the TRAP contract or had been told they would not owe debt.

87. Other former associates disputed the debt and told IC System the training was not what was promised or work conditions caused them to quit:

- a. One former associate disputed the debt when IC System attempted to collect. She told IC System that she “was never made aware she had to pay anything” and quit PetSmart “due to a lot of issues.” She later told IC System that she had experienced “unfit work conditions” and was told “she would get something in writing” if she still owed the debt.
- b. One former associate disputed the debt and told IC System she was fired for seeking accommodations and would not pay. She also told IC System she was consulting an attorney.
- c. One former associate disputed the debt and told IC System that PetSmart broke their end of the contract since they fired her manager and she got no managerial training or observation.

88. PetSmart sent another former associate to collections who had made consistent efforts to understand her financial obligation before terminating her employment. This former associate asked managers about the TRAP contract but they were unable to give her any answers or direction. She also contacted Human Resources but they also lacked information. She even joined a Facebook group for

former PetSmart employees to seek guidance, but found everyone had different experiences, leaving her with significant stress.

89. PetSmart sent this former associate's debt to collections, attempting to collect \$3,600. This associate first learned that PetSmart was seeking repayment under the TRAP contract from a letter sent by the collection agency. PetSmart never contacted her directly, despite this associate's many efforts to understand any financial obligation prior to terminating her employment.

90. Despite multiple efforts to get information from PetSmart, she was sent to collections and her credit score declined.

91. When former associates were sent to collections, they experienced significant stress and their credit scores dropped, which resulted in financial setbacks. Associates were unable to pay the debt when the collection agency attempted to collect.

F. PetSmart did not timely cease its TRAP Contract after Colorado law changed

92. The 2022 amendments to Colorado's law protecting worker mobility clarified a limited exception to allow employers to recoup certain training costs.

93. PetSmart enrolled at least one employee in its standard TRAP contract after the 2022 amendments, which took effect August 10, 2022. Under the standard PetSmart TRAP contract, the cost of the training did not decrease proportionately over the course of two years subsequent to the training based on the number of months that passed since the completion of the training. The 2022 amendments required the cost to decrease proportionately.

VI. Claims for Relief

94. PetSmart has engaged in numerous deceptive and unfair trade practices, each constituting a separate violation of the Colorado Consumer Protection Act, C.R.S. §§ 6-1-105(1)(e), (l) (rrr), and the Colorado Restrictive Employment Agreements Act C.R.S. § 8-2-113.

FIRST CLAIM FOR RELIEF

(False representation as to the characteristics, ingredients, uses, benefits, alterations, or quantities of goods, food, services, or property, or a false representation as to the sponsorship, approval, status, affiliation, or connections of a person therewith; C.R.S. § 6-1-105(1)(e)

95. The Attorney General incorporates by reference all allegations set forth above.

96. PetSmart knowingly or recklessly engaged in deceptive trade practices by misrepresenting the cost of the Grooming Academy and the related tools, in violation of C.R.S. § 6-5-105(1)(e).

97. PetSmart misrepresented in advertisements that its Grooming Academy was “free,” but in reality, workers were required to enter into a TRAP with a cost of up to \$5,000.

98. PetSmart misrepresented that it supplied grooming tools, but in reality the cost of the TRAP was increased by \$500 if workers used the tools provided by PetSmart.

99. When PetSmart made these misrepresentations, it did so in the course of its business, occupation, or vocation.

SECOND CLAIM FOR RELIEF

(Makes false or misleading statements of fact concerning the price of goods, services, or property or the reasons for, existence of, or amounts of price reductions;
C.R.S. § 6-1- 105(1)(l))

100. The Attorney General incorporates by reference all allegations set forth above.

101. PetSmart made misleading statements of fact concerning the price of its Grooming Academy Program when PetSmart described the program as “free” and “tools supplied,” when the training and the tool kit together cost as much as \$5,500 unless the associate stayed employed for PetSmart for two years.

102. When PetSmart made misleading statements of fact, it did so in the course of its business, occupation or vocation.

THIRD CLAIM FOR RELIEF

(Either knowingly or recklessly engages in any unconscionable act or practice;
C.R.S. § 6-1-105(1)(rrr))

103. The Attorney General incorporates by reference the preceding allegations contained in this Complaint.

104. Through the conduct set forth above, PetSmart, knowingly or recklessly engaged in unconscionable acts or practices by, among other things, misrepresenting the cost of the TRAP in advertisements, in violation of C.R.S. § 6-1-105(1)(rrr).

105. PetSmart's TRAP is procedurally unconscionable because:

- a. The TRAP contract resulted from unequal bargaining power between PetSmart and associates;
- b. It was a standard form contract and associates could not negotiate the terms;
- c. PetSmart advertised the training as "Free" and "tools supplied," then required associates to sign the TRAP contract after they had already been enrolled in Grooming Academy;
- d. PetSmart instructed store leads to present the TRAP contract to associates after the store lead had already enrolled the associate in Grooming Academy;
- e. In some instances, pet salon leads were incentivized to enroll associates in Grooming Academy;
- f. In some instances, the training was not what PetSmart promised.

106. The TRAP contract is substantively unconscionable because it required a low-wage associate to remain employed for two years or to repay up to \$5,500 in debt within 30 days of ending employment, or face collections where fees and collections costs could increase the amount owed.

107. When PetSmart knowingly or recklessly required associates to sign TRAP contracts, it did so in the course of its business or profession.

108. The unconscionable actions of PetSmart caused significant harm to consumers and violated C.R.S. § 6-1-105(1)(rrr).

109. PetSmart's actions constitute an unconscionable act or practice in violation of C.R.S. § 6-1-105(1)(rrr).

FOURTH CLAIM FOR RELIEF

(Either knowingly or recklessly engages in any unfair act or practice;
C.R.S. § 6-1-105(1)(rrr))

110. The Attorney General incorporates by reference the preceding allegations contained in this Complaint.

111. PetSmart knowingly or recklessly engaged in unfair acts or practices in violation of C.R.S. § 6-1-105(1)(rrr).

112. PetSmart's TRAP contracts were immoral, unethical, oppressive, or unscrupulous in that PetSmart consistently advertised that training and tools would be provided for "free" until associates had been enrolled in Grooming Academy by their store leader and then associates were required to sign the TRAP contract without any opportunity to negotiate those contracts and at times, with limited opportunity to review the contract.

113. The TRAP contracts, as well as PetSmart's aggressive collection activities against associates who terminated employment at PetSmart before two years of employment, as well as those who felt they had to stay employed, caused substantial injury to consumers.

114. Employees suffered substantial injury when PetSmart advertised a training as "Free," then required low-wage workers to agree to stay employed with PetSmart for two years, or incur significant debt that PetSmart routinely sent to collections. Associates sent to collections received phone calls, collection letters, and had debt placed on their credit reports.

115. Consumers were not reasonably able to avoid these injuries because PetSmart advertised the training as "Free" and "tools supplied," store leads enrolled associates in Grooming Academy before presenting them with the TRAP contract, associates could not negotiate the terms of the TRAP contract, agreeing to the TRAP contract was the only way to enroll in Grooming Academy to progress in their career at PetSmart, and at times, associates were given limited opportunity to review the contract.

116. The substantial injury is not outweighed by countervailing benefits, if any, to consumers or competition.

117. When PetSmart committed these unfair acts, it did so in the course of its business, occupation, or vocation.

118. PetSmart's actions constitute unfair and deceptive acts or practices in violation of C.R.S. § 6-1-105(1)(rrr).

FIFTH CLAIM FOR RELIEF

(violating Colorado's Restrictive Employment Agreements Act by entering a covenant not to compete in violation of C.R.S. § 8-2-113)

119. Colorado's Restrictive Employment Agreements Act, § 8-2-113(2), was amended in 2022 to prohibit certain covenants not to compete unless they meet the requirements of subsection (2)(b) or (3).

120. Subsection (3) provides that an employer may recover the expense of education and training a worker a) where the training is distinct from normal, on-the-job training, b) the employer's recovery is limited to the reasonable costs of the training, c) the reasonable costs of the training decreases over the course of two years subsequent to the training proportionately based on the number of months that have passed since the completion of the training, and d) the employer recovery for the costs would not violate the Fair Labor Standards Act.

121. PetSmart enrolled at least one employee in a TRAP that did not meet the requirements of C.R.S. § 8-2-113(3), at least because the cost of the training did not decrease over the course of two years subsequent to the training proportionately based on the number of months that have passed since the completion of the training.

VII. Relief Requested

WHEREFORE, the State requests judgment against PetSmart and the following relief:

- A. An order declaring PetSmart's above-described conduct to be in violation of the Colorado Consumer Protection Act (CCPA) at C.R.S. §§ 6-1-105(1)(e), (l), (rrr), and the Colorado Restrictive Employment Agreements Act, C.R.S. § 8-2-113;
- B. Entry of an Order permanently enjoining PetSmart, its officers, directors, successors, assignees, agents, employees, and anyone in active concert or participation with PetSmart with notice of such injunctive orders, from engaging in any deceptive trade practice as defined in and proscribed by the CCPA and as set forth in this Complaint;

- C. Other appropriate orders necessary to prevent PetSmart's continued or future deceptive trade practices in violation of the CCPA;
- D. An order permanently enjoining PetSmart from collecting or assigning the right to collect on money owed as per a TRAP contract or related promissory note entered into prior to the date on which a judgment from this Court is issued;
- E. An order requiring PetSmart to pay civil penalties in an amount not to exceed \$20,000 per violation pursuant to C.R.S. § 6-1-112(1)(a), or \$50,000 per violation pursuant to C.R.S. § 6-1-112(1)(c);
- F. An order requiring PetSmart to pay actual damages and a penalty of \$5,000 per worker or prospective worker for violations of C.R.S. § 8-2-113;
- G. An order requiring PetSmart to pay the attorney fees and costs of this action incurred by the State, as per C.R.S. §§ 6-1-113(4);
- H. Any further orders this Court deems just and proper to effectuate the purposes of the CCPA.

Respectfully submitted this 29th day of July, 2025.

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