STUDENT BORROWER PROTECTION CENTER

September 9, 2022

The Honorable Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20552

RE: Request for Information Regarding Employer-Driven Debt (Docket No. CFPB-2022-0038)

Dear Director Chopra,

We, the undersigned organizations, applaud the Bureau's commitment to safeguarding household financial security and protecting workers. To that end, as you and your staff consider steps to address practices and financial products that may leave working people indebted to their employers, we would like to highlight an area of concern that we believe is exacerbating workplace disparities by hindering worker mobility and labor market competition: Training Repayment Agreement Provisions (TRAPs).

Buried deep inside employment contracts, TRAPs require workers who receive on-the-job training—often of dubious quality or necessity—to pay back the purported cost of this training to their employer if they try to leave their job. Similar to more traditional forms of student debt, TRAPs shift the cost of education and job training away from employers and onto individual workers. This cost often involves massive interest, collection fees, and little disclosure of its existence at the time the supposed training in question is delivered. In turn, TRAPs create a debt that is likely to hang over a worker's head for years if they do move on from their job.

The Student Borrower Protection Center's recent investigation into TRAPs documented the widespread and accelerating use of these contract provisions by big businesses, which often control a large market share in their respective industries, thereby affecting millions of workers every day—from trucking companies, to hospital operators, to retailers, to roofing contractors, to financial services firms, and more. The SBPC estimates that major employers rely upon TRAPs in segments of the U.S. labor market that collectively employ more than one-in-three private-sector workers.

Our investigation of the prevalence and nature of workforce training debt makes clear that workers are being transformed into debtors, and that these debtors are being held hostage in substandard jobs because they do not earn enough to cover the cost of quitting. The danger of a TRAP is made obvious by the exorbitant costs that these agreements threaten to impose if triggered—as these agreements force significant financial burdens on workers and foster

monopsony in labor markets by reducing worker mobility and bargaining power. The cost of the generally nonsubstantive "training" that employers offer is usually determined by the employer itself on an arbitrary basis. The mere presence of a TRAP in an employment contract can be a catastrophe for workers—even if the TRAP is not enforced, its presence has the power to accomplish the intended consequence of pressuring workers into staying. If left unchecked, TRAPs have the potential to leave workers buried in debt for taking a better opportunity, or for having to quit a job to navigate personal hardship such as a family health crisis or a childcare shortage.

One recent example of this practice comes from the groundbreaking class action lawsuit filed against PetSmart,[1] alleging that the company is engaged in a scheme to trap trainee pet groomers in their low-wage jobs by levying thousands of dollars in abusive and unenforceable debts against them. For groomers who quit within two years of training, PetSmart may use debt collectors to pursue them for training debts that can total more than $5,000.

Attached to this comment is a recently published report that outlines the various ways in which the Consumer Financial Protection Bureau (CFPB) can utilize existing authorities—without the need for new rulemaking—to begin to address this pressing matter. In particular, we encourage you to take the following steps to ensure workers and working families are protected from these predatory loans.

- **The CFPB should vigorously enforce the prohibition against unfair, deceptive, or abusive acts and practices (UDAAPs),[2] and other essential consumer protection laws such as the Truth in Lending Act (TILA)[3] and the Equal Credit Opportunity Act (ECOA),[4] to protect against industry abuses where these provisions currently exist.[5]** The Bureau should scrutinize these arrangements and identify the circumstances under which the inclusion of TRAP contract terms constitutes the offering of a consumer financial product or the provision of a consumer financial service.[6] Where the Bureau determines that employers that offer TRAPs are extending consumer credit to their employees or providing consumer financial services, it should vigorously enforce crucial

[1] *See, e.g., PetSmart Traps Low-Wage Pet Groomers in Abusive Training Debts; Groundbreaking Lawsuit Seeks to Block Retail Giant's Predatory Lending Scheme*, STUDENT BORROWER PROT. CTR. (July 28, 2022), https://protectborrowers.org/petsmart-traps-low-wage-pet-groomers-in-abusive-training-debts-groundbreaking-lawsuit-seeks-to-block-retail-giants-predatory-lending-scheme/.

[2] 12 U.S.C. § 5536(a)(1)(B).

[3] 15 U.S.C. § 1601 et seq.; 12 C.F.R. § 1026.

[4] 15 U.S.C. § 1691 et seq.

[5] Letter from Mike Pierce, Executive Director, Student Borrower Protection Center, and Alexis Goldstein, Financial Policy Director, Open Markets Institute, to Rohit Chopra, Director, Consumer Financial Protection Bureau (Dec. 1, 2021), https://protectborrowers.org/wp-content/uploads/2021/12/2021.12.1-OMI_SBPC_CFPB_TRA.pdf.

[6] 12 U.S.C. § 5481(6). For further discussion on applying consumer law to employer-employee relationships, see Terri Gerstein, Lorelei Salas, and David Seligman, When Corporations Deceive and Cheat Workers, Consumer Laws Should Be Used to Protect Workers, Working Econs. Blog (May 5, 2021), https://www.epi.org/blog/when-corporations-deceive-and-cheat-workers-consumer-laws-should-be-used-to-protect-workers/.

consumer protections.[7] For instance, the Bureau should ensure employers are not engaging in UDAAPs, such as inducing or coercing their employees into entering into loan agreements by making them a mandatory condition of employment or otherwise. Furthermore, the Bureau should consider whether employers are selling postsecondary education or training to workers, thereby acting as private educational lenders issuing private educational loans[8] subject to the Truth in Lending Act and implementing regulations. Additionally, investigation into whether employers are violating ECOA is also warranted. ECOA is meant to protect borrowers from discriminatory lending terms based on race, color, religion, national origin, sex, marital status, age, or because the borrower receives public assistance. TRAPs tend to be issued to workers in low-wage and low-middle wage industries with high employee turnover such as nursing and trucking. Nursing jobs, for instance, are predominantly held by women. And many trucking jobs are held by immigrants, and Latino and Black employees. The Bureau should investigate whether employers are engaged in the selective enforcement of or reporting on such debts based on protected characteristics in violation of federal fair lending law.

- **The CFPB should routinely supervise debt collectors that collect on debts arising from TRAPs.** The CFPB engages in routine supervision of larger participants in the debt collection market[9] for compliance with a range of consumer financial protection laws, including the Federal Debt Collection Practices Act (FDCPA).[10] The FDCPA protects debtors from unfair and predatory debt collection practices. As third-party debt collectors pursue workers for debts under TRAPs, the Bureau should ensure they are not engaged in unlawful debt collection practices. This may involve determining whether debt collectors are making false representations about the collectability of otherwise unenforceable debts. Furthermore, the Bureau should investigate and pursue any Fair Credit Reporting Act (FCRA)[11] violations by debt collectors furnishing information to credit bureaus about debts that may be invalid or unenforceable.

- **The CFPB should exercise its market monitoring authority to identify consumer harm before it happens.**[12] Section 1022(c)4 of the Dodd-Frank Act empowers the Bureau to "gather information from time to time regarding the organization, business conduct, markets, and activities of covered persons and service providers."[13] In addition to its public inquiry into employer-driven debt, we urge the Bureau to monitor the marketplace for TRAPs by routinely collecting data from debt collectors, debt buyers, large employers, and other market participants. Through a targeted data collection effort, the Bureau can determine which businesses are involved across commerce, what activities they are engaged in, and how consumers are being affected.

---

[7] Harris, Jonathan, *Consumer Law as Work Law* (July 26, 2022). Available at SSRN: https://ssrn.com/abstract=4172535.
[8] 15 U.S.C. § 1638(e); 12 C.F.R. §§ 1026.46-1026.48.
[9] 12 U.S.C. § 5514.
[10] 15 U.S.C. § 1692 et seq.
[11] 15 U.S.C. § 1681 et seq.
[12] 12 U.S.C. § 5511(c)(3).
[13] 12 U.S.C. § 5512(c)(4)(B)(ii).

There is both an opportunity and a dire need for the CFPB, alongside other regulators, to intervene in this area of employer-driven debt. We applaud the Bureau for taking the first step of addressing this issue by opening this inquiry into the new, harmful ways that employers are wielding debt as a tool for workplace coercion. We urge the CFPB to deploy all of the various robust tools in their arsenal to investigate this matter and aggressively enforce consumer protections where worker-consumers are being harmed.

Sincerely,

Accountable.US
Americans for Financial Reform Education Fund
Chicago Foundation for Women
Consumer Action
Consumer Federation of America
Consumer Reports
Debt Collective
Housing and Economic Rights Advocates
National Consumer Law Center (on behalf of its low-income clients)
National Nurses United
National Organization for Women
North Carolina Justice Center
Open Markets Institute
ParentsTogether
Pennsylvania Drivers Union
Public Citizen
Student Borrower Protection Center
Student Debt Crisis Center
The Institute for College Access & Success (TICAS)
Towards Justice
United for Respect
Women Employed

STUDENT BORROWER
PROTECTION CENTER

TRAPPED AT WORK

How Big Business Uses Student Debt to Restrict Worker Mobility

July 2022

Table of Contents

Acknowledgements

The Student Borrower Protection Center would like to acknowledge and thank our colleagues who contributed to this report by graciously sharing their time to review and provide input: Jubilee Legal, National Nurses United, Open Markets Institute, Service Employees International Union, and Towards Justice.

Executive Summary

Firms ranging from hospitals to roofing contractors are harnessing risky and lightly regulated credit products to stifle competition and trap working people in low-paying, substandard employment conditions. These firms' weapon of choice is "shadow" student debt, or non-traditional forms of credit used to finance higher education and job training. By trapping workers in shadow student debt, employers belie the promise of on-the-job training and ensure that workers will face massive financial consequences if they exercise their right to find work elsewhere.

This report outlines the results of an investigation by the Student Borrower Protection Center (SBPC) into the role of Training Repayment Agreement Provisions (TRAPs) as a form of shadow student debt.[1] The investigation reveals that TRAPs have become more prominent in use by major employers, which often control a large market share of their respective industry, affecting millions of workers every day. Although employers argue that these provisions are a way to recoup the cost of teaching useful skills to employees who may depart sooner than anticipated, TRAPs are instead often used to trap people in poor working environments and low-paying jobs. In other words, TRAPs function in the real world as a penalty for leaving a job. And, even if the TRAP is not enforced, its presence has the power to accomplish the intended consequence of pressuring workers into staying.

This scheme may sound familiar—TRAPs are often structured with the stifling of labor market competition in mind, in an attempt to evade existing state and federal worker protections including state-level bans on non-compete clauses. Much like other nefarious contractual clauses that are intentionally hidden from plain sight and specifically designed to restrict workers' freedom and rights (such as arbitration agreements, which aim to limit a party's ability to access the courts for legal redress), TRAPs are merely a manifestation of employers' tendency to abuse a legal regime highly deferential to contract enforcement to bolster their control over many workers. Quite simply, TRAPs are part of a much larger problem.

Against that backdrop, the SBPC's investigation uncovered the following:

- **The SBPC estimates that major employers rely upon TRAPs in segments of the U.S. labor market that collectively employ more than one in three private-sector workers.**

- **An industry trade association publication has been explicit in encouraging the use of TRAPs as a solution to bans on non-compete agreements, because TRAPs can accomplish the same goal with different terms.**

- **Employers nationwide are using TRAPs to lock workers into low-paying positions and substandard working conditions, and to stifle employer competition for their services.[2]**

- **It is time for regulators and policymakers at all levels to take bold action against the use of TRAPs.**

There is both an opportunity and a dire need for the Consumer Financial Protection Bureau, Federal Trade Commission, Department of Labor, and state policymakers to intervene in this consumer-worker mess. Indeed, by providing training services through a debt product like a TRAP, employers are wading into the jurisdiction of agencies not traditionally seen as protecting workers, including consumer protection regulators.[3] Based on the immense harm caused by TRAPs, and limited value they offer to many workers, the SBPC believes it is wholly warranted to prohibit these agreements completely, rather than limiting their scope and duration. Where these agreements are currently in place, the SBPC believes that consumer and worker protections must be vigorously enforced.

The results of this investigation underscore that an ever-expanding set of companies see fortunes to be made through student debt, and that the shadow student debt market is where these companies' dreams of riches continue to produce uniquely disastrous realities. As TRAPs increasingly become a more prominent contractual scheme that corporations use to restrict worker mobility, it's time for watchdogs and policymakers at every level to take action, protect workers, and hold industry accountable for utilizing debt as a tool to hold back labor.

Introduction

Dialogue surrounding America's student debt crisis usually focuses on the $1.6 trillion balance of federal student loans, and sometimes on the additional $140 billion balance of outstanding private student loans.[4] These headlines typically conjure up the image of a simple and straightforward student loan product—one with a formal billing statement and promissory note explaining its fees and terms. But as the Student Borrower Protection Center has documented before, there is also a "shadow" student debt market that extends beyond brand-name private student loan companies and what is typically considered an institution of higher education.[5] This shadow student debt market consists of various expensive, misleadingly marketed, and lightly underwritten credit products ranging from certain private student loans to personal loans, open-ended revolving credit, income share agreements, unpaid balances owed directly to schools, and more. These types of credit and debt often operate with minimal regulatory scrutiny, but they are nevertheless pervasive, predatory, and opaque.

In the workplace, employers nationwide are leveraging shadow student debt to trap workers in unfair employment contracts and substandard working conditions. In particular, a growing number of industries and employers are using bait-and-switch tactics to force workers to take on debt through Training Repayment Agreement Provisions (TRAPs). Buried deep inside employment contracts, these agreements require workers who receive on-the-job training—often of dubious quality or necessity[6]—to pay back the purported cost of this training to their employer if they try to leave their job. Similar to more traditional forms of student debt, TRAPs shift the cost of education and job training away from employers and onto individual workers. This cost often involves massive interest, collection fees, and little disclosure of its existence at the time the supposed training in question is delivered, thereby creating a debt that is likely to hang over workers' heads for years if they do move on to another job. These are just a few harrowing stories of a new and troubling trend emerging in workplaces across the country:

- Stacy E., a nurse at Parkland Memorial Hospital in Dallas, Texas, described herself as overworked and depressed.[7] After her supervisor denied her request to transfer to a different unit, she decided her best option was to take a new job at a hospital in Houston. Three years later she received a knock at her door: she was handed court papers informing her that Parkland Memorial Hospital was suing her for $5,000, plus attorney fees that brought her total debt to $6,300.

- Ray J., a pilot with Airtech, Inc., was fired after he postponed a flight to Puerto Rico after checking the weather and determining it was unsafe to make the trip, shortly following Hurricane Irma and as Hurricane Jose was forming. The following week, the company sent him a termination letter and demanded he pay them the cost of his training due to his employment with the company being severed within two years of being hired. When he was unable to do so, the company sued him for $20,000.[8]

- Kacey K., a hairstylist from Ohio, shared her story of the fear and dread of working under a TRAP that she was required to sign as a condition of employment.[9] Recruited as a "trainee" while she was still in beauty school, her employment offered no training whatsoever but required her to repay $20,000 for the cost of the "education" she received at work if she left within the first year.[10] The Bureau of Labor Statistics estimated in 2020 that the median salary of a hairstylist was $27,630.[11]

TRAPs impose significant financial burdens on workers and foster monopsony in labor markets by reducing worker mobility and bargaining power.[12] Consumer watchdogs and policymakers at all levels must act to protect borrowers before TRAPs and other predatory contract terms like them become even more widespread.

This report outlines the results of an investigation by the SBPC into employers' use of TRAPs as a form of shadow student debt. The findings of this investigation show that employers have relied on and enforced TRAPs in recent years, putting an ever-growing swath of working people at risk. It's time to call TRAPs what they are for many low-wage and vulnerable workers—21st century indentured servitude made possible through shadow student debt.

Background: TRAP Debt Puts Workers at Risk

Over the last 60 years, the number of jobs requiring an occupational certificate or license has grown from about one-in-twenty to almost one-in-four, with more than 43 million workers actively holding a credential along these lines in 2018.[13] These jobs range from electricians and roofers to pet groomers and childcare workers.[14] The rise of credentialization—particularly when driven by employers requiring higher levels of educational attainment for a given job—has created barriers to employment through training and fees, allowing employers to be more selective among potential job applicants.[15] Research shows that this power shift has also greatly benefitted employers in another way: "employers can transfer the cost of training for a given job onto workers. Individuals who would once have acquired a significant portion of the skills needed for today's jobs on their employer's dime now must shoulder that burden themselves—a reality represented by the expansion of the distribution of debt burdens over time."[16] And it appears that some employers have gone further, developing for-profit training centers and academies for potential and current employees,[17] acquiring educational subsidiaries,[18] or developing formal partnerships with schools or third-party companies to offer "debt-free" education opportunities.[19]

Opportunities for workers to improve their marketable skills through on-the-job training programs, such as upskilling courses and apprenticeship programs, are a key pathway toward career advancement and job stability. But it is increasingly clear that employers are abusing purported opportunities for learning and employee training requirements to make leaving a given job financially impossible due to the presence of TRAPs attached to these training opportunities.

TRAPs are the key mechanism that employers use to turn on-the-job education into a predatory debt trap. Simply put, TRAPs are terms tucked into workers' employment contracts stipulating that an employer can demand repayment for the alleged cost of training delivered during the course of employment when a worker exits their job before a date set by the employer that can range from months to years, voluntarily or involuntarily.[20] The training in question can range from preparation for a recognized credential to extremely basic and firm-specific orientations that offer no actual or transferable value to the worker. If workers bound by a TRAP attempt to leave their job, the cost that they will be on the hook for can quite literally be invented by the

employer, with sky-high interest rates, attorney fees, collection fees, and the ability of employers to withhold final paychecks and retirement balances added in.[21]

While TRAPs are not new, their newfound prevalence in lower- and moderate-wage industries raises alarm. Recent scholarship indicates that when TRAPs began to appear in significant numbers in the 1990s, they were primarily limited to higher-skilled, higher-wage workers.[22] This is no longer the case. Now, many of the industries in which TRAPs are used are those in which employees are underpaid and jobs are disproportionately held by women, immigrants, and Latina/o and Black employees.

These provisions are often quietly snuck into workers' employment contracts or presented as a stand-alone contract in a mountain of hiring paperwork. Worse, they are frequently used as a mandatory precondition to employment and presented as a non-negotiable, take-it-or-leave-it contract.[23] While enforcement is not necessary for TRAPs to lock workers in place—a threatening letter or mere reminder of the TRAP can be sufficient—these contracts often aren't an idle threat meant to scare workers into staying with a company. In numerous instances, employers and their third-party collectors have sued former employees on these debts in court for breach of contract and otherwise.[24] The costs of these agreements can be substantial. For instance, TRAPs have required a metal polisher to pay $20,000 to leave a metal furnishing company before three years,[25] truck drivers to pay $8,000 for an early departure,[26] and an information technology trainee on a $23,000 salary to pay $30,000 for leaving a job before two years.[27] Moreover, it is often difficult to draw a direct connection between the costs that workers face under TRAPs and the cost of the training to the employer,[28] particularly given that the training is frequently rudimentary and firm-specific, if it is of any likely value at all.[29]

The result of employers' use of these contract terms is that their employees are held back by staggering debt. In one prominent case, workers who left their employer before a set period of time were required to "immediately pay to [the] Employer as liquidated damages (and not as a penalty) an amount equal to forty percent (40%) of Employee's then annual compensation" for a period equal to "the greater of (a) twenty-five percent (25%), or (b) the percentage of the current contract year remaining after such termination."[30] Reflecting on this contract term, one employee said:[31]

> These jobs—they're very hard to come by. And if I quit, I owe the company 40 percent of my salary, plus a percentage of the [redacted] years remaining on my contract, plus any bonuses that they've paid to me and any reimbursements that they've paid to me. And they're going to take me to court for it. And in the time that I'm in court, I'm not employable.

Workers are being transformed into debtors and are trapped in their jobs because they do not earn enough to cover the cost of quitting.

In the situations above and countless others, workers who were required to undertake on-the-job training or offered occupational learning opportunities find only after trying to leave their job that their employer would require them to pay thousands of dollars to do so. In fact, in instances where workers have sued to challenge these unfair terms, employers have countersued citing breach of contract.[32] Such action serves only to cement the chilling effect that TRAPs impose on workers who might otherwise assert their rights.

Workers are being transformed into debtors and are trapped in their jobs because they do not earn enough to cover the cost of quitting. If left unchecked, TRAPs have the potential to leave workers buried in debt for taking a better opportunity, or for having to quit a job to navigate personal hardship such as a family health crisis or a childcare shortage.

Trapped at Work

Employers' use of restrictive contractual agreements is not a new development.[33] But the use of TRAPs closely follows an alarming pattern of employers attempting to expand their control over employees beyond the workplace, and of their apparently turning to TRAPs when other tools to exert this desired control have been blunted.[34]

Over the last two decades, employment contracts have grown to often include restrictive agreements that greatly favor employers, and that can unfairly trap workers in jobs they do not want but are unable to leave.[35] Two examples of this, which have gained the most attention from regulators and policymakers, are "no-poach" and non-compete agreements.

“No-poach” or “no hire” agreements are bi-lateral agreements between companies to not solicit or hire each other's employees.[36] Employees often have no knowledge that these agreements exist or that companies may be privately sharing lists of employees with each other, but the effect can be devastating. These agreements limit workers’ mobility, which in turn holds down their salaries and earning potential by limiting the number of employment opportunities they have. These agreements also have very real and concrete non-wage consequences, such as keeping workers trapped in dead end and exploitative jobs and making workers more vulnerable to workplace abuse. The most notable case in recent history came in 2009, when the U.S. Department of Justice sued Silicon Valley tech giants, such as Apple Inc., Google Inc., Intel Corp. and Adobe Systems Inc, for their use of “no-poach” agreements.[37] This case was significant because it marked a significant shift from antitrust regulators’ history of neglecting collusive and other unfair practices among employers. Eventually, the companies settled for $415 million following a class action lawsuit brought by their employees[38] and entered into an agreement with the Justice Department to cease their use of these agreements.[39]

Following the settlement, in October 2016, the Justice Department announced that moving forward it would pursue criminal charges against companies utilizing these agreements.[40] True to its word, the Justice Department brought charges against employers ranging from outpatient medical care centers to railroad companies for illegal “no-poach” agreements and other wage fixing schemes.[41] In its Spring 2018 Antitrust Guidance, the Justice Department issued its clearest rebuke of “no-poach” agreements yet: "Market participants are on notice: the Division intends to zealously enforce the antitrust laws in labor markets and aggressively

pursue information on additional violations to identify and end anticompetitive no-poach agreements that harm employees and the economy."[42]

At the same time that regulators began looking more closely at the use of “no-poach” or “no-hire” agreements, employers began to impose and enforce non-compete agreements in employment contracts at increasing rates. Non-compete agreements, which today are primarily regulated by state common law that has historically permitted their use, explicitly bar working people from moving to a new employer or starting a business in the same industry for a pre-set period of time and within a certain geographic area after leaving their current job. The Wall Street Journal found that between 2002 and 2013, the number of workers sued by a former employer for violating their non-compete agreement rose by 61 percent.[43]

Today, it is estimated that between 36 and 60 million American workers, or approximately one in five, are bound by non-competes by their current employer.[44] More than 60 million workers have been bound by a non-compete at some point in their career.[45] Non-compete agreements deter workers from leaving their employer, which reduces any credible threat of exit and further reduces workers bargaining power.[46] Once employers have restricted the mobility of their employees, they are able to effectively suppress wages and salaries.[47]

Importantly, these millions of workers are not just the high-tech employees described above, but rather people working in low-income fields and low-wage work. Non-compete agreements have appeared in employment contracts across a wide range of industries, ranging from high-salary executives to workers earning less than $40,000 a year.[48] One illustrative example of the ubiquitous use of non-compete agreements is the sandwich chain Jimmy John’s.[49] The company's employment contracts included a broad non-compete that restricted former employees from future employment at any company that "derives more than ten percent of its revenue from selling submarine, hero-type, deli-style, pita, and/or wrapped or rolled sandwiches and which is located within three (3) miles of" any Jimmy John's store location.[50] With more than 2,000 locations nation-wide, these clauses prohibited former Jimmy John's employees from working at a wide range of restaurants across much of the country.[51]

The expanded restriction on worker mobility, from no-poach agreements to non-compete agreements, had a dramatic effect: where no-poach agreements prevent a worker from moving to a particular company, non-compete agreements prevent a worker from seeking employment in an entire industry. Now, the Biden Administration and states such as California, North Dakota, the District of Columbia, and Oklahoma are moving to make non-competes entirely or largely unenforceable, while other states have limited the ability to enforce them among low-wage workforces.[52] But as these governments begin to police the use of non-compete

agreements, employers are once again shifting their approach to restrict workers' rights to leave their job for a better one, via TRAPs.

At least one industry trade association has drawn attention to TRAPs as a solution to bans on non-compete agreements, because TRAPs can accomplish the same goal with different terms:

> Notably, in California, noncompete agreements are unenforceable. In other states, such as Georgia, . . . courts may refuse to enforce a noncompete agreement against a field employee.
>
> But roofing contractors in these states are not without hope. Another potential solution is a reimbursement agreement. If properly drafted, you can require a field employee who is achieving . . . [an industry certification] . . . to repay or reimburse your company the expenses incurred if the employee leaves the company within a certain time after achieving [that certification]. . . . [53]

The use of TRAPs in low-wage industries is both a consumer protection crisis for individual workers and a flagrantly unfair method of competition by employers to undermine worker bargaining power by keeping them trapped in their jobs.[54] Where non-compete agreements prevent a worker from seeking employment in an entire industry or geography, TRAPs require a departing worker to bear these costs when leaving for any reason, anywhere, not just because they are joining a rival company.[55]

Although employers argue that these provisions are a useful way to recoup the cost of teaching useful skills to employees who may depart sooner than anticipated, TRAPs present an alarming prospect of an economy in which employers leverage debt over workers to bind them to firms.[56] Often, the purported cost dramatically exceeds the actual value of the training, and in many cases the training is for the benefit of the employer rather than the employee. Put plainly, employers are using the threat of debt to retain workers and prevent them from seeking better employment opportunities. And when workers have challenged these terms, courts have commonly sided with employers, further entrenching this power imbalance:

> Courts enforcing repayment obligations assume (explicitly or implicitly) that the agreements imposing those obligations are the products of bargained-for exchange between employees and employers. Such decisions err in failing to recognize the economic reality of the contemporary labor market, in which "monopsony is omnipresent." Particularly in this context, the premise that employees freely and knowingly agree to repayment provisions becomes tenuous. And, as with noncompetes, there is good reason for concern that employers are imposing these provisions, not to protect legitimate business interests, but rather "to solidify their bargaining power vis-à-vis their workers."[57]

Worse, observers have echoed that TRAPs may be even more effective at limiting or blocking competition among employers than more traditional non-compete clauses. As LMU Loyola Law School Professor Jonathan F. Harris explained:

> . . . many [Training Repayment Agreements] can be worse for low-wage workers than noncompetes; that is because preventing workers from working for a competitor may be less onerous to workers than requiring them to pay the employer a substantial sum to quit. TRAs can be especially burdensome for workers in industries accustomed to high turnover, where the average employee would not be expected to stay for the duration of the two-to-three-year TRA repayment period.[58]

The mere presence of a TRAP in an employment contract can be a catastrophe for workers—a danger made obvious by the exorbitant costs that these agreements threaten to impose on them. The generally thin substance of the "training" offered are arbitrarily determined by the employer and the punitive nature of their invocation can serve as a warning to other workers who may otherwise seek to organize or bargain for better conditions. Even if an employer chooses not to enforce a TRAP, the looming threat of what could happen if it was affects the decision-making of any employee who may want to depart.

As employers increasingly make employer-driven debt a precondition of employment, the chilling effect it has on individual workers' ability to leave their jobs will continue to cement and exacerbate the industry-wide power imbalances between labor and management across entire industries.[59] The system has long been rigged against employees at the workplace, but the presence of TRAPs and shadow student debt as a new, potent tool for employers to use to hold back workers is an especially troubling development.

The Use of TRAPs Has Expanded to New Industries in Recent Years

While TRAPs began to appear in the 1990s, they were primarily limited to higher-skilled, higher-wage workers, such as securities brokers and high technology employees, who received specialized training that required frequent employee education.[60] Today, this is no longer the case. As Professor Harris noted:

> [Training Repayment Agreements] have since become commonplace for civil servants like police officers, firefighters, and federal employees. Employers also frequently use TRAs for truckers, nurses, mechanics, electricians, salespeople, paramedics, flight attendants, bank workers, repairmen, and social workers. While such jobs used to be middle class and highly unionized, many workers in these sectors now struggle financially, and unionization levels have dropped.[61]

To illustrate this finding, below is a summary of the increased usage of TRAPs in three pivotal industries: healthcare, transportation, and retail. These sectors, in addition to financial services where TRAPs have been prevalent for more than two decades, collectively employ tens of millions of Americans. The SBPC estimates that major employers rely upon TRAPs in segments of the U.S. labor market that collectively employ more than a third of all private-sector workers.

Healthcare

The healthcare industry is increasingly reliant on TRAPs to ensnare nurses and other health care workers amid the COVID-19 pandemic, during which time nearly one in five health care workers quit or otherwise left their job.[62] Many of these departures were due to unsafe working conditions, with the profession suffering more than 3,600 preventable deaths in the first year of the pandemic; this is almost certainly an undercount.[63] Hospitals have continued to grapple with widespread staffing shortages, particularly as worker burnout and staff turnover have grown worse. As of July 22, 2022, hospitals in nearly 40 states reported critical staffing shortages, while hospitals in all 50 states said they expected to suffer critical staffing shortages within a week.[64]

These TRAPs are used with entry-level hospital workers, most frequently recent graduates from nursing school or immigrant nurses, as a precondition of employment. Nurses entering the profession often lack the bargaining

power necessary to negotiate for higher wages or better benefits, and healthcare providers and hospitals exploit this even further by locking these workers into employment contracts that span years and prevent nurses from leaving for better opportunities if they cannot afford the cost of quitting. The impact of these agreements is made worse in hospital markets that feature a high level of ownership concentration, where many, or even all, potential employers in the market require such terms. The result is healthcare providers and hospitals maintaining undue financial power over their workers, particularly for those with monopsony power.

Numerous stark reports from healthcare workers suggest less desirable hospitals, with unsafe working or patient care conditions, tend to more regularly rely on TRAPs than their higher-paying counterparts because they're unwilling to compete on wages and benefits. For example, National Nurses United outlined in a comment to the Federal Trade Commission how HCA Healthcare (the largest for-profit healthcare employer in the world) utilizes TRAPs to reduce nurses' bargaining power:

> Newly hired new graduate RNs seeking employment at HCA Healthcare's Mission Hospital in Asheville, NC and a number of other HCA Healthcare hospitals are required to sign a [Training Repayment Agreement] with HCA Healthcare subsidiary HealthTrust, a health care industry supply chain management company . . . . Under the contract, HealthTrust requires newly graduated nurses—who are fully licensed and working as RNs in HCA Healthcare hospitals — to complete the company-run StarRN program to receive so-called nursing coursework. Under the contract, these newly graduated nurses are required to take out a $10,000 promissory note for program costs and must for years accept suppressed wages that are frequently lower than other RNs working in the same job but outside the StarRN program. Additionally, as temporary employees these nurses do not receive benefits. After completing the program, nurses are required to work full-time for HCA Healthcare for two years or else they must repay the promissory note. RNs working at Mission Hospital who are in the StarRN program make a set rate of $24 an hour, potentially depressing wage growth, while the hourly median wage for RNs in the state is $32.13.[65]

One of HCA Healthcare's acknowledged business strategies is to achieve market dominance where it operates, which the company has achieved in multiple regional markets: HCA Healthcare is the largest operator in twenty health referral regions across the United States, and controls more than half the market in seven of those regions.[66] The HealthTrust program is not unique to the Asheville facility and is likely to be found at several HCA Healthcare hospitals, allowing the company to further achieve market dominance by restricting the mobility of healthcare workers in these areas.[67]

In addition to HCA Healthcare, the use of TRAPs has been documented at some of the largest employers in the healthcare industry—Tenet Healthcare (the third largest for-profit hospital chain in the US) and MedStar Health (the largest health system in the DC metro area); payback amounts at these and other hospitals have ranged between $5,000 and $50,000.[68] The looming threat of this debt is real: in July 2020, while much of the country was banging pots and pans on their doorsteps to cheer on healthcare workers,[69] it was reported that Parkland Hospital in Dallas was suing nearly two dozen nurses who left the hospital before completing their two-year agreement; one nurse who was being sued by the hospital for $19,248 wrote in her exit survey: "'As a single working mom, I found it increasingly difficult to work long hours & weekends away from my daughter. My absence was negatively impacting her well being so I made a hard choice to leave a job & facility I love. I loved working @ Parkland & the skill & their staff is the absolute best!'"[70]

In July 2020, while much of the country was banging pots and pans on their doorsteps to cheer on healthcare workers, it was reported that Parkland Hospital in Dallas was suing nearly two dozen nurses who left the hospital before completing their two-year agreement.

Health care providers and hospitals routinely defend these contract provisions by noting they provide unique and critical education for new nurses. And yet, this training often consists of monthly webinar presentations that provide no material benefit to nurses' employment, such as stress management strategies or routine orientation. National Nurses United described these trainings as nothing more than a guise to handcuff nurses to their employers:

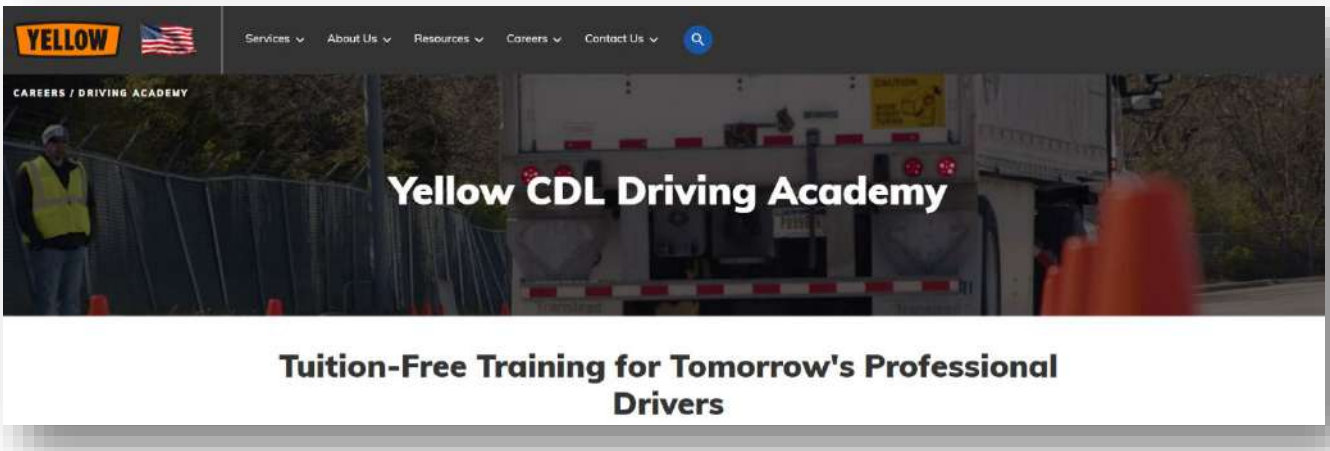
> These contracts are disingenuously dressed up as a form of enhanced education with a set cost or "tuition" for "education" that is in fact the mere basic on-the-job training necessary to perform the nurse's job while the true intent of the contracts is to indenture nurses to the employers.[71]

Rather than compete to retain highly skilled, qualified nurses and health care workers through increased salaries, benefits, and meaningful training opportunities, many hospitals and health care companies are instead relying on nurses being too afraid of the massive debt penalty to quit.

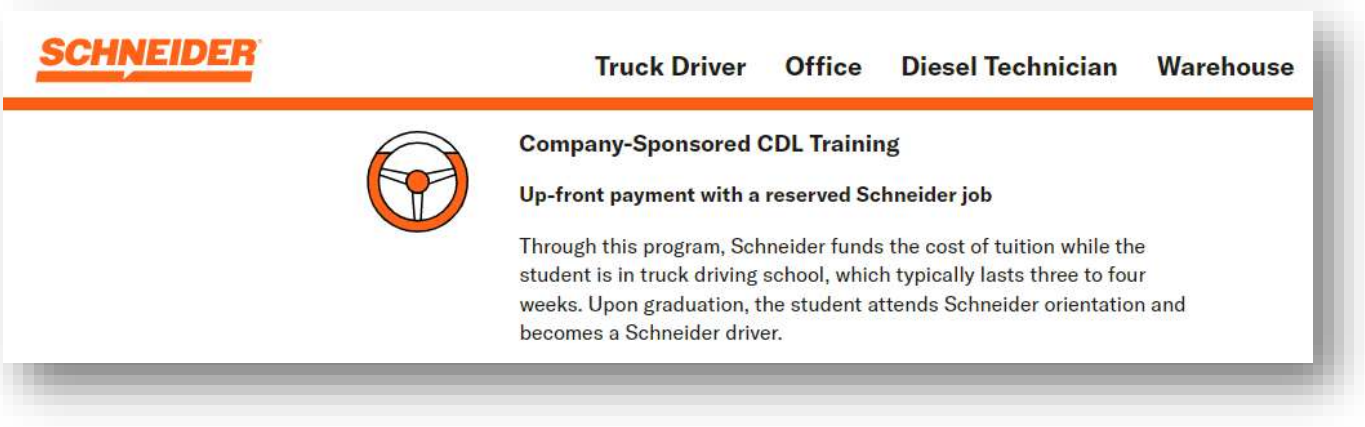
Transportation

To retain employees, trucking companies and their on-site training programs have turned to TRAPs. The trucking industry has notoriously harsh working conditions and low wages, resulting in substantial worker retention

problems.[72] Scholars explain that decades of deregulation stemming back to the 1980s have caused a deterioration in working conditions for truckers, leading to high turnover rates among those working in this field.[73] According to a New York Times guest essay, truck drivers experienced an annualized turnover rate of 91 percent in 2019.[74] The use of TRAPs has been shown to diminish worker exit from employment among firms that utilize these contract terms. For example, in 2017, Mitchell Hoffman and Stephen V. Burks conducted a single-firm study that found that a trucking company's use of two types of TRAPs, with twelve-month and eighteen-month post-training employment requirements, led to a 15 percent reduction in employees quitting and "significantly increase[d] firm profits from training."[75]



The use of TRAPs has been recently documented among many of the largest trucking companies, including Swift Transportation School (an on-site training program for Knight-Swift Transportation Holdings Inc.),[76] Schneider Trucking School (a training program for Schneider National),[77] Prime Trucking School (a training program for Prime, Inc.),[78] and Contract Freighters.[79] Many of these companies lure potential truck drivers into their training programs with the promise of a "free" or "paid" training, and a high paying job after completing the program. Instead, drivers often learn that these fast-track training programs either bind them to companies for a period that can last anywhere between 10 months and two years, or cost them thousands of dollars with sky-high interest rates.



CRST The Transportation Solution, Inc. ("CRST"), a privately-owned transportation company, provides a prominent example of this practice.[80] CRST heavily advertised its trucking school in 2014, promising a steady trucking career and a large signing bonus with ads stating, "No experience? No problem! Get paid to train."[81] But these marketing materials masked a dark reality of sham training and an alarming work environment. One former CRST international trainee, Jim Simpson, described the training as having "brutal" working conditions.[82] Further, Mr. Simpson stated in an interview that "[c]alling the program a 'training' might have even been a stretch."[83] As he put it, "[t]hey didn't really prep you for the [commercial driver's license] test. There was no real training in backing up. One guy got hypothermia. . . . I felt like after eight months with them I'd go running away screaming. They should call it Crash and Roll Stunt Team."[84] After only one month, Simpson's instructor quit, and he decided to move on to another job.[85] Immediately after leaving, he began receiving calls from debt collection agencies trying to collect more than $6,000 on behalf of CRST.[86]

Another former trainee, David Boyd, shared his experience of CRST's training with *Time Magazine* earlier this year.[87] Boyd's descriptions of co-driver training reiterated the gravity of the co-driving business model—and how friction between co-drivers during the training could easily boil over to create severely dangerous working conditions. Boyd recalled being accused by a former co-driver of purposely hitting bumps while he tried to sleep, resulting in the driver wanting to physically fight him.[88] Another constantly smoked, which Boyd struggled with as a non-smoker.[89] But there was one co-driver he connected with during his training at CRST, Aristedes Garcia.[90] Boyd had completed CRST's training program and successfully received his commercial driver's license without ever having driven on an interstate—except for his test—and without knowing how to back up the truck.[91] He credited Garcia for teaching him how to do both.[92] Tragically, the very same driver, Aristedes Garcia, later became a devastating example of the true level of danger CRST drivers are being subjected to while on the job. In March of 2022, Garcia was found murdered by another CRST co-driver while on the road.[93]

Boyd contemplated quitting CRST while still a trainee, particularly when a co-driver threatened him, but doing so would have resulted in him owing CRST $5,000 due to his TRAP with the company.[94] After completing his 10-month training period and being released from the TRAP, Boyd found a job with another company and left.[95]

At the same time, it appears CRST is also using TRAPs as a means of preventing women from speaking out when sexual harassment and assault occurs during the CRST training program. (***Note**: The remainder of this paragraph contains a brief account of a sexual assault and its aftermath*.) One woman who was a student trainee at CRST reported being raped by her trainer at the beginning of her 10-month training program.[96] When she reported the incident to the company, she was told "without corroborating evidence like a video, the company could not do anything."[97] Her complaint went ignored. After being effectively terminated by CRST following the event, she received a bill for $9,000 due to her TRAP.[98] When she later sued the company for multiple causes, the company settled for $5 million.[99]

The court case revealed a much wider problem. In a deposition for the case, Brooke Willey, vice president of human resources, stated that in 2018 and 2019, there were 150 to 200 sexual harassment claims involving CRST drivers.[100]

For many of these drivers, speaking out about sexual harassment and assault can cost them their job because the harassment and assault came from their co-driver who was tasked with training and reviewing them. When former CRST drivers attempted to bring a class action lawsuit against the company in 2015 alleging systemic gender discrimination, including retaliation for complaining about harassment in the workplace, the lead attorney stated: "One of the most common complaints is from women trainees, who make up the overwhelming majority of the class, who were made to understand that their passage—that is being able to move on to be drivers and receive actual pay—was dependent on providing sexual favors."[101] The prospect of losing employment can be enough to prevent victims of harassment and assault from speaking out. The looming threat of financial instability created by the company enforcing a TRAP made speaking out even more dangerous.

These stories are far from the only examples of former CRST trainees staying at the company against their will due to CRST's enforcement of TRAPs. Between January 2016 and July 2020, CRST faced three class action lawsuits.[102] The company was found to have violated Iowa's state usury laws by charging eighteen percent interest rates on the TRAPs it imposed on the drivers, and to have violated state and federal wage laws. Ultimately, it was discovered that while CRST charged drivers $6,500 for the training, CRST had paid the truck driving schools only $1,400 to $2,500 per driver.[103] Court documents from these cases also found that even with TRAPs in place, only 20 percent of the 25,796 drivers who started training with CRST between November 2013 to

March 2017 finished their team driving training.[104] In spite of all this, the Biden Administration and the U.S. Department of Labor announced a partnership with CRST as part of their expanded Registered Apprenticeship program to ensure "high-quality training for new drivers and [to] help[] employers develop and retain a skilled and safe workforce."[105]

While the trucking industry experiences incredibly high rates of turnover, most long-haul drivers are not leaving the industry, but rather are leaving their company. To attract and retain drivers, fleets and trucking companies can either increase pay or engage in a race to the bottom by using predatory conduct to undermine worker bargaining power and keep them trapped in their jobs. As is made clear by the case of CRST, many have chosen to use TRAPs to prevent their workforce from seeking better opportunities and safer working conditions elsewhere in the industry.

In addition to trucking, TRAPs have appeared in other areas of the transportation industry. Cargo and regional airlines have turned to TRAPs to stem high employee turnover rates in recent years. [106] Airline companies, such as Boutique Air, [107] Executive Fliteways,[108] Great Lakes Airlines,[109] Mesa Airlines,[110] and Skylink Jets[111] have also utilized TRAPs, and they have aggressively enforced these employment and consumer contract terms in the courts.

Retail, Hospitality, and Other Services

The retail and service sectors have historically experienced high employee turnover, but the COVID-19 pandemic both highlighted and exacerbated this trend. Dubbed "the Great Resignation," more than 40 million workers—many of them in retail—left their jobs for higher pay, less rigid managers, and better career advancement opportunities in 2021.[112] In an effort to limit the amount of turnover, many retail employers have lured employees with the promise of benefits—such as "free college" or "free" job training. But these are anything but free. Instead, employees are subject to unaffordable debts if they leave their jobs through TRAPs or other claw back provisions tucked into employment contracts.

One prominent company that has used restrictive employment terms for decades is PetSmart.[113] PetSmart is one of the largest retailers of pet-related products and services in North America, with more than 1,300 stores in the United States.[114] The private equity company BC Partners purchased PetSmart in 2015.[115]

Prospective PetSmart groomers who do not have prior grooming experience are required to go through PetSmart's groomer training program, called the "Grooming Academy."[116] Despite its academic-sounding name, the Grooming Academy does not provide PetSmart groomers with a recognized degree or license.[117]

PetSmart advertises the Grooming Academy as "FREE Paid Training," and it states the training is "[v]alued at $6,000."[118] But PetSmart's groomer training is not at all free. To the contrary, PetSmart charges groomers $5,000 for the training if the groomer fails to stay with PetSmart for two years after beginning their training at the Grooming Academy, or $2,500 if the groomer leaves after working one year at the company.[119, i]

PetSmart's use of TRAPs allows them to collect on these debts regardless of the reason for the workers' departure.[120] This is particularly troubling because in April and May 2020, PetSmart temporarily furloughed and then permanently laid off employees across multiple stores.[121]

PetSmart's TRAP allows the company to demand that the debt be paid within 30 days of the worker departing, and they authorize the company to withhold money from wages and unpaid time off, in order to cover the cost of the TRAP.[122] For these reasons and others, the use of TRAPS by PetSmart likely violates a host of employment laws, including minimum wage laws. If workers fail to pay the full amount within the allotted 30 days, PetSmart has the ability to file civil action against the former employee to collect on the debt, including costs, collection charges, attorney's fees, and interest at the "highest rate permitted by law."[123]

For prospective groomers, there is no alternative to the TRAP if they wish to pursue the Grooming Academy. Even if the worker could cover the $5,000 cost outright or shop for another consumer loan with friendlier terms, such as one that would not tether them to their employer, PetSmart requires these potential employees to take on debt directly from the company. This dynamic gives PetSmart undue power and leverage over their workforce.

[i] PetSmart also charges groomers an additional $500 for a set of the grooming tools that groomers need in order to perform their jobs if they don't already own them, which is reduced to $250 if the groomer leaves after one year at the company.

Compounding the existing employer-employee dynamic, these agreements create an additional creditor-debtor relationship.

Many PetSmart groomers make barely above their local minimum wage.[124] For these workers, $5,500 could be more than two months of pay.[125] As a result, leaving their jobs in search of higher wages could lead to difficulty paying rent or putting food on the table. Plus, beyond simply being expensive, the debt balance that borrowers under a TRAP face if they quit could substantially harm their credit. This damage could lead borrowers to struggle in the future to rent a home, or even find employment with a new company that requires a credit check as a precondition to hiring.[126]

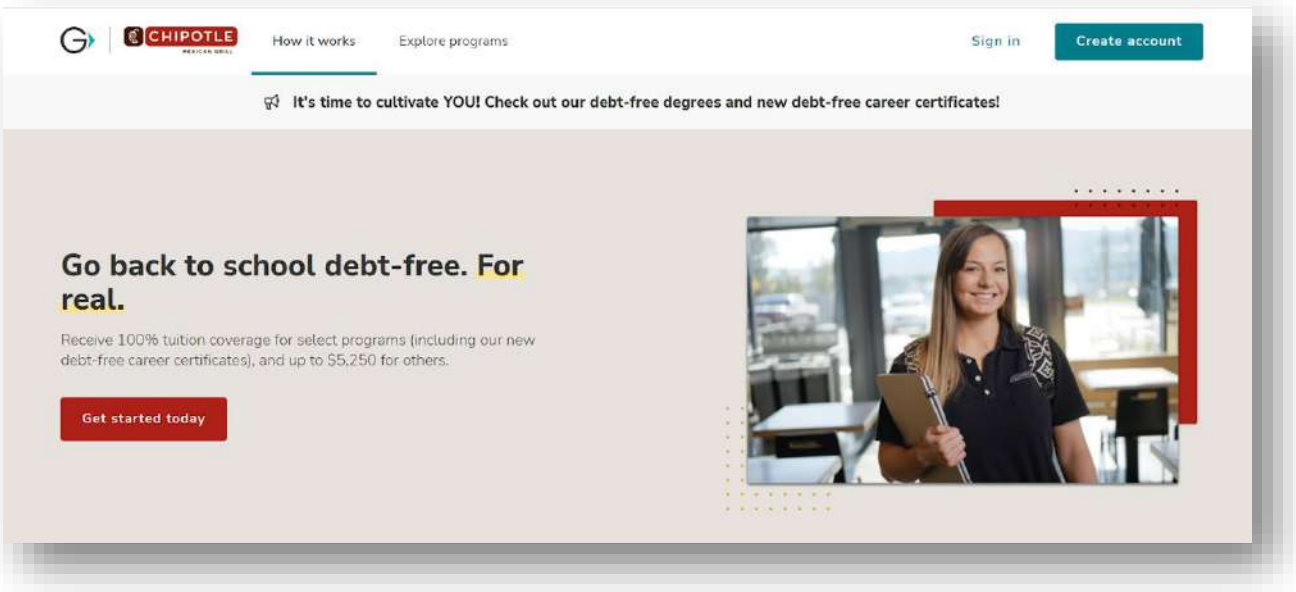
Groomers unable to cover the cost of quitting are likely to remain trapped in a job with poor working conditions. This outcome has been particularly notable over the now-two-year course of the COVID pandemic, during which time workers may have been prevented from supporting a family member facing a health crisis, pursuing their own personal ambitions, or addressing any other opportunity or crisis that could arise. Throughout the COVID-19 pandemic, PetSmart workers encountered "[u]nder staffing, supply shortages, broken or improperly repaired equipment, and other operational troubles [that] made day to day work at PetSmart unnecessarily difficult for frontline employees."[127] Since being purchased by BC Partners in 2015, PetSmart has additionally faced more than $85,000 in fines by the Occupational Safety and Health Administration and state regulators for the unsafe working conditions.[128] Following a highly publicized wave of pet deaths at PetSmart, current and former employees began speaking out about unsafe working conditions and the inadequate training groomers receive.[129] The news organization NJ Advance Media reported:

> Some former employees allege PetSmart's groomer training — which the company touts as the industry's very best — can fall short of what's advertised. They say they have seen unprepared trainees rushed into stores because of short-staffing, putting dogs at greater risk of injury . . . . [A]nd many [PetSmart employees] felt either ignored or retaliated against when they spoke up about safety concerns or wrongdoing by colleagues.[130]

One employee described how the company's grooming training had changed since being taken over by BC Partners: "[w]hen he first started working at PetSmart prior to BC Partners' involvement, he underwent a meticulous training program that has since been 'dumbed down'."[131] And because PetSmart knows that its groomers are stuck in a TRAP of PetSmart's own design, PetSmart can resist normal market pressures to increase wages or treat their groomers better.[132]

Despite the reported decline in training quality, PetSmart can decide whether to enforce the TRAP under circumstances of its own choosing.[133] Employees do not know what criteria affect the decision of whether to enforce a particular TRAP or not, which appears to be made at the corporate level, as store-level managers allegedly provide inconsistent and often incorrect information about the likelihood of enforcement.[134] Because a PetSmart employee does not know whether or not PetSmart will enforce the TRAP until after they have left the company, the chilling effect of the TRAP on employee mobility is universal even when enforcement is inconsistent.[135]

Another form of a TRAP is conditional tuition-assistance programs, which a growing number of low-wage employers have begun to offer. One example of this is the fast-food company Chipotle, which promotes to prospective and current employees the opportunity to "[g]o back to school for free," with the company paying 100 percent of tuition up front through its "Cultivate Education Benefit."[136] Through this benefit, Chipotle staff can earn "debt free" degrees and professional certificates at approved degrees, high school diplomas and college prep courses, or receive up to $5,250 a year for other college programs.[137]



The company stresses in its promotional materials that this is "[f]or real" and that on-the-job training will count towards college credits. What is not clearly disclosed is that the Cultivate Education Benefit contains a repayment provision. From Chipotle's 2020 Cultivate Education Overview:

> If you terminate employment with Chipotle for any reason within six calendar months from the date of the reimbursement, the reimbursement will be forfeited and must be repaid to Chipotle. Repayment of

> the entire reimbursement amount must be paid to Chipotle within thirty days of your termination date. Chipotle may deduct any amount due from any paycheck(s) including but not limited to your final paycheck.[138]

This means that Chipotle's debt-free tuition program can produce insurmountable debt if an employee leaves (regardless of reason, which can range from pursuing a better job opportunity to a family health crisis) or is fired within 6 months of using the employee benefit, with Chipotle able to withhold wages. It can also lead to a situation where front-line fast-food workers are required to continue working in fast-food after completing their education, even if they have received higher paying job offers related to the education they received, in order to avoid suddenly triggering a bill for thousands of dollars. Even if this TRAP is not enforced, its presence has the power to accomplish the intended consequence of pressuring workers into staying.

Wells Fargo & Company (Wells Fargo) is another company that offers a similar conditional tuition assistance program that can trap workers in debt.[139] In particular, under Wells Fargo's employment agreements, people who leave before a 12-month period have to repay any tuition assistance they have received, regardless of if they leave voluntarily or involuntarily.[140]

This TRAP is particularly dangerous because Wells Fargo has a history of bad behavior followed by consequences that are mostly levied internally on low-level workers. In recent years, the company has faced numerous scandals, including for having improperly repossessing the cars of members of the military,[141] charged people with car loans for unneeded insurance without their knowledge,[142] and levied unnecessary mortgage fees on customers.[143] Perhaps most notable among these recent scandals involved Wells Fargo opening millions of fake deposit accounts for consumers and more than half a million fake credit cards in customers' names, all without their permission or knowledge.[144]

Yet in the immediate aftermath of the fake account scandal, it was not high-level executives who faced repercussions—it was frontline bank workers.[145] Soon after news of the scandal came to light, Wells Fargo fired more than 5,000 employees, some of whom had engaged in whistleblowing to try to alert regulators to the company's practices.[146] As this report has highlighted with other industries, the threat of enforcing TRAPs allows companies to retaliate against workers who speak out about abusive or predatory company practices. One former Wells Fargo employee shared his experience about the company attempting to collect on his TRAP after being one of the employees fired when the fake account scandal came to light:

> I had previously worked at Wells Fargo during the fake account scandal, and was one of the employees fired as a result.

> Wells Fargo had tuition reimbursement but it was conditional on being with the company for at least a year after they reimbursed you. Because I was fired after they had reimbursed me but had not worked there for a full year after, they were sending me demand letters trying to get me to pay it back. Ultimately, they admitted it was unenforceable, but they were attempting to scare me into paying them back, even though I was a pawn in their massive fraud scheme.[147]

For a frontline Wells Fargo worker at this time, the median wage for tellers was $13.52 per hour and for customer service representatives it was $15.81 per hour.[148] Unlike former CEO John Stumpf, who could easily afford the claw backs he faced for this scandal,[ii] for a worker earning below $35,000, the sudden demand for thousands of dollars while simultaneously losing one's job could spell financial disaster.[149] Fortunately for the former employee cited above, the debt was determined to be unenforceable. However, many workers could have received a demand letter of this kind from their former employer and felt they had no choice but to repay.

As retail, hospitality, and other service sector workers continue to seek other employment opportunities, it is possible that more national retailers will use TRAPs and other employment terms that will limit workers' mobility and reduce worker bargaining power.

[ii] Wells Fargo fired its then-CEO John Stumpf and clawed back $69 million of his salary. Despite this claw back, and additional forfeitures and fines, John Stumpf was left exceedingly well-off, leaving the company with an estimated stock worth more than $80 million and accumulating a pension worth $22.7 million by the time he departed. *See Former Wells Fargo CEO's Financial Future is Secure Despite Millions in Penalties*, Bloomberg (Jan. 24, 2020), https://www.latimes.com/business/story/2020-01-24/wells-fargo-john-stumpf-millions.

Recommendations

The CFPB recently launched a first-of-its-kind federal inquiry into employers' growing use of debt as a predatory tool to trap people in abusive jobs and poor working conditions. This initiative is likely to reveal a depth of useful information that policymakers and law enforcement can use to protect the public from harmful TRAPs.

However, there are several additional actions that federal and state regulators, and lawmakers, must take to address the risky emergence of TRAPs as a form of shadow student debt:

- **The Federal Trade Commission has broad authority to interpret "unfair methods of competition" and should use this authority to prohibit employers use of TRAPs.**[150] The FTC has a unique opportunity to shield workers from flagrantly unfair methods of competition by employers to hold back labor market competition, and to address unfair and deceptive labor market practices that are targeting working people. As the FTC considers possible rulemaking banning the abuse of non-compete clauses, it's important that a potential rule cover *functional* non-competes, like TRAPs, for all workers—not just a subset of the workforce, and regardless of whether those workers are classified as "employees" or "independent contractors."

- **The CFPB should vigorously enforce the prohibition against unfair, deceptive, or abusive acts and practices (UDAAPs),**[151] **and other essential consumer protection laws such as the Truth in Lending Act (TILA)**[152] **and the Equal Credit Opportunity Act (ECOA),**[153] **to protect against industry abuses where these provisions currently exist.**[154] The Bureau should scrutinize these arrangements and identify the circumstances under which the inclusion of TRAP contract terms constitutes the offering of a consumer financial product or the provision of a consumer financial service.[155] Where the Bureau determines that employers that offer TRAPs are extending consumer credit to their employees or providing consumer financial services, it should vigorously enforce crucial consumer protections.[156] For instance, the Bureau should ensure employers are not engaging in UDAAPs, such as inducing or coercing their employees into entering into loan agreements by making them a mandatory condition of employment or otherwise. Furthermore, the Bureau should consider whether employers are selling postsecondary education or training to workers, thereby acting as private educational lenders issuing private educational loans[157] subject to TILA and implementing regulations. Additionally, investigation into

whether employers are violating ECOA is also warranted. ECOA is meant to protect consumers from discriminatory lending terms based on race, color, religion, national origin, sex, marital status, age, or because the borrower receives public assistance. TRAPs tend to be issued to workers in low-wage and low-middle wage industries with high employee turnover such as nursing and trucking. Nursing jobs, for instance, are predominantly held by women. And many trucking jobs are held by immigrants, and Latina/o and Black employees. The Bureau should investigate whether employers are engaged in the selective enforcement of or reporting on such debts based on protected characteristics in violation of federal fair lending law.

- **The CFPB should routinely supervise debt collectors that collect on debts arising from TRAPs.** The CFPB engages in routine supervision of larger participants in the debt collection market[158] for compliance with a range of consumer financial protection laws, including the Federal Debt Collection Practices Act (FDCPA).[159] The FDCPA protects debtors from unfair and predatory debt collection practices. As third-party debt collectors pursue workers for debts under TRAPs, the Bureau should ensure they are not engaged in unlawful debt collection practices. This may involve determining whether debt collectors are making false representations about the collectability of otherwise unenforceable debts. Furthermore, the Bureau should investigate and pursue any Fair Credit Reporting Act (FCRA)[160] violations by debt collectors furnishing information to credit bureaus about debts that may be invalid or unenforceable.

- **The CFPB should exercise its market monitoring authority to identify consumer harm before it happens.**[161] Section 1022(c)4 of the Dodd-Frank Act empowers the Bureau to "gather information from time to time regarding the organization, business conduct, markets, and activities of covered persons and service providers."[162] In addition to its public inquiry into employer-driven debt, the SBPC urges the Bureau to monitor the marketplace for TRAPs by routinely collecting data from debt collectors, debt buyers, large employers, and other market participants. Through a targeted data collection effort, the Bureau can determine which businesses are involved across commerce, what activities they are engaged in, and how consumers are being affected.

- **The Department of Labor should categorize TRAPs as unlawful kickbacks to employers under the Fair Labor Standards Act (FLSA).**[163] In many contexts, courts have upheld TRAPs when faced with statutory challenges under the FLSA,[164] where employers seek to collect payments for training that was principally for the benefit of the employee and not the employer. But many courts have also recognized that where TRAPs seek to recoup payments for training that are for the employer's benefit—and many, if

not most TRAPs today do—they may be an illegal kickback under minimum wage laws. This is true whether or not the employer actually deducts money out of a final paycheck, as the payment of wages subject to a repayment obligation is not payment made "free and clear."[165] The Department of Labor (DOL) and state agencies should pursue this issue aggressively, under their current authority, both through enforcement and rulemaking.

- **State policymakers should ban the use of TRAPs, similar to how state policymakers have limited or banned the use of non-compete clauses.** Only three states have passed legislation directly affecting the use of TRAPs in employment contracts, with Connecticut and California prohibiting mandatory TRAPs for at least some types of workers, and Colorado limiting the enforceability of TRAPs to narrow circumstances.[166] There is much more work to be done, and ample room for states to act regardless of whether federal policymakers do the same. State policymakers should move to prohibit the use of TRAPs between employers, employees, and prospective employees. In addition, state law enforcement agencies should investigate the use of TRAPs through the prism of existing state laws, even when there is not an explicit prohibition on TRAPs themselves, as it is possible existing state consumer protection, unfair competition laws, or wage and hour laws may make most TRAPs illegal.

In addition to these recommendations, other federal prudential regulators should take action whenever and wherever possible. For instance, the U.S. Department of Transportation recently created a new task force to investigate predatory truck leasing arrangements with the DOL and the CFPB, which will investigate the use of TRAPs between incoming driver trainees and training schools and/or trucking companies.[167]

Similarly, the FTC and National Labor Relations Board (NLRB) recently announced a Memorandum of Understanding to form a new partnership between the agencies, which includes partnering on investigations within each agency's authority.[168] This partnership covers mutual areas of interest, including issues such as the imposition of one-sided and restrictive contract provisions, which could include TRAPs. Where employers use the looming threat of debt to either dissuade workers from forming together to bargain for better pay and working conditions, or to serve as retaliation when they do, the NLRB should use the full weight of its power to protect workers and remedy unfair labor practices.[169] Likewise, the FTC should use its authority to promote competition in labor markets. These arrangements can serve as a model for future cross-agency collaboration to protect workers.

Conclusion

Right now, employers, through the use of TRAPs, are exploiting power imbalances in the labor market that the COVID-19 pandemic has exacerbated and are harming working people—often immigrants and people of color. But these working people are not alone. Because, while employers seeking novel and clever ways to rein in their employees may have found a powerful tool in consumer debt, the CFPB's capacity to protect the public and stamp out harmful practices in consumer financial markets is even greater.

The Biden Administration has taken positive first steps to speak out against anticompetitive practices and to dismantle tools used to tip the scales against workers. But this work is just beginning, and there is much more to be done. Confronting abusive TRAPs and shadow student debt is the next step in the fight against unfair methods of competition that undercut worker mobility. All workers deserve opportunities to better themselves and their families—and they deserve to be safe from shadow student debt traps.

Endnotes

[1] About the authors: *Jonathan F. Harris, Associate Professor, LMU Loyola Law School Los Angeles*. Professor Harris writes and speaks on contracting in employment, worker mobility restrictions, and equity in workforce development. His publications include an in-depth examination of Training Repayment Agreement Provisions, *Unconscionability in Contracting for Worker Training*, 72 Alabama Law Review 723 (2021). Other publications have appeared or are forthcoming in the California Law Review Online, Comparative Labor Law and Policy Journal, and New York City Law Review. Professor Harris previously taught Lawyering at NYU School of Law and practiced labor and employment law before that. He clerked for Judge James E. Graves, Jr. of the U.S. Court of Appeals for the Fifth Circuit while teaching at Mississippi College School of Law. Professor Harris began his legal career as a Skadden Fellow, focusing on the intersections of employment and consumer law. Prior to that, he was a labor and immigrants' rights organizer. *Chris Hicks, Senior Policy Advisor, Student Borrower Protection Center*. Chris focuses on the intersection of consumer and worker protections. He joined SBPC from the American Federation of Teachers, and prior to this organized at National Jobs With Justice and Service Employees International Union Local 513.

[2] *See generally Training Repayment Agreement Provisions (TRAPs),* STUDENT BORROWER PROTECTION CENTER, https://protectborrowers.org/training-repayment-agreement-provisions/ (last visited July 15, 2022).

[3] *See* Jonathan F. Harris, *Consumer Law as Work Law* (July 26, 2022), https://ssrn.com/abstract=4172535 [hereinafter Harris, *Consumer Law as Work Law*].

[4] *See* NATIONAL STUDENT LOAN DATA SYSTEM, U.S. DEP'T OF EDUCATION, FEDERAL STUDENT AID PORTFOLIO SUMMARY (2022), available at https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioSummary.xls; *Consumer Credit Outstanding (Levels)*, BD. OF GOV'T OF THE FED. RSRV. SYS., https://www.federalreserve.gov/releases/g19/HIST/cc_hist_memo_levels.html (last updated July 8, 2022).

[5] *Shadow Student Debt*, STUDENT BORROWER PROT. CTR. (2020), https://protectborrowers.org/wpcontent/uploads/2020/12/Shadow-Student-Debt.pdf.

[6] *See* Suresh Naidu & Aaron Sojourner, *Employer Power and Employee Skills: Understanding Workforce Training Programs in the Context of Labor Market Power*, ROOSEVELT INST. (Dec. 2020), https://rooseveltinstitute.org/wp-content/uploads/2020/12/RI_EmployerPowerEmployeeSkills_Report_202012.pdf.

[7] Kevin Krause, *For Nearly Two Dozen Nurses, Leaving Parkland Early Comes at a Cost*, THE DALLAS MORNING NEWS (July 3, 2020), https://www.dallasnews.com/business/health-care/2020/07/03/for-nearly-two-dozen-nurses-leaving-parkland-early-comes-at-a-cost/.

[8] *See Airtech, Inc. v. Faymond F. Justinic*, MORELAW (Dec. 10, 2021), https://www.morelaw.com/verdicts/case.asp?n=18-ci-1276&s=KY&d=159172.

[9] *See* Kacey Kaizer (@kacey.hair), TIKTOK (October 27, 2021), https://www.tiktok.com/@kacey.hair/video/7023879693241699590.

[10] *See id.*

[11] *Occupational Outlook Handbook: Barbers, Hairstylists, and Cosmetologists*, Bureau of Lab. Stats., U.S. Dep't of Lab., https://www.bls.gov/ooh/personal-care-and-service/barbers-hairstylists-and-cosmetologists.htm (last updated Apr. 18, 2022).

[12] Monopsony is a concentration in labor markets, or a limited number of employers, and is generally described as "monopsony power." *See Labor Market Monopsony: Trends, Consequences, and Policy Responses*, Council of Economic Advisers, 2 (Oct. 2016), https://obamawhitehouse.archives.gov/sites/default/files/page/files/20161025_monopsony_labor_mrkt_cea.pdf.

[13] *See* Suzanne Hultin, *The National Occupational Licensing Database*, National Conference of State Legislatures (Mar. 1, 2022), https://www.ncsl.org/research/labor-and-employment/occupational-licensing-statute-database.aspx.

[14] *See* Evan Cunningham, *Professional Certifications and Occupational Licenses: Evidence from the Current Population Survey*, U.S. Bureau of Lab. Stats.: Monthly Lab. Rev. (June 2019), https://www.bls.gov/opub/mlr/2019/article/professional-certifications-and-occupational-licenses.htm.

[15] *See* Julie Margetta Morgan & Marshall Steinbaum, *The Student Debt Crisis, Labor Market Credentialization, and Racial Inequality: How the Current Student Debt Debate Gets the Economics Wrong*, Roosevelt Institute 26-29 (Oct. 2018), https://rooseveltinstitute.org/wp-content/uploads/2020/07/RI-Student-Debt-Crisis-Labor-Market-Credentialization-201810.pdf; Alicia Sasser Modestino, Daniel Shoag, and Joshua Balance, Upskilling: Do Employers Demand Greater Skill When Workers Are Plentiful?, (Fed. Rsrv. Bank of Boston Working Paper Feb. 2016), https://scholar.harvard.edu/files/shoag/files/modestino_shoag_and_ballance_022316_final.pdf.

[16] *See* Morgan, *supra* note 15, at 26-27.

[17] *See, e.g.*, *CRST Opens New Training and Lodging Center*, Class A Drivers (Dec. 3, 2008), https://www.classadrivers.com/trucking-news/detail/crst-opens-new-training-and-lodging-center (announcing opening of new driver training center).

[18] *See, e.g.*, Joel Stinnett, *HCA Buys One of the Country's Largest Private Nursing Schools*, Nashville Bus. J. (Mar. 14, 2019), https://www.bizjournals.com/7loomberg/news/2019/03/14/hca-buys-one-of-the-countrys-largest.html (announcing hospital chain purchase of nursing school).

[19] *See, e.g.*, Kelia Washington, *Starbucks, Walmart, and Amazon Offer "Free" College – But Read the Fine Print*, The Century Found. (Oct. 15, 2018), https://tcf.org/content/commentary/starbucks-walmart-amazon-offer-free-college-read-fine-print (investigating education assistance programs at Starbucks, Walmart, and Amazon).

[20] *See* Jonathan F. Harris, *Unconscionability in Contracting for Worker Training*, 72 Ala. L. Rev. 723, 740 (2021) [hereinafter Harris, *Unconscionability in Contracting for Worker Training*].

[21] *See* Stuart Lichten & Eric M. Fink, *'Just When I Thought I Was Out . . . .': Post-Employment Repayment Obligations*, 25 Wash. & Lee J. of Civ. Rts. & Soc. Just. 51 (2018).

[22] *See* Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 741.

[23] For further discussion, *see* Rohit Chopra, Commissioner, Federal Trade Comm'n, Opening Remarks at Future of Work Roundtable, U.S. House of Representatives Comm. On Educ. And Lab. (Oct. 16, 2019), https://www.ftc.gov/system/files/documents/public_statements/1552143/chopra_-_opening_remarks_before_committee_on_education_labor_future_of_work_roundtable_10-16-19.pdf.

[24] *See e.g.*, Boutique Air v. Sticka, No. CGC-20-584536, (S.F. Super. Ct. filed May 22, 2020) (alleging breach of contract for failure of employee to reimburse employer for employee training upon early termination of contract); Sanders v. Future Com, Ltd., 2017 Tex. App. LEXIS 4575 (Tex. Ct. App. 2017) (ruling on employer request for a temporary restraining order for breach of contract, among other claims, against a former employee under a TRAP who resigned); First Peek Ultrasound L.L.C. v. Weideman, 2018 Ill. App. Unpub. LEXIS 2143 (Il. Ct. App. 2018) (ruling on employer suit against former employee under a TRAP for breach of contract); Pittard v. Great Lakes Aviation, 156 P.3d 964 (Wyo. 2007) (ruling on employer suit against employee for breach of

contract of TRAP agreement plus interest charges); Dallas County Hospital v. Adams, 2020 Tex. Dist. LEXIS 11706 (D. Tex. 2019) (dismissing hospital suit against former nurses for breach of employment agreement and reimbursement of training costs).

[25] *See* Brunner v. Hand Industries, Inc., 603 N.E.2d 157, 160 (Ind. Ct. App. 1992).

[26] *See* Mary Pilon, *This Is the Blue-Collar Student Debt Trap*, Bloomberg (Aug. 14, 2017), https://www.bloomberg.com/news/articles/2017-08-14/the-blue-collar-student-debt-trap.

[27] *See* Park v. FDM Grp. (Holdings) PLC, No. 16 CV 1520- LTS, 2017 WL 946298, (S.D.N.Y. Mar. 9, 2017), vacated in part on other grounds, No. 16-CV-1520-LTS, 2018 WL 4100524, at *1 (S.D.N.Y. Aug. 28, 2018).

[28] *See* Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 743.

[29] *See id.* at 736, 755.

[30] Lichten & Fink, *supra* note 21, at 56.

[31] *Id.* at 55.

[32] Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 752.

[33] *See* Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 726 (citing Anthony Kraus, *Employee Agreements for Repayment of Training Costs: The Emerging Case Law*, 59 Lab. L.J. 213, 215–17 (2008)).

[34] *See* Evan Starr, *The Ties That Bind Workers to Firms: No-Poach Agreements, Noncompetes, and Other Ways Firms Create and Exercise Labor Market Power*, Promarket (Jan. 3, 2022), https://www.promarket.org/2022/01/03/workers-poaching-noncompete-employers-labor-antitrust/.

[35] *See* Karla Walter, *The Freedom to Leave*, Ctr. For Am. Progress (Jan. 9, 2019), https://www.americanprogress.org/article/the-freedom-to-leave/.

[36] *See* Brian Callaci et al., *The Effect of No-poaching Restrictions on Worker Earnings in Franchised Industries* 1 (Open Markets Institute, Working Paper July 6, 2022), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4155577.

[37] *See* Complaint, U.S. v. Adobe Systems, Inc., No. 1:10-cv-01629 (D.D.C. filed Sept. 24, 2010). *See generally*, Donald J. Polden, *Restraints on Workers' Wages and Mobility: No-Poach Agreements and the Antitrust Laws*, 59 Santa Clara L. Rev. 579, 610 (2020).

[38] *See* Dan Levine, *U.S. Judge Approves $415 Million Settlement in Tech Worker Lawsuit*, Reuters (Sept. 2, 2015), https://www.reuters.com/article/apple-google-ruling/u-s-judge-approves-415-mln-settlement-in-tech-worker-lawsuit-idUSL1N11908520150903.

[39] Press Release, Dep't of Just. Off. Of Pub. Affs., Justice Department Requires Six High Tech Companies to Stop Entering Into Anticompetitive Employee Solicitation Agreements (Sept. 24, 2010), https://www.justice.gov/opa/pr/justice-department-requires-six-high-tech-companies-stop-entering-anticompetitive-employee.

[40] Press Release, Dep't of Just. Off. Of Pub. Affs., Justice Department and Federal Trade Commission Release Guidance for Human Resource Professionals on How Antitrust Law Applies to Employee Hiring and Compensation (Oct. 20, 2016), https://www.justice.gov/opa/pr/justice-department-and-federal-trade-commission-release-guidance-human-resource-professionals.

[41] *See* Statement of Interest of the United States, In Re: Railway Industry Employee No-Poach Antitrust Litigation, No. 2:18-MC-00798 (W.D. Penn. Filed Feb. 8, 2019).

[42] Division Update Spring 2018, *No More No-Poach: The Antitrust Division Continues to Investigate and Prosecute "No-Poach" and Wage-Fixing Agreements*, DEP'T OF JUST., https://www.justice.gov/atr/division-operations/division-update-spring-2018/antitrust-division-continues-investigate-and-prosecute-no-poach-and-wage-fixing-agreements (last updated Apr. 10, 2018).

[43] *See* Ruth Simon & Angus Loten, *Litigation Over Noncompete Clauses Is Rising*, The Wall Street J. (Aug. 14, 2013), https://www.wsj.com/articles/litigation-over-noncompete-clauses-is-rising-does-entrepreneurship-suffer-1376520622.

[44] *See* Alexander J.S. Colvin & Heidi Shierholz, *Noncompete Agreements*, Economic Policy Institute (Dec. 10, 2019), https://www.epi.org/publication/noncompete-agreements/.

[45] Petition for Rulemaking to Prohibit Worker Non-Compete Clauses, Open Markets Institute et al. Before the Fed. Trade Comm'n at 6 (Mar. 20, 2019), https://static1.squarespace.com/static/5e449c8c3ef68d752f3e70dc/t/5eaa04862ff52116d1dd04c1/1588200595775/Petition-for-Rulemaking-to-Prohibit-Worker-Non-Compete-Clauses.pdf [hereinafter OMI Petition].

[46] *See* Evan Starr, J.J. Prescott, & Norman Bishara, *Noncompetes in the U.S. Labor Force*, *17 (U. Mich. L. and Econs. Research Paper No. 18-013, Aug 30, 2019).

[47] *See* Rohit Chopra & Lina M. Khan, *The Case for "Unfair Methods of Competition" Rulemaking*, 87 U. Chi. L. Rev. 357, 373 (2020).

[48] *See Non-compete Contracts: Economic Effects and Policy Implications*, U.S. Dep't of the Treasury Off. Of Econ. Pol'y, 4 (Mar. 2016), https://home.treasury.gov/system/files/226/Non_Compete_Contracts_Econimic_Effects_and_Policy_Implications_MAR2016.pdf.

[49] *See* Dave Jamieson, *Jimmy John's Makes Low-Wage Workers Sign 'Oppressive' Noncompete Agreements*, HuffPost (Oct. 13, 2014), https://www.huffingtonpost.com/2014/10/13/jimmy-johns-non-compete_n_5978180.html.

[50] OMI Petition, *supra* note 45, at 7.

[51] *See Locations*, Jimmy John's, https://locations.jimmyjohns.com/ (last visited July 12, 2022).

[52] *See* Fact Sheet, The White House, Executive Order on Promoting Competition in the American Economy (July 9, 2021), https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/09/fact-sheet-executive-order-on-promoting-competition-in-the-american-economy/. The Uniform Law Commission also recently released a Uniform Restrictive Employment Agreement Act that bans non-compete agreements for low-wage workers. Uniform Law Commission, *Uniform Restrictive Employment Agreement Act* (July 2021), https://www.uniformlaws.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=d3950dda-48e8-4583-93d0-69649fe25146&forceDialog=1.

[53] *See* Philip Siegel, *Protect Your Investment*, Professional Roofing (Nov. 2019), https://www.professionalroofing.net/Articles/Protect-your-investment—11-01-2019/4566 [https://perma.cc/NA32-WGZY].

[54] *See* Anthony Kraus, *Employee Agreements for Repayment of Training Costs: The Emerging Case Law*, 59 Lab. L.J. 213, 215–17, 219, 223 (2008).

[55] *See* Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 726; Lichten & Fink, *supra* note 21, at 56.

[56] *See* Terri Gerstein, *How Corporations Keep Their Own Workers in Debt*, Politico (Oct. 21, 2021), https://www.politico.com/news/agenda/2021/10/21/workers-scammed-biden-help-516324.

[57] Lichten & Fink, *supra* note 21, at 81.

[58] Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 726 (internal citation omitted).

[59] *See* Daniel A. Hanley & Sally Hubbard, *Eyes Everywhere: Amazon's Surveillance Infrastructure and Revitalizing Worker Power*, Open Markets Institute (Sept. 2020), https://www.openmarketsinstitute.org/publications/eyes-everywhere-amazons-surveillance-infrastructure-and-revitalizing-worker-power.

[60] *See* Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 741.

[61] *Id.* (internal citations omitted).

[62] *See* Gaby Galvin, *Nearly 1 in 5 Health Care Workers Have Quit Their Jobs During the Pandemic*, Morning Consult (Oct. 4, 2021), https://morningconsult.com/2021/10/04/health-care-workers-series-part-2-workforce/.

[63] *See* Jane Spencer & Christina Jewett, *12 Months of Trauma: More Than 3,600 US Health Workers Died in Covid's First Year*, KHN (Apr. 8, 2021), https://khn.org/news/article/us-health-workers-deaths-covid-lost-on-the-frontline/.

[64] *See COVID-19 Reported...*, HealthData.gov, https://healthdata.gov/Hospital/COVID-19-Reported-Patient-Impact-and-Hospital-Capa/g62h-syeh/data (last visited July 25, 2022).

[65] National Nurses United, Comment Submitted on Federal Trade Commission and Department of Justice Merger Enforcement No. FTC-2022-0003 (Apr. 21, 2022), https://www.regulations.gov/comment/FTC-2022-0003-1831 [hereinafter National Nurses United Comment on Merger Enforcement].

[66] National Nurses United, Comment on Contract Terms that May Harm Competition FTC-2021-0036 (Sept. 29, 2021), https://www.regulations.gov/comment/FTC-2021-0036-0275.

[67] *See id.*

[68] *See id.*; Harris, *Unconscionability in Contracting for Worker Training*, *supra* note 20, at 755.

[69] *See* Adam Jeffery, *New Yorkers Stop and Give Daily Thanks and Gratitude for Coronavirus Frontline Workers*, CNBC, Apr. 5, 2022, https://www.cnbc.com/2020/04/05/new-yorkers-stop-and-give-daily-thanks-and-gratitude-for-coronavirus-frontline-workers.html.

[70] Krause, *supra* note 7.

[71] National Nurses United Comment on Merger Enforcement, *supra* note 65.

[72] *See* Alana Semuels, *The Great American Trucker Shortage Isn't Real*, Time (Nov. 12, 2021), https://time.com/6116853/truck-driver-shortage-supply-chain/.

[73] *See* Robin Kaiser-Schatzlein, *How Life as a Trucker Devolved Into a Dystopian Nightmare*, N.Y. Times (Mar. 15, 2022), https://www.nytimes.com/2022/03/15/opinion/truckers-surveillance.html.

[74] *Id.*

[75] Mitchell Hoffman & Stephen V. Burks, *Training Contracts, Employee Turnover, and the Returns from Firm-Sponsored General Training* 1 (Nat'l Bureau of Econ. Rsch, Working Paper No. 23247, Mar. 2017).

[76] *Student Hiring*, Swift Transportation, https://careers.swifttrans.com/driver-jobs/student-hiring/ (last visited July 19, 2022); *Swift Transportation Training School and Jobs: A Paid CDL Training Guide*, Smart Trucking (Feb. 24, 2022), https://www.smart-trucking.com/swift-transportation-training/.

[77] *Paid CDL Training*, Schneider, https://schneiderjobs.com/truck-driving-jobs/inexperienced/paid-cdl-training (last visited July 19, 2022); *Company Paid CDL Training With Schneider Trucking School + Schneider National*, Smart Trucking (Mar. 10, 2022), https://www.smart-trucking.com/schneider-trucking-school/.

[78] *Truck Driver Training Program*, Prime Inc., https://www.primeinc.com/drive-for-prime/driver-training-program/ (last visited July 19, 2022); *Prime Trucking School: Guide to Class A CDL Training + a Job*, Smart Trucking (Feb. 24, 2022), https://www.smart-trucking.com/prime-trucking-school/.

[79] *Student Drivers*, CFI, https://cfidrive.com/student/ (last visited July 19, 2022).

[80] *See Federal Judge Issues Injunction Against CRST*, Fair Work P.C. (June 3, 2020), https://www.fairworklaw.com/news/federal-judge-enjoins-crst/.

[81] Pilon, *supra* note 26.

[82] *See id.*

[83] *See id.*

[84] *See id.*

[85] u/JimMarch, *Bloomberg News: "This Is the Blue-Collar Student Debt Trap" – See First Comment…"*, Reddit (Aug. 14, 2017 11:57 AM PDT), https://www.reddit.com/r/Truckers/comments/6tolaa/comment/dlm8z69.

[86] Pilon, *supra* note 26.

[87] *See* Alana Semuels, *A Trucker's Killing Highlights Problems in the Industry*, Time (Mar. 18, 2022), https://time.com/6158781/aristedes-garcia-truck-driver-murder/.

[88] *See id.*

[89] *See id.*

[90] *See id.*

[91] *See id.*

[92] *See id.*

[93] *See id.*

[94] *See id.*

[95] *See id.*

[96] David M. Ring, *Natalie Weatherford and John Taylor Secure $5 Million Settlement in Rape Case Against CRST Trucking*, Taylor Ring (May 11, 2021), https://www.taylorring.com/blog/natalie-weatherford-and-john-taylor-secure-a-record-setting-5-million-settlement-in-rape-case-against-crst-trucking/.

[97] *See id.*

[98] *See id.*

[99] See *id.*

[100] *See* Halley Freger, *Sexual Harassment Lawsuit Against Long-haul Trucking Company in the Age of #MeToo*, ABC News (May 31, 2018), https://abcnews.go.com/US/sexual-harassment-lawsuit-long-haul-trucking-company-age/story?id=55542493.

[101] *Id.*

[102] On January 21, 2016, named plaintiff Juan Carlos Montoya brought a lawsuit against CRST Expedited, Inc. and CRST International, Inc. (collectively "CRST") challenging CRST's wage payment practices and practices relating to post-employment debt collection, etc. Montoya v. CRST Expedited, Inc., No. 1:16-cv-10095-PBS (D. Mass. Filed Jan. 21, 2016). On June 12, 2020, named plaintiffs Larry Wimbish and Rinel Tertilus brought a lawsuit against CRST challenging CRST's practice of not paying drivers in Florida for attending orientation. Wimbish v. CRST International, Inc., No. 16-2020-CA-003424 (Fla. 4th Cir., Duval Cty. Filed June 12, 2020). On July 17, 2020, named plaintiffs Maurice Smith, Jeal Paul Bricault Jr., Jose Torres Rosado, Austin Coddington, and Kevin Hamilton brought a lawsuit against CRST challenging CRST's wage payment practices, post-employment debt collection practices, and enforcement of its non-competition provision. Smith v. CRST Expedited, Inc., No. 1:20-cv-11353-PBS (D. Mass. Filed July 17, 2020).

[103] *CRST's Driver Training Program Violates the Law*, Fair Work (June 1, 2020), https://www.fairworklaw.com/cases/driver-training-program-violates-state-and-federal-law/.

[104] *See* Montoya v. CRST Expedited, Inc., 404 F. Supp. 3d 364, 398 (D. Mass. 2019).

[105] Fact Sheet, The White House, The Biden-Harris Administration Trucking Action Plan to Strengthen America's Trucking Workforce (Dec. 16, 2021), https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/16/fact-sheet-the-biden-%E2%81%A0harris-administration-trucking-action-plan-to-strengthen-americas-trucking-workforce/.

[106] *See e.g.*, Boutique Air, Inc. vs. Sticka, No. CGC-20-584536 (S.F. Super. Ct. filed May 22, 2020) (alleging breach of contract against a former pilot for damages of $13,500.00 plus interest and attorneys' fees).

[107] *Id.*

[108] *See e.g.,* Executive Fliteways, Inc. v. Caballero, 2007 N.Y. Slip Op. 32579 (N.Y. Sup. Ct.).

[109] *See e.g.,* Pittard v. Great Lakes Aviation, 156 P.3d 964 (Wyo. 2007).

[110] *See e.g.,* Schipor v. Mesa Airlines, Inc., No. 2:2017cv04044 (D. Ariz. Filed Nov. 2, 2017).

[111] *See e.g.,* Skylink Jets, Inc. v. Klukan, 308 So. 3d 1048 (Fla. Dist. Ct. App. 2020).

[112] *See* Ben Casselman, *Workers Quitting Their Jobs Hit a Record in the U.S. in August*, N.Y. Times (Oct. 12, 2021), https://www.nytimes.com/2021/10/12/business/economy/workers-quitting-august.html; Eli Rosenberg, *A Record Number of Workers are Quitting Their Jobs, Empowered by New Leverage*, Wash. Post (Oct. 12, 2021), https://www.washingtonpost.com/business/2021/10/12/jolts-workers-quitting-august-pandemic/ (noting "[t]he phenomenon is being driven in part by workers who are less willing to endure inconvenient hours and poor compensation, who are quitting instead to find better opportunities."); Emma Goldberg, *All of Those Quitters? They're at Work*, N.Y. Times (May 13, 2022), https://www.nytimes.com/2022/05/13/business/great-resignation-jobs.html.

[113] *See* John Yantis, *PetsMart Sues Pet Groomer*, EastValley.com (Sept. 5, 2003), https://www.eastvalleytribune.com/money/petsmart-sues-pet-groomer/article_cf051ec6-1cd2-5522-8017-bb455ca90f6e.html.

[114] *See About PetSmart*, PetSmart, https://www.petsmartcorporate.com, perma.cc/4K6F-6TUE (last visited July 19, 2022).

[115] *See Greed Unleashed: PetSmart, BC Partners, and What Happens When Private Equity Preys on Workers and Pets*, United for Respect 2 (Sept. 2021), https://united4respect.org/wp-content/uploads/2021/09/Greed-Unleashed-Report.pdf.

[116] *See* Complaint at 4, Scally v. PetSmart LLC, Case no. ---, Dkt. 1 (Cal. Sup. Ct., July 28, 2022).

[117] *See* Complaint at 4, Scally v. PetSmart LLC, Case no. ---, Dkt. 1 (Cal. Sup. Ct., July 28, 2022).

[118] *See Salons Careers*, PetSmart, https://careers.petsmart.com/salons, https://perma.cc/7MDD-XUA8 (last visited July 19, 2022).

[119] *See* Complaint at 8, Scally v. PetSmart LLC, Case no. ---, Dkt. 1 (Cal. Sup. Ct., July 28, 2022).

[120] *See* Complaint at 8, Scally v. PetSmart LLC, Case no. ---, Dkt. 1 (Cal. Sup. Ct., July 28, 2022).

[121] *See* William Louch, *PetSmart Workers Ask Retailer's Private-Equity Owner for Coronavirus Protections*, The Wall Street Journal (July 8, 2020), https://www.wsj.com/articles/petsmart-workers-ask-retailers-private-equity-owner-for-coronavirus-protections-11594235984.

[122] *See* Complaint at 8, Scally v. PetSmart LLC, Case no. ---, Dkt. 1 (Cal. Sup. Ct., July 28, 2022).

[123] See Appendix, Exhibit 9.

[124] It is estimated that the average PetSmart worker earns $14.80 per hour. *PetSmart*, INDEED, https://www.indeed.com/cmp/Petsmart/salaries/Pet-Groomer/United%20States, https://perma.cc/8A2L-PE5E (last visited July 20, 2022).

[125] Assuming a worker was based in California and earning $15 per hour, the SBPC estimates that a full-time minimum wage would be approximately $2,640 per month, and a worker could earn $5,280 after two months if they have no other bills or living expenses.

[126] *C.f.* Allison Freeman, Mathieu Despard, Barbara Kiviat, Jennifer Fox, & Carly Hoffman, *Employers' Use of Credit Reports in Hiring: What Are the Disparate Impacts on the Economically Vulnerable and How Can They Be Addressed* 1 (UNC Center for Community Capital White Paper, 2019), https://communitycapital.unc.edu/wp-content/uploads/sites/340/2019/03/W.-K.-Kellogg_UNC-CCC_Credit-Check-White-Paper.pdf.

[127] United for Respect, *supra* note 115, at 10.

[128] *Id.* at 9.

[129] *See* Sophie Nieto-Muñoz & Alex Napoliello, *Groomed then Gone*, NJ.com (Sept. 20, 2018), https://projects.nj.com/investigations/petsmart/.

[130] *Id.*

[131] United for Respect, *supra* note 115, at 14.

[132] *See* u/obsessivecorgiluver, *Petsmart Grooming Contract*, REDDIT (Feb. 15, 2018 08:19 AM PDT), https://www.reddit.com/r/doggrooming/comments/7xrfbb/petsmart_grooming_contract/; u/theslaptain, *Breaking a PetSmart 2 Year Contract?,* REDDIT (Oct. 7, 2020 4:43 PM PDT), https://www.reddit.com/r/doggrooming/comments/j72605/breaking_a_petsmart_2_year_contract/.

[133] *See* Sarah Shipman, Facebook (Sept. 29, 2016), https://www.facebook.com/PetSmart/posts/thank-you-petsmart-for-turning-me-over-to-collections-for-6000-for-a-grooming-co/10157542852545596/.

[134] u/theslaptain, *supra* note 132. ("I worked for that company for 7 years total. Over that time I've known 5 groomers who quit during their first 2 years and nothing ever happened. Of course it's anecdotal, but personally I would leave. Petsmart is easily the most toxic work environment I've ever worked in and I worked at 6 different locations.").

[135] /Lyra03, 2 Year PetSmart Contract, Reddit (Sept. 26, 2015 11:49 AM PDT), https://www.reddit.com/r/doggrooming/comments/3l7dv7/2_year_petsmart_contract/.

[136] *Your Education Benefit*, Chipotle, https://chipotle.guildeducation.com/partner, https://perma.cc/A8C9-MU6A (last visited July 20, 2022).

[137] *2020 Cultivate Education Overview*, Chipotle 5 (2020), https://s3-us-west-2.amazonaws.com/documents.guildeducation.com/chipotle/Cultivate+Education+FAQs.pdf, https://perma.cc/7QYK-LHRJ.

[138] *See id.*

[139] *Wells Fargo Employee Handbook*, Wells Fargo (Mar. 2022), https://teamworks.wellsfargo.com/handbook/HB_Online.pdf, https://perma.cc/X543-FQS5.

[140] Kyle Jones, Comment Submitted to Consumer Financial Protection Bureau No. CFPB-2022-0038 (June 9, 2022), https://www.regulations.gov/comment/CFPB-2022-0038-0002.

[141] *See* News Release, Off. Of the Comptroller of the Currency, OCC Assesses Penalty Against Wells Fargo; Orders Restitution for Violations of the Servicemembers Civil Relief Act (Sept. 29, 2016), https://www.occ.gov/news-issuances/news-releases/2016/nr-occ-2016-119.html.

[142] *See* Liz Moyer, *Wells Fargo to Pay $1 Billion in Regulatory Settlement Over Abuses in Its Auto and Mortgage Loan Units*, Yahoo! Finance (Apr. 20, 2018), https://finance.yahoo.com/news/wells-fargo-pay-1-billion-130500900.html.

[143] *See Wells Fargo Bank, N.A.*, Consumer Financial Protection Bureau, https://www.consumerfinance.gov/enforcement/actions/wells-fargo-bank-na-2018/ (last visited July 20, 2022).

[144] *See* Press Release, Consumer Financial Protection Bureau, Consumer Financial Protection Bureau Fines Wells Fargo $100 Million for Widespread Illegal Practice of Secretly Opening Unauthorized Accounts (Sept. 8, 2016), https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-fines-wells-fargo-100-million-widespread-illegal-practice-secretly-opening-unauthorized-accounts/; Laura Keller, *Wells Fargo Boosts Fake-Account Estimate 67% to 3.5 Million*, Bloomberg (Aug. 31, 2017), https://www.bloomberg.com/news/articles/2017-08-31/wells-fargo-increases-fake-account-estimate-67-to-3-5-million.

[145] *See The Wheels Are Still Off at Wells Fargo*, Comm. For Better Banks (Mar. 2019), https://cwalocals.org/system/files/wheelarestilloff_report.pdf.

[146] *See Whistleblower: Wells Fargo Fraud "Could Have Been Stopped"*, CBS News (Aug. 3, 2018), https://www.cbsnews.com/news/whistleblower-wells-fargo-fraud-could-have-been-stopped/.

[147] Jones, *supra* note 140.

[148] *See* Anastasia Christman, *Cashing Out: How Bank Workers Are Faring Almost Two Years After the 2016 Fraudulent Sales Scandals*, Nat'l Emp. L. Project 2 (June 2018), https://cwalocals.org/system/files/cashing_out_report.pdf.

[149] *C.f.* Consumer and Community Research Section, *Economic Well-Being of U.S. Households in 2021*, Bd. Of Governors of the Fed. Rsrv. Sys. (May 2022), https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf.

[150] *See* 15 U.S.C. § 45(a).

[151] *See* 12 U.S.C. § 5536(a)(1)(B).

[152] 15 U.S.C. § 1601 *et seq.*; 12 C.F.R. § 1026.

[153] 15 U.S.C. § 1691 *et seq.*

[154] *See* Letter from Mike Pierce, Executive Director, Student Borrower Protection Center, and Alexis Goldstein, Financial Policy Director, Open Markets Institute, to Rohit Chopra, Director, Consumer Financial Protection Bureau (Dec. 1, 2021), https://protectborrowers.org/wp-content/uploads/2021/12/2021.12.1-OMI_SBPC_CFPB_TRA.pdf.

[155] 12 U.S.C. § 5481(6). For further discussion on applying consumer law to employer-employee relationships, see Terri Gerstein, Lorelei Salas, & David Seligman, *When Corporations Deceive and Cheat Workers, Consumer Laws Should Be Used to Protect Workers*, Working Econs. Blog (May 5, 2021), https://www.epi.org/blog/when-corporations-deceive-and-cheat-workers-consumer-laws-should-be-used-to-protect-workers/.

[156] *See* Harris, *Consumer Law as Work Law*, *supra* note 3.

[157] *See* 15 U.S.C. § 1638(e); 12 C.F.R. §§ 1026.46-1026.48.

[158] *See* 12 U.S.C. § 5514.

[159] 15 U.S.C. § 1692 *et seq*.

[160] 15 U.S.C. § 1681 *et seq*.

[161] *See* 12 U.S.C. § 5511(c)(3).

[162] 12 U.S.C. § 5512(c)(4)(B)(ii).

[163] 29 U.S.C. § 203 *et seq*; 29 C.F.R. § 531.35.

[164] *See e.g.*, Heder v. City of Two Rivers, 295 F.3d 777 (7th Cir. 2002) (remanded); Gordon v. City of Oakland, 627 F.3d 1092 (9th Cir. 2010); Bland v. Edward D. Jones & Co., L.P., 375 F. Supp. 3d 962 (N.D. Ill. 2019).

[165] 29 CFR § 531.35.

[166] Conn. Gen. Stat. § 31-51r(b); Cal. Lab. Code § 2802.1; Colo. Rev. Stat. § 8-2-113(2)(c).

[167] *See* Press Release, U.S. Dep't of Transp., DOT, DOL Announce Expansion of Trucking Apprenticeships, New Truck Driver Boards and Studies to Improve the Working Conditions of Truck Drivers (Jan. 13, 2022), https://www.transportation.gov/briefing-room/dot-dol-announce-expansion-trucking-apprenticeships-new-truck-driver-boards-and.

[168] Mem. of Understanding, F.T.C. & N.L.R.B., *Regarding Information Sharing, Cross-Agency Training, and Outreach in Areas of Common Regulatory Interest* (July 19, 2022), https://www.nlrb.gov/sites/default/files/attachments/pages/node-7857/ftcnlrb-mou-71922.pdf.

[169] *See* 29 U.S.C. § 151 *et seq.*

Appendix

Exhibit 1: Example of an HCA Healthcare TRAP
Exhibit 2: Example of an HCA Healthcare TRAP
Exhibit 3: Example of an HCA Healthcare debt collection notice
Exhibit 4: Example of a Tenet Healthcare TRAP at Carondelet St. Mary's hospital in Tucson, AZ (a joint venture with the non-profit healthcare system CommonSpirit)
Exhibit 5: Example of a MedStar Health TRAP
Exhibit 6: Example of CRST The Transportation Solution, Inc. TRAP
Exhibit 7: Example of CRST The Transportation Solution, Inc. TRAP and notice of post-employment debt obligation
Exhibit 8: A copy of the complaint in *Scally v. PetSmart*
Exhibit 9: Example of a PetSmart TRAP
Exhibit 10: Example of a PetSmart debt collection notice

Exhibit 1: Example of an HCA Healthcare TRAP

Exhibit 1

HEALTHTRUST
Workforce Solutions

Name: [redacted]

Address: _____

_____

Dear StaRN Resident,

We are pleased about the prospect of you joining HealthTrust Workforce Solutions, LLC and the HealthTrust Academy. This letter serves as formal confirmation of the verbal offer extended to you for the StaRN Training Program by [redacted]. After commencement of the program, currently anticipated to be October 19, 2020, you will be paid at the rate of Twenty Four Dollars ($24.00) per hour. During the training program and as a temporary employee, you will not be eligible for any employee benefits.

Please indicate your acceptance of our offer by signing in the space provided below and returning the signed original along with your signed Commitment Agreement.

We look forward to having you as a member of the HealthTrust Academy and the StaRN training program and trust that you will make an outstanding contribution to quality patient care in your career.

Sincerely,

Tony Pentangelo

Executive Vice President, Managed Services

I understand and accept the foregoing offer of employment for an indefinite period and the employer may terminate the employment relationship for cause.

_____ _____

Signed Date

HEALTHTRUST
Workforce Solutions

Specialty Training & Apprenticeship for Registered Nurses Program Agreement

This Specialty Training & Apprenticeship for Registered Nurses Program Agreement (this "Agreement") is entered into as of the date of signature between [redacted] ("Employee") and HealthTrust Workforce Solutions, LLC ("HealthTrust" and, with Employee, the "Parties")

WHEREAS, individuals who are licensed Registered Nurses in the State of North Carolina ("RNs") are eligible to participate as students in HealthTrust's Specialty Training & Apprenticeship Nursing Program ("Program") in order to receive education and training to prepare them for work as an RN in designated specialty areas.

WHEREAS, Employee desires to have participate in the Program, and HealthTrust is willing to allow Employee to participate in the Program, subject to the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Training**

HealthTrust will compensate Employee during the Program as described in Section 3.a below. In addition, sufficient funds to cover the cost of tuition, books and certain supplies have been paid on the Employee's behalf. Although the exact amount expended on Employee's behalf cannot be exactly stated, the Parties agree that $10,000 is an accurate estimate of the value of the training provided. Employee further agrees to execute the attached promissory note (the "Promissory Note") related to the repayment of such costs as a condition precedent to participation in the Program.

For an Employee with a spouse who is an active-duty servicemember of the United States Armed Forces, HealthTrust shall waive the requirement to repay the Promissory Note in the event that Employee's spouse is redeployed to a different state in compliance with military orders and Employee shares the same domicile with the servicemember spouse. The requirement to repay the Promissory Note shall not be waived if a servicemember spouse is temporarily deployed to a war zone or other location where the Employee spouse is not allowed to follow.

2. **Employment**

a. Upon execution of this Agreement and the Promissory Note, Employee will be employed by HealthTrust and assigned to one of the facilities set forth on Exhibit A hereto (each, a "Facility"), for the duration of the Program.

b. Employee will remain in the employment of HealthTrust for the duration of the Program (typically 7 to 23 weeks) inclusive of orientation, course pre-requisites, didactic and on-site preceptorship as defined by the Program.

c. Upon successful completion of the Program, if offered employment at a Facility, in each Facility's sole discretion, Employee agrees to accept any such offer of employment from a Facility. Employee acknowledges that, due to potential Facility and/or market limitations, HealthTrust may determine to extend such offer of employment at a Facility other than the Facility where Employee was assigned during the Program.

d. Employee shall meet the established attendance and performance requirements as outlined by the Program to remain eligible for participation in the Program.

e. Upon successful completion of the Program, Employee shall participate in and complete all aspects of the HCA Nurse Residency Program, including monthly seminars, project(s) and graduation activities, as directed by Facility.

3. **Compensation**

a. Employee will be compensated during the Program at a rate of **$24.00** per hour, less all legally required and authorized deductions. All wages are subject to tax withholding pursuant to applicable federal, state and local laws and regulations.

b. Employee will be classified as a non-exempt employee for purposes of the Fair Labor Standards Act. Employee will be compensated by regular weekly payroll for each week that they participate in the Program.

4. **Employment Following Training**

a. Term of Employment. In consideration of participating of the Program, and upon offer of employment by a Facility, Employee agrees to work full time as an RN for Facility in the unit as assigned by Facility for at least 2 years following the date of hire by Facility. During such period, Employee shall diligently and conscientiously devote his/her energies, interests, abilities, and productive full time to discharging his/her duties at Facility. The Parties agree that, effective immediately upon commencement of employment at Facility, the Promissory Note shall automatically be assigned to Facility by HealthTrust.

b. Termination of Employment by Facility. The employment relationship between Facility and Employee is based on successful completion of the Program and competency of Employee as determined by Facility. Following assignment of the Promissory Note to Facility, if Facility terminates Employee's employment, then Employee shall compensate Facility for the value of the Program on a pro rata basis. Employee shall pay Facility 1/24 of the total value of the Program for each month not worked during the first 24 months following the date of hire by Facility. In the event that Employee does not complete the Program, or fails to accept an employment offer from a Facility, Employee shall pay HealthTrust $10,000.

c. Termination of Employment by Employee. Should Employee terminate his/her employment with Facility for any reason, Employee shall compensate Facility for the value of the Program on a pro rata basis. Employee shall pay Facility 1/24 of the total value of the Program for each month not worked during the first 24 months following the date of hire by Facility.

d. Withholding from Paycheck. Employee hereby specifically authorizes Facility and/or HealthTrust to withhold from his/her final paycheck, including any payment for accrued but unused PTO, any amounts owed to Facility and/or HealthTrust as repayment for the training in accordance with Section 4.b. or 4.c. Employee further acknowledges that he/she will be responsible for any amounts that remain owing to Facility and/or HealthTrust under Section 4.b. or 4.c. following such withholding and will pay the costs related to any action Facility and/or HealthTrust must take to collect said amount, including reasonable attorneys' fees.

e. Termination upon Death and/or Disability. Employment and this Agreement, shall, in their entirety, terminate immediately upon Employee's death or Employee's physical or mental incapacity to perform any or all of his/her essential functions, with or without reasonable accommodation, for any period or periods which, in the aggregate, total 30 calendar days or more in any 12 month period.

f. Indemnification. Employee shall indemnify and hold harmless HealthTrust, Facility and their respective successors, assigns, directors, officers, agents and personnel from and against any financial loss, damage, injury, penalty, sanction, judgment, fine, liability, cost, expense and fee (including reasonable attorneys' fees, expert witness fees, investigator fees, court costs, costs and fees associated with arbitration or mediation) which result from or arise out of any claim asserted against or sought from HealthTrust or its affiliates in connection with this Agreement or the Program, to the extent such Losses are caused by (i) the fraud, willful misconduct or negligence of Employee; (ii) the breach or alleged breach of the terms, warranties or representations contained in this Agreement by Employee; and (iii) any material failure of Employee to comply with applicable law.

5. **Intellectual Property: Confidentiality: Emergency Judicial Relief**

a. The Parties acknowledge and agree that, as between Employee and HealthTrust all systems, documentation, manuals, software, programs, templates, formulas, analyses, reports, practices and processes that HealthTrust may use and/or provide to Employee in connection with the Program (collectively, the "HealthTrust IP") are proprietary to HealthTrust. The HealthTrust IP shall remain the property of HealthTrust.

b. Employee agrees that the existence of this Agreement and its terms, as well as the HealthTrust IP and any other tangible or intangible information, data, educational materials, materials relating to business, protocols, guidelines, pricing, strategies, compensation levels, financial information, trade secrets, and technology concerning HealthTrust or its affiliates, subcontractor(s), employees, agents, or representatives (collectively, the "HealthTrust Confidential Information") that HealthTrust shares with Employee or of which Employee becomes aware in connection with the Program is confidential and proprietary to HealthTrust. Employee shall hold all HealthTrust Confidential Information in the strictest confidence, shall protect all HealthTrust Confidential Information with the same degree of care that Employee exercises with respect to its own confidential and proprietary information, and shall not disclose any HealthTrust Confidential Information to a third party without HealthTrust's prior written consent. Furthermore, Employee shall not use the HealthTrust Confidential Information for any purpose other than as specified in this Agreement. Upon the expiration or termination of this Agreement for any reason, or upon written request, Employee agrees to promptly return to HealthTrust all of the HealthTrust Confidential Information (in whatever form or media). The obligations of this Section 5 shall survive the expiration or termination of this Agreement and remain in full force and effect for a period of 3 years thereafter, or until such time as the HealthTrust Confidential Information is in the public domain.

c. Notwithstanding anything to the contrary in this Agreement, the Parties acknowledge and agree that a breach of this Section 5 may cause significant and irreparable losses to HealthTrust that cannot be fully or readily remedied in monetary damages in an action at law. Notwithstanding anything to the contrary in this Agreement, if either Employee has breached (or in the reasonable opinion of HealthTrust is likely to breach) any of its obligations under Section 5, HealthTrust shall be entitled to seek an immediate injunction or other equitable relief in addition to any other remedies

available under applicable law or equity, to stop or prevent or reduce losses arising from such a breach. Employee waives, to the extent permitted by applicable law, the requirement that HealthTrust post bond prior to entry of an injunction.

6. **General**

a. Waiver. No waiver of any breach of any paragraph, term and/or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other paragraph, term and/ or provision of this Agreement.

b. Sole and Entire Agreement. This Agreement, together with the Promissory Note, constitutes the sole, complete and entire agreement between HealthTrust and Employee concerning the employment. This Agreement supersedes all prior negotiations and/or agreements between the parties, whether oral or written, concerning the employment.

c. Amendments. No amendment or other modification of this Agreement will be effective unless and until it is embodied in a written documents signed by both HealthTrust and Employee.

d. Savings Provision. To the extent that any provision of this Agreement or any paragraph, provision and/or work of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, provision and/or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

e. Ability to Assign. This Agreement, and any and all rights and obligations hereunder, are freely assignable by HealthTrust without the consent of Employee. This Agreement may not be assigned by Employee, unless such assignment is consented to in writing by HealthTrust, in its sole and absolute discretion.

f. Applicable Law. This Agreement and each and every portion of this Agreement shall be pursuant to the laws of the State of Tennessee.

g. Taxable Income. Employee understands that the costs incurred to complete the Program may be considered taxable income, and Employee must determine whether federal income tax is due on the costs to complete the Program. HealthTrust shall neither pay nor reimburse Employee for federal income tax due by Employee as a result of participation in the Program.

h. Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder, unless otherwise stated, shall be deemed effectively given when personally received, and shall be sent by (i) electronic mail transmission with return electronic mail from the recipient indicating receipt; (ii) express or overnight courier with proof of delivery; or (iii) U.S. Postal Service, certified or registered mail with signed return receipt, addressed to the Parties as set forth on the signature page hereto. HealthTrust and/or Employee may change the person and address to which notices or other communications are to be sent to it by giving written notice of any such change in the manner provided herein.

[redacted]

HEALTHTRUST
Workforce Solutions

IN WITNESS WHEREOF, HWS and Employee hereby indicate their acceptance of the terms of this Agreement by their signatures below.

EMPLOYEE

By: _____

Name Printed: [redacted]

Address: _____
_____
_____

HEALTHTRUST WORKFORCE SOLUTIONS, LLC

By: [redacted]
Name:

Title: CFO

[redacted]

[redacted]

HEALTHTRUST

Workforce Solutions

Exhibit A

Facility(ies):

I. Angel Medical Center
II. Asheville Specialty Hospital
III. Blue Ridge Regional Hospital
IV. Highlands-Cashiers Hospital
V. Mission Hospital
VI. Mission Hospital McDowell
VII. Transylvania Regional Hospital

[redacted]

HEALTHTRUST

Workforce Solutions

PROMISSORY NOTE ("NOTE")
SPECIALTY TRAINING AND APPRENTICESHIP FOR REGISTERED NURSES PROGRAM

[redacted]

[redacted]
Date

FOR VALUE RECEIVED, [redacted] (hereinafter called "Maker"), promises to pay to the order of HealthTrust Workforce Solutions, LLC, its successors and assigns (hereinafter called "Holder", which term shall always refer to the lawful owner and holder of the indebtedness evidenced hereby) at the [redacted] or at such other place as the Holder may, from time to time, designate in writing, in lawful money of the United States of America, the principal amount of $10,000, plus interest at a fixed rate of 3% per annum. Interest for each year shall be computed on the basis of a 360-day year composed of 12 calendar months of 30 days each. Certain capitalized terms used and not otherwise defined in this Note shall have the meanings given to such terms in that certain Specialty Training and Apprenticeship for Registered Nurses Program Agreement, of even date herewith, between Maker and Holder (the "Agreement"). Maker and Holder agree that, effective upon acceptance of employment at a Facility pursuant to Section 2.c. of the Agreement, this note shall automatically be assigned to Facility.

Interest shall accrue on the outstanding balance commencing 30 days following the date of any termination of employment of Maker (hereinafter an "Event of Default") under the Agreement, and continuing thereafter until this note is paid in full as provided herein. All payments received hereunder shall be applied to principal, interest and/or Holder's unpaid costs and expenses, in such order and in such amounts, as Holder shall determine in the reasonable exercise of its discretion.

The entire outstanding principal balance hereof, together with all accrued and unpaid interest hereon, and all unpaid costs and expenses of Holder hereunder, shall be due and payable on the 60th day following an Event of Default.

Maker and Holder agree that for each month Maker remains employed by a Facility as an RN, following completion of the Program, Holder will forgive 1/24th of the total value of this Note. This Note shall be cancelled on the thirtieth day following Maker's 24th month of employment in accordance with the terms of the Agreement

If any payment hereunder becomes due and payable on a day other than a business day, the maturity thereof shall be extended to the next succeeding business day and interest shall be payable at the rate in effect during such extension. As used herein, the term "business day" shall mean a day other than a Saturday, Sunday or day on which commercial banks are authorized to close under the laws of the State of Florida.

Notwithstanding any provisions to the contrary, it is the intent of the Holder, the Maker, and all parties liable on this Note, that neither the Holder nor any subsequent holder shall be entitled to receive, collect, reserve, or apply, as interest, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law or regulations, as amended or enacted from time to time. In the event this Note calls for an interest payment that exceeds the maximum lawful rate of interest then applicable, such interest shall not be received, collected, charged, or reserved until such time as that interest, together with all other interest then payable, falls within the then applicable maximum lawful rate of interest. In the event the Holder, or any subsequent holder, receives any

[redacted]

HEALTHTRUST

Workforce Solutions

such interest in excess of the then applicable maximum lawful rate of interest, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such, or, if the principal indebtedness evidenced hereby has been paid in full, any remaining excess funds shall immediately be repaid to the Maker. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the maximum lawful rate of interest, the Maker and the Holder shall, to the maximum extent permitted under applicable law, (i) exclude voluntary prepayments and the effects thereof, and (ii) amortize, prorate, allocate, and spread, in equal parts, the total amount of interest throughout the entire term of the indebtedness; provided that if the indebtedness is paid in full prior to the maturity date, and if the interest received for the actual period of existence hereof exceeds the maximum lawful rate of interest, the holder of the Note shall refund to the Maker the amount of such excess or credit the indebted ness as of the date it was received.

Maker shall have the right to prepay in full or in part the principal amount outstanding hereunder at any time without premium or penalty, provided, any such prepayment shall not reduce or alter Maker's obligation to continue making monthly installment payments in accordance with the terms hereof, as and when required hereunder.

Maker shall pay to Holder a "late charge" equal to 10% of the total amount of any payment required hereunder is not received by the Holder within 10 business days after the date such payment is due to defray the expense incurred by Holder in handling and processing such delinquent payment and not as a penalty or forfeiture; provided, however, in no event shall said late charge result in the payment of interest in excess of the maximum lawful rate of interest permitted by applicable law.

Time is of the essence, and in case this Note is collected by law or through an attorney-at-law, or under advice there from, whether or not suit is brought, Maker agrees to pay all costs of collection, including reasonable attorney's fees.

This Note may not be amended, modified or supplemented without the prior written approval of Holder and Maker. No waiver of any term or provision hereof shall be valid against Holder unless such waiver is in writing executed by Holder. Maker may not assign this Note.

This Note, and any and all rights and obligations hereunder, are freely assignable by Holder without the consent of Maker, and shall be automatically assigned to Facility as set forth above. Maker hereby waives any notice of the transfer of this Note by the Holder or by any subsequent holder of this Note, agrees to remain bound by the terms of this Note subsequent to any transfer, and agrees that the terms of this Note may be fully enforced by any subsequent holder of this Note.

This Note has been executed and delivered in, and shall be governed by and construed and enforced according to the laws of, the State of

Tennessee, except to the extent preempted by applicable laws of the United States of America.

MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO HAVE A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREIN, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND/OR THE AGREEMENT, AND OTHER DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONJUNCTION, HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY.

[redacted]

HEALTHTRUST

Workforce Solutions

Maker and all whom may become liable for same, jointly and severally waive presentment for payment, protest, notice of protest, notice of nonpayment of this Note, demand and all legal diligence in enforcing collection, and hereby expressly agree that the lawful owner or holder of this Note may alter its maturity, defer or postpone collection of the whole or any part thereof, either principal and/or interest, or may extend or renew the whole or any part thereof, either principal and/or interest, or may accept additional collateral or security for the payment of this Note, or may release the whole or any part of any collateral security, and/or liens given to secure the payment of this Note, or may release from liability on account of this Note any one or more of the makers, endorsers, guarantors, sureties, co-makers, and/or other parties thereto, all without notice to them or any of them; and such alteration, deferment, postponement, renewal, extension, acceptance of additional collateral or security and/or release shall not in any way affect or change the obligation of any such maker, endorser, guarantor or other party, or change the obligation of any such maker, endorser, guarantor or other party, to this Note, or of any other party who may become liable for the payment thereof.

Maker, having read and fully understanding all terms and conditions herein and in the Agreement, have executed this Note.

IN WITNESS WHEREOF, the undersigned have executed this Note as of the date first above written.

MAKER

By:_____

Name Printed: [redacted]

Last4 SSN:

Address: _____

_____

[redacted]

Section 7(b) of the Privacy Act of 1974, 5 USC 552a note and use of the Social Security Number (SSN). Disclosure of the applicant's SSN is mandatory. The SSN will be used to verify the identity of the applicant and as an account number (identifier) throughout the life of the loan to record necessary data accurately. As an identifier, the SSN is used in such activities as: determining eligibility for death acclaims, and for tracing and collecting cases of defaulted loans.

Exhibit 2: Example of an HCA Healthcare TRAP

confirmation of our offer and your acceptance for the position of Pediatrics RN Resident February Cohort, [redacted]. You will be joining our Pediatrics Med Surg Department and reporting to [redacted].
Your tentative start date will be on or about February 24, 2020.

Your tentative orientation date will be February 24, 2020.

Your pay and benefits will be as follows:

St. David's HealthCare
Nurse Residency
Program Agreement
and Official Offer
Letter of Employment

This St. David's HealthCare Nurse Residency Program Agreement (this **"Agreement")** is entered into as of the date of signature between [redacted] Healthcare Partnership, L.P., LLP **("SDHP"** and, with Employee, the **"Parties").** Your tentative orientation date will be February 24[th], 2020.

WHEREAS, individuals who are licensed Registered Nurses **("RNs")** are eligible to participate as students in SDHP's Nurse Residency Program **("Program")** in order to receive education and training to prepare them for work as an RN in designated specialty areas.

WHEREAS, Employee desires to participate in the Program, and SDHP is willing to allow Employee to participate in the Program, subject to the terms of this Agreement.

WHEREAS, your offer is contingent upon the successful completion of a pre-employment process to include: background check, drug screen, health assessment and the provision of required documentation related to employment eligibility. Please note any misrepresentation of qualifications or credentials may be grounds for dismissal. You must complete the drug screen at an authorized location within 72 hours of receipt of the drug screen form; otherwise, the offer is void. The drug screen form and Disclosure/Authorization/Release of Information form will be sent to you closer to your start date. You may also be required to complete a state fingerprinting prior to your start. If your state requires this, additional instructions will be attached.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Training

SDHP will compensate Employee during the Program as described in Section 3.a below. In addition, sufficient funds to cover the cost of tuition, books and certain supplies have been paid on the Employee's behalf. Although the exact amount expended on Employee's behalf cannot be precisely stated, the Parties agree that **$10,000** is an accurate estimate of the value of the training provided. Employee further agrees to execute the attached promissory note (the **"Promissory Note")** related to the repayment of such costs as a condition precedent to participation in the Program.

2. Employment

a. Upon execution of this Agreement and the Promissory Note, Employee will be employed by SDHP and assigned to one of the facilities set forth on Exhibit A hereto (each, a **"Facility"),** for the duration of the Program.

b. Employee will remain in the employment of SDHP for the duration of the Program, and for a period of two years after date of hire into the Program, subject to Facility's policies and procedures applicable to employees.

c. Employee shall meet the established attendance and performance requirements as outlined by the Program to remain eligible for participation in the Program.

3. Compensation

a. To participate in this program, we are offering you a **$2,000.00 stipend**, all required tax withholding pursuant to IRS regulations will be withheld; Federal will be at the supplemental rate as designated by the IRS. The stipend will be paid at the end of every pay period (two weeks) completed in the program planned. **The program is planned 13 Weeks starting February 24, 2020.**

b. Upon completion of the Immersion Program you will receive an hourly rate of $25, less all legally required and authorized deductions. All wages are subject to tax withholding pursuant to IRS regulations; Federal supplemental rate withheld as designated by the IRS.

c. You must pass your NCLEX RN exam, and have a current Texas RN License verifiable on the Texas Board of Nursing website, prior to your first day of employment.

d. Continued full-time employment is contingent upon performance within the residency program. Nothing in this letter will be construed to oblige St. David's Healthcare to employ you or to continue your employment for any particular time or under any particular terms or conditions of employment. If you do successfully complete and continue in a full time status at the conclusion of your residency program, **please note that your hourly rate of pay will change to $27/hour on a designated date in July of 2020.**

e. You will be eligible to participate in our benefits plan that includes Medical, Dental and Life insurance options. Benefits are effective on your 31st day of employment and you must be in a full or part-time role to be eligible. We also offer a 401 (k) salary deferral plan. All benefit plans are subject to the terms, conditions, limitations, and exclusions contained in the applicable plan documents. Details of these programs will be mailed to your home from our benefits team. PTO accrual begins once you successfully transition off of the stipend at the conclusion of your Immersion Program.

4. Employment Following Date of Hire

a. Term of Employment. In consideration for participating of the Program, *and* upon offer of employment by a Facility, Employee agrees to work full-time as an RN for Facility in the unit as assigned by Facility for at least two (2) years following the date of hire by Facility ("Two Year Commitment Period"). During the Two Year Commitment Period, Employee shall diligently and conscientiously devote his/her energies, interests, abilities, and productive full-time to discharging his/her duties at Facility. St. David's Healthcare can elect not to enforce these terms, should there be a business need to move the Employee to another role/Facility.

b. Education Requirement. In consideration for participating in the Program, *and* upon offer of employment by a Facility, Employee agrees that if hired in with an Associate's Degree in Nursing, ADN, there is an expectation that the Employee will enroll in a RN to BSN program within one (1) year of Employee's date of hire. Employee will then need to graduate from the BSN program within three (3) years of the Employee's enrollment date. Failure to do so will result in termination of employment.

c. Termination of Employment by Employee or Facility. Should Employee voluntarily terminate his/her employment with Facility for any reason before completing the Two Year Commitment Period, Employee shall repay Facility the value of the Program on a pro rata basis. Specifically, Employee shall pay Facility 1/24 of the total value of the Program for each full or partial month of the Two Year Commitment Period remaining at the time of termination. St. David's Healthcare can elect not to enforce these terms during the Two Year Commitment Period, should there be a business need to terminate the Employee due to not meeting the established attendance and performance requirements as outlined by the Program to remain eligible for participation in the Program.

d. Withholding from Employee's Paycheck. Employee hereby specifically authorizes Hospital to withhold from his/her final paycheck, including any payment for accrued but unused PTO, any amounts owed to Hospital as repayment for the training in accordance with paragraphs [4.c.]. Employee further acknowledges that employee will be responsible for any amounts that remain owing to Hospital under paragraphs [4.c.] following such withholding and will pay the costs related to any action Hospital must take to collect said amount, including reasonable attorneys' fees.

e. Termination Upon Death and/or Disability. Employment and this Agreement, shall, in their entirety, terminate immediately upon Employee's death or Employee's physical or mental incapacity to perform any or all of his/her essential functions, with or without reasonable accommodation, for any period or periods which, in the aggregate, total 30 calendar days or more in any 12-month period.

f. Indemnification. Employee shall indemnify and hold harmless SDHP, Facility and their respective successors, assigns, directors, officers, agents and personnel from and against any financial loss, damage, injury, penalty, sanction, judgment, fine, liability, cost, expense and fee (including reasonable attorneys' fees, expert witness fees, investigator fees, court costs, costs and fees associated with arbitration or mediation) ("Losses") which result from or arise out of any claim asserted against SDHP or its affiliates in connection with this Agreement or the Program, to the extent such Losses are caused by (i) the fraud, willful misconduct or negligence of Employee; (ii) the breach or alleged breach of the terms, or warranties or representations by Employee contained in this Agreement ; or (iii) any material failure of Employee to comply with applicable law.

5. Intellectual Property & Other Confidential Information

a. The parties acknowledge and agree that, as between Employee and SDHP, all systems, documentation, manuals, software, programs, templates, formulas, analyses, reports, practices and processes that SDHP may use and/or provide to Employee in connection with the Program (collectively, the **"SDHP IP"**) are proprietary to SDHP. The SDHP IP shall remain the property of SDHP.

b. Employee agrees that the existence of the Agreement and its terms, as well as the SDHP IP and any other tangible or intangible information, data, materials relating to business, protocols, guidelines, pricing, strategies, compensation levels, financial information, trade secrets, and technology concerning SDHP or its affiliates, subcontractor(s), employees, agents or representatives (collectively, the **"SDHP Confidential Information"**) that SDHP shares with or which Employee becomes aware in connection with his/her participation in the Program is confidential and proprietary to SDHP. Employee shall hold all SDHP Confidential Information in the strictest confidence, shall protect all SDHP Confidential Information with the same degree of care that Employee exercises with respect to his/her own confidential and proprietary information, and shall not disclose any SDHP Confidential Information to a third party without SDHP's prior written consent. Furthermore, Employee shall not use SDHP Confidential Information without SDHP's prior written consent. Furthermore, Employee shall not use SDHP Confidential Information for any purpose other than as specified in this Agreement. Upon the expiration or termination of this Agreement for any reason, or upon written request, Employee agrees to promptly return to SDHP all of the SDHP Confidential Information (in whatever form or media). The obligations of this Section 5 shall survive the expiration or termination of this Agreement and remain in full force and effect for a period of 3 years thereafter, or until such time as the SDHP Confidential Information is in the public domain.

c. Employee acknowledges and agrees that a breach of this Section 5 would cause significant and irreparable losses to SDHP that cannot be fully or readily remedied in monetary damages in an action at law. Notwithstanding anything to the contrary in this Agreement, if Employee has breached (or in the reasonable opinion of SDHP is likely to breach) any of his/her obligations under Section 5, SDHP shall be entitled to seek an immediate injunction or other equitable relief in addition to any other remedies available under applicable law or in equity, to stop, prevent or reduce losses arising from such a breach. Employee waives, to the extent permitted by applicable law, the requirement that SDHP post bond prior to entry of an injunction.

6. General

a. Waiver. No waiver of any breach of any paragraph, term and/or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other paragraph, term and/or provision of this agreement.

b. Sole and Entire Agreement. This Agreement, together with the Promissory Note, constitutes the sole, complete and entire agreement between SDHP and Employee concerning the employment. This Agreement supersedes all prior negotiations and/or agreements between the parties, whether oral or written, concerning the employment.

c. Amendments. No amendment or other modification of this Agreement will be effective unless and until it is embodied in a written document signed by both SDHP and Employee.

d. Savings Provision. To the extent that any provision of this Agreement or any paragraph, provision and/or work of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, provision and/or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

e. Ability to Assign. This Agreement, and any and all rights and obligations hereunder, are freely assignable by SDHP without the consent of Employee. This Agreement may not be assigned by Employee.

f. Applicable Law. This Agreement shall be governed by the laws of the State of Texas.

g. Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder, unless otherwise stated, shall be deemed effectively given when personally received, and shall be sent by (i) electronic mail transmission with return electronic mail from the recipient indicating receipt; (ii) express or overnight courier with proof of delivery; or (iii) U.S. Postal Service, certified or registered mail with signed return receipt, addressed to the Parties as set forth on the signature page hereto. SDHP and/or Employee may change the person and address to which notices or other communications are to be sent to it by giving written notice of any such change in the manner provided herein.

EXHIBIT A
FACILITIES

St. David's Medical Center
St. David's North Austin Medical Center
St. David's South Austin Medical Center
St. David's Round Rock Medical Center
St. David's Georgetown Hospital, a St. David's Medical Center facility
Heart Hospital of Austin, a campus of St. David's Medical Center
St. David's Surgical Hospital, a campus of St. David's North Austin Medical Center

PROMISSORY NOTE ("NOTE")

St. David's HealthCare Nurse Residency Program
Travis County, Texas
Williamson County, Texas

$10,000

Date: January 10[th], 2020

VALUE RECEIVED, [redacted] (hereinafter called "Maker"), promises according to the terms of this Note, to St. David's Healthcare Partnership, L.P., LLP, its successors and assigns (hereinafter called "Holder", which term shall always refer to the lawful owner and holder of the indebtedness evidenced hereby) at the main office of the Holder in Travis County, Texas, 98 San Jacinto Boulevard, Suite 1800, Austin, Texas 78701, or at such other place as the Holder may, from time to time, designate in writing, the principal amount of $10,000, plus interest at a fixed rate of 3% per annum. Interest for each year shall be computed on the basis of a 360-day year composed of 12 calendar months of 30 days each. Certain capitalized terms used and not otherwise defined in this Note shall have the meanings given to such terms in that certain St. David's Healthcare Nurse Residency Program Agreement, of even date herewith, between Maker and Holder (the "Agreement"). Maker and Holder agree that, effective upon Maker's acceptance of employment, this Note shall automatically be assigned to Facility.

Interest on the principal amount shall begin to accrue 30 days following the date of any termination of employment of Maker (hereinafter an "Event of Default") under the Agreement, and continuing thereafter until this Note is paid in full as provided herein. All payments received hereunder shall be applied to principal, interest and/or Holder's unpaid costs and expenses, in such order and in such amounts, as Holder shall determine in the reasonable exercise of its discretion.

Amounts outstanding under this Note are subject to forgiveness but shall become due and payable if Maker shall fail at any time to fulfill his/her obligations set forth in the Agreement, and such default shall continue for a period of 10 days after the defaulting party receives written notice thereof from the other party specifying the existence of such default and the defaulting party has not commenced a cure of such compliance and demonstrated continued diligent pursuit of such cure after notice of default. In the event that Maker does default on his/her obligations set forth in the Agreement, Holder may, at its option, accelerate any outstanding debt to be immediately due and payable by Maker.

Amounts so payable, and interest, shall be payable in twenty-four (24) equal monthly installments, the first such payment to be paid on the first business day of the month following receipt of written notice that amounts are due hereunder, and subsequent installments to be paid on the same day of each succeeding calendar month until all amounts have been paid. The Maker may prepay, without premium or penalty, all or any part of this Note at any time and from time to time, provided that any such prepayment shall not reduce or alter Maker's obligation to continue making monthly installment payments in accordance with the terms hereof, as and when required hereunder. All payments shall be payable in lawful money of the United States.

Maker and Holder agree that for each month Maker remains employed by a Facility as an RN, following date of hire into the Program, Holder will forgive 1/24th of the total value of this Note. This Note shall be automatically cancelled on the thirtieth day following Maker's 24th month of employment in accordance with the terms of the Agreement.

The entire outstanding principal balance hereof, together with all accrued and unpaid interest herein, and all unpaid costs and expenses of Holder hereunder, shall be due and payable on the 60th day following an Event of Default.

If at any time during the term of this Note any of the following events (each an "Event of Default") shall occur: (1) Maker fails to pay any interest or principal when due hereunder, and such failure to pay is not cured within ten (10) days after Holder gives written notice to Maker of such failure to pay; (2) any voluntary or involuntary bankruptcy, liquidation, insolvency, readjustment of debt or other similar act or proceeding shall be commenced by or against Maker; (3) Maker shall apply for, or there shall be appointed, a receiver, custodian or trustee for all or a substantial part of Maker 's assets; (4) Maker shall make an assignment for the benefit of creditors; (5) Maker shall be unable to pay its debts generally as they become due; or (6) Maker breaches any of Maker's representations, warranties, or covenants; then, automatically upon the occurrence of (2), (3), (4) or (5), and at the election of Holder upon the occurrence of (1) or (6), the entire amount of unpaid interest and principal hereunder shall become due and payable on the sixtieth (60th) day following such Event of Default without diligence, presentment, protest, demand or notice of protest, demand, dishonor or nonpayment, all of which are expressly waived hereby.

If any payment hereunder becomes due and payable on a day other than a business day, the maturity thereof shall be extended to the next succeeding business day and interest shall be payable at the rate in effect during such extension. As used herein, the term "business day" shall mean a day other than a Saturday, Sunday or day on which commercial banks are authorized to close under the laws of the State of Texas.

Notwithstanding any provisions to the contrary, it is the intent of the Holder, the Maker, and all parties liable on this Note, that neither the Holder nor any subsequent holder shall be entitled to receive, collect, reserve, or apply, as interest, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law or regulations, as amended or enacted from time to time. In the event this Note calls for an interest payment that exceeds the maximum lawful rate of interest then applicable, such interest shall not be received, collected, charged, or reserved until such time as that interest, together with all other interest then payable, falls within the then applicable maximum lawful rate of interest. In the event the Holder, or any subsequent holder, receives any such interest in excess of the then applicable maximum lawful rate of interest, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such, or, if the principal indebtedness evidenced hereby has been paid in full, any remaining excess funds shall immediately be repaid to the Maker. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the maximum lawful rate of interest, the Maker and the Holder shall, to the maximum extent permitted under applicable law, (i) exclude voluntary prepayments and the effects thereof, and (ii) amortize, prorate, allocate, and spread, in equal parts, the total amount of interest throughout the entire term of the indebtedness; provided that if the indebtedness is paid in full prior to the maturity date, and if the interest received for the actual period of existence hereof exceeds the maximum lawful rate of interest, the holder of the Note shall refund to the Maker the amount of such excess or credit the indebtedness as of the date it was received.

Maker shall pay to Holder a late charge equal to 10% of the total amount of the payment if any payment required hereunder is not received by the Holder within 30 days after the date such payment is due to defray the expense incurred by Holder in handling and processing such delinquent payment and not as a penalty or forfeiture; provided, however, in no event shall said late charge result in the payment of interest in excess of the maximum lawful rate of interest permitted by applicable law.

In the event action is instituted on this Note, Maker agrees to pay all costs of collection, including reasonable attorney's fees.

This Note may not be amended, modified or supplemented without the prior written approval of Holder and Maker. No waiver of any term or provision hereof shall be valid against Holder unless such waiver is in writing executed by Holder. Maker may not assign this Note.

This Note and any and all rights and obligations hereunder, are freely assignable by the Holder without the consent of Maker, and this Note will be automatically assigned as set forth in the Agreement as stated above. Maker hereby waives any notice of the transfer of this Note by Holder or by any subsequent holder of this Note, agrees to remain bound by the terms of this Note subsequent to any transfer, and agrees that the terms of this Note may be fully enforced by any subsequent holder of this Note.

This Note has been executed and delivered in, and shall be governed by and construed and enforced in accordance with the laws of, the State of Texas, except to the extent preempted by applicable laws of the United States of America.

MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO HAVE A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND/OR THE AGREEMENT AND ANY OTHER DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY.

Maker, having read and fully understand all terms and conditions herein and in the Agreement, has executed this Note.

MAKER: Electronic Signature: ________

Printed Name: ________

Address: ________

HOLDER: St. David's Healthcare Partnership, L.P., LLP
98 San Jacinto Boulevard, Suite 1800
Austin, Texas 78701

Upon acceptance, as part of our hiring process, you may receive an email with information about our onboarding system. Please check your email regularly for this message (including the spam folder). To ensure receipt of the welcome email, please add HCAOnboarding@hcahealthcare.com to your address book.

The welcome email will include your User ID and the link to the onboarding website. You must access this system and complete the required new hire forms promptly or your start date could be delayed.

Your initial password to the onboarding application will be the first two letters of your first name, followed by a four digit number representing your HR Company number which is 5730, followed by the first two letters of your last name and the $ sign. (Example, ja1234sm$).

Do not use the Caps Lock feature on your keyboard. All letters in the password are lowercase. Upon successful login you will be prompted to immediately change your password to something of your own choosing.

Again, congratulations on your offer [redacted]. We look forward to having you as a member of the North Austin Medical Center team and trust you will make outstanding contributions to our organization's success.

Sincerely,

Natasha N Francis
Associate Recruiter

I understand that this agreement does not constitute a guarantee of employment; and it is understood that all employees at the organization are employed for an indefinite term, and the employer may terminate the employment relationship for cause. Cause is defined as a reason for discipline or any action that is not arbitrary, capricious, or illegal, that is based on facts that the employer reasonably believes to be true. Some examples of cause include, but are not limited to, (1) dissatisfaction with an employee for such reasons as lack of capacity or diligence, or (2) economic needs subject to the reasonable judgment of the Employer. Nothing in this letter will be construed to oblige the organization to employ Grantee or others or to continue the employment of Grantee or others for any particular time or under particular terms or conditions of employment.

I understand that I must abide by the rules and policies of the organization and those outlined in the "Commitment Requirements" section of the Agreement/s. I understand that failure to do so can result in action taken against me.

I understand that voluntary termination during the commitment period may result in my obligation to repay any and all bonus payments made in conjunction with this offer as outlined in the applicable policy.

Exhibit 3: Example of an HCA Healthcare debt collection notice

BENEFIT RECOVERY GROUP

PO Box 172207, Memphis, TN 38187-2207

[redacted]

[redacted]

[redacted]

[redacted]

Benefit Recovery Group has been retained by HCA Healthcare, Inc. to collect on funds owed back to North Austin Medical Center regarding your Nurse Residency Training benefit. We have attempted to contact you with previous notifications, and you have been unresponsive to our attempts. Please be advised your case is still outstanding and is now considered delinquent.

You are required, by your acceptance of the terms and conditions detailed in your benefit offer to remit payment back to North Austin Medical Center as your employment terminated prior to the vesting period specified in your contract. Our records indicate your employment terminated on [redacted]

The amount due is contingent on the length of your employment and the contracted timeframe. Your amount owed is $4,583.33.

Your balance of $4,583.33, is due in full, payable to Benefit Recovery Group at the address below. Failure to make payment may result in North Austin Medical Center pursuing any and all legal rights it has against you, including filing legal actions. Please be advised that in addition to seeking the full amount of payment, North Austin Medical Center, may also, to the extent permitted by law, seek to recover interest and all costs and attorneys' fees incurred in connection with its efforts to collect on amounts due and owing.

I would be happy to discuss this case with you or assist with payment. You may contact me directly at 901.801.6184, or mweaver@brgsubrogation.com. You may also contact us toll-free at 1.866.246.0902.

Sincerely,
/s/ Megan Weaver
Resolution Specialist

You may remit payment immediately, in full, by money order, personal check, or cashier's check made payable to Benefit Recovery Group to the address above.
You may remit payment by credit card or debit card on our website: www.brgsubro.com/payinvoice or by calling your assigned recovery specialist or our toll-free number.

Exhibit 4: Example of a Tenet Healthcare TRAP at Carondelet St. Mary's hospital in Tucson, AZ (a joint venture with the non-profit healthcare system CommonSpirit)

EXHIBIT 3

REGISTERED NURSE RESIDENCY/ORIENTATION PROGRAM PARTICIPATION AGREEMENT

THIS REGISTERED NURSE RESIDENCY/ORIENTATION PROGRAM PARTICIPATION AGREEMENT (the "Agreement") is made and entered into as of the later of April 5, 2020 or the execution of the Agreement by both parties (the "Effective Date") between Carondelet Health Network St. Mary's (the "Hospital") and [redacted] (the "Employee").

RECITALS

A. The Hospital owns and operates a general acute care hospital.

B. The Employee is employed by the Hospital and desires to supplement his/her education in order to serve the patients of the Hospital better and more efficiently.

C. In order to provide high quality patient care, the Hospital has determined that it desires to offer an educational program, along with tuition assistance, to certain of its employees, one of whom is the Employee.

NOW, THEREFORE, for and in consideration of the mutual convenience and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Residency/ Orientation to be provided by the Hospital.** The Hospital has established a Novice Nurse Residency (hereinafter referred to as "the Program"). The Program will commence on April 5, 2020 and will continue thereafter for a maximum period of 8 weeks. The Program may qualify for contact hour processing by the Board of Registered Nursing of the state in which the Hospital is located, but is solely sponsored by the Hospital and/or its affiliates.

2. **Cost of the Program.** It is acknowledged and agreed by the Employee that the cost to the Hospital to provide the Program to the Employee is $10,580.00, which includes tuition, books, clinical preceptorship, and related educational materials (collectively the "Tuition"). The Employee shall be obligated to repay the Hospital the full amount of the Tuition as set forth in Section 3 below.

3. **Cost to the Employee of the Program.** It is acknowledged and agreed that the Employee has elected to participate in the Program, the Program is being provided to the Employee for the benefit of the Hospital and the Employee, and that the Hospital has made a significant investment of time and money in the Employee by allowing the Employee to participate in the Program. In the event that the Employee completes the Program and the Employee continues as a regular full-time (or, at the Hospital's sole discretion, part-time) employee of the Hospital for a continuous period of 24 months (the "Commitment Period") after completion of the Program, which is anticipated to be April 5, 2022 (the "Program Completion Date"), then the Hospital agrees that it will forgive and cancel the Employee's obligation to repay the Tuition. In the event that any of the following events shall occur, the Employee shall be obligated to repay the Hospital as set forth below:

(a) If at any time during the Program the Employee voluntarily resigns from his/her position at the Hospital, voluntarily reduces his/her schedule to anything less than full-time, or voluntarily elects to transfer to per diem status (collectively a "Resignation Event"), then the Employee shall repay to the Hospital 100% of the Tuition, unless the Employee initiates a Resignation Event during the first half of the Program, in which case the Employee will repay 50% of the Tuition.

(b) If at any time after the completion of the Program but prior to the completion of the Commitment Period the Employee initiates a Resignation Event, the Employee shall repay to the Hospital the Tuition on a pro-rated basis based on the number of months of the Commitment Period completed. For purposes of an example, if the Employee resigns after 12 months of the Commitment Period, the Employee will repay 50% of the Tuition.

(c) If at any time during the Program the Employee is terminated for cause (including a violation of Hospital policy, a violation of a standard of conduct, or unacceptable performance of job duties), the Employee shall repay to the Hospital 100% of the Tuition, unless the Employee is terminated for cause during the first half of the Program, in which case the Employee will repay 50% of the Tuition.

(d) If the Employee is terminated for cause (including violation of any Hospital policy, violation of a standard of conduct, or unacceptable performance of job duties) by the Hospital at a time within the Commitment Period, the Employee shall repay to the Hospital the Tuition on a pro-rated basis based on the number of months of the Commitment Period completed. For purposes of an example, if the Employee is terminated for cause after 12 months of the Commitment Period, the Employee will repay 50% of the Tuition.

(e) If the Employee is terminated without cause by the Hospital at any time during the Program or the Commitment Period, the Employee shall not have any repayment obligation to the Hospital.

(f) If the Employee does not successfully complete the Program requirements but remains employed at the Hospital in a fulltime status for a period of equivalent to the Commitment Period, then the Employee shall repay to the Hospital an amount equal to ten percent (10%) of the Tuition.

If the Employee requests and is granted a leave of absence by the Hospital at any time during the Commitment Period, then the Employee acknowledges and agrees that such leave of absence shall suspend the running of the Commitment Period and the Commitment Period will resume running when the Employee returns to work on a full-time basis and will run until such time as it is completed. For purposes of example only, if the Employee is granted a two (2) month leave of absence three (3) months after the Program Completion Date, then the applicable Commitment Period will be extended to a total of 2 months from the Completion Date. In the event that the Commitment Period is not completed, the Employee shall repay the Hospital based upon the schedule set forth above.

If the Employee causes a repayment obligation to arise as set forth above, any monies due and owing to the Hospital shall be paid within ten (10) days after receipt of written notice from the Hospital of the occurrence of such event. To the extent permitted by law, the Employee's execution of this Agreement constitutes an express authorization for the Hospital to deduct amounts owed from any payment of wages or paid time off scheduled to be paid to the Employee.

4. **Representations of the Employee.** In connection with the execution of this Agreement and the commitment on the part of the Hospital to provide the Program to the Employee, the Employee represents and warrants to the Hospital that the Employee is employed by the Hospital and the Employee intends to remain employed full-time at the Hospital during the duration of the Program and the Commitment Period. The Employee further

represents and warrants to the Hospital that the Employee intends to remain employed full-time within the Hospital. The Employee represents and warrants that he/she has maintained a satisfactory performance record at the Hospital and that the Employee will continue to do so to the best of his/her ability. The Employee represents and warrants that the Employee will devote the time and attention necessary to fulfill the educational and clinical requirements of the Program and successfully complete the Program.

5. **Compensation to the Employee.** During the time that the Employee participates in the Program, the Employee shall be paid the Employee's regular hourly rate for hours devoted to Program classroom time and Program clinical time. To the extent that the Program classroom time or Program clinical time, as applicable, plus the Employee's time spent fulfilling the duties of his/her job, require the Employee to work in excess of 40 hours per week (or any period of time constituting "overtime" under state or federal law), the Employee shall be paid his/her overtime rate for such excess hours, in accordance with applicable state and federal law. All such compensation shall be subject to deductions for income taxes, social security, or other withholding required by law or any governmental body.

6. **Cooperation.** The Employee shall furnish any and all information, records, and other documents related to the Employee's participation in the Program which the Hospital may reasonably request in furtherance of its quality improvement, utilization review, risk management, and any other plans and/or RN Residencies adopted by the Hospital to assess and improve the quality and efficiency of the Hospital's services.

7. **Confidentiality.** The Employee recognizes that he/she will have access to certain confidential information of the Hospital and that this information constitutes valuable, special, and unique property of the Hospital. The Employee will not disclose any confidential information to any person or entity for any reason whatsoever, except: (a) to authorized representatives of the Hospital, (b) upon court or governmental agency order, or (c) with the written consent of the Hospital. The Employee agrees that violation of this section would cause the Hospital irreparable damage without adequate remedy at law and that, therefore, in the event of a breach or a threatened breach by the Employee of the provisions of this section, the Hospital shall be entitled to injunctive relief restraining the Employee from disclosing, in whole or in part, any confidential information.

8. **Notices.** Any demand, request, notice, or other communication which either party to this Agreement desires or may be required to make or deliver to the other shall be in writing and shall be deemed delivered when personally delivered or three (3) days after being deposited in the United States mail, postage prepaid, in registered or certified form, return receipt requested, addressed to the Employee at the address set forth in his/her personnel file maintained by the Hospital and addressed to the Hospital, attention Human Resources.

9. **Amendments.** This Agreement may be amended or modified, or compliance with any provision hereof waived, only by a written instrument signed by both the Hospital and the Employee.

10. **Binding Effect; Assignability.** This Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective successors and permitted assigns. The Hospital may assign this Agreement to any affiliate or subsidiary of the Hospital. The Employee is prohibited from assigning the Agreement or any of his/her rights or obligations hereunder. Any assignment or attempted assignment in violation of this Section shall give the Hospital the right to terminate this Agreement immediately. In such event, the Employee shall repay one hundred percent (100%) of the Tuition to the Hospital in accordance with Section 3 (f) above.

11. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state in which the Hospital is located.

12. **No Implied Waiver.** Any waiver of enforcement of any provision or waiver of any breach of this Agreement, whether or not recurring, shall not be construed as a waiver of any subsequent enforcement or breach of the same or any other provision of this Agreement.

13. **Termination.** The Hospital may terminate this Agreement at any time, with or without cause. Such termination shall have no effect on the Employee's employment with the Hospital. In the event of such termination, the Employee shall not have a repayment obligation to the Hospital.

14. **EMPLOYEE'S ACKNOWLEDGMENT.** THE EMPLOYEE HAS READ THIS AGREEMENT IN ITS ENTIRETY, UNDERSTANDS ITS CONTENTS, AND FREELY ENTERS INTO AND EXECUTES THIS AGREEMENT, INTENDING TO BE BOUND BY THE PROVISIONS HEREOF. THE EMPLOYEE UNDERSTANDS AND ACKNOWLEDGES THAT THE EMPLOYEE'S EMPLOYMENT WITH THE HOSPITAL IS AT ALL TIMES SUBJECT TO THE TERMS AND CONDITIONS OF THE TENET EMPLOYEE HANDBOOK, AND ALL EMPLOYMENT POLICIES AND PROCEDURES OF THE HOSPITAL, AS DETERMINED BY THE HOSPITAL FROM TIME TO TIME IN ITS SOLE DISCRETION. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT DOES NOT CREATE A CONTRACT OF EMPLOYMENT BETWEEN THE HOSPITAL AND THE EMPLOYEE AND THAT NO COMMITMENT HAS BEEN MADE TO THE EMPLOYEE REGARDING EMPLOYMENT FOR ANY SPECIFIED PERIOD OF TIME, OTHER THAN THE COMMITMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

To the extent any of the foregoing is inconsistent with an applicable collective bargaining agreement, that agreement will govern.

IN WITNESS WHEREOF, the Hospital and the Employee have executed this Agreement as of the date set forth above, intending to by bound hereby.

HOSPITAL: CARONDELET HEALTH NETWORK ST. MARY'S

By: _____
Name: _____
Date: _____
Address: _____
_____

EMPLOYEE: [redacted]

By: _____
Name: _____
Date: _____
Address: _____
_____

Exhibit 5: Example of a MedStar Health TRAP

Nursing Residency/Bridge Program Service Agreement

Medstar Washington Hospital Center invests significant time and resources in orienting and training nurses to be successful on a given unit. The investment associated with special training programs such as the New Graduate Residency and Nursing Bridge programs necessitate an agreement between the hospital and the associate that, in exchange for this specialized training, the associate will remain employed by the hospital for a period of time allowing for a partial return on that investment.

This agreement applies to newly hired associates, as well as current associates who are accepted into a specialized training program.

Upon completion of the specialized training program, participants agree to remain employed in a benefit-eligible status for 18 months following the completion of the training program. In the event the associate voluntarily terminates employment during this timeframe, the associate will pay back the sum indicated below. Pay back obligations are not pro-rated, and are based on a conservative estimate of expenses associated with the training and orientation of the nurse in the special training program.

TYPE OF PROGRAM: Residency & Bridge Program

TRAINING START DATE: 7/27/2020

SERVICE AGREEMENT PAYBACK AMOUNT: $5,000

By accepting this position with Medstar Washington Hospital Center, you are agreeing to remain employed in good standing until the service agreement end date. For the purposes of this agreement, "good standing" includes all time you remain productive and eligible to work your regular schedule, including approved paid time off. Periods of extended leave are not considered applicable to the service requirement, and the end date may be adjusted to reflect such gaps in employment. Any amount owed due to your voluntary termination prior to the service agreement end date may be collected from final paychecks, including PTO payouts.

Exhibit 6: Example of CRST The Transportation Solution, Inc. TRAP

EXHIBIT 3

Name: REDACTED

Social Security # REDACTED

CRST Expedited, Inc.

Driver Employment Contract

This Driver Employment Contract (the "Contract") is entered into this day, REDACTED, (the "Effective Date") in the State of Iowa by and between CRST Expedited, Inc. ("CRST"), an Iowa corporation, and REDACTED ("Employee"). In consideration of the parties' respective promises in this Contract and other good and valuable consideration, including but not limited to the expenses, fees and costs advanced by CRST for Employee's driver training as more fully detailed in the Pre-Employment Driver Training Agreement previously entered into by and between the parties (the "**Pre-Employment Driver Training Agreement**"), CRST and Employee agree as follows:

1. EMPLOYMENT. Upon the terms and conditions set forth in this Contract, CRST employs Employee, and Employee accepts employment by CRST.

2. DUTIES OF EMPLOYEE. While employed by CRST, Employee shall devote full time to the performance of Employee's duties to CRST under this Contract. Employee's duties on behalf of CRST are to act as a truck driver for CRST and fulfill all related duties, including, but not limited to, satisfying and complying with all of the standards, requirements, obligations, and conditions set forth in the CRST Professional Driver's Handbook (the "**Handbook**"). Employee acknowledges having received the Handbook during CRST's orientation program, has read, and understands the policies and standards set forth therein. CRST may at any time change Employee's job responsibilities, duties and standards. CRST may from time to time unilaterally amend the Handbook, and Employee hereby consents to and agrees to be bound under this Contract by any and all such amendments upon receiving notice of the amendment. Employee will not directly or indirectly engage or participate in any activities at any time during the term of this Contract in conflict with duties under this Contract and/or the best interests of CRST. During the Term, Employee shall complete "Phase 3" and "Phase 4" of CRST's Driver Training Program, as those terms are defined in the Pre-Employment Driver Training Agreement.

3. TERM OF EMPLOYMENT. The term of CRST's employment of Employee under this Contract shall be for a period of ten (10) months commencing as of the Effective Date (the "**Term**") subject to termination prior to the end of the Term pursuant to Section 4 of this Contract. Following the Term, CRST shall employ Employee on an at-will basis, and either party may terminate the employment relationship at any time effective immediately

4. TERMINATION OF EMPLOYMENT. During the Term Employee's employment may be terminated only for the following reasons: (1) by CRST with or without Due Cause effective immediately, (2) by mutual agreement of CRST and Employee, or (3) upon the death of Employee. For the purposes of this Contract, "Due Cause" means Employee's breach of this Contract and/or Employee's failure to satisfy or comply with any of the standards, requirements, obligations and conditions set forth in the Handbook. If Employee is terminated without Due Cause during the Term, then the terms of Section 5 shall be null and void.

5. NON-COMPETITION RESTRICTIVE COVENANT.

a. Employee acknowledges all of the following: Employee's ability to render the services under this Contract is the result of CRST having made a substantial financial commitment in Employee's driver training to satisfy the U.S. Department of Transportation and CRST requirements to become a professional truck driver with the expectation that CRST would recover such financial commitment during Employee's continuous employment for at least a ten (10) month period. CRST is entitled to recover during the Term the fees, expenses and costs advanced on behalf of Employee pursuant to the Pre-Employment Driver Training Agreement. If Employee's employment is terminated before the end of the Term, CRST will not recover such fees, expenses and costs, and CRST will suffer damages that cannot adequately be compensated by damages available in an action at law. Employee's experience and capabilities are such that Employee can obtain employment outside the trucking industry without breaching the Contract's terms and conditions including, but not limited to, the non-competition covenant in this Section 5.

b. In light of the acknowledgements in section 5.a and the resulting competitive disadvantage Employee could cause CRST, Employee agrees and covenants that for a period equal to the greater of the Restrictive Term and the duration of CRST's employment of Employee, Employee will not directly or indirectly provide truck driving services to any CRST Competitor within the continental United States of America. For purposes of this

EXHIBIT 3

Agreement: "CRST Competitor" means any motor carrier, common or contract, that provides a service offered by, similar to, competitive with or which can be used as an alternative to the services offered by CRST, or any other entity that shares some degree of common ownership with CRST, during Employee's employment by CRST. "Restrictive Term" means the Term including any period of the Term remaining after the termination of CRST's employment of Employee with or without cause by either party; provided, however, that the Restrictive Term shall lapse immediately upon Employee paying in full the amount due in paragraph 7. If Employee's employment is terminated before the end of the Term, Employee shall receive no compensation during the Restrictive Term.

c. Employee acknowledges that compliance with Employee's restrictive covenant set forth in section 5.b is necessary to protect CRST's investment in the Employee's driver training and that a breach of such restrictive covenant will irreparably and continually damage CRST, for which money damages may not be adequate. Consequently, Employee agrees that in the event Employee breaches or threatens to breach the restrictive covenant contained in section 5.b, CRST shall be entitled, in addition to its other remedies and damages available under law, to: (i) a temporary restraining order, a preliminary and/or a permanent injunction in order to prevent Employee from breaching such restrictive covenant; and (ii) payment by Employee for all costs and expenses, including but not limited to attorney fees, incurred by CRST in enforcing any provision of this Contract. Nothing in this Contract shall be construed to prohibit CRST from also pursuing any other remedy or seeking to enforce any legal remedies available against any person or company who hires Employee in violation of Employee's restrictive covenant in section 5.b. The parties hereby agree that all remedies shall be cumulative.

d. Employee acknowledges and agrees that the Restrictive Term and geographical area of restriction imposed by the non-competition restrictive covenant in section 5.b are fair and reasonably required for the protection of CRST. If at any time of enforcement of this Contract, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, CRST and Employee agree that the stated period, scope or area reasonable under such circumstances shall be substituted for the stated period, scope or area, and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

6. COMPENSATION. As compensation for the services to be rendered by Employee under this Contract, CRST will pay Employee the wages, benefits and other compensation set forth in the Handbook. CRST may unilaterally change at any time, by written amendment, the terms, and conditions of the compensation set forth in the Handbook, and Employee hereby consents to all such amendments and agrees that such amendments shall be binding upon Employee.

7. REIMBURSEMENT OF ADVANCES FOR DRIVER TRAINING PROGRAM. Student acknowledges and agrees that CRST advanced on behalf of Employee, in accordance with the Pre-employment Driver Training Agreement, the payment of certain tuition, lodging, transportation and other expenses and fees incurred by Employee in the course of Employee participating in the Driver Training Program ("DTP") sponsored by CRST. Student agrees to reimburse CRST for such advances as follows:

a. Following the conclusion of Phase 3 and the first week of Phase 4 of the DTP and when Employee is qualified as a company driver (*i.e.*, in the driver's sixth week of employment), CRST will begin deducting on a weekly basis up to a maximum of $40.00 per week from the driver's paycheck in repayment of CRST's advance on behalf of Student payment of certain fees and expenses during Phase 1 of the DTP, as identified in paragraph section 9 of the Pre-Employment Driver Training Agreement. This deduction will continue throughout Employee's employment until Employee pays in full the principal amount plus interest accruing at the rate equal to the lesser of 1.5% per month or the maximum rate permitted by applicable federal and state usury laws. Employee hereby authorizes the aforementioned deduction from Employee's paycheck.

b. If during the Term either (1) Employee breaches this Contract, or (2) Employee's employment is terminated for Due Cause, then Student will owe and immediately must pay to CRST the following sum: (i) $6,500, plus (ii) the amounts advanced by CRST on behalf of Student (pursuant to section 9 of the Pre-Employment Driver Training Agreement) for Student's DOT physical and drug screen expenses, Lodging Cost and Transportation Cost incurred during Phase 1 that Student has not yet repaid via deductions from weekly pay pursuant to this section 7(a), plus (iii) interest accruing as of the Effective Date at a rate equal to the lesser of 1.5% per month or the maximum rate permitted by applicable federal and state usury laws. Employee hereby authorizes CRST to deduct the amount due under this section 7.b, if any, from the compensation amounts otherwise due to Employee pursuant to section 6 upon the termination of Employee's employment. In the event it is necessary for CRST to employ a collection agency or legal counsel to enforce Employee's obligation under this section 7.b, CRST shall be entitled to recover from Employee such enforcement costs and expenses, including attorneys' fees.

EXHIBIT 3

8. ASSIGNMENT. This Contract is not assignable or transferable by Employee. This Contract and the rights and obligations of both parties may be assigned by CRST without notice to or consent of Employee to any other organization with which CRST shares some degree of common ownership, or pursuant to or as the part of a corporate reorganization, corporate restructuring or merger involving CRST, or the sale by CRST of a substantial portion of CRST's assets or business or as part of any similar transaction involving CRST.

9. NOTICE. Any notice required to be given under this Contract must be in writing and made by personal delivery, facsimile, reputable overnight carrier, or registered or certified mail, return receipt requested and postage prepaid to the address for Employee set forth in the signature block of this Contract, and in the case of CRST, to CRST Expedited, Inc., P.O. Box 68, Cedar Rapids, IA 52406. Notice shall be deemed given upon delivery in the case of personal delivery or delivery via overnight carrier, upon receipt of electronic confirmation in the case of delivery via facsimile, and three days after the date of mailing in the case of delivery via mail. Either party may change the address to which notices are to be sent by giving written notice to the other party.

10. ENTIRE CONTRACT; BINDING EFFECT. This Contract contains the entire agreement and understanding by and between CRST and Employee with respect to the employment of Employee, and no representations, promises, agreements, or understandings, written or oral, not contained herein shall be of any force or effect. This Contract shall be binding upon and inure to the benefit of CRST and Employee, CRST's legal representatives, successors, and assigns.

11. WAIVER AND AMENDMENT. No waiver of any provision of this Contract shall: (1) be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced, or (2) be deemed a waiver of any other provision of this Contract at such time or at any other time. No change, amendment, or modification of this Contract shall be valid or binding unless it is in writing and signed by the party intended to be bound.

12. SEVERABILITY. If one or more of the provisions contained in this Contract is deemed invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the validity and enforceability of the other provisions.

13. GOVERNING LAW AND VENUE. CRST and Employee hereby agree that this Contract and its construction and interpretation shall at all times and in all respects be governed by the laws of the State of Iowa, and any claim, litigation, or dispute arising from or related to this Contract shall be litigated in the appropriate federal or state court located in Cedar Rapids, Iowa. Employee hereby consents to personal jurisdiction and venue in such court.

Employee acknowledges having read the terms of this contract and had the opportunity to have the terms used herein and their consequences explained by employee's attorney prior to signing.

IN WITNESS WHEREOF, CRST Expedited, Inc. and Employee have duly executed this Contract as of the date, year, and place first above written.

CRST Expedited, Inc.

By _____

_____

Its _____

Employee SS#: REDACTED

Signature: REDACTED

Name: REDACTED

Address: REDACTED

City, State: REDACTED

Zip Code: REDACTED

Exhibit 7: Example of CRST The Transportation Solution, Inc. TRAP and notice of post-employment debt obligation

Name: Juan Montoya

Social Security # [redacted]

CRST Expedited, Inc.

Driver Employment Contract

This Driver Employment Contract (the "Contract") is entered into this day, *Tuesday, October 28, 2014* , (the "Effective Date") in the State of Iowa by and between CRST Expedited, Inc. ("CRST"), an Iowa corporation, and Juan Carlos Montoya ("Employee"). In consideration of the parties' respective promises in this Contract and other good and valuable consideration, including but not limited to the expenses, fees and costs advanced by CRST for Employee's driver training as more fully detailed in the Pre-Employment Driver Training Agreement previously entered into by and between the parties (the "**Pre-Employment Driver Training Agreement**"), CRST and Employee agree as follows:

1. EMPLOYMENT. Upon the terms and conditions set forth in this Contract, CRST employs Employee, and Employee accepts employment by CRST.

2. DUTIES OF EMPLOYEE. While employed by CRST, Employee shall devote full time to the performance of Employee's duties to CRST under this Contract. Employee's duties on behalf of CRST are to act as a truck driver for CRST and fulfill all related duties, including, but not limited to, satisfying and complying with all of the standards, requirements, obligations, and conditions set forth in the CRST Professional Driver's Handbook (the "**Handbook**"). Employee acknowledges having received the Handbook during CRST's orientation program, has read, and understands the policies and standards set forth therein. CRST may at any time change Employee's job responsibilities, duties, and standards. CRST may from time to time unilaterally amend the Handbook, and Employee hereby consents to and agrees to be bound under this Contract by any and all such amendments upon receiving notice of the amendment. Employee will not directly or indirectly engage or participate in any activities at any time during the term of this Contract in conflict with duties under this Contract and/or the best interests of CRST. During the Term, Employee shall complete "Phase 3" and "Phase 4" of CRST's Driver Training Program, as those terms are defined in the Pre-Employment Driver Training Agreement.

3. TERM OF EMPLOYMENT. The term of CRST's employment of Employee under this Contract shall be for a period of ten (10) months commencing as of the Effective Date (the "**Term**") subject to termination prior to the end of the Term pursuant to Section 4 of this Contract. Following the Term, CRST shall employ Employee on an at-will basis, and either party may terminate the employment relationship at any time effective immediately

4. TERMINATION OF EMPLOYMENT. During the Term Employee's employment may be terminated only for the following reasons: (1) by CRST with or without Due Cause effective immediately, (2) by mutual agreement of CRST and Employee, or (3) upon the death of Employee. For the purposes of this Contract, "**Due Cause**" means Employee's breach of this Contract and/or Employee's failure to satisfy or comply with any of the standards, requirements, obligations and conditions set forth in the Handbook. If Employee is terminated without Due Cause during the Term, then the terms of Section 5 shall be null and void.

5. NON-COMPETITION RESTRICTIVE COVENANT.

   a. Employee acknowledges all of the following: Employee's ability to render the services under this Contract is the result of CRST having made a substantial financial commitment in Employee's driver training to satisfy the U.S. Department of Transportation and CRST requirements to become a professional truck driver with the expectation that CRST would recover such financial commitment during Employee's continuous employment for at least An eight (8) month period. CRST is entitled to recover during the Term the fees, expenses and costs advanced on behalf of Employee pursuant to the Pre-Employment Driver Training Agreement. If Employee's employment is terminated before the end of the Term, CRST will not recover such fees, expenses and costs, and CRST will suffer damages that cannot adequately be compensated by damages available in an action at law. Employee's experience and capabilities are such that Employee can obtain employment outside the trucking industry without breaching the Contract's terms and conditions including, but not limited to, the non-competition covenant in this Section 5.

   b. In light of the acknowledgements in section 5.a and the resulting competitive disadvantage Employee could cause CRST, Employee agrees and covenants that for a period equal to the greater of the Restrictive Term and the duration of CRST's employment of Employee, Employee will not directly or indirectly provide truck driving

services to any CRST Competitor within the continental United States of America. For purposes of this Agreement: "**CRST Competitor**" means any motor carrier, common or contract, that provides a service offered by, similar to, competitive with or which can be used as an alternative to the services offered by CRST, or any other entity that shares some degree of common ownership with CRST, during Employee's employment by CRST. "**Restrictive Term**" means the Term including any period of the Term remaining after the termination of CRST's employment of Employee with or without cause by either party; provided, however, that the Restrictive Term shall lapse immediately upon Employee paying in full the amount due in paragraph 7. If Employee's employment is terminated before the end of the Term, Employee shall receive no compensation during the Restrictive Term.

c. Employee acknowledges that compliance with Employee's restrictive covenant set forth in section 5.b is necessary to protect CRST's investment in the Employee's driver training and that a breach of such restrictive covenant will irreparably and continually damage CRST, for which money damages may not be adequate. Consequently, Employee agrees that in the event Employee breaches or threatens to breach the restrictive covenant contained in section 5.b, CRST shall be entitled, in addition to its other remedies and damages available under law, to: (i) a temporary restraining order, a preliminary and/or a permanent injunction in order to prevent Employee from breaching such restrictive covenant; and (ii) payment by Employee for all costs and expenses, including but not limited to attorney fees, incurred by CRST in enforcing any provision of this Contract. Nothing in this Contract shall be construed to prohibit CRST from also pursuing any other remedy or seeking to enforce any legal remedies available against any person or company who hires Employee in violation of Employee's restrictive covenant in section 5.b. The parties hereby agree that all remedies shall be cumulative.

d. Employee acknowledges and agrees that the Restrictive Term and geographical area of restriction imposed by the non-competition restrictive covenant in section 5.b are fair and reasonably required for the protection of CRST. If at any time of enforcement of this Contract, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, CRST and Employee agree that the stated period, scope or area reasonable under such circumstances shall be substituted for the stated period, scope or area, and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

6. COMPENSATION. As compensation for the services to be rendered by Employee under this Contract, CRST will pay Employee the wages, benefits and other compensation set forth in the Handbook. CRST may unilaterally change at any time, by written amendment, the terms, and conditions of the compensation set forth in the Handbook, and Employee hereby consents to all such amendments and agrees that such amendments shall be binding upon Employee.

7. REIMBURSEMENT OF ADVANCES FOR DRIVER TRAINING PROGRAM. Student acknowledges and agrees that CRST advanced on behalf of Employee, in accordance with the Pre-employment Driver Training Agreement, the payment of certain tuition, lodging, transportation and other expenses and fees incurred by Employee in the course of Employee participating in the Driver Training Program ("**DTP**") sponsored by CRST. Student agrees to reimburse CRST for such advances as follows:

a. Following the conclusion of Phase 3 and the first week of Phase 4 of the DTP and when Employee is qualified as a company driver (*i.e.*, in the driver's sixth week of employment), CRST will begin deducting on a weekly basis up to a maximum of $40.00 per week from the driver's paycheck in repayment of CRST's advance on behalf of Student payment of certain fees and expenses during Phase 1 of the DTP, as identified in paragraph section 9 of the Pre-Employment Driver Training Agreement. This deduction will continue throughout Employee's employment until Employee pays in full the principal amount plus interest accruing at the rate equal to the lesser of 1.5% per month or the maximum rate permitted by applicable federal and state usury laws. Employee hereby authorizes the aforementioned deduction from Employee's paycheck.

b. If during the Term either (1) Employee breaches this Contract, or (2) Employee's employment is terminated for Due Cause, then Student will owe and immediately must pay to CRST the following sum: (i) $6,500, plus (ii) the amounts advanced by CRST on behalf of Student (pursuant to section 9 of the Pre-Employment Driver Training Agreement) for Student's DOT physical and drug screen expenses, Lodging Cost and Transportation Cost incurred during Phase 1 that Student has not yet repaid via deductions from weekly pay pursuant to this section 7(a), plus (iii) interest accruing as of the Effective Date at a rate equal to the lesser of 1.5% per month or the maximum rate permitted by applicable federal and state usury laws. Employee hereby authorizes CRST to deduct the amount due under this section 7.b, if any, from the compensation amounts otherwise due to Employee pursuant to section 6 upon the termination of Employee's employment. In the event it is necessary for CRST to employ a collection agency or

legal counsel to enforce Employee's obligation under this section 7.b, CRST shall be entitled to recover from Employee such enforcement costs and expenses, including attorneys' fees.

8. ASSIGNMENT. This Contract is not assignable or transferable by Employee. This Contract and the rights and obligations of both parties may be assigned by CRST without notice to or consent of Employee to any other organization with which CRST shares some degree of common ownership, or pursuant to or as the part of a corporate reorganization, corporate restructuring or merger involving CRST, or the sale by CRST of a substantial portion of CRST's assets or business or as part of any similar transaction involving CRST.

9. NOTICE. Any notice required to be given under this Contract must be in writing and made by personal delivery, facsimile, reputable overnight carrier, or registered or certified mail, return receipt requested and postage prepaid to the address for Employee set forth in the signature block of this Contract, and in the case of CRST, to CRST Expedited, Inc., Attn: David L. Rusch, President/COO, P.O. Box 68, Cedar Rapids, IA 52406. Notice shall be deemed given upon delivery in the case of personal delivery or delivery via overnight carrier, upon receipt of electronic confirmation in the case of delivery via facsimile, and three days after the date of mailing in the case of delivery via mail. Either party may change the address to which notices are to be sent by giving written notice to the other party.

10. ENTIRE CONTRACT; BINDING EFFECT. This Contract contains the entire agreement and understanding by and between CRST and Employee with respect to the employment of Employee, and no representations, promises, agreements, or understandings, written or oral, not contained herein shall be of any force or effect. This Contract shall be binding upon and inure to the benefit of CRST and Employee, CRST's legal representatives, successors, and assigns.

11. WAIVER AND AMENDMENT. No waiver of any provision of this Contract shall: (1) be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced, or (2) be deemed a waiver of any other provision of this Contract at such time or at any other time. No change, amendment, or modification of this Contract shall be valid or binding unless it is in writing and signed by the party intended to be bound.

12. SEVERABILITY. If one or more of the provisions contained in this Contract is deemed invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the validity and enforceability of the other provisions.

13. GOVERNING LAW AND VENUE. CRST and Employee hereby agree that this Contract and its construction and interpretation shall at all times and in all respects be governed by the laws of the State of Iowa, and any claim, litigation, or dispute arising from or related to this Contract shall be litigated in the appropriate federal or state court located in Cedar Rapids, Iowa. Employee hereby consents to personal jurisdiction and venue in such court.

Employee acknowledges having read the terms of this contract and had the opportunity to have the terms used herein and their consequences explained by employee's attorney prior to signing.

IN WITNESS WHEREOF, CRST Expedited, Inc. and Employee have duly executed this Contract as of the date, year, and place first above written.

CRST Expedited, Inc.

By _____

_____

Its _____

Employee SS#: [redacted]

Signature: Juan C Montoya

Name: Juan Carlos montoya

Address: [redacted]

City, State: Jamaica Plain MA [redacted]

Zip Code: _____

[redacted]

CRST INTERNATIONAL

FINAL NOTICE BEFORE ACCOUNT IS SENT TO COLLECTIONS

[redacted]

February 13, 2015

JUAN MONTOYA
[redacted]
JAMAICA PLAIN, MA [redacted]

RE: TRAINING CONTRACT PAYMENT DRIVER # [redacted]

DEAR JUAN,

We are sorry to learn that you have elected not to continue your trucking career with CRST. We wish you success in whatever undertaking you have chosen to pursue but we would like you to first consider returning to work for us. In these challenging economic times CRST has consistently posted solid business results. If eligible, we would like to discuss your possible return. Unfortunately, if you are not eligible to return or have made your final decision we must collect on our agreement with you concerning your school tuition.

The Driver Employment Contract that you signed with CRST for training costs is now in effect due to your failure to complete the terms of your contract.

Training:	$6500.00	Transportation:	$157.50	Accident:	$157.50
Physical:	$0.00	Fines:	$0.00	Miscellaneous:	$50.00
Drug Test:	$0.00	Advances:	$0.00		
Housing:	$320.00	Taxes:	$0.00		

Total Amount Due: $ 7027.50

Miscellaneous Charge Details

Abandonment:	$	Logo Store:	$	Satellite:	$
Equipment:	$	Maintenance:	$	Toll Violations:	$
Fuel Tax:	$	Map Pac:	$	Tow/Secure:	$
Fuel:	$	Occupational Ins:	$	Trlr Rent:	$
Guaranteed Ded:	$	Physical Damage Ins:	$	Unauthorized DH:	$
Image Scanning:	$	Processing Fee:	$50	Unauthorized Miles:	$
Lic/Permits:	$	Repairs :	$		

There are two ways avoid further collection efforts on this debt:

1) Return to work for CRST and fulfill the remaining terms of your contract. Call the rehire group at 866-706-5647. OR 2) Make payment of the amount due. We will accept Visa, MasterCard, Discover, American Express, Comcheck, Cashier's Check, or Money Order for this amount. In addition, when we receive this payment in full, CRST will release your diploma and any other school records we have on file. If you cannot pay off the full amount of the loan at this time, we would be willing to accept monthly payments at 18% interest if you comply with the Restrictive Term as stated in your Driver Employment Contract.

Please remit your payment to:

CRST Expedited
ATTN: Driver Collections
P.O. Box 68
Cedar Rapids, IA 52406

Be sure to clearly mark your name, driver number and/or social security number on your check or money order to ensure that your account is properly credited.

Please contact us immediately at **(855) 861-2778** if you have any questions or to make alternative payment arrangements. If we do not hear from you by **February 27, 2015** we may turn this account over to our collection agency. This may affect your current and future credit rating.
Sincerely,

Driver Collections

Exhibit 8: A copy of the complaint in *Scally v. PetSmart*

Rachel W. Dempsey (SBN 310424)
rachel@towardsjustice.org
David H. Seligman (*pro hac vice* forthcoming)
david@towardsjustice.org
TOWARDS JUSTICE
2840 Fairfax Street, Suite 220
Denver, CO 80207
Tel: (720) 441-2236

Sparky Abraham (SBN 299193)
sparky@jubilee.legal
JUBILEE LEGAL
300 E Esplanade Dr, Ste 900
Oxnard, CA 93036-1275
Tel: (805) 946-0386

Attorneys for Plaintiff and the Putative Classes

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN MATEO

BREANN SCALLY,

Plaintiff, on behalf of herself and all others similarly situated,

v.

PETSMART LLC,

Defendant.

Case No.

CLASS ACTION COMPLAINT FOR:

(1) VIOLATIONS OF CAL. BUS. & PROF. CODE §§ 2802, 2804

(2) VIOLATIONS OF CAL. BUS. & PROF. CODE § 17200

(3) VIOLATION OF CAL. CIV. CODE §§ 1788 et seq.

(4) VIOLATION OF CAL. CIV. CODE §§ 1750 et seq.

(5) VIOLATION OF CAL. BUS. & PROF. CODE § 17500

(6) VIOLATION OF CAL. LABOR CODE §§ 226.7 and 512

JURY TRIAL DEMANDED

Plaintiff BreAnn Scally, individually and on behalf of all others similarly situated, by and through her attorneys, brings the following allegations against Defendant PetSmart LLC.

INTRODUCTORY STATEMENT

1. PetSmart, the largest retail pet chain store in the United States, provides grooming services to over 13 million pets a year. PetSmart advertises to customers that their pets will be "groomed with love" by professional stylists with extensive training. Meanwhile, the company promises aspiring groomers free, paid training where they will receive exclusive instruction from a dedicated teacher in a classroom setting as well as a supervised, hands-on grooming experience.

2. The reality California PetSmart groomers face when they enroll in training, which PetSmart calls Grooming Academy, is something much different. Prospective groomers quickly find themselves grooming dogs for paying customers and may have to struggle for attention from overextended trainers or salon managers. Despite its academic-sounding name, Grooming Academy does not provide employees with a recognized degree or credentialing. And once groomers complete Grooming Academy, they are thrust into a demanding and sometimes dangerous job, often working for barely above minimum wage.

3. But even when groomers find that the job is not what they signed up for, they are not free to leave, because Grooming Academy is not actually free. PetSmart requires that all employees who enroll in Grooming Academy sign a Training Repayment Agreement Provision ("TRAP"). The TRAP requires PetSmart groomers to take on $5,000 of debt to PetSmart in exchange for Grooming Academy training. PetSmart forgives that debt only if the worker stays at their job for two years after they begin training, no matter how little they are paid or how poorly they are treated. The TRAP even allows PetSmart to collect on the $5,000 debt if an employee leaves their grooming job involuntarily, such as if they are fired or laid off.

4. That $5,000 far exceeds any reasonable value of the Grooming Academy and is well beyond what PetSmart groomers, who make barely above minimum wage, are able to afford. As a result, the TRAP strips PetSmart workers of bargaining power that they could use to seek out employment opportunities in which they would be paid more or treated better.

5. This debt PetSmart saddles its employees with is illegal under California law. While employers can charge employees for training if that training is primarily for the employee's personal benefit, employment law prohibits employers from charging employees for training that primarily benefits the employer. Meanwhile, consumer laws provide certain protections for borrowers who take out loans for personal or family use, and education laws require licensing for providers of post-secondary education.

6. If Grooming Academy is primarily for PetSmart's benefit, then the TRAP violates California employment law by requiring employees to pay for their own job training. And if Grooming Academy is primarily for the groomers' personal benefit, then it violates California education and consumer law by saddling groomers with debt under unfair and abusive circumstances in order to pay for an unlicensed post-secondary school.

7. Either way, the TRAP takes advantage of vulnerable employees and undermines California's interest in the free and fair movement of workers.

PARTIES

8. Plaintiff BreAnn Scally was employed as a bather and a groomer at a PetSmart location in Salinas, California, from February 2021 until September 2021. She currently resides in Belmont, California.

9. PetSmart is a privately-held corporation owned by a private equity consortium led by the firm BC Partners with its principal place of business in Phoenix, Arizona. It is incorporated in Delaware.

JURISDICTION & VENUE

10. This Court has subject matter jurisdiction over this action because it involves issues of state law. This Court has personal jurisdiction over the parties because Defendants transact business in this county and throughout the state of California, and Plaintiff resides in this county.

11. Venue is proper in this Court pursuant to California Code of Civil Procedure §§ 395 and 395.5 and Business and Professions Code §§ 17203 and 17535 because Defendant transacts business, and Plaintiff resides, in this county.

STATEMENT OF FACTS

I. Grooming at PetSmart

12. PetSmart is one the largest retailers of pet-related products and services in North America, with more than 1,300 stores in the United States and more than 150 stores in California alone.

13. One major service that the company provides is pet grooming. PetSmart prominently advertises its groomers as "[p]rofessional stylists with over 800 hours of training & 6 months apprenticeship." It relies heavily on this training in its marketing materials, where it tells customers that it "takes over a year to become a certified Pet Stylist" at PetSmart.

14. Prospective PetSmart groomers who do not have prior grooming experience are required to go through PetSmart's training program, which generally begins when employees are hired as "bathers."

15. In order to be eligible for promotion to groomer, bathers are required to bathe a specific number of dogs and to complete a booklet that provides information and benchmarks on the basics of dog bathing and grooming, including types of cuts and nail trims.

16. Once an employee has been a bather for the required amount of time and completed the other prerequisites, they are eligible for training and promotion to groomer. PetSmart calls the first stage of its groomer training "Grooming Academy."

17. Grooming Academy involves three to four weeks of classroom training, which may be provided either by PetSmart supervisors at an employee's home salon or by district-level trainers, also employed by PetSmart, at a separate training location. The classroom training involves completing a PetSmart instructional pamphlet with information about grooming dogs, including specific styles of grooms and specific breeds of dogs, and performing grooms of different dog breeds in different styles (e.g., sporting terriers, long-legged terriers, poodles, etc).

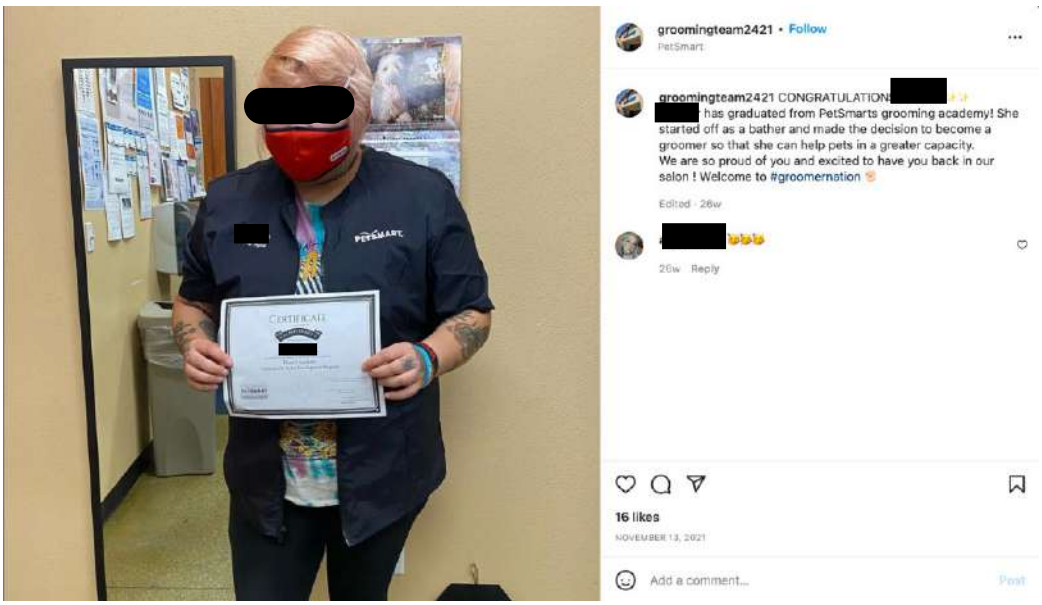
18. PetSmart makes money off of grooms provided during Grooming Academy. Customers are charged a discounted rate for grooms performed by trainees.

19. Despite its academic-sounding name, Grooming Academy does not provide California PetSmart groomers with a recognized degree or licensing. Rather, PetSmart has

imposed it as the company's own requirement for the groomers it employs. California does not require any specific licensing or degree to work as an animal groomer.

20. The Bureau for Private Postsecondary Education ("BPPE"), the agency that regulates private proprietary higher education institutions in California, including other pet grooming academies, has not approved the Grooming Academy to operate in the state.

21. PetSmart employees who complete Grooming Academy are typically provided with a certificate at a "graduation" ceremony indicating they have completed the program, such as in the images below.



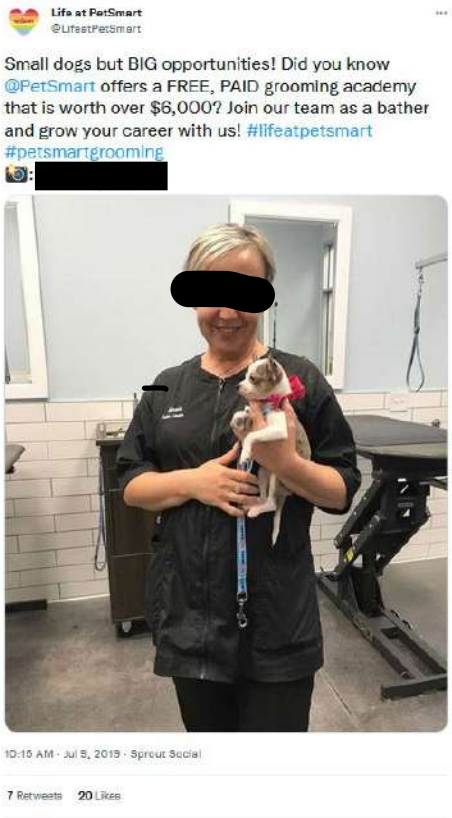
22. Once groomers have completed Grooming Academy, PetSmart requires them to complete 200 "supervised grooms" at their hourly pay rate—meaning without any additional commission. Whether and how closely groomers are in fact supervised during these 200 grooms depends on the staffing level of the PetSmart location where they work. Supervision during supervised grooms is sometimes non-existent. PetSmart charges customers for grooms from trainees completing their 200 "supervised grooms" at the same rate as it charges customers for other grooms.

23. Once employees have completed the required 200 "supervised grooms," they become PetSmart Stylists in Training. After six more months working for PetSmart, they become PetSmart Pet Stylists. Stylists in Training earn a 40% commission from each dog they groom, and Pet Stylists earn a 50% commission.

II. The Training Repayment Agreement Provision

24. PetSmart's Careers website advertises its "FREE Paid Training," which it states is "[v]alued at **$6,000**" and "includes over 800 hours with more than 200 different dogs."

25. PetSmart also touts its training as free on its social media accounts, such as the Twitter account below, and in job postings.



26. But PetSmart's groomer training is not at all free. To the contrary, PetSmart charges groomers $5,000 for Grooming Academy, and an additional $500 for a set of the grooming tools that groomers need in order to perform their jobs. The only alternative groomers have to obtaining tools from PetSmart is to purchse their own grooming tools at their own expense.

27. PetSmart requires employees to pay for the training and tools by taking on debt to PetSmart. PetSmart forgives the debt only if the employee remains at PetSmart for two years after the completion of their training.

28. The charges for training and the initial toolkit are set forth in a Training Repayment Agreement Provision ("TRAP") titled "Grooming Academy Training Agreement and Authorization for Deduction from Wages." The TRAP provides that the signer agrees to pay PetSmart $5,000 (or, if they choose to accept the grooming toolkit, $5,500) if their employment with PetSmart is terminated either voluntarily or involuntarily within two years of starting Grooming Academy. This amount is reduced to $2,500 (or $2,750 with the grooming toolkit) if the termination occurs more than a year after first anniversary of the start of Grooming Academy.

29. The TRAP requires the signer to aver that the training "is voluntary, for my personal benefit, and is transferrable to grooming positions with other employers."

30. The TRAP purports to authorize PetSmart to withhold money from wages and other payments to the employee in order to satisfy the employee's obligations under the TRAP.

31. The TRAP further requires that all employees pay any amount owed to PetSmart within 30 days of the voluntary or involuntary termination of employment. Pursuant to the TRAP, failure to pay the full amount within that time 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."

32. The effect of the TRAP is not only to shift onto PetSmart's workers the costs of a training that benefits PetSmart, but also to chill workers from seeking employment elsewhere, undermining their bargaining power to seek out decent wages or better treatment from PetSmart or a competitor.

33. Many PetSmart groomers make barely above minimum wage. For these workers, $5,500 could be more than two months of pay. As a result, leaving their jobs in search of higher wages could lead to difficulty paying rent or putting food on the table.

34. PetSmart can choose whether to enforce the TRAP under circumstances of its own choosing. Employees do not know what criteria affect the decision of whether to enforce a particular TRAP or not, which appears to be made at the corporate level, as store-level managers provide inconsistent and often incorrect information about the likelihood of enforcement. Because a PetSmart employee does not know whether or not PetSmart will enforce the TRAP until after they have left the company, the chilling effect of the TRAP on employee mobility is universal even when enforcement is inconsistent.

35. Groomers who do leave their jobs early may face aggressive collection efforts from PetSmart that can harm their credit scores and make it more difficult for them to take out a loan, secure housing, or obtain employment elsewhere.

36. Employees who don't leave PetSmart during the two-year period after starting goomer training are also significantly harmed. Many of these workers are stuck in low-paying and unpleasant jobs, fearful of finding somewhere else to work. And because PetSmart knows that its groomers are stuck in a TRAP of PetSmart's own design, PetSmart can resist normal market pressures to increase wages or treat their groomers better.

37. PetSmart's TRAP creates a debt which it states is for "personal benefit"; however, the TRAP does not contain any relevant consumer disclosures, such as Truth in Lending Act disclosures or the Holder Rule Notice.

III. Obligation to Purchase Grooming Tools

38. As noted above, PetSmart offers its groomers a basic grooming toolkit when they complete Grooming Academy, which it advertises as "free." Groomers who accept these grooming tools owe a $500 debt to PetSmart above the debt incurred through the baseline TRAP, which is forgiven if they work as groomers for the company for at least two years.

39. Other than the optional grooming toolkit, PetSmart groomers are required to purchase their own grooming tools. These tools can include, among others, clippers, scissors,

brushes, blades, and blade-holders. In addition, groomers are responsible for the costs of sharpening their own tools outside of the work time. In all, these costs can amount to hundreds or even thousands of dollars per year, which employees pay themselves out of pocket and for which they are not reimbursed.

40. PetSmart is aware that employees spend substantial amounts of their own money on the tools required to perform their jobs. Indeed, it offers salon employees a 35% discount on tools purchased to use in a Grooming Salon—i.e., tools that they use in the course of performing their work as groomers beyond what they receive in the initial grooming toolkit. Tools and other items purchased for personal use are eligible for a different, lower discount.

IV. Job Duties and Missed Meal and Rest Breaks

41. Groomers are frequently scheduled to groom one dog every hour, and sometimes more. Grooming a dog is a time-consuming process that includes bathing and drying the dog, combing and trimming the dog's hair, and clipping the dog's nails. Some dogs are more cooperative than others, and for dogs that are skittish, badly behaved, or simply have thick fur or are large, a regular groom can take several hours. As a result, groomers are under significant time pressure. This time pressure is particularly acute for Stylists in Training and Pet Stylists, who are paid on commission and who therefore are incentivized to groom as many animals as quickly as possible.

42. In addition to bathing and grooming dogs, PetSmart bathers and groomers often perform substantial administrative and other work, including intake and billing for grooming customers and answering phones. They are also responsible for cleaning the pet salon between grooms and maintaining a general level of sanitation.

43. These pressures may contribute to a dangerous working environment where employees are required to groom dangerous or aggressive animals, and where there is not enough time in the workday to maintain an adequate level of sanitation.

44. Keeping up with the required volume of work frequently means that employees do not have a reasonable opportunity to take rest breaks during work periods of at least three-and-a-

half hours, or to take uninterrupted 30-minute meal breaks during work periods of more than five hours per day.

45. Managers are aware that workers cannot take their legally entitled breaks. In response to complaints from workers, they often blame the workers for not working quickly enough.

V. BreAnn Scally

46. BreAnn Scally started working at the PetSmart in Salinas, California in February 2021 as a full-time bather. Scally was hoping to pursue a career in animal rescue and believed that the free training PetSmart advertised would help her to advance in that goal.

47. While working as a bather, Scally helped groomers wash and dry dogs while also learning certain basic grooming techniques, such as foot trims and sanitary trims. She charted her progress in a PetSmart booklet that she was required to complete in order to be eligible to train as a groomer.

48. In or around the end of April 2021, Scally completed her required work as a bather and began Grooming Academy. Prior to beginning Grooming Academy, she signed a document called "Grooming Academy Training: Agreement and Authorization for Deduction from Wages" (hereinafter, the "TRAP"). This TRAP purported to bind Scally to pay PetSmart $5,500 if her employment with PetSmart was terminated before the second anniversary of the start date of her Grooming Academy training. Per the agreement, this amount would be reduced by one-half if she left between the first and second anniversary of her Grooming Academy start date.

49. The PetSmart manager who had Scally sign the TRAP did not explain to her that she was signing an agreement to pay PetSmart $5,000 for training if she left the company within two years of beginning Grooming Academy.

50. Scally accepted the grooming toolkit that PetSmart offered in exchange for an additional $500 debt.

51. Scally's Grooming Academy trainer was the salon manager at the store where Scally worked, and most of the training took place in the salon itself. Because the salon manager was responsible for running the salon, including performing her own grooms and supervising four

to five other groomers and approximately three bathers, in addition to training Scally, there was very little one-on-one training, and most of what Scally learned was by working through the training materials on her own and watching other groomers do their jobs.

52. Grooming Academy took Scally approximately three weeks to complete, rather than the four weeks of instruction that PetSmart advertises. The first week was largely solo bookwork. During the next two weeks, Scally was required to practice grooming on the dogs that came into PetSmart. If she had to practice a certain breed cut, she would perform that type of cut on whatever breed of dog was available, and then re-cut the dog's hair in a way appropriate for its breed before returning the dog to the paying customer. PetSmart charged customers for grooms that Scally performed while in Grooming Academy, with a 35% discount. These grooms took place in the regular PetSmart salon.

53. Once Scally completed Grooming Academy, she was required to complete 200 "supervised grooms" before she was eligible to receive commissions as a Stylist in Training. In practice, these 200 grooms were not closely supervised at all. The Salon Manager responsible for supervising Scally was also performing her own grooms, overseeing other groomers and bathers, and performing other management duties.

54. Throughout her employment at PetSmart, Scally and her colleagues were expected to work through meal and rest breaks in order to stay on top of the large volume of work they were required to perform. This work included everything from grooming animals to handling frustrated or hostile customers to helping the salon manager with scheduling employees. It was a regular practice for employees to clock out for a lunch break, as instructed by PetSmart, but continue working with their supervisors' knowledge, because they had no other option if they wanted to complete the work required of them.

55. Scally quit her job at PetSmart on September 4, 2021, because she was struggling under the stress of the job and unable to cover her bills on her salary, which was just above minimum wage.

56. Prior to quitting, Scally spoke with her salon manager about the TRAP she had been required to sign. She could not afford the $5,500 penalty for leaving less than a year after starting

Grooming Academy, leaving her with the impossible choice of going into debt because she was staying at a job that paid her below market wages and going into debt pursuant to the TRAP because she left that job for a higher-paying one. Her salon manager said, however, that PetSmart was unlikely to seek to collect on the debt if Scally earned enough money for the company by grooming and upselling to make up for the cost of her training. As a result, Scally kept careful track of the revenue she brought in for PetSmart and did not leave until she was comfortable that she had earned back the cost of her training by September 2021.

57. Scally did not receive any communications about the TRAP from PetSmart or their agents through the fall. However, in January 2022, a collection appeared on her credit report in the amount of $5,500. The debt collector was IC System. Scally disputed the debt to Experian, but her dispute was denied.

58. Scally did not receive any notice from PetSmart or IC System prior to the TRAP debt appearing on her credit report.

59. After requests to IC System for more documentation regarding the debt, IC System sent her a collection balance notice dated March 30, 2022 that identified the creditor as PetSmart.

60. On information and belief, IC System acted as PetSmart's agent in its collection activities directed at Scally regarding the TRAP debt.

61. On information and belief, PetSmart directs its agents, including IC System, to engage in debt collection activities regarding TRAP debt. These collection activities include but are not limited to furnishing information on credit reports and sending collection notices.

62. As a result of the new debt on her credit report, Scally's credit score dropped significantly, from the high 600s to the low 600s. This decrease meant that she was unable to co-sign an apartment lease with her boyfriend, which she had been planning to do. She has also avoided applying for additional loans, including additional credit cards, since the drop in her credit score. Although she had been planning to return to school for a veterinary assistant degree, she decided not to because she did not want to take on the additional student loans with her lowered credit score.

63. Scally has suffered an injury in fact and has lost money or property as a result of the TRAP.

64. Scally has suffered emotional distress because of the TRAP debt.

CLASS ACTION ALLEGATIONS

65. Plaintiff Scally brings her class action claims under Code of Civ. Proc. § 382 on behalf of several Classes, defined as follows:

TRAP Class: All individuals who have worked for PetSmart in California, received training from PetSmart's Grooming Academy, and are or have been subject to a training repayment agreement within the four years prior to the filing of this Complaint.

Debt Collection Subclass: All individuals in the TRAP Class who have been subject to debt collection activity from PetSmart or PetSmart's agents regarding TRAP debt within the four years prior to the filing of this Complaint.

Grooming Tools Class: All individuals who have worked as a pet groomer at a PetSmart in California and have purchased their own grooming tools (including via a forgivable debt to PetSmart) within the four years prior to the filing of this Complaint.

Meal and Rest Break Class: All individuals who have worked as a pet groomer or bather at a PetSmart in California within the four years prior to the filing of this Complaint.

66. Class Members are so numerous that joinder of all of them is impracticable. PetSmart has over 150 store locations in the state of California, all or close to all of which operate a pet salon and are staffed by groomers. Upon information and belief, the Classes are likely to include more than 1,000 members each, with this number subject to change based upon discovery.

67. There are questions of law and fact common to the Classes that predominate over any questions affecting only individual Class Members. Common questions for the TRAP Class include, among others, (1) whether PetSmart's training is transferrable or whether it provides employees with a recognized degree or licensing; (2) whether PetSmart or employees are responsible for the costs of training; (3) whether PetSmart engages in false advertising by representing that its training is free; (4) whether the TRAP is an enforceable debt; (5) whether PetSmart is engaged in unlicensed lending; and (5) whether PetSmart has provided requisite

consumer disclosures. Common questions for the Grooming Tools Class include whether grooming tools are necessary expenditures incurred by groomers in direct consequence of the discharge of their duties. Common questions for the Meal and Rest Breaks Class include whether PetSmart's routine policy and practice was to schedule groomers and bathers such that they lacked a reasonable opportunity to take their meal and rest breaks. Common questions for the Debt Collection Subclass include (1) whether PetSmart or its agents made false or misleading representations regarding the character or legal status of the TRAP debt; (2) whether PetSmart or its agents threatened actions that it cannot legally take regarding the TRAP debt; (3) whether PetSmart or its agents used false representations or deceptive means to collect the TRAP debt; and (4) whether PetSmart or its agents attempted to collect an amount of TRAP debt not permitted by law.

68. The claims of Plaintiff are typical of the claims of the Class Members. Plaintiff worked for PetSmart within the relevant time period as a bather and a groomer, was trained at Grooming Academy, is subject to a TRAP, and regularly worked through meal and rest breaks, and was harmed as a result.

69. Plaintiff will fairly and adequately represent and protect the interests of the Class and have retained counsel competent and experienced in complex litigation, class actions, and employment and consumer law. Plaintiff's claims are representative of the claims of the other members of the Classes. Plaintiff and Class members sustained damages as a result of Defendant's conduct. Plaintiff has no interests antagonistic to those of the Classes, and Defendant has no defenses unique to Plaintiff. Plaintiff and her counsel are committed to vigorously prosecuting this action on behalf of the members of the Classes. Neither Plaintiff nor her counsel have any interest adverse to the Classes.

70. A class action is superior to other available methods for the fair and efficient adjudication of this controversy, as joinder of all members of the Class is impracticable. Individual litigation would not be preferable to a class action because individual litigation would increase the delay and expense to all parties due to the complex legal and factual controversies presented in this Complaint. By contrast, a class action presents far fewer management

difficulties and provides the benefits of single adjudication, economy of scale, and comprehensive supervision by a single court. Economies of time, effort, and expense will be fostered and uniformity of decisions will be ensured.

71. Class certification is appropriate because PetSmart has acted and/or refused to act on grounds generally applicable to the Classes, making appropriate declaratory, equitable, and injunctive relief and damages with respect to Plaintiff and the Classes as a whole.

COUNT I (in the alternative): ILLEGAL TRAP UNDER THE EMPLOYMENT LAWS CAL. BUS. & PROF. CODE §§ 2802, 2804

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

72. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

73. California Labor Code § 2802(a) requires an employer to indemnify an employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of her his or her duties, or of his or her obedience to the directions of the employer.

74. This right cannot be waived by contract. Cal. Labor Code § 2804.

75. Under California law, employers are responsible for the cost of employer-required training undertaken by the employee in direct consequence of the discharge of the employee's duties or due to the employee's obedience to the directions of the employer, that is incurred for the employer's benefit and is not required by statute or ordinance.

76. PetSmart unlawfully charges its groomers, including Plaintiff and the TRAP Class, up to $5,000 for completing employer-required training for the benefit of PetSmart that is not required by California statute or ordinance, in violation of California Labor Code § 2802.

77. Plaintiff and the TRAP Class have been harmed in an amount according to proof at trial, and seek reimbursement of all necessary expenditures plus any available damages, interest, penalties, fees, and costs.

78. In addition, Plaintiff seeks a declaratory judgment that the TRAP debt is unenforceable according to California law and an injunction to prevent PetSmart from attempting to collect on the TRAP debt.

COUNT II: UNLAWFUL GROOMING TOOLS EXPENDITURES

CAL. BUS. & PROF. CODE §§ 2802, 2804

(Plaintiff on behalf of herself and the Grooming Tools Class against Defendant)

79. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

80. Groomers at PetSmart are required to use a variety of tools in performing their jobs. These tools may include, among others, clippers, scissors, brushes, blades, and blade-holders.

81. PetSmart charges groomers for these tools in one of two ways. First, it offers groomers a supposedly "free" toolkit upon completion of Grooming Academy that is not free. Rather, it is provided pursuant to a forgivable $500 loan that groomers are liable to repay if they leave PetSmart less than two years after receipt of the tools.

82. Second, it allows groomers to purchase their own tools directly, using either third-party sellers or by purchasing through PetSmart. Employees who purchase their grooming tools through PetSmart receive a 35% discount off of the commercial sales price.

83. These expenditures are incurred in direct consequence of the discharge of an employee's duties or of the employee's obedience to the directions of the employer and are required to be borne by PetSmart under California law.

84. Plaintiff and the Grooming Class have been harmed in an amount according to proof at trial, and seek reimbursement of all necessary expenditures plus any available damages, interest, penalties, fees, and costs.

85. In addition, Plaintiff seeks a declaratory judgment that the grooming tools debt is unenforceable according to California law and an injunction to prevent PetSmart from attempting to collect on the grooming tools debt.

COUNT III (in the alternative): OPERATING AN UNLICENSED, UNAPPROVED POST-SECONDARY INSITUTION

CAL. BUS. & PROF. CODE § 17200

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

86. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

87. California Education Code § 94886 provides in relevant part that "a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter," where a private postsecondary educational institution is a "private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge." Cal. Educ. Code § 94858.

88. Additionally, California Education Code provides that "a note, instrument, or other evidence of indebtedness relating to payment for an educational program is not enforceable by an institution unless, at the time of execution . . . the institution held an approval to operate." Cal. Educ. Code § 94917.

89. If Plaintiff did not incur the costs of PetSmart's Grooming Academy in direct consequence of the discharge of her duties as a PetSmart groomer but rather because of the personal benefits of that training to her, then PetSmart's Grooming Academy is a post-secondary institution that is unapproved and unlicensed by the State of California.

90. PetSmart has engaged in unfair competition because it has offered postsecondary education to its employees in exchange for a right to payment without approval to operate from the BPPE. Relatedly, it has falsely represented that the TRAP debt is collectable from the Plaintiff and the TRAP Class. These unfair and unlawful business practices have injured Plaintiff and the Class. Plaintiff and the TRAP Class have been harmed in an amount according to proof at trial and seek reimbursement of all necessary expenditures plus any available damages, interest, penalties, fees, and costs.

91. In addition, Plaintiff and the Class seek a declaratory judgment that the TRAP debt is unenforceable according to California law.

92. In addition, Plaintiff and the Class seek a public injunction to prevent PetSmart from continuing to operate as an unapproved institution, and to prevent PetSmart from attempting to collect on the TRAP debt.

COUNT IV (in the alternative): ABUSIVE PRACTICES RELATING TO THE PROVISION OF A CONSUMER FINANCIAL PRODUCT OR SERVICE

CAL. BUS. & PROF. CODE § 17200

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

93. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

94. If Plaintiff did not incur the costs of PetSmart's Grooming Academy in direct consequence of the discharge of her duties as a PetSmart groomer but rather because of the personal benefits of that training to her, then the TRAP is a consumer financial product under California and federal law. Cal. Fin. Code § 90005(c); 12 U.S.C. § 5481(5).

95. If the TRAP is a consumer financial product, then PetSmart is a covered person under the California Consumer Financial Protection Law and the Consumer Financial Protection Act. Cal. Fin. Code § 90005(f)(1); 12 U.S.C. § 5481(6).

96. California and federal law prohibit covered persons from engaging in any abusive acts and practices in connection with consumer financial products or services. Cal. Fin. Code § 90003(a)(1); 12 U.S.C. § 5531(d).

97. Under federal law, an abusive act or practice occurs when a covered person "takes unreasonable advantage of . . . the inability of the consumer to protect the interests of the consumer in selecting or using a consumer financial product or service." 12 U.S.C. § 5531(d)(2)(B). A practice that is abusive under federal law is also abusive under California law.

98. PetSmart requires employees who participate in the Grooming Academy to pay for this training through a TRAP. Employees who participate in the Grooming Academy to become PetSmart groomers are not provided alternative options to finance the Grooming Academy other than entering into the TRAP with their employer.

99. By requiring prospective grooming employees to agree to the TRAP, PetSmart "takes unreasonable advantage" of the employees' "inability to protect their interests in selecting or using a consumer financial product." 12 U.S.C. § 5531(d)(2)(B).

100. This unreasonable advantage was obtained as a direct result of consumers' inability to protect their interests because PetSmart required grooming academy employees to use a single

consumer financial product (the TRAP) offered by a single provider (PetSmart) with terms and conditions dictated by that provider.

101. Because the sole financial product available to PetSmart employees also had the effect of undermining their bargaining power by chilling them from seeking out employment for a competitor, that product is inherently coercive.

102. Under federal law, an abusive act or practice also occurs when a covered person "takes unreasonable advantage of…a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service." 12 U.S.C. § 5531(d)(2)(A). A practice that is abusive under federal law is also abusive under California law.

103. Despite the company's routine use of TRAPs, PetSmart's website and employment materials state repeatedly and publicly that its training, including Grooming Academy, is free, and that it provides groomers with a free toolkit in connection with their training.

104. Moreover, because PetSmart can elect to selectively enforce the TRAP under circumstances of the company's choosing, PetSmart grooming employees do not know if PetSmart will enforce the TRAP. PetSmart grooming employees are left at the whim of the company's arbitrary decisions when trying to determine whether to seek other employment.

105. By advertising that Grooming Academy is free while requiring prospective grooming employees to enter into a TRAP, and by selectively and arbitrarily enforcing the TRAP, PetSmart exploits the power it holds over its workers, "taking unreasonable advantage" of employees' and prospective employees' "lack of understanding . . . of the materials risks, costs, or conditions" of the TRAP. 12 U.S.C. § 5531(d)(2)(c).

106. This practice is also abusive under California law, because PetSmart is taking unreasonable advantage of employees' lack of understanding of the risks, costs, or conditions of the TRAP to keep them from leaving the company. Cal. Fin. Code § 90003(a)(1).

107. PetSmart's acts and practices relating to the TRAP are abusive.

108. These acts and practices constitute unfair and unlawful business practices, in violation of Cal. Bus. & Prof. Code § 17200. These unfair and unlawful business practices have injured Plaintiff and the TRAP Class.

109. Plaintiff and the Class seek a public injunction to enjoin PetSmart's abusive acts and practices relating to the TRAP.

COUNT V (in the alternative): UNLAWFUL PRACTICES RELATING TO THE PROVISION OF A CONSUMER FINANCIAL PRODUCT OR SERVICE

CAL. BUS. & PROF. CODE § 17200

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

110. Plaintiff incorporates by reference all previous paragraphs of this complaint.

111. California Financial Code § 22100 requires that all finance lenders, or "any person who is engaged in the business of making consumer loans" must obtain a license from the commissioner of the Department of Financial Protection and Innovation, the state agency that regulates consumer credit. Cal. Fin. Code § 22009.

112. The California Financial Code prohibits any finance lender from making a materially false or misleading statement to a borrower. Cal. Fin. Code § 22161(a)(1).

113. Issuers of closed end credit are required to provide certain disclosures pursuant to the Truth in Lending Act (e.g., total amount financed; annual percentage rate; or terms of repayment). 15 U.S.C. §§ 1631, 1638(a); 12 C.F.R. §§ 1026.17, 1026.18, 1026.24(d)(2).

114. Creditors who offer a finance sale must issue a notice to consumers pursuant to the Federal Trade Commission's Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses ("Holder Rule") indicating that any future holder of the debt is subject to all claims and defenses the debtor could assert against the seller. 16 C.F.R. § 433.2(a) and (b).

115. Defendant engages in unlawful practices under California law because it is offering consumer loans without a license to do so. Additionally, Defendant engages in unlawful and unfair practices because it represents that the TRAP debt is enforceable when it is not. These unlawful business practices have injured Plaintiff and the TRAP Class.

116. Defendant engages in unlawful practices under California law because it is offering consumer loans without including required disclosures under federal financial law, including the Holder notice and the Truth in Lending Act disclosures.

117. These unlawful business practices have injured Plaintiff and the TRAP Class.

118. Plaintiff and the TRAP Class have been harmed in an amount according to proof at trial, and seek reimbursement of all necessary expenditures plus any available damages, interest, penalties, fees, and costs.

119. Plaintiff and the Class seek a public injunction to enjoin PetSmart from engaging in these unlawful practices relating to the TRAP debt.

COUNT VI (in the alternative): VIOLATIONS OF THE ROSENTHAL ACT

CAL. CIV. CODE §§ 1788 et seq.

(Plaintiff on behalf of herself and the Debt Collection Subclass against Defendant)

120. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

121. PetSmart regularly engages in debt collection activities regarding TRAP debt, including but not limited to representing that employees and former employees owe TRAP debt, and engaging agents and third parties to collect TRAP debt.

122. If Plaintiff did not incur the costs of PetSmart's Grooming Academy in direct consequence of the discharge of her duties as a PetSmart groomer but rather because of the personal benefits of that training to her, then, pursuant to the Rosenthal Act, the TRAP transaction is a "consumer credit transaction," the TRAP is a "consumer debt," and PetSmart is a "debt collector." Cal. Civ. Code § 1788.2. PetSmart's collection activities related to the TRAP debt are covered by the Rosenthal Act.

123. For the reasons set forth above in Count III, the TRAP agreements are void, and TRAP debt is void and unenforceable.

124. Because the TRAP is unenforceable due to PetSmart's failure to obtain approval to operate from the BPPE, debt collection activities by PetSmart and its agents regarding the TRAP debt violate the Rosenthal Act. Specifically, PetSmart:

a. Violated 15 U.S.C. § 1692e(2)(A) by using false, deceptive, and misleading representations of the character and legal status of the TRAP debt;

b. Violated 15 U.S.C. § 1692e(5) by threatening to take action that cannot legally be taken in connection with the TRAP debt;

c. Violated 15 U.S.C. § 1692e(10) by using false representations or deceptive means to attempt to collect the TRAP debt; and

d. Violated 15 U.S.C. § 1692f(1) by attempting to collect an amount not permitted by law.

The foregoing sections of the Fair Debt Collection Practices Act are incorporated into the Rosenthal Act through Cal. Civ. Code § 1788.17. Each of the foregoing violations therefore violates Cal. Civ. Code § 1788.17.

125. The foregoing violations by PetSmart were intentional, were not the result of bona fide error, and PetSmart does not maintain procedures reasonably adapted to avoid any such errors.

126. The foregoing violations by PetSmart were done willfully and knowingly with the purpose of coercing the Debt Collection Subclass to pay the TRAP debt.

127. As a result of each and every violation of the Rosenthal Act, Plaintiff and the Debt Collection Subclass are entitled to recover from Defendant any actual damages pursuant to Cal. Civ. Code § 1788.30(a); statutory damages for a knowing or willful violation up to $1,000 pursuant to Cal. Civ. Code § 1788.30(b); and reasonable attorney's fees and costs pursuant to Cal. Civ. Code § 1788.30(c).

128. As a result of each and every violation of the Fair Debt Collection Practices Act, as incorporated through Cal Civ. Code § 1788.17, Plaintiff and the Debt Collection Class are entitled to recover from Defendant any actual damages pursuant to 15 U.S.C.§ 1692k(a)(1); statutory damages up to $1,000 pursuant to 15 U.S.C. § 1692k(a)(2)(A); and reasonable attorney's fees and costs pursuant to 15 U.S.C. § 1692k(a)(3).

129. As a result of each and every violation of the Fair Debt Collection Practices Act, as incorporated through Cal. Civ. Code § 1788.17, Plaintiff and the Debt Collection Subclass are entitled to recover up to the lesser of $500,000 or one percent of the net worth of PetSmart pursuant to 15 U.S.C. § 1692k(a)(2)(B), and reasonable attorney's fees and costs pursuant to 15 U.S.C. § 1692k(a)(3).

130. In addition, Plaintiff and the Debt Collection Subclass seek a public injunction to enjoin PetSmart from continuing its unlawful, deceptive, and abusive practices relating to the TRAP debt.

COUNT VII (in the alternative): VIOLATIONS OF THE CONSUMER LEGAL REMEDIES ACT

CAL. CIV. CODE §§ 1750 et seq.

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

131. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

132. If Plaintiff and class members did not incur the costs of PetSmart's Grooming Academy in direct consequence of the discharge of their duties as PetSmart groomers but rather because of the personal benefits of that training to them, then the PetSmart Grooming Academy, and accompanying TRAP, constitute a "service," and Plaintiff and class members are "consumers" as defined in Civil Code § 1761.

133. By its conduct as described above, PetSmart has engaged in deceptive practices that violate the Consumer Legal Remedies Act, Civil Code §§ 1770(a)(9) and (14), thereby entitling Plaintiff and class members to relief under Civil Code § 1780. PetSmart's violations include:

a. Advertising the Grooming Academy as "free" when it is not free in violation of Civil Code § 1770(a)(9); and

b. Representing that the TRAP creates an enforceable right and remedy on behalf of PetSmart, and obligation on behalf of Plaintiff and class members, that it does not create, in violation of Civil Code § 1770(a)(14).

134. PetSmart's violations of the Consumer Legal Remedies Act described above present a continuing threat to class members and members of the public in that PetSmart continues to engage in these practices.

135. Plaintiff and members of the TRAP Class seek equitable relief from PetSmart's deceptive practices in violation of the Consumer Legal Remedies Act, including a public injunction to enjoin PetSmart from continuing these practices.

136. Plaintiff and members of the TRAP Class are entitled to an award of attorneys' fees and costs against PetSmart pursuant to Civil Code § 1780(d).

COUNT VIII: FALSE ADVERTISING

CAL. BUS. & PROF. CODE §§ 17200 and 17500

(Plaintiff on behalf of herself, the TRAP Class, and the Grooming Tools Class against Defendant)

137. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

138. California's false advertising law prohibits the dissemination in advertising of any statement that is known to be untrue and misleading.

139. California Financial Law also prohibits any finance lender from making a materially false or misleading statement to a borrower through advertising, print, publishing or other means. Cal. Fin. Code §§ 22161(a)(3).

140. PetSmart's website and employment materials state repeatedly and publicly that its training, including Grooming Academy, is free, and that it provides groomers with a free toolkit in connection with their training.

141. This is untrue. Groomers are charged $5,000 for training in the form of a loan that is fully forgivable only after they have worked for PetSmart for two years. They are also charged $500 for the toolkit, also in the form of a loan that is fully forgivable only after they have worked for PetSmart for two years.

142. The statements PetSmart makes about the cost of Grooming Academy, training, and the toolkit are likely to deceive members of the public into believing that PetSmart employee training and the toolkit are in fact free.

143. PetSmart knew or should have known that these statements were false, as they required all employees who entered into Grooming Academy training to enter into an agreement that set forth employees' debt and repayment responsibilities.

144. PetSmart makes these false statements with the intent to induce members of the public to go into debt with PetSmart as part of their employment with the company.

145. Plaintiff, the TRAP Class, and the Grooming Tools Class have been harmed in an amount according to proof at trial, and seek damages and restitution, plus any available damages, interest, penalties, fees, and costs.

146. In addition, Plaintiffs seek a public injunction to prevent PetSmart from further spreading its false statements.

COUNT IX: FAILURE TO PROVIDE MEAL AND REST BREAKS

CAL. LABOR CODE §§ 226.7 and 512; IWC Wage Order No. 7

(Plaintiff on behalf of herself and the Meal and Rest Break Class against Defendant)

147. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

148. California Labor Code § 226.7(a) provides, "No employer shall require any employee to work during any meal or rest period mandated by an applicable order of the Industrial Welfare Commission."

149. Wage Order No. 7 § 11(A) provides: "No employer shall employ any person for a work period of more than five (5) hours without a meal period of not less than 30 minutes, except that when a work period of not more than six (6) hours will complete the day's work the meal period may be waived by mutual consent of the employer and the employee."

150. Wage Order No. 7 § 12(A) provides: "Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof. However, a rest period need not be authorized for employees whose total daily work time is less than three and one-half (3 ½) hours."

151. As set forth above, during the relevant period, it was Defendant's policy and practice to regularly fail to provide employees with the opportunity to take compliant off-duty meal periods.

152. Defendant also regularly failed to authorize and permit employees who worked more than 3.5 consecutive hours in a workday to take off-duty rest breaks.

153. As a result of Defendant's policies and practices, Plaintiff and the Meal and Rest Break Class were not authorized and permitted to take compliant meal or rest breaks.

154. Plaintiff and the Meal and Rest Break Class are entitled to recover one additional hour of pay at the employee's regular rate of compensation for each violation, plus any available damages, interest, penalties, fees, and costs.

COUNT X: UNFAIR COMPETITION FOR UNLAWFUL EMPLOYMENT PRACTICES, FALSE ADVERTISING, & UNLAWFUL DEBT COLLECTION PRACTICES

CAL. BUS. & PROF. CODE § 17200

(Plaintiff on behalf of herself and all Classes and Subclasses against Defendant)

155. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

156. Defendant's policies and practices violate several provisions of the law, as set forth above, including:

- Cal. Bus. & Prof. Code § 2802 (failure to indemnify employees for necessary expenditures under the employment laws);
- Cal. Labor Code §§ 226.7 and 512 (missed meal and rest breaks);
- Cal. Bus. & Prof. Code § 17500 (false advertising); and
- Cal. Civ. Code § 1788.17 incorporating 15 U.S.C. §§ 1692e and 1692f (unlawful debt collection).

157. These policies and practices constitute unfair and unlawful business practices, in violation of Cal. Bus. & Prof. Code § 17200. These unfair and unlawful business practices have injured Plaintiff and the Class.

158. Plaintiff and the Class are entitled to restitution as well as injunctive and other equitable relief against such unfair and unlawful practices in order to remedy past harms and prevent future damages, for which there is no adequate remedy at law.

COUNT XI: DECLARATORY AND INJUNCTIVE RELIEF

CAL. CODE OF CIV. PROC. § 1060

(Plaintiff on behalf of herself and the TRAP Class against Defendant)

159. Plaintiff incorporates by reference all previous paragraphs of this Complaint.

160. Plaintiff seeks a declaration pursuant to C.C.P. § 1060 that the TRAPs entered into are void and unenforceable.

161. An actual, present, and justiciable controversy now exists with respect to the rights of Plaintiff, the TRAP Class, and Defendant. Plaintiff contends that the TRAP is void and unenforceable. Defendant, on the other hand, disputes this contention, as demonstrated by its attempts to collect purported TRAP debt.

162. A judicial determination of the rights and obligations of Plaintiff the TRAP Class, and Defendant is necessary and appropriate at this time under the circumstances.

PRAYER FOR RELIEF

163. Plaintiff and the Class respectfully requests that the Court:

a. Certify the case as a class action on behalf of the Proposed Classes;

b. Designate Plaintiff as a class representative;

c. Designate Plaintiffs' counsel of record as class counsel;

d. Declare that Defendant's conduct is illegal under the various statutes cited here;

e. Preliminarily and permanently enjoin PetSmart and its officers, agents, successors, employees, representatives, and any and all persons acting in concert with them from engaging in the unlawful practices set forth in this Complaint;

f. Award Plaintiff and the Proposed Classes all appropriate monetary and equitable relief, such as restitution, disgorgement, and damages, including statutory and punitive damages as available, in amount subject to proof at trial;

g. Issue a public injunction to prevent Defendant from further disseminating its false statements about Grooming Academy to the public, from entering into TRAPs as an unapproved educational institution, from engaging in debt collection activities relating to the TRAP debt, and from all other unlawful activities relating to the TRAP;

h. Award costs incurred herein, including reasonable attorneys' fees to the extent allowable by law;

i. Provide pre-judgment and post-judgment interest as provided by law; and

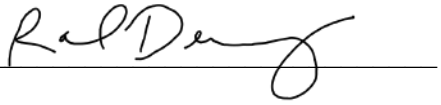
j. Award such other and further legal and equitable relief as this Court deems necessary, just, and proper.

JURY DEMAND

Plaintiff hereby requests a trial by jury of all claims that can be so tried.

Dated: July 28, 2022

Respectfully submitted,

By: 

Rachel W. Dempsey (SBN 310424)
David H. Seligman (Colorado Bar No. 49394), *pro hac vice* forthcoming
TOWARDS JUSTICE
2840 Fairfax Street, Suite 220
Denver, CO 80207
Tel: (720) 441-2236
rachel@towardsjustice.org
david@towardsjustice.org

Sparky Abraham (SBN 299193)
sparky@jubilee.legal
JUBILEE LEGAL
300 E Esplanade Dr, Ste 900
Oxnard, CA 93036-1275
Tel: (805) 946-0386

Attorneys for Plaintiff and the Proposed Class

Exhibit 9: Example of a PetSmart TRAP

GROOMING ACADEMY TRAINING: AGREEMENT AND AUTHORIZATION FOR DEDUCTION FROM WAGES

FOR VALUE RECEIVED through PetSmart, Inc.'s Grooming Academy Training, I, [redacted], promise to pay PetSmart, Inc. ("PetSmart"), the sum of ($)[INSERT $5,500 IF RECEIVED TOOLS OR $5,000 IF DECLINED TOOLS] upon voluntary or involuntary termination of my employment with PetSmart **before the second anniversary of the start date** of my Grooming Academy Training, with such sum being reduced by one half ($.....)[INSERT $2,750 IF RECEIVED TOOLS OR $2,500 IF DECLINED TOOLS] upon voluntary or involuntary termination of my employment with PetSmart **after the first anniversary of the start date** of my Grooming Academy Training. I acknowledge that this training is voluntary, for my personal benefit, and is transferrable to grooming positions with other employers.

I do hereby authorize PetSmart, to the fullest amount permitted by applicable state and federal law, upon voluntary or involuntary termination of my employment with PetSmart to withhold from my wages, salaries, vacation, or expense reimbursement due to me from PetSmart, the amounts necessary to satisfy my obligation to pay under this Agreement as stated above. I acknowledge that such withholding(s) will have the effect of reducing my wages.

I further acknowledge that if, for any reason, any or all such withholding(s)/deduction(s) are not made, are not made in full, or otherwise do not fulfill all of my obligations under this Agreement, I still remain responsible and liable to fulfill these obligations. To fulfill my obligations, I will be required to submit any amount still owed to PetSmart within 30 days of my voluntary or involuntary termination of my employment. Payment shall be submitted to:

PetSmart Home Office
19601 N. 27th Ave.
Phoenix, AZ 85027

If I fail to pay any amount when due, PetSmart may file a civil court action against me for monetary damages, which may include all costs and charges of collection and reasonable attorney's fees, if allowed by law. If PetSmart files a civil action against me, interest on the full balance will be charged at the highest rate permitted by law of the State in which this Agreement was executed.

If any portion of this Agreement is determined to be void for any reason, the determination shall not affect the remaining provisions of this Agreement.

Exhibit 10: Example of a PetSmart Debt Collection Notice

IC System

ACCOUNT SUMMARY

Creditor: Petsmart
Account No.: [redacted]
I.C. System Reference No.: [redacted]

BALANCE DUE: $5,500.00

COLLECTION NOTICE

[redacted]

Your delinquent account has been turned over to this collection agency. Petsmart is both the original and current creditor to whom this debt is owed.

The account information is scheduled to be reported to the national credit reporting agencies in your creditor's name. You have the right to inspect your credit file in accordance with federal law. I.C. System will not submit the account information to the national credit reporting agencies until the expiration of the time period described in the notice below.

Please tear off the bottom portion of this letter and return it with your payment.

We are a debt collector attempting to collect a debt and any information obtained will be used for that purpose.

NOTICE

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days from receiving this notice that you dispute the validity of this debt or any portion thereof, this office will obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request of this office in writing within 30 days after receiving this notice this office will provide you with the name and address of the original creditor, if different from the current creditor. Any writing which disputes the validity of the debt or any portion thereof or any writing requesting the name and address of the original creditor should be sent to: IC System, PO Box 64378, St. Paul, MN 55164-0378.

This does not contain a complete list of the rights consumers have under Federal, State, or Local laws.

The state Rosenthal Fair Debt Collection Practices Act and the federal Fair Debt Collection Practices Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTCHELP or www.ftc.gov.

I.C. System, Inc.|444 Highway 96 East, P.O. Box 64378, St. Paul MN 55164-0378

[redacted]

YOU HAVE OPTIONS

For questions or payment please go to: https://www.icsystem.com/consumer

Mail check or money order payable to I.C. System, Inc. with coupon below

Call Toll-Free at 833-932-2062