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12 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**  
13 **IN AND FOR THE COUNTY OF MARICOPA**

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

16 Plaintiff,

17 vs

18 THERANOS, INC., a Delaware Corporation,

19 Defendant.

Case No:

**CONSENT DECREE**

(Assigned to Hon. \_\_\_\_\_)

20 The State of Arizona, having filed a complaint alleging violations of the Arizona  
21 Consumer Fraud Act (“CFA”), Arizona Revised Statutes (“A.R.S.”) § 44-1521, *et seq.*, and  
22 Defendant Theranos, having waived service of the complaint and having been fully advised of  
23 the right to a trial in this matter and having waived the same, and the parties having agreed to the  
24 entry of this Consent Decree by this Court without trial or adjudication of any issue of fact or  
25 law and without admission or finding of any violations of any law, in order to provide full  
26 reimbursement to Arizona consumers who purchased Theranos blood testing services and to  
avoid the expense and uncertainty of further investigation or litigation,

NOW, THEREFORE, upon the consent of the parties hereto, IT IS HEREBY

1 ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

2 **FINDINGS OF FACT**

3 1. Plaintiff is the State of Arizona, ex rel. Mark Brnovich, Attorney General, who is  
4 authorized to bring this action under the Arizona Consumer Fraud Act, A.R.S. § 44-1521, *et seq.*

5 2. Defendant is Theranos, a Delaware corporation with its corporate headquarters at  
6 1701 Page Mill Road, Palo Alto, California 94304.

7 3. At all relevant times, Defendant did business in Arizona by marketing, selling,  
8 promoting, and providing its laboratory tests and services to Arizona consumers.

9 4. Plaintiff alleges that:

10 a. Between 2013 and 2016, Defendant sold approximately 1,545,339 blood  
11 tests to approximately 175,940 Arizona consumers, which yielded 7,862,146 test  
12 results.

13 b. Defendant ultimately voided or corrected approximately 834,233, or 10.6%,  
14 of these test results.

15 c. The sales of the blood tests were made without the informed consent of the  
16 consumers because Defendant misrepresented, omitted, and concealed material  
17 information regarding its testing service's methodology, accuracy, reliability, and  
18 essential purpose.

19 d. Defendant intended for its customers to rely on its misrepresentations,  
20 omissions, and concealments in their decision to purchase its testing services.

21 5. Defendant denies the allegations in paragraphs 4(c) and 4(d) and denies that it has  
22 engaged in any unlawful conduct, but has agreed to the entry of this Consent Decree in order to  
23 provide full reimbursement to Arizona consumers who purchased Defendant's blood testing  
24 services and to avoid the expense and uncertainty of litigation with Plaintiff and with Arizona  
25 consumers of Defendant's blood testing services. The agreement to enter this Consent Decree  
26 should not be construed to be an admission by Defendant of any liability. The terms of the

1 Consent Decree shall not be cited as evidence of wrongdoing by Defendant or its successors and  
2 assigns.

3 6. Defendant agrees that this Court has jurisdiction over the subject matter and the  
4 parties for purposes of entry of this Consent Decree.

5 7. This Consent Decree is intended to provide full restitution to Arizona consumers  
6 for all monies paid by Arizona consumers for Defendant's blood testing services.

7 8. The Parties intend this Consent Decree to extinguish all existing or potential  
8 claims under the CFA or for breach of contract, fraud, battery, negligence, negligent  
9 misrepresentation, unjust enrichment, or civil RICO violations arising from the conduct  
10 described above.

11 **ORDER**

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

13 1. Defendant shall comply with the Arizona Consumer Fraud Act, A.R.S. § 44-1521  
14 *et seq.*, as it is currently written, and as it may be amended.

15 2. Defendant shall pay to the Arizona Attorney General the amount of \$200,000 in  
16 civil penalties due at the time of entry of this Judgment, to be deposited into the Consumer  
17 Protection – Consumer Fraud Revolving Fund pursuant to A.R.S. § 44-1531.01, and used for the  
18 purposes set forth therein.

19 3. Defendant shall pay to the Arizona Attorney General the amount of \$4,652,000 in  
20 consumer restitution due at the time of entry of this Judgment, to be deposited into an interest  
21 bearing consumer restitution subaccount of the Consumer Restitution and Remediation  
22 Revolving Fund, pursuant to A.R.S. § 44-1531.02(B). In the event that any portion of the  
23 restitution ordered herein cannot be distributed to eligible consumers, such portion shall be  
24 distributed to the Consumer Protection – Consumer Fraud Revolving Fund pursuant to A.R.S.  
25 § 44-1531.01.

26 4. Defendant warrants that the amount described in the previous paragraph (the "Full

1 Restitution Amount”) is equal to the total monetary amount paid by Arizona consumers for  
2 blood testing provided by Defendant (the “Full Payment Amount”). If it is later discovered that  
3 the Full Payment Amount is higher than the Full Restitution Amount, Defendant agrees to pay  
4 the Arizona Attorney General the difference between the two amounts, as set forth in the  
5 previous paragraph.

6 5. The Arizona Attorney General shall select a claims administrator to help  
7 administer the payment of the Full Restitution Amount to Arizona consumers. Defendant agrees  
8 to pay the fee for the claims administrator and to supply the claims administrator with the  
9 contact information and total amount paid by each Arizona consumer who received blood  
10 testing provided by Defendant.

11 6. Defendant shall pay to the Arizona Attorney General the amount of \$25,000 in  
12 attorneys’ fees and costs due at the time of entry of this Judgment, to be deposited into the  
13 Consumer Protection – Consumer Fraud Revolving Fund pursuant to A.R.S. § 44-1531.01, and  
14 used for the purposes set forth therein.

15 7. The State has already accepted from Defendant \$4,877,000 as full and complete  
16 satisfaction of the Defendant’s joint and several liability set forth in the preceding paragraphs,  
17 with the exception of any future obligations as set forth in paragraphs 4 and 5.

18 8. Defendant affirms that it will not own, operate or direct any laboratory subject to  
19 the Clinical Laboratory Improvement Amendments (“CLIA”) in the State of Arizona for a  
20 period of 2 years, commencing from March 28, 2017.

21 9. Defendant shall not represent or imply that the Attorney General, the State of  
22 Arizona, or any agency thereof has approved any of its actions in Arizona or has approved any  
23 of its past, present or future business practices in Arizona, and Defendant is enjoined from  
24 directly or indirectly representing anything to the contrary.

25 10. If any portion of this Consent Decree is held invalid by operation of law, the  
26 remaining terms thereof shall not be affected and shall remain in full force and effect.



1 CONSENT TO JUDGMENT

2 1. Defendant acknowledges that it has waived service of the Summons and  
3 Complaint, has read the Findings of Fact and other portions of the Order contained above, is  
4 aware of its right to a trial in this matter, and has waived the same.

5 2. Defendant admits the jurisdiction of this Court, admits that the Findings of Fact  
6 are true, and consents to the entry of the foregoing Findings of Fact and Order.

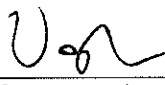
7 3. Defendant states that no promise of any kind or nature whatsoever was made to  
8 induce it to enter into this Consent Decree and declares that it has entered into this Consent  
9 Decree voluntarily.

10 4. This Consent Decree is entered as a result of a compromise and a settlement  
11 agreement between the parties. Only the parties to this action may seek enforcement of this  
12 Consent Decree. Nothing herein is intended to create a private right of action by other parties;  
13 however, said Consent Decree shall not limit the rights of any private party to pursue any  
14 remedies allowed by law.

15 5. Defendant represents and warrants that the person signing below on its behalf is  
16 duly appointed and authorized to do so.

17 DATED this 17<sup>th</sup> day of April, 20 17.

18 THERANOS, INC.

19  
20  
21 By:  (David Taylor)  
22 Its General Counsel

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2 APPROVED AS TO FORM AND CONTENT:

3  
4 MARK BRNOVICH  
Attorney General

Wilmer Cutler Pickering Hale & Dorr

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6  
7 By: Matthew du Mee  
8 Matthew du Mee  
9 Stephen Emedi  
Assistant Attorneys General  
Attorneys for Plaintiff

Michael Mugmon  
Michael Mugmon  
Wilmer Cutler Pickering Hale & Dorr  
Attorneys for Defendant

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